

Lessard-Sams Outdoor Heritage Council

Laws of Minnesota 2013 Final Report



Date: August 21, 2018

Program or Project Title: Grasslands for the Future

Funds Recommended: \$2,000,000

Manager's Name: Tim Koehler

Organization: Board of Water and Soil Resources

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Legislative Citation: ML 2013, Ch. 137, Art. 1, Sec. 2, Subd. 2(a)

Appropriation Language: \$2,000,000 in the first year is to the Board of Water and Soil Resources for a pilot project to acquire permanent conservation easements on grasslands in cooperation with the Minnesota Land Trust and the Conservation Fund. Up to \$1,850,000 may be used for agreements with the Minnesota Land Trust to acquire permanent conservation easements and up to \$75,000 may be used for establishing monitoring and enforcement funds with the Minnesota Land Trust and the Board of Water and Soil Resources, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Up to \$75,000 may be used for an agreement with the Conservation Fund for professional services. Easements funded under this appropriation are not subject to emergency haying and grazing orders. Any net proceeds accruing to a project partner from real estate transactions related to this project must be used for the purposes outlined in this appropriation. A must be provided as part of the required accomplishment plan.

County Locations: Chippewa, Murray, and Pope.

Regions in which work was completed:

- Prairie

Activity types:

- Protect in Easement

Priority resources addressed by activity:

- Prairie
- Habitat

Summary of Accomplishments:

This pilot project tested the feasibility and cost-effectiveness of acquiring grassland conservation easements and protected 459 acres of critical and threatened grassland habitat, through one MLT easement and two BWSR-RIM easements. Through partner coordination among BWSR, MLT, TCF and local SWCD's, this proposal contributed to implementation of the Minnesota Prairie Conservation Plan.

Process & Methods:

A Conservation Legacy in Jeopardy

Native grasslands are the most threatened ecosystem in Minnesota. The LSOHC defined Prairie Section has suffered the greatest habitat loss of any of the five sections examined by the Council. Furthermore, only a third of the remaining habitat in the Prairie Section is permanently protected. To compound the problem, in the next five years approximately 800,000 acres of Minnesota's conservation lands enrolled in the federal Conservation Reserve Program (CRP) will expire. Unless action is taken to continue protection of these

lands by using a combination of conservation programs, many will likely be converted to cropland, eliminating most of the wildlife habitat and associated ecosystem benefits.

This project piloted new and innovative approaches to securing conservation easements to permanently protect large assemblages of critical grassland habitat. The need for this private lands approach in the Prairie Section is essential because ownership patterns in this landscape include many private landowners with smaller parcels that require custom-tailored conservation solutions. These solutions often involve crafting easements that assure conservation of the grasslands while also working with the landowner to make the management of the grasslands profitable and therefore, sustainable.

Lands targeted for protection through this pilot met the following criteria:

Near or within the Core Areas identified in the Prairie Plan.

Within approximately two miles of permanently protected land.

Establishing connections to permanently protected land wherever possible.

Within approximately five miles of a viable producer with a proven track record of managing grasslands with livestock and willing to own land protected by a permanent easement mandating grassland conservation management methods and practices.

Low production cropland.

Once these priority grassland complexes had been identified, the project partners tested three important protection elements in order to determine how to best implement a cost-effective grasslands program at a larger scale:

First, landowners within these identified complexes were offered a menu of land protection options to assess what is of greatest interest or application in this landscape.

One of the options included a model in which a non-profit partner, The Conservation Fund (TCF), would use its revolving fund to acquire land in fee from a landowner not interested in maintaining their land as a working grassland. TCF would hold ownership until funds are available to sell a conservation easement to an easement holder such as Minnesota Land Trust (MLT) or the Board of Water and Soil Resources (BWSR). Once the easement is in place, TCF would subsequently sell the underlying fee, now reduced in value by the conservation easement, to a pre-identified local producer. This approach allows TCF to act quickly to acquire land that would otherwise be sold and converted to row crops. The value of the easement, and the value of the land sold to the local producer, will be determined by an appraisal.

Outcome - This option was investigated, but unfortunately due to a number of factors was not chosen by any landowners.

Another option was for the landowner to sell a conservation easement directly to the BWSR or the MLT. All easement acquisition funds were allocated to BWSR. Once specific easements and their respective holders were identified, BWSR allocated the funds necessary to MLT to complete their acquisition through a State approved contract.

Outcome - One MLT easement was recorded on 284 acres in Pope County. Two RIM easements were recorded for 45.8 acres in Chippewa County and 129.5 acres in Murray County.

The second element being tested was how to best implement grasslands protection in a private, working landscape. This included developing conservation easements and management plans that protect the important grassland and prairie habitats while simultaneously providing the agricultural producers with residual economic value through restricted grazing or haying. This is a critical issue for the ultimate success of the Minnesota Prairie Conservation Plan.

Outcome - BWSR, MLT, and TCF worked together to develop a grazing plan template and for the MLT secured easement a conservation grazing plan was developed and is being implemented that allows a level of utilization of the grassland while prioritizing wildlife habitat.

Finally, this pilot project also explored how BWSR and non-profit partners can most cost effectively value and secure these unique conservation easements. This included an evaluation of all of the costs, potential leverage of federal programs, timing and landowner interest in the easements' value to bring a program to scale.

Outcome - Valuations of easement payments to landowners between the RIM program and individual appraisals show general agreement in compensation.

This pilot project worked with local producers who were interested in promoting conservation compatible agriculture and who are interested in conservation easements that allow them to remain competitive in today's climate of escalating agricultural land prices. This approach allowed state conservation funds to potentially leverage current or future federal funding via the Farm & Ranchland Protection Program, Grassland Reserve Program, or CRP. Due primarily to unavailability of federal funds non were utilized on the three secured easements. Management costs for maintaining grassland habitat will be largely borne by the local producer as part of their

operation rather than be a continuous financial burden on the government. Finally, this approach also keeps land on the local tax rolls and helps to promote a diversified local economy.

As an attachment to this final report is a seven page document that goes into detail on each of the points being piloted with this project.

The conclusions of this project included:

1. BWSR's RIM program is high volume, one size fits all. While MLT/TCF are lower volume but can be flexible when necessary.
2. At an individual easement level combining State government and non-profit (MLT and TCF for example) programs was not shown to be needed and did not provide benefits beyond what each entities programs could offer individually. While it is extremely valuable to have both program options operating within the same geography and acting in complementary fashions, they are different enough that combining them into one program did not create an advantage.
3. It is important that a landowner have options that include both government and non-government easement programs so they can decide which works best for them.
4. Valuations of easement payments to landowners between the RIM program and individual appraisals show general agreement in compensation.
5. BWSR and MLT/TCF are able to utilize RIM or other funds from various appropriations to secure an easement. For example, the Chippewa site would not have been permanently protected if BWSR was not able to utilize both OHF and Bonding funding. This demonstrates how public and private entities can combine funding sources to enhance their effectiveness and why coordination of public and private programs is important.
6. This pilot delivered a very successful working grassland habitat protection project as one of its outcomes, which included a model or template conservation grazing plan. MLT will monitor this property 2x per year to ensure compliance with the conservation easement terms.
7. Landowner interest will fluctuate with commodity prices and land values making the timing of appropriations important to get right.
8. Conservation easements satisfy only a portion of the landowner's overall goals for their properties and must work in concert with the other uses and needs of private landowners.

Explain Partners, Supporters, & Opposition:

The project partners included BWSR (along with SWCD's), TCF and MLT. BWSR administered the project and holds two conservation easements. SWCD's assist with all portions of the RIM easement program at the local level. TCF identified landowners, conducted outreach and potentially could have been an interim fee title holder of the conservation property, using their own private funds to conduct the fee title transactions. MLT negotiated and holds a conservation easement with the landowner who preferred to work with a non-profit entity. All partners were involved in the development and implementation of the project and its subsequent evaluation.

Additional Comments:

Exceptional challenges, expectations, failures, opportunities, or unique aspects of program

A unique part of this project was that BWSR received all of the funds up-front and then per appropriation direction entered into State contracts with both MLT and TCF to perform the tasks outlined in the Accomplishment Plan. This did not cause any problems except for the additional work needed to develop and manage the contracts by all parties. The other main point was that due to a number of factors the TCF purchase option was not chosen by any of the more than a dozen landowners who were assisted.

Other Funds Received:

- Environmental and Natural Resource Trust Fund
- RIM Bonding funds were used on one of the RIM easements

How were the funds used to advanced the program:

This pilot project integrated with many other Outdoor Heritage Fund (OHF) projects such as The RIM-WRP Partnership. In addition, the Farm Bill Assistance Partnership (FBAP) with BWSR, the Natural Resources Conservation Service (NRCS), the Department of Natural Resources (DNR), Pheasants Forever (PF) and the Soil and Water Conservation Districts (SWCDs) provides for SWCDs to have farm bill technicians to promote the conservation provisions of the Federal Farm Bill and other conservation program opportunities (including

this project) with private landowners. The Environmental and Natural Resources Trust Fund (ENRTF) provided \$1,000,000 via a Legislative-Citizen Commission on Minnesota Resources (LCCMR) recommendation in FY10-11, and another \$625,000 in FY12-13. This funding includes partial funding for the Farm Bill Assistance Partnership efforts. Bonding funds were used with these project funds to fully secure one of the RIM easements in this project.

What is the plan to sustain and/or maintain this work after the Outdoor Heritage Funds are expended:

MLT and BWSR (with local assistance from SWCD's) will assist the landowners who entered into easements through this project to manage their sites for wildlife habitat while allowing conservation use of the grassland resources. MLT, TCF and BWSR continue to utilize various funding sources to protect critical grassland resources.

Outcomes:

The original accomplishment plan stated the program would

Programs in prairie region:

- Core areas protected with highly biologically diverse wetlands and plant communities, including native prairie, Big Woods, and oak savanna
- Expiring CRP lands are permanently protected
- Increased participation of private landowners in habitat projects
- Protected, restored, and enhanced habitat for waterfowl, upland birds, and species of greatest conservation need
- Protected, restored, and enhanced shallow lakes and wetlands
- Remnant native prairies and wetlands are permanently protected and are part of large complexes of restored prairie, grasslands, and large and small wetlands
- Water is kept on the land

How will the outcomes be measured and evaluated?

Not Listed

Budget Spreadsheet

Final Budget line item reallocations are allowed up to 10% and do not need require an amendment to the Accomplishment Plan

Total Amount: \$2,000,000

Budget and Cash Leverage

BudgetName	Request	Spent	Cash Leverage (anticipated)	Cash Leverage (received)	Leverage Source	Total (original)	Total (final)
Personnel	\$40,000	\$25,400	\$0	\$0		\$40,000	\$25,400
Contracts	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/ PILT	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/o PILT	\$0	\$0	\$0	\$0		\$0	\$0
Easement Acquisition	\$1,767,000	\$1,828,300	\$0	\$0		\$1,767,000	\$1,828,300
Easement Stewardship	\$75,000	\$25,000	\$0	\$0		\$75,000	\$25,000
Travel	\$3,000	\$1,500	\$0	\$0		\$3,000	\$1,500
Professional Services	\$115,000	\$45,800	\$0	\$0		\$115,000	\$45,800
Direct Support Services	\$0	\$0	\$0	\$0		\$0	\$0
DNR Land Acquisition Costs	\$0	\$0	\$0	\$0		\$0	\$0
Capital Equipment	\$0	\$0	\$0	\$0		\$0	\$0
Other Equipment/Tools	\$0	\$0	\$0	\$0		\$0	\$0
Supplies/Materials	\$0	\$0	\$0	\$0		\$0	\$0
DNR IDP	\$0	\$0	\$0	\$0		\$0	\$0
Total	\$2,000,000	\$1,926,000	\$0	\$0		\$2,000,000	\$1,926,000

Personnel

Position	FTE	Over # of years	Spent	Cash Leverage	Leverage Source	Total
Conservation, legal and project staff - MLT	0.10	3.00	\$17,000	\$0		\$17,000
Conservation, legal and project staff - BWSR	0.05	3.00	\$8,400	\$0		\$8,400
Total	0.15	6.00	\$25,400	\$0		\$25,400

Budget and Cash Leverage by Partnership

BudgetName	Partnership	Request	Spent	Cash Leverage (anticipated)	Cash Leverage (received)	Leverage Source	Original AP Total	Total Spent
Personnel	MLT	\$26,500	\$17,000	\$0	\$0		\$26,500	\$17,000
Contracts	MLT	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/ PILT	MLT	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/o PILT	MLT	\$0	\$0	\$0	\$0		\$0	\$0
Easement Acquisition	MLT	\$0	\$695,500	\$0	\$0		\$0	\$695,500
Easement Stewardship	MLT	\$50,000	\$25,000	\$0	\$0		\$50,000	\$25,000
Travel	MLT	\$2,000	\$1,500	\$0	\$0		\$2,000	\$1,500
Professional Services	MLT	\$26,000	\$17,000	\$0	\$0		\$26,000	\$17,000
Direct Support Services	MLT	\$0	\$0	\$0	\$0		\$0	\$0
DNR Land Acquisition Costs	MLT	\$0	\$0	\$0	\$0		\$0	\$0
Capital Equipment	MLT	\$0	\$0	\$0	\$0		\$0	\$0
Other Equipment/Tools	MLT	\$0	\$0	\$0	\$0		\$0	\$0
Supplies/Materials	MLT	\$0	\$0	\$0	\$0		\$0	\$0
DNR IDP	MLT	\$0	\$0	\$0	\$0		\$0	\$0
Total		\$104,500	\$756,000	\$0	\$0		\$104,500	\$756,000

Personnel - MLT

Position	FTE	Over # of years	Spent	Cash Leverage	Leverage Source	Total
Conservation, legal and project staff - MLT	0.10	3.00	\$17,000	\$0		\$17,000
Total	0.10	3.00	\$17,000	\$0		\$17,000

BudgetName	Partnership	Request	Spent	Cash Leverage (anticipated)	Cash Leverage (received)	Leverage Source	Original AP Total	Total Spent
Personnel	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Contracts	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/ PILT	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/o PILT	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Easement Acquisition	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Easement Stewardship	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Travel	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Professional Services	TCF	\$75,000	\$24,800	\$0	\$0		\$75,000	\$24,800
Direct Support Services	TCF	\$0	\$0	\$0	\$0		\$0	\$0
DNR Land Acquisition Costs	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Capital Equipment	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Other Equipment/Tools	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Supplies/Materials	TCF	\$0	\$0	\$0	\$0		\$0	\$0
DNR IDP	TCF	\$0	\$0	\$0	\$0		\$0	\$0
Total		\$75,000	\$24,800	\$0	\$0		\$75,000	\$24,800

BudgetName	Partnership	Request	Spent	Cash Leverage (anticipated)	Cash Leverage (received)	Leverage Source	Original AP Total	Total Spent
Personnel	BWSR	\$13,500	\$8,400	\$0	\$0		\$13,500	\$8,400
Contracts	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/ PILT	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
Fee Acquisition w/o PILT	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
Easement Acquisition	BWSR	\$1,767,000	\$1,132,800	\$0	\$0		\$1,767,000	\$1,132,800
Easement Stewardship	BWSR	\$25,000	\$0	\$0	\$0		\$25,000	\$0
Travel	BWSR	\$1,000	\$0	\$0	\$0		\$1,000	\$0
Professional Services	BWSR	\$14,000	\$4,000	\$0	\$0		\$14,000	\$4,000
Direct Support Services	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
DNR Land Acquisition Costs	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
Capital Equipment	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
Other Equipment/Tools	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
Supplies/Materials	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
DNR IDP	BWSR	\$0	\$0	\$0	\$0		\$0	\$0
Total		\$1,820,500	\$1,145,200	\$0	\$0		\$1,820,500	\$1,145,200

Personnel - BWSR

Position	FTE	Over # of years	Spent	Cash Leverage	Leverage Source	Total
Conservation, legal and project staff - BWSR	0.05	3.00	\$8,400	\$0		\$8,400
Total	0.05	3.00	\$8,400	\$0		\$8,400

Explain any budget challenges or successes:

In the MLT budget section it appears as if \$695,500 was spent on easements that was not originally allocated to MLT. This is because when the project started it was unclear which organization would be doing which potential easements thus all of the easement funding was put under the BWSR tab with the assumption that funds would be transferred to the appropriate partner as projects happened which is how it was actually done. It also appears as though the easement line was overspent but accomplishment plan amendments not reflected here allowed that.

All revenues received by the recipient that have been generated from activities on land with money from the OHF:

Total Revenue: \$0
 Revenue Spent: \$0
 Revenue Balance: \$0

Output Tables

Table 1a. Acres by Resource Type

Type	Wetlands (original)	Wetlands (final)	Prairies (original)	Prairies (final)	Forest (original)	Forest (final)	Habitats (original)	Habitats (final)	Total (original)	Total (final)
Restore	0	0	0	0	0	0	0	0	0	0
Protect in Fee with State PILT Liability	0	0	0	0	0	0	0	0	0	0
Protect in Fee W/O State PILT Liability	0	0	0	0	0	0	0	0	0	0
Protect in Easement	0	0	500	459	0	0	0	0	500	459
Enhance	0	0	0	0	0	0	0	0	0	0
Total	0	0	500	459	0	0	0	0	500	459

Table 1b. How many of these Prairie acres are Native Prairie?

Type	Native Prairie (original)	Native Prairie (final)
Restore	0	0
Protect in Fee with State PILT Liability	0	0
Protect in Fee W/O State PILT Liability	0	0
Protect in Easement	0	0
Enhance	0	0
Total	0	0

Table 2. Total Funding by Resource Type

Type	Wetlands (original)	Wetlands (final)	Prairies (original)	Prairies (final)	Forest (original)	Forest (final)	Habitats (original)	Habitats (final)	Total (original)	Total (final)
Restore	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protect in Fee with State PILT Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protect in Fee W/O State PILT Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protect in Easement	\$0	\$0	\$2,000,000	\$1,926,000	\$0	\$0	\$0	\$0	\$2,000,000	\$1,926,000
Enhance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$2,000,000	\$1,926,000	\$0	\$0	\$0	\$0	\$2,000,000	\$1,926,000

Table 3. Acres within each Ecological Section

Type	Metro Urban (original)	Metro Urban (final)	ForestPrairie (original)	Forest Prairie (final)	SE Forest (original)	SE Forest (final)	Prairie (original)	Prairie (final)	N Forest (original)	N Forest (final)	Total (original)	Total (final)
Restore	0	0	0	0	0	0	0	0	0	0	0	0
Protect in Fee with State PILT Liability	0	0	0	0	0	0	0	0	0	0	0	0
Protect in Fee W/O State PILT Liability	0	0	0	0	0	0	0	0	0	0	0	0
Protect in Easement	0	0	0	0	0	0	500	459	0	0	500	459
Enhance	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	500	459	0	0	500	459

Table 4. Total Funding within each Ecological Section

Type	Metro Urban (original)	Metro Urban (final)	ForestPrairie (original)	Forest Prairie (final)	SE Forest (original)	SE Forest (final)	Prairie (original)	Prairie (final)	N Forest (original)	N Forest (final)	Total (original)	Total (final)
Restore	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protect in Fee with State PILT Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protect in Fee W/O State PILT Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protect in Easement	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$1,926,000	\$0	\$0	\$2,000,000	\$1,926,000
Enhance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$1,926,000	\$0	\$0	\$2,000,000	\$1,926,000

Target Lake/Stream/River Feet or Miles (original)

0

Target Lake/Stream/River Feet or Miles (final)

0

Explain the success/shortage of acre goals:

Not Listed

Parcel List

Section 1 - Restore / Enhance Parcel List

No parcels with an activity type restore or enhance.

Section 2 - Protect Parcel List

Chippewa

Name	TRDS	Acres	OHF Cost	Existing Protection?	Hunting?	Fishing?	Description
12-01-14-14- -	11942210	151	\$223,674	No	No	No	Upland

Murray

Name	TRDS	Acres	OHF Cost	Existing Protection?	Hunting?	Fishing?	Description
51-01-14-14- -	10839220	130	\$909,818	No	No	No	Upland

Pope

Name	TRDS	Acres	OHF Cost	Existing Protection?	Hunting?	Fishing?	Description
Berge	12337231	284	\$695,500	No	No	No	Upland

Section 2a - Protect Parcel with Bldgs

No parcels with an activity type protect and has buildings.

Section 3 - Other Parcel Activity

No parcels with an other activity type.

Completed Parcel: 12-01-14-14- -

# of Total Acres:	151
County:	Chippewa
Township:	119
Range:	42
Direction:	2
Section:	10
# of Acres: Wetlands/Upland:	
# of Acres: Forest:	
# of Acres: Prairie/Grassland:	151.4
Amount of Shoreline:	
Name of Adjacent Body of Water (if applicable):	
Has there been signage erected at the site:	Yes
Annual Reporting Organization Name:	BWSR
Annual Reporting Manager Name:	Easement Section Manager
Annual Reporting Address:	520 Lafayette Road North
Annual Reporting City:	St. Paul
Annual Reporting State:	MN
Annual Reporting Zip:	55155
Annual Reporting Email:	bwsr.rim@state.mn.us
Annual Reporting Phone:	651-296-3767
Purchase Date:	May 25, 2016
Purchase Price:	\$729,971
Appraised Value:	\$0
Professional Service Costs:	\$2,746
Assessed Value:	\$0
Total Project Cost:	\$732,717
Donations:	\$0
Easement Holder Organization Name:	BWSR
Easement Holder Manager Name:	Easement Section Manager
Easement Holder Address:	520 Lafayette Road North
Easement Holder City:	St. Paul
Easement Holder State:	MN
Easement Holder Zip:	55155
Easement Holder Email:	bwsr.rim@state.mn.us
Easement Holder Phone:	651-296-3767
Responsible Organization Name:	BWSR
Responsible Manager Name:	Easement Section Manager
Responsible Address:	520 Lafayette Road North
Responsible City:	St. Paul
Responsible State:	MN
Responsible Zip:	55155
Responsible Email:	bwsr.rim@state.mn.us
Responsible Phone:	651-296-3767
Underlying Fee Owner:	CLAIR & DORIS MONSON TRUST

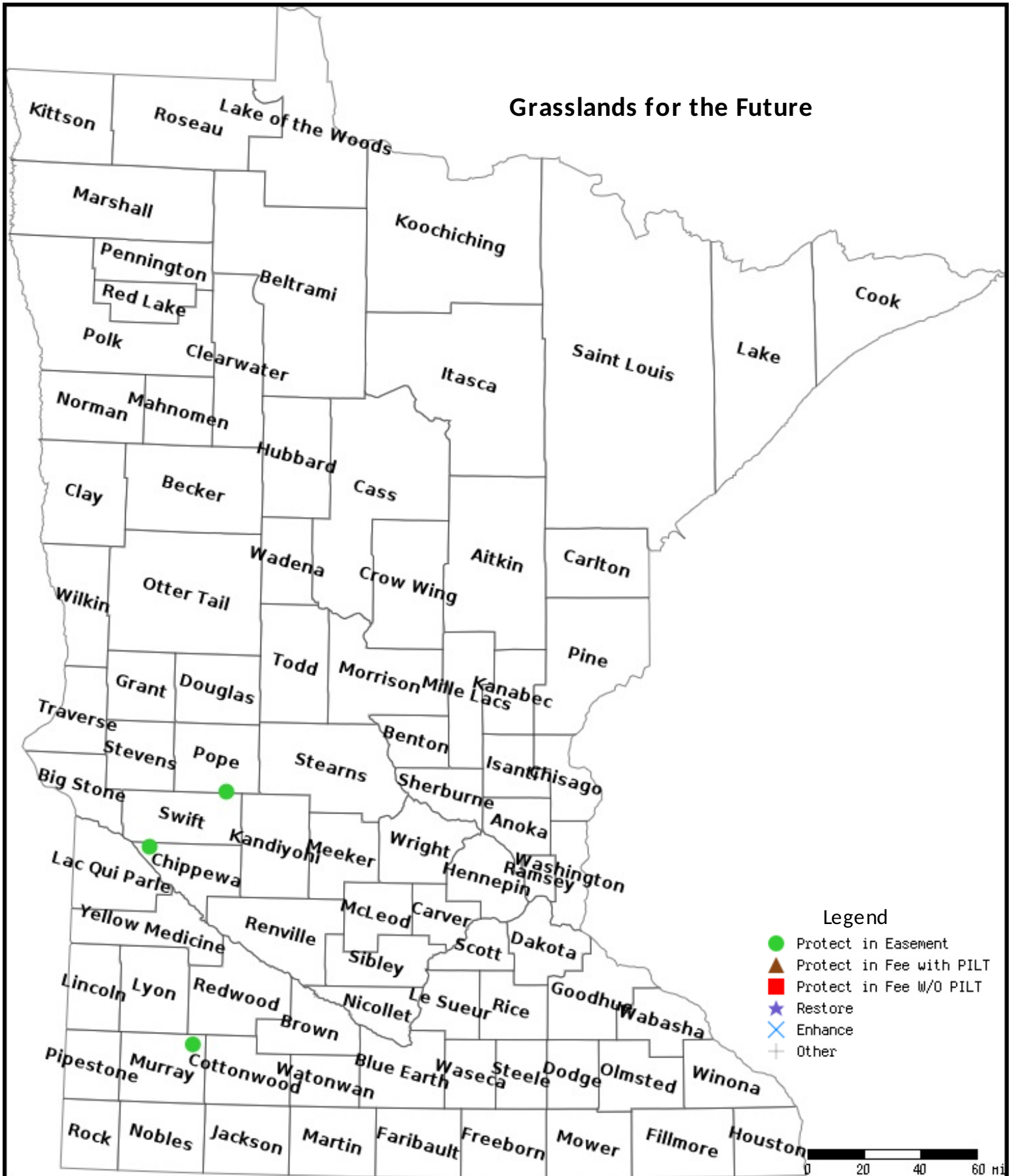
Completed Parcel: 51-01-14-14- -

# of Total Acres:	130
County:	Murray
Township:	108
Range:	39
Direction:	2
Section:	20
# of Acres: Wetlands/Upland:	
# of Acres: Forest:	
# of Acres: Prairie/Grassland:	129.5
Amount of Shoreline:	
Name of Adjacent Body of Water (if applicable):	
Has there been signage erected at the site:	Yes
Annual Reporting Organization Name:	BWSR
Annual Reporting Manager Name:	Easement Section Manager
Annual Reporting Address:	520 Lafayette Road North
Annual Reporting City:	St. Paul
Annual Reporting State:	MN
Annual Reporting Zip:	55155
Annual Reporting Email:	bwsr.rim@state.mn.us
Annual Reporting Phone:	651-296-3767
Purchase Date:	January 06, 2016
Purchase Price:	\$907,072
Appraised Value:	\$0
Professional Service Costs:	\$2,746
Assessed Value:	\$0
Total Project Cost:	\$909,818
Donations:	\$0
Easement Holder Organization Name:	BWSR
Easement Holder Manager Name:	Easement Section Manager
Easement Holder Address:	520 Lafayette Road North
Easement Holder City:	St. Paul
Easement Holder State:	MN
Easement Holder Zip:	55155
Easement Holder Email:	bwsr.rim@state.mn.us
Easement Holder Phone:	651-296-3767
Responsible Organization Name:	BWSR
Responsible Manager Name:	Easement Section Manager
Responsible Address:	520 Lafayette Road North
Responsible City:	St. Paul
Responsible State:	MN
Responsible Zip:	55155
Responsible Email:	bwsr.rim@state.mn.us
Responsible Phone:	651-296-3767
Underlying Fee Owner:	WILLOW CREEK RANCH LLP

Completed Parcel: Berge

# of Total Acres:	284
County:	Pope
Township:	123
Range:	37
Direction:	2
Section:	31
# of Acres: Wetlands/Upland:	
# of Acres: Forest:	
# of Acres: Prairie/Grassland:	284
Amount of Shoreline:	8950 (Linear Feet)
Name of Adjacent Body of Water (if applicable):	Unnamed Lake/Unnamed Pond
Has there been signage erected at the site:	Yes
Annual Reporting Organization Name:	Minnesota Land Trust
Annual Reporting Manager Name:	Kris Larson
Annual Reporting Address:	2356 University Ave. West, Suite 240
Annual Reporting City:	St. Paul
Annual Reporting State:	MN
Annual Reporting Zip:	55114
Annual Reporting Email:	klarson@mnland.org
Annual Reporting Phone:	651-647-9590
Purchase Date:	March 09, 2015
Purchase Price:	\$695,500
Appraised Value:	\$695,500
Professional Service Costs:	\$17,431
Assessed Value:	\$683,100
Total Project Cost:	\$695,500
Donations:	\$0
Easement Holder Organization Name:	Minnesota Land Trust
Easement Holder Manager Name:	Kris Larson
Easement Holder Address:	2356 University Ave. West, Suite 240
Easement Holder City:	St. Paul
Easement Holder State:	MN
Easement Holder Zip:	55114
Easement Holder Email:	klarson@mnland.org
Easement Holder Phone:	651-647-9590
Responsible Organization Name:	Minnesota Land Trust
Responsible Manager Name:	Wayne Ostlie
Responsible Address:	2356 University Ave. West, Suite 240
Responsible City:	St. Paul
Responsible State:	MN
Responsible Zip:	55114
Responsible Email:	wostlie@mnland.org
Responsible Phone:	651-647-9590
Underlying Fee Owner:	Jess & Tamara Berge

Parcel Map



Data Generated From Parcel List

Grasslands for the Future (ML 2013 OHF funded)

Final Report Attachment

Introduction:

This attachment is provided as a supplement to the ML2013 OHF funded (LSOHC recommended) project titled Grasslands for the Future (GFF) Final Report. It documents the items that were included in the Accomplishment Plan for this “pilot” project. The Board of Water and Soil Resources (BWSR) received the appropriation for this project but the Minnesota Land Trust (MLT) and The Conservation Fund (TCF) were full partners and according to the appropriation and the approved Accomplishment Plan received funds to implement specific items.

Background:

When this project was proposed in 2012, it was originally a \$20 million effort for BWSR Reinvest In Minnesota (RIM) and partner grassland easements providing permanent protection on 4,500 acres. This was needed to implement priority parts of the MN Prairie Conservation Plan as well as to provide alternatives to landowners who were facing high commodity prices, rising land values and pressure to plow up native and non-native grasslands (including Conservation Reserve Program – CRP lands). The project was funded at the \$2 million level with the LSOHC hoping to have both RIM and private NGO easements utilized and a review of what was discovered, as a “pilot”.

In the “Design and scope of work” section of the Accomplishment Plan, “...three important protection elements...” were piloted with this project. The following discussion will report on each of these items.

Specific Protection Element Discussions:

1. Landowners will be offered a menu of land protection options to assess what is of greatest interest or applicable in a particular landscape

- a. Buy, Protect Resell: TCF purchase fee title, secure easement from BWSR or MLT then re-sell fee title for purchase price minus easement value to a pre-identified local producer

This option was considered throughout the first year of this project. The concept that TCF could buy a parcel before it was bought and plowed up for row crop production was a valid option at the start of this project. Market analysis were conducted for several properties to determine the feasibility of this option.

Though found to be a potential course of action in the future, due to a number of factors, this “buy, protect, and resell” option was not implemented as a part of this appropriation.

- b. BWSR Reinvest In Minnesota (RIM) Reserve permanent easement

As a part of an existing RIM Grasslands sign-up Soil and Water Conservation Districts (SWCD) formulated applications from interested landowners and submitted to BWSR. The applications were scored and ranked on their environmental benefits.

Two high priority applications were chosen for funding, one in Murray County on 129.5 acres and one in Chippewa County for 151.4 acres.

The Murray County easement was 100% funded from this appropriation.

There was only enough funds for the Chippewa site from this project to fund \$220,928 of the total cost and the remaining easement expense was funding from RIM bonding funds (\$509,043).

The Chippewa site would not have been permanently protected if BWSR was not able to utilize both OHF and Bonding funding. This is one advantage to utilizing an existing program (RIM) that is allowed to draw from multiple appropriations to complete larger projects.

c. MLT permanent easement

As a third option for landowners was to have MLT secure a “working grasslands” easement directly with a willing landowner. This is similar to the RIM easements above, with the exception that MLT would hold the easements and that the easement would allow for conservation grazing with appropriate safeguards to ensure that the grassland habitat values would not be damaged. This option was intended to explore a new kind of working grassland easements which would protect the important features of the property but still retain certain economic values for cattle producers as an alternative to row crop agriculture.

Using this model, TCF negotiated and the Minnesota Land Trust secured a 284-acre working grassland conservation easement in Pope County (Sather Lake – Berge) for an easement payment of \$695,500.

This project is significant in that it helped MLT, TCF and BWSR develop a first of its kind conservation grazing plan for private landowners. This grazing plan was developed with significant input from the producers, grazing and grassland experts and TCF/MLT staff.

2. Implement grasslands protection in a working landscape by developing conservation easements and management plans that protect the important grassland and prairie habitats while simultaneously providing the agricultural producer with residual economic value through restricted grazing and haying.

RIM - Local SWCD’s prepare RIM plans that detail the restoration and management of the easement area prior to the recording of the easement.

If a producer requests to utilize the cover for either haying or grazing the SWCD works with them to prepare a haying/grazing plan that focuses on the vegetative resources and considers impacts on wildlife and other environmental concerns. This grassland management plan follows technical standards, is used primarily to enhance the vegetation and is planned to minimize the impacts on wildlife and other environmental conditions. Typically haying and grazing may only occur once every three to five years and also can only impact no more than 1/3 of the easement area. In addition, constraints on the time of year for these activities are enforced in order to minimize the impact on wildlife species (see the attached RIM Grassland Management fact sheet – Spring 2014).

The landowners of these two RIM easements funded with this appropriation have not requested a grazing or haying plan and instead the vegetation is currently in an undisturbed condition.

MLT – As described above, a major successful outcome of this pilot project on the Sather Lake-Berge tract was to have a very thorough conservation grazing plan developed for the property as part of the easement terms. MLT contracted with Wayne Monsen, a grassland and grazing expert, to thoughtfully develop a new template and approach for managing cattle with wildlife habitat conservation as a primary goal. While this has been done in the context of other easement projects out west, this plan and easement were much more deliberate and detailed as to how the land will be managed and was a first of its kind in Minnesota. This template has been influential in subsequent work by TCF and MLT.

Breitkreutz – project eventually cancelled

As a part of this project TCF contracted with Wayne Monsen to prepare a “Conservation Grazing” plan with the landowner. This plan utilized DNR, USDA and BWSR standards and guidance but since the project eventually cancelled it was not implemented.

3. Evaluation of how BWSR and a non-profit (MLT and TCF) can most cost effectively value and secure these unique easements. This will include an evaluation of the costs, potential leverage of federal programs, timing and landowner interest.

BWSR and both MLT and TCF play significant and crucial roles in the conservation easement efforts in the State of Minnesota. Our programs have evolved and often are customized to fit certain environmental challenges, certain parts of the State and specific appropriation/funding sources. It is nearly impossible to compare “apples to apples” between BWSR and MLT/TCF but a number of points will be discussed below.

➤ Delivery system –

It is important to note that the delivery system between BWSR and MLT/TCF are dramatically different. These differences have a significant impact on the costs of the program, timing and landowner interest.

BWSR delivers the RIM program through local Soil and Water Conservation Districts (SWCD) throughout the State. SWCD staff provide assistance to landowners from

outreach all the way through easement recording, restoration completion and then periodically monitoring of the site. BWSR provides limited direct financial assistance to the SWCD to support RIM and the remaining assistance is provided as general assistance to a landowner within the SWCD.

MLT/TCF delivers their easement efforts through their own staff and collaborations with numerous government and non-governmental partners. Generally their own staff are supported either through direct appropriations or internal funding. While we partner with SWCDs and other entities for the landowner outreach on certain programs, MLT relies on its expert staff to develop and complete conservation easement transactions. Each easement is tailored specifically to the property and generally includes the majority of the property. In addition, as a general rule, MLT projects are targeted at properties with high quality existing habitat vs. those with degraded habitats to be restored.

➤ Valuation –

BWSR, per State Statute, relies on RIM easement payment rates that are set by the Board itself. RIM payment rates are developed under authority granted in Board Resolutions and authorizes staff to establish RIM standard easement payments rates that 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 MN Dept. of Revenue via the University of Minnesota Land Economics website, based on local assessor's reporting of prior year land sales.

MLT/TCF must use land appraisals that estimate the before and after value of the land based on the specific easement terms. This is a requirement of both the State of Minnesota and the National Land Trust Accreditation standards. MLT generally has easement values of 60% of the fee value as a state-wide average (Note – most MLT easements are non-cropland so the 60% average closely mimics the RIM non-crop rate). In addition, as a non-profit, MLT seeks donations of all or a portion of the easement value, further reducing the purchase costs of the easement.

TCF ordered "Range of Value" letters for three potential applicants. These were basically used as market analysis to both gauge landowner interest as well as to compare valuation methods between RIM and Appraised easements (MLT/TCF).

When the "Range of Value" were compared to the RIM rates for the same properties it was found that values were close to each other with one nearly identical, one slightly higher and one slightly lower. The conclusions that we drew from this simple analysis included:

1. Values are similar between the RIM valuation system and appraisals;
2. The cost of an appraisal may not be worth it compared to the RIM valuation system, yet we understand that many programs require appraisals;

3. Appraisals are more site specific to the land being offered and useful when the terms of the conservation easement are tailored to the specific needs of the land and landowner.

➤ Costs –

Costs between RIM easements and MLT/TCF easements vary based on a number of factors including:

1. Personnel – BWSR has internal costs and costs that are reimbursed at the SWCD level while MLT/TCF costs are either for their own staff or contracted out for professional services (like a grazing plan being developed).
2. Professional services to record an easement vary but for many items are quite standard.
3. Appraisal costs pertain to MLT/TCF and not to BWSR for RIM.
4. Easement Stewardship is also a cost that varies between RIM (\$6,500) and MLT (\$25,000) due to the frequency of monitoring between the programs as well as the ability to use SWCD staff.

➤ Potential federal leverage –

BWSR and MLT/TCF are always looking for leveraging opportunities to make each dollar invested go farther than it would by itself. This project investigated opportunities for federal easement program leveraging. Due to changes in the federal Farm Bill there were no federal leveraging opportunities that fit the three easements that were funded with this appropriation. TCF was able to use a grant from the McKnight Foundation as leverage for the OHF grant.

➤ Timing –

When this project was initially proposed crop prices were very high and land prices were escalating at a significant pace. This was leading to the conversion of perennial vegetation to annually planted crops.

It was hoped that TCF could utilize this program to purchase a piece of land before it was converted and then secure an easement, resell the land to an agricultural producer who would utilize the vegetation and protect the land from conversion. Although a good theory, due to a variety of issues this option never materialized with this appropriation. Subsequently, TCF has found other opportunities to pursue this path and will likely do so in the future.

Another timing issue relates to the amount of time it takes to record an easement. The one MLT easement was recorded in a shorter period of time (3 months) than the two BWSR RIM easements. This was attributed to the fact that MLT was able to direct specific staff and resources to this one easement while BWSR treated the two easements as a part of their normal closing process (usually 6 to 12 months).

➤ Landowner interest –

In general what we find is that when BWSR has a RIM sign-up that is administered locally by SWCD's we receive many more applications than available funds. MLT and TCF also generally have more interested landowners than they will ever have available funding for.

Initially TCF provided outreach to local conservation offices and landowners focused on priority prairie landscapes and developed a list of 9 potential participants. In the end one landowner's application proceeded past an appraisal to an offer but due to ownership issues the project was cancelled by the landowner. Another one of the landowners on the list progressed all the way to a recorded easement with MLT (Sather Lake – Berge).

On the RIM side of this project, local SWCD's secured a number of priority applications for RIM grassland easements. These applications were used for a separate appropriation. When there were still funds available with this program BWSR went down the list to the next two high priority applications and these two landowners ended up with recorded RIM easements.

Conclusions:

1. BWSR's RIM program is high volume, one size fits all. While MLT/TCF are lower volume but can be flexible when necessary.
2. At an individual easement level combining State government and non-profit (MLT and TCF for example) programs was not shown to be needed and did not provide benefits beyond what each entities programs could offer individually. While it is extremely valuable to have both program options operating within the same geography and acting in complementary fashions, they are different enough that combining them into one program did not create an advantage.
3. It is important that a landowner have options that include both government and non-government easement programs so they can decide which works best for them.
4. Valuations of easement payments to landowners between the RIM program and individual appraisals show general agreement in compensation.
5. BWSR and MLT/TCF are able to utilize RIM funds from various appropriations to secure an easement. For example, the Chippewa site would not have been permanently protected if BWSR was not able to utilize both OHF and Bonding funding. This demonstrates how public and private entities can combine funding sources to enhance their effectiveness and why coordination of public and private programs is important.

6. This pilot delivered a very successful working grassland habitat protection project as one of its outcomes, which included a model or template conservation grazing plan. MLT will monitor this property 2x per year to ensure compliance with the conservation easement terms.
7. Landowner interest will fluctuate with commodity prices and land values making the timing of appropriations important to get right.
8. Conservation easements satisfy only a portion of the landowner's overall goals for their properties and must work in concert with the other uses and needs of private landowners.