

Lessard-Sams Outdoor Heritage Council

Action Agenda Item Memo

DATE November 15, 2011

SUBJECT: Accomplishment Plan Amendment: MN Laws 2011, Special Session, Ch. 6, Art. 1, Sec. 2, Subd. 3(a) Forest for the Future

Background

Dick Peterson, project manager, Forest for the Future, DNR, has requested an amendment to the accomplishment plan for the above referenced program. We believe it should go before the Council for approval on November 15th because it would significantly change the appropriation deliverables.

The request is for a change in the total number of acres to be acquired through conservation easements from 30,700 to 19,600 acres, a 37% decrease, due to the following reasons:

1. Forest Capital Partnership has turned down DNR's offer on two projects in Koochiching County (known as Projects 4a and 4b), totaling 22,533 acres, but is willing to negotiate on a smaller tract in the same county (6,966 acres.) The cost is estimated to be \$10,000. There is no current protection on these acres.
2. Other parcel list additions include a The Nature Conservancy donation of 1,992 acres (LaMinora Project) for an estimated cost of \$10,000. The land is not under conservation easement. The estimated cost to OHF is \$10,000.
3. The addition of the Marlow tracts in Lake County (Project 1) account for the bulk of the appropriation --10,752 acres for \$5,030,000 (originally 8,229 acres) and rounds out the additions to the parcel list. Of the eight parcels listed, five are new additions; the remaining three were included on the originally approved parcel list. Two of the parcels on the original parcel list have been removed altogether. There is no current protection on these acres.

We don't believe the Council has any practical choice but to agree to direct the appropriation toward willing sellers and highest priority lands. We do believe the amendment should receive full council approval.

Motion

"Motion to approve/deny the Accomplishment Plan as amended reducing the deliverables as noted.

Cc: Dick Peterson, Forest Legacy Program, DNR

Agenda Item 9

Lessard-Sams Outdoor Heritage Council

2012 Accomplishment Plan Amendment Requested October 10, 2011

Date: ~~May 25, 2011~~ ~~May 25, 2011~~ October 10, 2011

Program Title: **Minnesota Forests for the Future**

Manager's Name: Richard Peterson
Title: Forest Legacy/Forests for the Future Program Coordinator
Organization: MN DNR Division of Forestry
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Funds Recommended: \$ 5,409,000

Legislative Citation: ML 2011, Ch. 6, Art. 1, Sec. 1, Subd. 3 (a):

Abstract:

Project will: Protect approximately ~~30,700~~ ~~30,700~~ 19,600 acres of forest and wetland habitat through working forest easements; acquire public recreational and forest management access; and ensure sustainable forestry.

Program Narrative

Design and Scope of Work

Forest land ownerships changes within recent years, primarily within the industrial forest ownerships, are occurring as the timber industry restructures and looks to obtain value from their land through real estate sales and recreational leases. These sales can result in forest fragmentation or even outright conversion of forest lands, impact public recreational access including recreational trail routes, affect forest management access by public agencies across the impacted lands, degrade wildlife habitat, and decrease the use of sustainable forestry practices.

The current proposal includes ~~2~~ 3 project opportunities located across the Northern Forest Section on industrial forest ownerships that have active recreational lease and/or land sales programs. Project 1 proposes to acquire a working forest conservation easement on approximately ~~8,200~~ ~~8,200~~ 10,700 acres of forest and wetlands in Lake County. Project 2 proposes an acquisition to protect approximately ~~22,500~~ ~~22,500~~ 8,600 acres of forests and wetlands in ~~Itasca and Koochiching Counties~~ ~~Counties~~ County with a working forest conservation easement ~~s~~ that would leverage \$~~1.6~~ ~~\$1.6~~ \$1.5 million from a partnership with the Nature Conservancy. Project 3 proposes an acquisition to protect approximately 1,900 acres of forests and wetland in Itasca County with a working forest conservation easement that would leverage \$390,000 from a partnership with the Nature Conservancy.

LSOHC appropriations will target priority projects as determined by the scoring criteria developed in consultation with the Minnesota Forests for the Future Advisory Committee (stakeholder group). Projects may need to be scaled back or phased to accommodate the available funding.

| Each of the ~~2~~ 3 projects included in this proposal are located within program priority areas as identified by a GIS model that integrates recreational, ecological and economic data.

These projects will address forest fragmentation, habitat degradation, recreational and management access, and sustainable forestry through perpetual conservation easements and fee acquisition that will protect the forest and wetland habitats, restrict forest parcelization and development, provide for public recreational access and public management access, and promote sustainable forest management practices.

The Minnesota Forests for the Future and Federal Forest Legacy Programs have proven to be cost effective programs for protecting private forest land habitat in Minnesota, while also providing public recreational and agency management access and ensuring sustainable forestry. These programs have protected over 254,000 acres to date at an average cost of less than \$300/acre. Over \$24 million in non-state funds have been leveraged for these protection efforts over the past 10 years.

Environmental Credits: The MFF policy on environmental credits to date has been varied. On most easements the program has been silent on the issue of carbon, wetland, and other environmental credits. But in two instances (Brainerd Lakes-Potlatch easement and UPM Blandin easement) the landowner has explicitly retained the environmental credits in the easement. By being silent on the issue, the rights have been reserved for the landowner, so the net effect of either option has been the same.

There are recognized advantages to the current policy of being silent on environmental credits in easements and value in remaining open to acquiring environmental credits. Reasons for remaining silent and effectively leaving environmental credits to the landowner include: environmental credits are another forest product that landowners are producing, and acquiring environmental credits could have a negative effect on the program's success. In addition, it was noted that the argument at the legislature about unintended consequences resulting from not acquiring wetlands credits was a faulty argument that does not reflect wetlands mitigation policy and procedures. However, since markets for environmental service credits are still emerging and the conditions surrounding each easement are unique, the Advisory Committee recommends adopting a flexible approach to be open to acquiring environmental service credits when it is advantageous for an individual easement and to the program as a whole.

Although it is the policy of the MFF to pursue a flexible approach to environmental credits in forest conservation easements, MFF is open to acquiring environmental service credits when it is advantageous to the state, and/or in the best interests of the State, to acquire those credits. LSOHC staff advised MN DNR on May 25, 2011 that there was Legislative interest in the State acquiring those credits when LSOHC funds are used to acquire an easement.

MN DNR will pursue the acquisition of environmental credits for all new LSOHC projects initiated after May 25, 2011 with the understanding that one project (Koochiching 4) has a

signed Resume of Certified Appraisal for a conservation easement that is silent on the issue of environmental credits and therefore it is too late to change the conservation easement to reflect the amended policy.

Planning

This project proposal is consistent with the following plans:

- The Minnesota Conservation and Preservation Plan (p. 130) identifies the protection of large blocks of forest land as a priority. The Plan further recommends the sustainable management of working forest lands in order to protect the forests ability to provide economic, social and environmental benefits.
- The Minnesota Forests for the Future Program – Strategic Report (P. 27 recommendation 5) recommends the protection of large blocks of forest land in northern Minnesota as the highest priority and calls for over 500,000 acres of forest land protection over the next 25 years.
- The Campaign for Conservation Fifty-Year vision (Executive Summary P. 8) identifies the protection of large blocks of contiguous forest as a conservation goal.
- Tomorrow's Habitat for the Wild and Rare identifies 171 species in greatest conservation need in the Laurentian Mixed Forest that would benefit from protection, enhancement or restoration activities (<http://files.dnr.state.mn.us/assistance/nrplanning/bigpicture/cwcs/profiles/lmf.pdf>)

The Minnesota Forests for the Future Program has developed a Geographic Information System-based decision support tool to identify and prioritize parcels critical for protecting large blocks of forest land from parcelization, conversion, and fragmentation. This statewide analysis uses recreational, economic, and ecological data to provide indices of priority forest lands and help guide our project selection process.

Stakeholders involved in the process and supportive of the program include members of the Minnesota Forests for the Future Advisory Committee (local units of government, user groups, non-governmental organizations, timber industry) as well as the Forest Legacy Partnership.

This proposal is consistent with the following LSOHC priorities for the Northern Forest Section:

1. Protect shoreland and restore or enhance critical habitat on wild rice lakes, shallow lakes, cold water lakes, streams and rivers, and spawning areas. Portions of propose projects include areas with wild rice lakes, shallow lakes, cold water lakes, streams and rivers and spawning areas.
2. Protect forest land though acquisition or easement, to prevent parcelization and fragmentation and to provide the ability to access and manage landlocked public properties. Proposed projects will protect forest land, prevent parcelization and fragmentation and provide management access to public lands.

Relationship to Other Constitutional Funds

No other constitutional funds will be used for projects included in this request.

Relationship to Current Organizational Budget

This program funding will be supplemental to traditional funding sources, and is of reasonable size given the scale of DNR’s recent fiscal year expenditures. Though Outdoor Heritage Funds would be spread out over multiple years, below are approximate Fiscal Year 2009 expenditures (not including Bonding) as an example of what DNR spends in a given year:

Fiscal Year 2009 Approximate Expenditures, not including Bonding funds, were:

DNR - \$200 million

Forestry Division - \$25.5 million

Sustainability and Maintenance

This project proposal includes funding to be placed into an easement monitoring account that will fund ongoing easement management activities (monitoring, record keeping, etc). The State will develop an easement monitoring and management plan for each conservation easement acquired. Conservation easements will be monitored regularly (typically annually).

Accomplishment Timeline

Activity	Milestone	Date completed
Acquire conservation easement		June 30, 2012
Acquire conservation easement		January 30, 2013
Develop monitoring plans for projects 1, & 2.		June 30, 2013

Table B-2. Other Outcome Table

(This table should be used instead of attachment B for activities that are not counted in acres, miles etc. If you use attachment B you can delete this table from the accomplishment plan.)

Goal 1	Activity – P/R/E	Measure	Impact	Ecological Type
Goal 2				

Attachments (*on spreadsheet workbook – 3 separate tabs*):

- A. Budget
- B. Proposed Outcome Tables
- C. Parcel List

No Map is needed for the accomplishment plan

Attachment A. Budget Spreadsheet

Name of Proposal:	Minnesota Forests for the Future
Date:	11/4/2010 Revised 10/10/2011
Legal Citation / Proposal Number:	F-01

[Link Here to definitions of the budget items below.](#)

Total Amount of Request \$ 5,409,000 *From page 1 on the funding form.*

Personnel

Position breakdown here	FTE	Over # of years	LSOHC Request	Anticipated Cash		Total
				Leverage	Cash Leverage Source	
<i>Project Coordinator</i>	0.5	2	\$ 100,000			\$ 100,000
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
Total	0.5		\$ 100,000	\$ -	\$ -	\$ 100,000

Budget and Cash Leverage *(All your LSOHC Request Funds must be direct to and necessary for program outcomes.)*

Please describe how you intend to spend the requested funds.

Budget Item	LSOHC Request	Anticipated Cash		Total
		Leverage	Cash Leverage Source	
Personnel - <i>auto entered from above</i>	\$ 100,000	\$ -	\$ -	\$ 100,000
Contracts	\$ 10,000			\$ 10,000
Fee Acquisition w/ PILT <i>(breakout in table 6 & 7)</i>				\$ -
Fee Acquisition w/o PILT <i>(breakout in table 6 & 7)</i>				\$ -
Easement Acquisition	\$ 5,050,000	\$ 1,890,000	<i>TNC, State Bonding</i>	\$ 6,940,000
Easement Stewardship	\$ 150,000			\$ 150,000
Travel (in-state)	\$ 3,540			\$ 3,540
Professional Services	\$ 90,000			\$ 90,000
DNR Direct Support Services <i>(DNR programs only)</i>	\$ 4,460			\$ 4,460
DNR Land Acquisition Costs				\$ -
Other				\$ -
Capital Equipment <i>(auto entered from below)</i>	\$ -	\$ -		\$ -
Other Equipment/Tools				\$ -
Supplies/Materials	\$ 1,000			\$ 1,000
	\$ 5,409,000	\$ 1,890,000	\$ -	\$ 7,298,000

Capital Equipment *(single items over \$10,000 - auto entered into table above)*

Item Name	LSOHC Request	Leverage
<i>Item 1 enter here</i>		
<i>Item 2 enter here</i>		
<i>Item 3 enter here</i>		
<i>Item 4 enter here</i>		
<i>Item 5 enter here</i>		
<i>Item 6 enter here</i>		
<i>Item 7 enter here</i>		
<i>Item 8 enter here</i>		
Total	0	0

Attachment B. Outcome Tables

Name of Proposal:	Minnesota Forests for the Future
Date:	11/4/2010 Revision October 10, 2011
Legal Citation / Proposal Number:	F-01

Table 1 and Table 3 column totals should be the same AND Table 2 and Table 4 column totals should be the same

If your project has lakes or shoreline miles instead of land acres, convert miles to acres for Tables 1 and 3 using the following conversion:

Lakeshore = 6 acres per lakeshore mile / Stream & River Shore = 12 acres per linear mile, if both sides

Table 1. Acres by Resource Type

Describe the scope of the project in acres (use conversion above if needed)

	Wetlands	Prairies	Forest	Habitats	Total
Restore					0
Protect			19,600		19600
Enhance					0
Total	0	0	19600	0	0

Total Acres (sum of Total column)

19600

These two cells should be the same figure.

Total Acres (sum of Total row)

19600

Table 2. Total Requested Funding by Resource Type

	Wetlands	Prairies	Forest	Habitats	Total
Restore					\$ -
Protect			\$ 5,409,000		\$ 5,409,000
Enhance					\$ -
Total	\$ -	\$ -	\$ 5,409,000	\$ -	\$ -

Total Dollars (sum of Total column)

\$ 5,409,000

These two cells should be the same figure.

Total Dollars (sum of Total row)

\$ 5,409,000

Check to make sure this amount is the same

as the Funding Request Amount on page 1 of Main Funding Form.

Table 3. Acres within each Ecological Section

	Metro/Urban	Forest/Prairie	SE Forest	Prairie	Northern Forest	Total
Restore						0
Protect					19,600	19600
Enhance						0
Total	0	0	0	0	19600	0

Total Acres (sum of Total column)

19600

These three cells should be the same figure.

Total Acres (sum of Total row)

19600

Total Acres from Table 1.

19600

Attachment B. Outcome Tables

Table 4. Total Requested Funding within each Ecological Section

	Metro/Urban	Forest/Prairie	SE Forest	Prairie	Northern Forest	Total
Restore						\$ -
Protect					\$ 5,409,000	\$ 5,409,000
Enhance						\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ 5,409,000	

Total Dollars (sum of Total column) \$ 5,409,000
 Total Dollars (sum of Total row) \$ 5,409,000

These two cells should be the same figure.

Check to make sure these amounts are the same as the Funding Request Amount on page 1 of Main Funding Form.

Table 5. Target Lake/Stream/River Miles

miles of Lakes / Streams / Rivers Shoreline

Table 6. Acquisition by PILT Status (enter information in acres)

	Wetlands	Prairies	Forests	Habitats	Total
Acquired in Fee with State PILT Liability					0
Acquired in Fee w/o State PILT Liability					0
Permanent Easement NO State PILT Liability			6,940,000		6940000
	0	0	6940000	0	

Table 7. Estimated Value of Acquisition by PILT Status (enter information in dollars)

	Wetlands	Prairies	Forests	Habitats	Total
Acquired in Fee with State PILT Liability					\$ -
Acquired in Fee w/o State PILT Liability					\$ -
Permanent Easement NO State PILT Liability			\$ 6,940,000		\$ 6,940,000
	\$ -	\$ -	\$ 6,940,000	\$ -	

Attachment C. Parcel List

Name of Proposal: Minnesota Forests for the Future
Date: 12/10/2010 Revised 10/10/2011
Legal Citation / Proposal Number: F-01

County	Township	Range	Direction	Section	TRDS	# of acres	Budgetary Estimate (includes administrative, restoration or other related costs and do not include matching money contributed or earned by the transaction)	Description	Activity R=Restore P=Protect E=Enhance	Any existing protection? (yes/no)	Open to hunting and fishing? (yes/no)
Parcel Name											
Project 1											
Lake County	Lake	57	8			80			P	NO	yes
Lake County	Lake	58	7			76			P	NO	yes
Lake County	Lake	58	8			1712			P	NO	yes
Lake County	Lake	59	7			3921			P	NO	yes
Lake County	Lake	59	8			2440			P	NO	yes
PROJECT 1 TOTALS						8,229	\$3,500,000	Project 1 Lake Co CE			
Project 2-Koochiching 4b											
Itasca		61	23			5737			P	NO	yes
Itasca		61	24			1569			P	NO	yes
Itasca		61	25			1016			P	NO	yes
Koochiching Phase 4a											
Koochiching		63	22			325			P	NO	yes
Koochiching		63	26			1819			P	NO	yes
Koochiching		64	22			65			P	NO	yes
Koochiching		64	24			1941			P	NO	yes
Koochiching		64	26			240			P	NO	yes
Koochiching		65	24			2023			P	NO	yes
Koochiching		65	25			1615			P	NO	yes
Koochiching		65	26			391			P	NO	yes
Koochiching		66	24			1089			P	NO	yes
Koochiching		66	25			1722			P	NO	yes
Koochiching	St. Louis	65	21			2261			P	NO	yes
Koochiching	St. Louis	66	20			320			P	NO	yes
Koochiching	St. Louis	66	21			160			P	NO	yes

Attachment C. Parcel List

Name of Proposal: Minnesota Forests for the Future
Date: 12/10/2010 Revised 10/10/2011
Legal Citation / Proposal Number: F-01

County	Township	Range	Direction	Section	TRDS	# of acres	Budgetary Estimate (includes administrative, restoration or other related costs and do not include matching money contributed or earned by the transaction)	Description	Activity R=Restore P=Protect E=Enhance	Any existing protection? (yes/no)	Open to hunting and fishing? (yes/no)
Parcel Name											
<u>PROJECT 2 TOTALS</u>						<u>22,533</u>	<u>\$3,800,000</u>	<u>Project 2 St. Louis, Kooch, Itas</u>			
<u>New Parcel List</u>											
<u>Project 1</u>											
<u>Lake County</u>											
	<u>Lake</u>	<u>59</u>		<u>7</u>		<u>3958</u>		<u>Project 1 Lake County</u>	<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Lake</u>	<u>59</u>		<u>8</u>		<u>2559</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Lake</u>	<u>57</u>		<u>11</u>		<u>389</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Lake</u>	<u>57</u>		<u>10</u>		<u>343</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Lake</u>	<u>57</u>		<u>8</u>		<u>80</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Lake</u>	<u>55</u>		<u>11</u>		<u>1276</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Lake</u>	<u>54</u>		<u>11</u>		<u>1467</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Lake</u>	<u>54</u>		<u>10</u>		<u>680</u>			<u>P</u>	<u>no</u>	<u>yes</u>
<u>Lake County Total</u>						<u>10752</u>	<u>\$5,030,000</u>		<u>P</u>	<u>no</u>	<u>yes</u>
<u>Koochiching Phase 4</u>											
	<u>Koochiching</u>	<u>63</u>		<u>26</u>		<u>866</u>		<u>Project 2 Koochiching Ph. 4</u>	<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Koochiching</u>	<u>64</u>		<u>24</u>		<u>1945</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Koochiching</u>	<u>64</u>		<u>26</u>		<u>200</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Koochiching</u>	<u>65</u>		<u>24</u>		<u>2020</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Koochiching</u>	<u>65</u>		<u>25</u>		<u>1615</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Koochiching</u>	<u>65</u>		<u>26</u>		<u>320</u>			<u>P</u>	<u>no</u>	<u>yes</u>
<u>Koochiching Phase 4 Total</u>						<u>6966</u>	<u>10,000</u>		<u>P</u>	<u>no</u>	<u>yes</u>
<u>LaMinora Project</u>											
	<u>Itasca</u>	<u>62</u>		<u>22</u>		<u>277</u>		<u>Project 3 LaMinora</u>	<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Itasca</u>	<u>62</u>		<u>23</u>		<u>120</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Itasca</u>	<u>61</u>		<u>23</u>		<u>400</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Itasca</u>	<u>61</u>		<u>24</u>		<u>80</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Itasca</u>	<u>61</u>		<u>25</u>		<u>558</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Itasca</u>	<u>62</u>		<u>26</u>		<u>40</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Itasca</u>	<u>62</u>		<u>27</u>		<u>360</u>			<u>P</u>	<u>no</u>	<u>yes</u>
	<u>Itasca</u>	<u>59</u>		<u>23</u>		<u>157</u>			<u>P</u>	<u>no</u>	<u>yes</u>
<u>LaMinora Project Total</u>						<u>1992</u>	<u>\$10,000</u>		<u>P</u>	<u>no</u>	<u>yes</u>