

# MEMO

To: Lessard Sams Outdoor Heritage Council  
From: David Hartwell, Chair; Kristin Eggerling, Acting Vice Chair  
Date: September 29, 2023  
Re: Chairs' proposal for recommended FY24 funding

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The Council received 55 requests for funds totaling \$373,417,800. At its hearings on August 29 & 30, it heard from those proposers and then the Council members then each made an allocation of the \$151,360,000 that was determined to be available for funding.

Those results form the basis for the chair and vice chair's recommendation to the Council for consideration. For the most part, we have recommended the average amount allocated by the Council.

As you now know, Ashley Peters took a new job with the US Fish and Wildlife Service which then created a significant conflict of interest (16 of our current projects under consideration) and she has resigned from the Council because of this. So, there are 11 Council members providing the allocation recommendations.

There were three projects that do not appear on the Chair and Vice Chair's proposal to you for the following reasons:

- *WRE05 – Lake Alice – Fergus Falls* - this received allocations from six members, but the average allocation was \$341,000, well under the \$500,000 limit we set for recommendation as that is now the ceiling for CPL grants.
- *HA09 – Shakopee Creek: Headwaters restored, species and land protected* – this received allocations from just four members and the average allocation was \$272,000, well under the \$500,000 limit we set for recommendation as that is now the ceiling for CPL grants.
- *HA06 – Trout stream restoration in the Root River Watershed* – this received allocations from just three members.

We then looked at proposals that indicated they were not scalable. Our thinking was that if a non-scalable project did not receive full funding, it would then not actually happen, making it unnecessary to recommend funding for that project. Six projects fit in that category. We asked Mark to contact the project managers to clarify this and see if they would withdraw their request if not fully funded. Between testimony and direct conversations, the results were, and our proposal includes allocating funds from the three projects not being recommended for funds as follows:

- *HRE10 – Silver Lake fish passage modification*. After the hearings, they submitted information saying that they could do the project with \$1,950,000. The average allocation was \$1,948,000. We have recommended an increase over the average allocation (recommended by all members)

of \$2,000 to bring the recommendation to the amount they now say is the minimum to get the project done.

- *FA01 – Minnesota Heritage Forest – Transition to Public Ownership Program.* As we heard in the hearings and in follow-up conversations, the proposers indicated that if they did not receive full funding, they would proceed but not be able to finish the project in one transaction. Instead, they would have to break it into multiple transactions, which would likely increase cost due to holding costs of the Conservation Fund. They did indicate they would welcome any funding and look at other sources if not fully funded. We have recommended the average allocation (recommended by 10 members) of \$13,155,000.
- *HRE08 – Highbanks Ravine Bat Hibernaculum* – They have indicated that the project is not scalable and would not proceed without full funding of \$2,300,000. The average allocation (recommended by 10 members) was \$1,636,000 and we are recommending full funding or an increase above the average by \$664,000.
- *HRE11 – Little Devils Track River restoration.* Shortly after the hearing, they sent a note to the Council indicating that, while their project proposal was for \$4,435,800, they could find the extra funds to do the project if the Council recommended \$3,000,000. The average allocation (recommended by 10 members) was \$2,339,000 and we are recommending funding at the \$3,000,000 level or an increase above the average by \$661,000.
- *HRE07 – Roseau Lake Rehabilitation, Phase II* – They stated the project was not scalable in their proposal but when Mark talked to them, they indicated they could do the work in phases if they did not get full funding. We have recommended the average allocation (recommended by 9 members) of \$3,054,000.

There are two other projects we are recommending amounts that are not the average provided by the Council.

- *O2 - Restoration Evaluations.* We are required to fund this with 1/10<sup>th</sup> of 1% of our expected revenue which would be approximately \$160,000. The average allocation was \$134,000 and we are recommending the statutory required amount of \$160,000.
- *CPL* – This is a very popular program for small grants, and they requested \$11,575,000. The average allocation was \$9,424,000. After the above recommendations, there was an additional \$518,000 available so we are recommending increasing this allocation to \$9,942,000.

Additionally, there were comments by members on specific proposals that we feel should be discussed prior to any final recommendation. They include:

**Projects with comments that result in recommendations in the funding request in the Chair’s motion:**

- *HRE01 – Anoka Sand Plain Habitat Conservation* – Comment was “Biochar purchase just from this allocation.” There were 3 projects proposed by Great River Greening for the Biochar equipment that included 1/3 each for this equipment. The recommendation from the chair and vice chair is to only have this equipment funded from one project and it be this one.
- *HRE05 - St. Louis River Restoration Initiative – Phase 11* – Comments were “Only for estuary work - not uplands,” “Prioritize areas within estuary (exclude stream resto) and unspent

dollars.” The recommendation from the chair and vice chair is that funding, which is less than requested so some work would not get done anyway) be limited to work at the estuary and not include work outside of that waterway.

**Projects with comments related to roads and trails:**

- *HA03 - Protecting Minnesota's Lakes of Outstanding Biological Significance - Phase 3* – Comment was “Agreement to not add roads or trails unless for habitat management purposes.”
- *HA08 - Fisheries Habitat Protection on Strategic North Central Minnesota Lakes - Phase X* – Comment was “agreement to not add roads or trails unless for habitat management purposes.”
- *FA01 - Minnesota Heritage Forest - Transition to Public Ownership Program* – Comment was “require agreement from counties for no roads/trails that do not enhance wildlife habitat.”

**Project with comments related to the potential of returning funds:**

- *HA13 – Lower Wild Rice River Corridor Habitat Restoration - Phase IV* – Comment was “returning \$4.3M - how to get it available for allocation in this round” and “Status of returned funds????” Both these comments were related to the decision by the proposer to close out one year’s funding that was not used. But the project included both the watershed district and BWSR and only \$500,000 is from the watershed district with the balance going to BWSR which intends to use the funds. The chair and vice chair recommend simply funding the average allocation amount this year and waiting for the official return of unused funds from previous appropriations.

**Projects with comments about specific parts of the proposal:**

- *PA01 – Northern Tallgrass Prairie* – Comment was “only fund easements.”
- *HA04 – Shell Rock River Watershed Habitat Restoration Program, Phase XIII* – Comment was “lots of funding from prior years to spend on restoration. Only fund acquisition if we fund anything.”

**Projects with comments about funds remaining from prior appropriations:**

- *PA03 - Prairie Chicken Habitat Partnership of the Southern Red River Valley - Phase X* – Comment was “Too much unspent money.”
- *PRE01 - DNR Grassland Enhancement - Phase 16* – Comment was “Too much remaining funding from prior appropriations. Take a year off.”
- *FA03 - 2024 Riparian Habitat Protection in the Kettle and Snake River Watersheds* – Comment was “unspent money concerns.”
- *HA14 - DNR WMA and SNA Acquisition, Phase XVI* – Comment was “unspent money concerns.”
- *HA12 - Southeast Minnesota Protection and Restoration - Phase 12* – Comment was “Excessive unspent dollars.”

### **Project with concerns about the specific uses of the funds.**

- *HRE09 - Owámniiyomni Native Landscape & River Restoration (St. Anthony Falls)* – Comments were “Great project - LSOHC is wrong funding source - Perhaps CPL grant for actual habitat restoration, not demo, reconstruction or park like facilities,” “Money to go towards habitat restoration, not demolition” and “Not habitat initiative; Excessive expense for 3 acres???”

There were, as you can see, comments about the specific use of the funds for things outside of habitat restoration. The constitutional language that governs the use of funds is “...*may only be spent to restore, protect and enhance Minnesota’s wetlands, prairies, forests and habitat for fish, game and wildlife...*” Historically, the Funds recommended by the Council and appropriated by the Legislature have only been allowed for minor demolition that is “direct and necessary to” habitat restoration. As a result, it has been traditionally preferred and encouraged that most demolition expenses are paid for with non-OHF funds.

The chair did not allocate dollars for this project, but the vice chair did. We both like the project from the perspective of it being a very good thing for that parcel of property.

The chair and vice chair agree that funds allocated to this project should be for habitat restoration and not demolition or creating park like features (sidewalks, interpretative signage, etc.) in keeping with our understanding of the constitutional language governing the use of these funds. We wish for the Council to have a deep discussion about using funds for demolition/reconstruction for this (and therefore setting a precedent for future projects) or the development of park like features on land as a major part of funding being provided which our understanding is that this is what the bulk of the request is for – although specific plans are not finalized so there really is no detailed budget to go over for this project yet.

### **Projects with miscellaneous comments:**

- *FRE02 – Young Forest Conservation, Phase IV* – Comment was “too many habitat goals?”
- *HA08 - Fisheries Habitat Protection on Strategic North Central Minnesota Lakes - Phase X* – Comment was “Large easement project may not happen in which case easement request will be withdrawn.”
- *PA04 - Martin County WMA Acquisition - Phase 8* – Comments were “Desperately need some leverage” and “asking for more than they can possibly spend - admitted it would be many years. No leverage”
- *FA02 - Camp Ripley Sentinel Landscape ACUB Protection Program - Phase 12* – Comment was “Public value questionable.”

Lastly, we have been asked in the past to provide guidance to the legislature if there are additional funds available in February forecasts (and also additionally funds available in December). The chair and vice chair would recommend to the Council that in the event of additional funds being available, they be applied to fully fund the CPL request first and then, second to the Minnesota Heritage Forest project

which if both were fully funded would total up to an additional \$11,125,000. Additional funds beyond that should be held back for FY25 recommendations.

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Chair and Vice Chair recommended motion:

The chair and vice chair recommend acceptance of the funding levels presented in the Chair's proposal, subject to:

- Discussion and potential adjustments about projects with identified items for discussion or other concerns raised by Council members.
- Funding the Biochar equipment by Great River Greening happen only from HRE10.
- The St. Louis River Restoration Initiative funding be only for work in the estuary itself.
- In the event of additional funds being made available in the December or February forecast, the Council recommendation would be to first, fully fund the CPL request and second, to the Minnesota Heritage Forest project which would total up to an additional \$11,125,000. Additional funds beyond that should be held back for FY25 recommendations.