

Lessard-Sams Outdoor Heritage Council

MEMO: Agenda Item #13
DATE: June 29, 2016
SUBJECT: Outdoor Heritage Fund Revenues Report
PRESENTER: LSOHC Staff

Suggested Action:

Members to further discuss OHF generated revenues and direct staff to work with partners and House and Senate staff to develop draft policy alternatives for Council consideration and recommendation for the 2017 legislative session.

Background:

At the Council's direction from the March 11, 2016 meeting, staff solicited information from current LSOHC program managers relating to Outdoor Heritage Fund generated revenues. In summary, program managers have generated a total of \$995,793.50 of as a direct result of OHF. Farm leases (predominately in preparation for restoration/enhancement of acquired lands), farm bill payments, and the sale of materials (scrap metal, buildings, etc.) have been the most common way managers have generated revenue. Managers also reported that they have spent \$379,599.40 of the revenue on program related expenses such as property taxes, professional services (appraisals, surveys, etc.), and restoration/enhancement work. A balance of \$616,194.10 remains unspent.

It is likely that MNDNR has generated some revenue, however they are unable to directly tie revenue to a specific appropriation. Any revenue generated by MNDNR thus far has been deposited into accounts as statutorily required per M.S. 97A.055 and M.S. 89.039 and as federal guidelines require.

Responses and detail from program managers who indicated having generated income have been attached which provides clarification into the circumstances related to their specific program.

LSOHC Revenue Data Request

Organization: Pheasants Forever, Inc.
 Individual Completing this Form: Eran Sandquist
 Phone Number: (763) 242-1273
 Email: esandquist@pheasantsforever.org

unspent

ML Year	Program Title	Total Revenue Generated*	Activity and Description**	Balance of Revenue	If Revenue Spent, on What?
10	WPA	14,358.00	Farmland income	1,631.29	Land insurance; restoration; legal services; taxes.
10	WMA	2,660	Farmland income	-	Land insurance.
11	WPA	58,519.50	Farmland income	52,566.47	Land insurance; legal services; taxes
11	WMA	85,537.50	Farmland income	5,023.59	Land insurance; legal services; seed/herbicide
12	WMA	38,571.50	Farmland income	37,613.50	Land insurance
12	WPA	25,520.00	Farmland income	20,476.00	Taxes
13	SGS	21,090	Farmland income	20,596.26	Electricity
13	WMA	26,127.25	Farmland income	7,448.06	Taxes
13	WPA	46,337.29	Farmland income	46,337.29	-
14	WMA	69,323.00	Farmland income	67,128.19	Legal services
14	WPA	52,032.31	Farmland income	51,932.31	Appraisal review
15	WMA	10,350.00	Farmland income	10,350.00	-

Comments: Pheasants Forever currently utilizes the federal Addition method in all our grants which allows us to add the program income to the granted amount to amplify the project outcomes. The regulation is in 2CFR200.307

* The total should include all revenues generated for the entire project/program. Revenue is the total amount of money you took in before any expenses. We are asking for gross revenues (prior to expenses).

** Explain how revenue was generated. Example: Farmland lease, native seed sale, Farm Bill program payments

LSOHC Revenue Data Request

Organization: Minnesota Trout Unlimited

Individual Completing this Form: Jeff Hastings, TU with review by John Lenczewski, MNTU

Phone Number: 612-670-1629

Email: jlenczewski@comcast.net

ML Year	Program Title	Total Revenue Generated*	Activity and Description**	Balance of Revenue	If Revenue Spent, on What?
ML 2009	WHIP (Wildlife Habitat Incentives Program); EQIP (Environmental Quality Incentives Program)	\$ 117,247.00	Farm Bill	\$ -	Applied to Sucker River and Rush Creek projects
ML 2010	WHIP	\$ 17,962.36	Farm Bill	\$ -	Hay Creek project
ML 2011	EQIP; WHIP	\$ 288,957.90	Farm Bill	\$ 254,444.22	Hay Creek, Pine Creek; rest on upcoming OHF
ML 2012	EQIP	\$ 80,132.93	Farm Bill	\$ 40,646.93	Camp Creek; rest on upcoming OHF
ML 2013		\$ -		\$ -	
ML 2014		\$ -		\$ -	
ML 2015		\$ -		\$ -	
		\$ 504,300.19		\$ 295,091.15	

Comments: There are many other grants and other funding used to reimburse a portion of project costs. For example, more than \$771,000 was leveraged and spent on just ML 2009 projects. The Farm Bill program dollars are dollars which landowners are eligible for and which they secure and later donate to TU. The revenue balances stem from just two projects - Cold Spring Brook and Pine Creek, where payments were received well after the projects were completed. All revenue balances will be spent on upcoming OHF projects in MNTU's program of habitat restoration and enhancement.

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LSOHC Revenue Data Request

Organization: MN Dept. of Natural Resources - Division of Fish and Wildlife

Individual Completing this Form: John Lindgren

Phone Number: 218-302-3274

Email: john.lindgren@state.mn.us

ML Year	Program Title	Total Revenue Generated*	Activity and Description**	Balance of Revenue	If Revenue Spent, on What?
2012	Lower St. Louis River Habitat Restoration	\$9,300	US Steel Lease agreement - pending (***)see below)		
2014	St. Louis River Restoration Initiative	\$0			

Comments:

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***MNDNR paid US Steel a \$9,300 fee (from State FERC funds) as part of the lease agreement to use US Steel's property to store dredge material on their property. MNDNR is currently in negotiations to extend the lease agreement and US Steel will pay MNDNR \$9,300 in return for the dredge material. Per Vicki Sellner (LAM), since the material came from the bed of public waters, the \$9,300 generated from the sale would go to the School Trust fund. Negotiations with US Steel are near completion.

LSOHC Revenue Data Request

Organization: The Nature Conservancy

Individual Completing this Form: Richard Johnson

Phone Number: 612-331-0790

Email: rich_johnson@tnc.org

ML Year	Program Title	Total Revenue Generated*	Activity and Description**	Balance of Revenue	If Revenue Spent, on What?
2010	NTP NWR Phase 2	\$239.40	Recycling scrap metal from acquired property	\$0	Property taxes
2011	NTP NWR Phase 3	\$0			
2012	NTP NWR Phase 4	\$0			
2014	NTP NWR Phase 5	\$0			
2015	NTP NWR Phase 6	\$0			

Comments:

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LSOHC Revenue Data Request

Organization: Shell Rock River Watershed District

Individual Completing this Form: Andy Henschle

Phone Number: 507-391-2795

Email: andy.henschel@co.freeborn.mn.us

ML Year	Program Title	Total Revenue Generated*	Activity and Description**	Balance of Revenue	If Revenue Spent, on What?
2011	Restoring Native Habitat and Water Quality to Shell Rock River, Phase 2	26,278.00	Farm Lease	0	Native Prairie Seed

Comments:

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LSOHC Revenue Data Request

Organization: Sherburne NWR

Individual Completing this Form: Steve Karel

Phone Number: 763-389-3323 ext 11

Email: steve_karel@fws.gov

ML Year	Program Title	Total Revenue Generated*	Activity and Description**	Balance of Revenue	If Revenue Spent, on What?
2015	Grazing	5,249.54	Grazing fees for prescribed grazing program	0	See comments below

Comments: Grazing fee revenue is all turned over to the U.S. Fish and Wildlife Service Revenue sharing program. All or partial of the funds are then returned back to the county in lieu of taxes.

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** Explain how revenue was generated. Example: Farmland lease, native seed sale, Farm Bill program payments

LSOHC Revenue Data Request

Organization: Minnesota Department of Natural Resources

Individual Completing this Form: Pat Rivers

Phone Number: 651-259-5224

Email: pat.rivers@state.mn.us

ML Year	Program Title	Total Revenue Generated*	Activity and Description**	Balance of Revenue	If Revenue Spent, on What?
2015	DNR WMA and SNA Acquisition, Phase VII				
2014	DNR WMA and SNA Acquisitin, Phase VI				
2013	DNR WMA, SNA and Native Prairie Bank Easement,				
2012	DNR WMA Acquisition				
2011	WMA, SNA, Prairie Bank Easement Acquisition , phase 3				

Comments: We are not able to tie revenue generated on lands acquired with Outdoor Heritage Funds back to a specific OHF appropriation. Any revenue generated from activities on Wildlife Management Areas (e.g., grazing lease, timber harvest) must be deposited into the Game and Fish Fund for use in managing state lands and fish and wildlife populations(M.S. 97A.055). Management activities are chosen for their ability to create desired habitat conditions for managed species.

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** Explain how revenue was generated. Example: Farmland lease, native seed sale, Farm Bill program payments

From: Rivers, Pat (DNR) [<mailto:Pat.Rivers@state.mn.us>]

Sent: Friday, May 20, 2016 9:34 AM

To: Joe Pavelko

Cc: Wilson, Grant (DNR)

Subject: RE: OHF Revenue Data Request

Dear Mr. Pavelko:

Thank you for the question regarding revenue generated on lands acquired with Outdoor Heritage Funds. We are not able to directly tie revenue generated back to a specific OHF appropriation. Activities that do generate revenue (e.g., timber harvest, grazing lease, cooperative farming agreements) are undertaken for the benefits to habitat and wildlife populations and income is incidental; these activities happen on a small fraction of lands in any given year. Any revenue generated from activities on WMAs or AMAs must be deposited into the Game and Fish Fund for use in managing state lands and fish and wildlife populations (M.S. 97A.055).

Please contact me if you have any questions.

Pat

Patrick Rivers
Acting Deputy Director
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651-259-5224
pat.rivers@state.mn.us

From: Wilson, Grant (DNR) [mailto:grant.wilson@state.mn.us]
Sent: Wednesday, April 27, 2016 2:43 PM
To: Mark Johnson; Sandy Smith; Amanda Brazee; Joe Pavelko
Cc: Strommen, Sarah (DNR); Juelich, Barb (DNR)
Subject: RE: OHF Revenue Data Request

Joe,

I've asked our staff to follow up on your request in a timely manner, but also wanted to send an overall note from DNR. As you know, all revenues from certain DNR land types have statutory requirements as to their deposit and use. WMA and AMA based revenues are statutorily required (M.S. 97.055) to be deposited in the Game and Fish Fund and not meeting that requirement would put at risk Minnesota's eligibility for our Pittman-Robertson/Dingell-Johnson federal funds. Revenues from State Forest timber products are required to be deposited in the Forest Management Investment Account (M.S. 89.039).

We understand the desire to clarify how revenues are handled in cases where there is no previous guidance, and we would like to engage in the conversation moving forward to assure any OHF policy won't conflict with existing statute and put other habitat funding at risk. I'd be happy to chat more tomorrow at our update meeting.

thanks
Grant

Grant L. Wilson

Fish & Wildlife Policy & Planning Supervisor
Liaison to Lessard-Sams Outdoor Heritage Council

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