

# Chair Proposal

**MEMO:** Agenda Item #10  
**To:** LSOHC members  
**From:** David Hartwell (Chair) and Kristin Eggerling (Acting Vice Chair)  
**Date:** December 5, 2023  
**Re:** Chair Proposal for Allocation of Additional OHF Funds

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## Chair and Vice Chair Recommendation on FY24 Funding

The Chair and Vice Chair (hereafter called collectively the chairs) have reviewed the Council's funding recommendations considering the November budget forecast.

The November forecast projects the availability of funds that the Council can recommend for appropriation. At the time of the printing of this memo, we don't know the exact amount, only that there may be significant additional monies beyond our already approved recommendation of \$151,360,000. We anticipate the bulk of additional monies to be an increase in the unobligated carry-forward (unspent turn-back dollars) along with some increased sales tax revenue and a small increase in interest income.

The Council approved a shift of funds from IDP amounts (funding that would go from the proposals to fund necessary Initial Development Plan duties and Acquisition Costs that the DNR will incur) in individual budgets of recommended projects to the Core Functions budget. Our staff has now calculated this to be a transfer of \$725,000 which is reflected in the attached spreadsheet. This is in addition to the \$100,000 the Council recommended to the Core Functions budget for the development of the Keystone Woods WMA. As you can see, we are not recommending any additional funds to projects. But, if the Council were to make modifications that affect projects with IDP, it would be important to have this same adjustment of IDP funds from projects to the Core Functions budget.

At the October meeting, the Council voted to use any potential additional funds to first fully fund the CPL project and then to fully fund the MN Heritage Forest project. The CPL program would require an additional \$2,133,000 to bring the funding up to the original request of \$11,575,000. The MN Heritage Forest project would require an additional \$9,492,000 to bring the funding up to the original request of \$22,647,000.

The combined amount of the two projects, if fully funded, is \$11,625,000. While we don't know yet the exact amount, nor what might happen in the February forecast, we think there should be some additional direction from the Council in the event of additional funds beyond what we have already provided direction for.

The chairs have discussed what to do in this situation. There is no clear single project to allocate extra funds to that has both a need (all the projects would like additional funding) and stands out with overall support from the Council. The easiest thing to do is just provide a pro-rata additional amount to all

projects, but staff has requested that we not do this as it creates a significant amount of additional work as every accomplishment plan would need to be revised and then reviewed.

For this reason, the chairs are recommending that funds beyond the \$11,625,000 be allocated to provide additional funding of the CPL project up to \$15,000,000. The CPL staff has indicated that this is manageable from their perspective. And the CPL funding we have allocated this year is already completely used up in the first round so there is a very strong demand for these funds. To fund CPL at \$15,000,000 would require an additional \$3,425,000.

In the event there were funds beyond even that, which we believe is highly unlikely, we would recommend we set a 6% target for our reserve cushion instead of the current 5%.

If for some reason there is a decline in the forecast in February, the chairs would recommend we reduce the amounts recommended first by the additional CPL funds we are asking the Council to approve, then by the approved recommended amount to the MN Heritage Forest, and lastly to the approved recommended amount to the CPL program.

Attachment:

- Spreadsheet of Approved Council Allocations (including Core Functions)