



Local Government Roads Wetland Replacement Program



2026 Governor’s Funding Recommendation

The Governor recommends \$5 million in general obligation bonds for the Local Government Roads Wetland Replacement Program (LGRWRP). The timing and consistency of funding is critical because it takes a minimum of three years for any wetland credits to become available, and up to ten years for all credits to become available, from a wetland banking site.

Program Overview

The Local Government Road Wetland Replacement Program (LGRWRP) is a wetland and upland habitat restoration program that generates mitigation credits for local road authorities (counties, cities, & townships) to satisfy their federal and state wetland regulatory permit requirements for vital safety improvement projects. Minnesota law requires BWSR to replace wetlands, and wetland areas of public waters, that are drained or filled by public transportation projects on existing roads to meet safety and design standards.



Above: A local road project with unavoidable wetland impacts. **Below:** A restored wetland mitigates impacts.

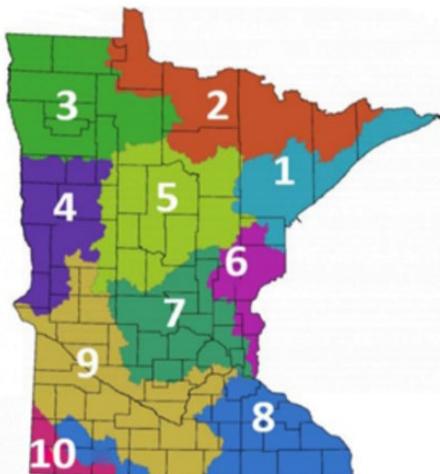


Benefits

- Safer roads
- Larger and higher quality replacement wetlands
- More cost efficient for taxpayers
- Cost savings, streamlined permitting, and reduced workload for local road authorities

Bank Service Area Map and Credit Availability

The table below shows the wetland credit balances in each wetland Bank Service Area (BSA) as of January 16, 2026. Note that five of the ten BSAs have a less than one year supply of credits. Of the remaining five BSAs, four of them have less than a three-year supply.



Bank Service Area	Available Credits as of 1/16/2026
1 - Great Lakes	22.1
2 - Rainy River	122.3
3 - Red River North	44
4 - Red River South	13.8
5 - Upper Mississippi North	23.5
6 - St-Croix River	12.4
7 - Upper Mississippi South	40.2
8 - Lower Mississippi	31.4
9 - Minnesota River	28.1
10 - Missouri River	0
Total:	337.8

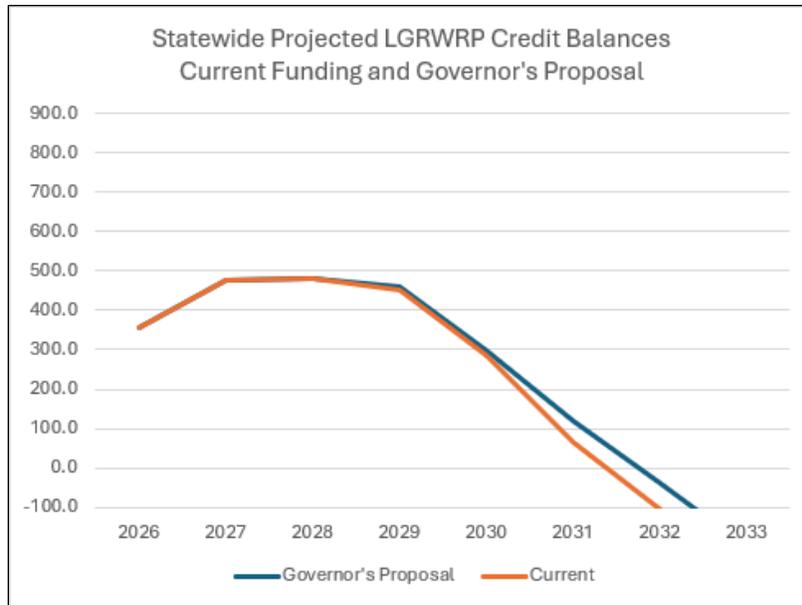
Program Funding Needs

A recent analysis showed that \$35 million (combination of bonding and general fund) is needed to address existing demands, with an ongoing annual funding demand of \$9.5 million.

- 182 credit average annual statewide demand.
- **Red** = less than one year supply.

Credit Projections and Program Status

The graph below shows statewide projected credit balances based on current projects and funding. The statewide balance is expected to increase slightly for about three years (primarily due to projects funded in 2020), followed by a steep decline. As shown in the graph, the Governor's FY27 funding proposal is projected to add less than one year to the solvency of the program.



The consequences of inadequate funding include increased costs for local governments, reduced funds for road safety projects, delays or denials of permits, and increased workload for road authorities to manage mitigation requirements.

Wetland Bank Project Development Timeline

Receiving adequate and predictable funds several years in advance is vital due to the long timelines required to restore wetlands and receive regulatory approval for the resulting wetland credits. It typically takes a minimum of three years to receive *any* credits, and seven to ten years to receive the remaining credits. Projects funded in FY27 would typically begin producing their initial credits in 2029-2030.



❖ **Funding must be based on credit needs three to ten years into the future.**

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