

## **OPTIONS FOR FUNDING LOCAL AIDS AND MITIGATION IN GROUNDWATER MANAGEMENT AREAS**

The purpose of this document is to outline strategies for future funding of local aids and mitigation projects in Groundwater Management Areas. The current draft ch. NR 820 presumes that mitigation projects in Groundwater Protection Areas (GPAs) are the only projects that will be funded with the existing appropriation. We recommend that a new administrative code for a complete grant program be created in the near future.

### **BACKGROUND**

The DNR currently receives approximately \$600,000 annually from a continuing appropriation for local aids and mitigation grants in both GPAs and Groundwater Management Areas (GMAs). Potential sources of additional funding could include (a) bond revenue to purchase land in fee or easements and (b) program revenue resulting from increased application fees. The mitigation program for GPAs is broadly defined in draft s. NR 820.30(7), Wis. Admin. Code.

### **GUIDING PRINCIPLES:**

The following are suggestions for funding mitigation and local aids in GMAs.

- Divide total available funds into sub-categories (mitigation, planning, implementation, proactive efforts in other areas needing coordinated attention)
- Use a grant application process to allocate funds in each sub-category but allow some flexibility. Possibilities could include:
  - Assign a percentage of total available funds to mitigation, planning, implementation, and proactive grant sub-categories. If mitigation allocation for the year is not used by date certain, then those funds become available for planning grants.
  - Determine grant sub-category percentages using a sliding scale. For example:

<b>Year</b>	<b>Planning</b>	<b>Implementation</b>	<b>Mitigation</b>
1	80%	0%	20%
2	80%	0%	20%
3	40%	40%	20%
4	40%	40%	20%
5	20%	60%	20%
6	20%	60%	20%

- Require project sponsors to match DNR grant funds received. Doing so will (a) stretch available grant funding, (b) create buy-in from project sponsors, and (c) encourage increased groundwater protection. Possibilities include:
  - Depending on the grant sub-category, sponsor match could range from 30% to 50% of total project costs. Statutes require the DNR pay 100% for mitigation projects, so there is no sponsor match required in this sub-category.
  - In all categories, require \$0 match for the first \$50,000 of eligible costs, then require match for expenditures in excess of \$50,000 on a sliding scale.

## Outline of Contents for Separate GMA Grant Rule:

- Identify statutory authorization
- Identify eligible project sponsors
- Identify eligible and ineligible costs
- Identify contents of application (project scope, maps, budget, products, etc.)
- Identify application deadline.
- Establish that this grant is a reimbursement program.
- Allow local units of government (LUG) -- as defined in s. 281.34(1)(c), Wis. Stats. -- to enter into agreements with planning agencies or consultants and then pay these non-LUG parties with grant funds that are passed through the LUG.
- Note that tribes are considered a local unit of government by statute (s. 20.002(13), Wis. Stats.) and so are also eligible project sponsors.
- Define the grant time of performance and any possible extensions to these deadlines
- Establish reimbursement request parameters
- Enhance accountability by requiring a pre-audit review of reimbursement requests by DNR staff before issuing reimbursement
- Establish grant recipient accountability (quarterly reporting of both fiscal and programmatic accomplishments, records maintenance, etc.)
- Identify variance, termination, and enforcement actions that the DNR may undertake.

## Other considerations:

- Grant management requires DNR resources to review applications, monitor and track grants.