



The Minnesota CREP

Draft Proposal Summary

Summer 2015

Minnesota is ready to implement a Conservation Reserve Enhancement Program (CREP) that will directly address resource problems with strategic, long term solutions. This CREP will not only yield significant progress for the state's water quality and habitat needs, but serve as a national model for local-state-federal partnerships.

Scope

- 100,000 acres
- 5-year program
- Prioritize and target water quality and habitat
- Approximately \$800 million in project costs, at a 4:1 federal to state ratio
- Voluntary approach using the nationally-recognized state Reinvest in Minnesota (RIM) easement program and the USDA Farm Service Agency (FSA) Conservation Reserve Program (CRP)



Key Factors and Existing Conditions

Several key factors have influenced the State's interest in developing a CREP proposal:

- **Science-based targeting:** Minnesota has completed a number of systematic assessments and plans on nutrient and sediment issues, grasslands, wetlands, and other topics that have helped focus prioritization of restoration and protection areas to the critical places where they are most needed and most cost effective.
- **Critical review of expiring CRP:** Minnesota is experiencing a significant loss of grasslands – further complicated by the expiration of over 500,000 acres of Minnesota CRP contracts over the next five years.
- **Funding for multi-benefit conservation and clean water projects:** Interest in the state's Reinvest in Minnesota (RIM) program, which provides durable, permanent conservation easements, greatly exceeds available funding. Minnesota is positioned to supplement USDA FSA federal funding with constitutionally derived Legacy funds and other sources, such as capital investments.
- **Local program delivery readiness:** USDA, local Soil and Water Conservation Districts, state agencies, and non-governmental organizations have a strong field-based presence via coordinated efforts such as the Farm Bill Assistance Partnership, Prairie Plan Implementation Teams, and many watershed-based planning projects. These efforts are ready to ramp up with the technical and financial assistance services necessary to provide landowners and producers the information they will need to participate.

The Minnesota CREP: Minnesota's Plan to Improve Water Quality a

Project Objectives

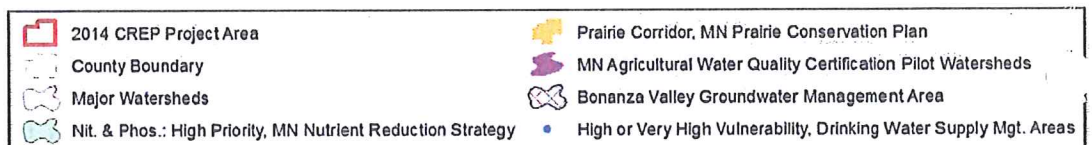
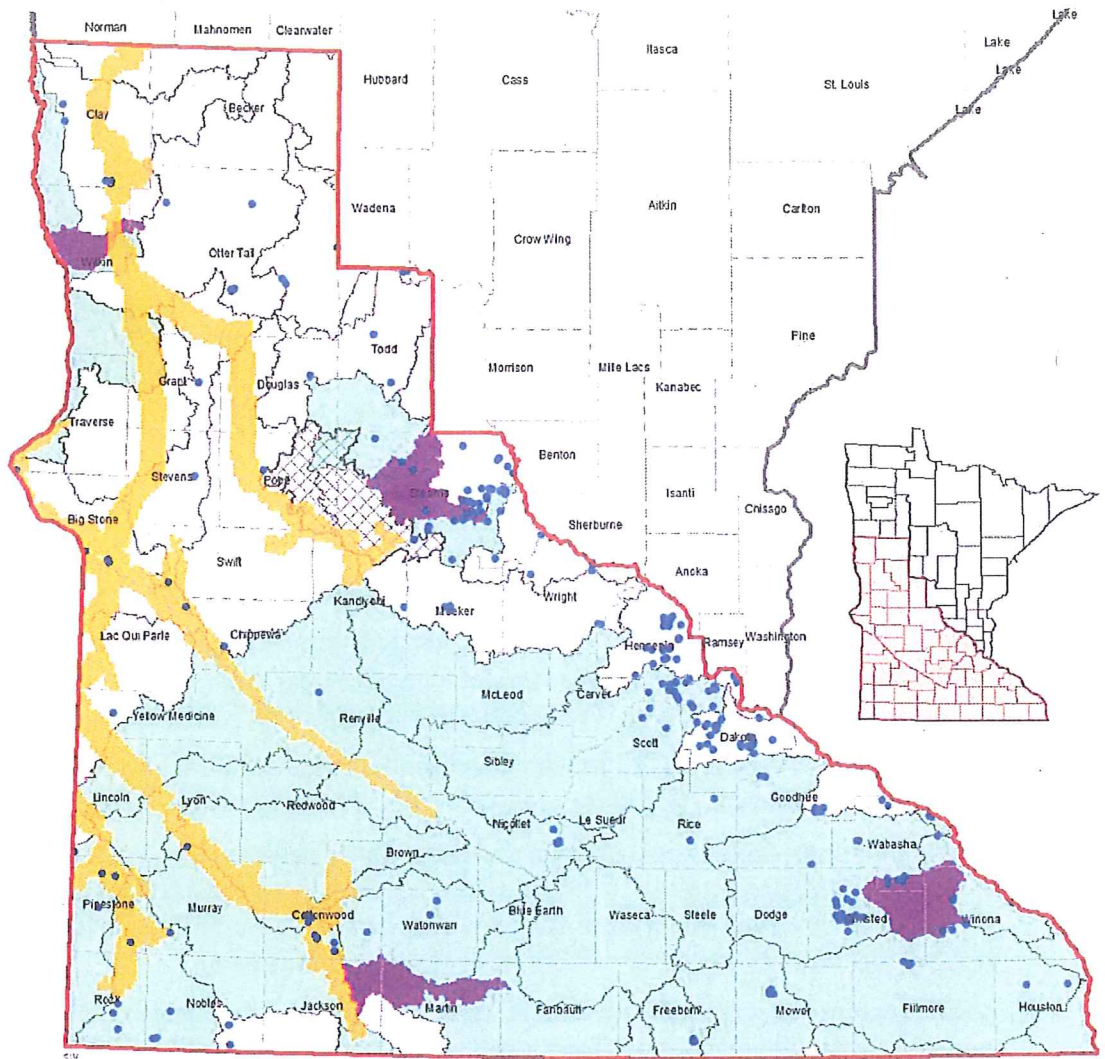
1. Target riparian areas that will benefit from 50,000 acres of buffers and 15,000 acres of floodplains being restored to perennial vegetation and permanently protected.
2. Restore hydrology, increase infiltration, provide wildlife habitat, and provide flood mitigation by restoring 30,000 acres of drained wetlands and associated uplands.
3. Reduce nitrate loading in drinking supplies in Drinking Water Supply Management Areas by restoring perennial vegetation and permanently protecting 5,000 acres.

MN CREP Proposed Project Area

Geographic Focus

The project area for the proposed CREP focuses on 24.4 million acres in 54 counties in the southern and western regions of Minnesota, which are the dominant agricultural regions of the state.

The CREP will prioritize and target 100,000 acres in this area to treat agricultural-related concerns and meet water quality and habitat objectives.



Proposed Funding

A CREP initiative for 100,000 acres is estimated to require approximately \$800 million over the next five years. A combination of USDA CRP payments and incentives will be necessary to achieve a potential 80:20 federal to state match expectation.

Federal Funding	State Funding	Total
\$634,000,000	\$161,000,000	\$795,000,000

The budget utilizes acreage goals for each of the focuses of the project (buffers, wetlands, floodplain wetlands, and wellhead) divided by the most recent historic average of easement size. The result calculated an estimated total of 3,755 easements/CRP contracts. This number provided a basis for many of the budget calculations.

State Support

The \$161 million of non-federal revenues to support this CREP represents approximately 20% of the total costs. In addition, approximately \$10 million of easement stewardship costs needed after the 15-year CRP contracts expire will also be borne by the state but cannot be included in the CREP totals.

State funding is planned to be secured through the sources below:

- Capital Investment (Bonding)
- The Clean Water, Land and Legacy Constitutional Amendment
 - Clean Water Fund
 - Outdoor Heritage Fund
- Environment and Natural Resources Trust Fund

Payment to Landowners

The payment to the landowner will include both CRP and RIM. CRP annual rental payments, conservation practice cost-share, and incentives will be provided to landowners during the contract period.

RIM standard easement payment rates will be used which best approximate 90% (crop rate) and 60% (non-crop rate) of the land value for permanent easements using the Township Average Tillable Land value as reported by the Minnesota Department of Revenue via the University of Minnesota Land Economics website, based on local assessor's reporting of prior year land sales.

A Strategic Vision

Minnesota is ready to implement a CREP that will directly address resource problems with strategic, long term solutions. The proposal will focus on using CREP to benefit water quality by protecting critical riparian areas and address water quality impairments due to modifications in hydrology, sedimentation, and nutrient transport, and protecting and restoring habitat. This effort will leverage State and Local technical expertise, strategic planning, and fiscal resources to assure that projects are cost effective and provide significant environmental benefits for both water quality and habitat.

