

**Lessard - Sams Outdoor Heritage Council
December 6, 2010
Room 5, State Office Building
Meeting Summary**

Members Present:

Chair Michael Kilgore
Les Bensch
Ryan Bronson
Jim Cox

Wayne Enger
Sen. Lisa Fobbe
Rep. Rick Hansen
David Hartwell

Sen. Bill Ingebrigtsen
Darby Nelson
Scott Rall

Members Absent: Rep. Bob Gunther

Call to order

Chair Kilgore called the meeting to order at 8:37 a.m. A quorum was present.

Review and approve agenda

Motion by W. Enger to approve the agenda as presented. Motion adopted.

Review and approve summary of November 4, 2010

Motion by D. Hartwell to approve the summary as presented. Motion adopted.

Executive Director's Report (1:49)

Mr. Becker updated members that the work of staff has been primarily completing the draft appropriation language and continuing discussions on county board approval of land acquisitions. He informed members to anticipate inclusion of language addressing this issue sometime in the future.

Mr. Becker also updated members on the discussion around the stewardship management and enforcement accounts. Decisions need to be made on how the account(s) are going to be set up and managed. No easement stewardship fund transfers have been authorized to date. Members discussed the management of those accounts if held privately and also the importance of accountability and transparency and the possibility of the accounts being subject to political changes. Members all agreed the importance of protecting the value of the conservation easement. Compliance is greater with regular landowner meetings. Members discussed coming up with an enforceable set of rules, as well as consequences for not following the rules.

Members agreed that staff come back to the meeting with potential options for managing the easement stewardship accounts.

Mr. Becker stated the staff is also setting up meetings with key legislators and new committee leaders as well as executive branch members.

Mr. Becker gave members a heads up that Great River Greening is having a cash flow problems and that they will be requesting an advance at the December meeting to request an accomplishment plan amendment to do so.

Member L. Bensch and R. Bronson discussed possible scheduling conflict with the January meeting.

FY12-13 Administrative Budget Review (32:57)

Mr. Becker anticipates a \$470,000 administrative budget per year for a biennial request of \$940,000. The budget includes funding for GIS and programming support through the Legislative Coordinating Commission. He anticipates a carry forward of approximately \$100,000 depending on the final billing of the planning efforts. The council could possibly support an additional staff person with some of the carry forward money, if needed.

November Forecast (38:13)

Mary Robison, Executive Budget Officer, MN Management and Budget addressed the council on the recent economic forecast trend and the impact on the OHF. The fund update, outlined in the consolidated funds statement, will be released later this month and Ms. Robison will provide figures for consideration at the December meeting.

Ms. Robison spoke of the general forecast trends and the estimated sales tax revenue. In FY2011 it is estimated the sales tax revenue will go slightly up, however, the FY2012 revenue is estimated to decline. Because the big economic picture continues to be tenuous, overall sales revenue is anticipated to be down prior to pre-recession lows.

Ms. Robison stated that in determining how much to appropriate in each given year to keep the fund solvent, a best practice for consideration is to keep 5-10% of the fund expenditure in reserve. Reasons for this level of reserve are: 1) uncertainty of forecast estimates and the potential for error and unexpected changes; and 2) to maintain a consistent level for cash flow purposes, due to all of the revenue not being available at the beginning of the year. The majority of the revenue comes in at the end of the calendar year due to higher sales activity.

In answering a question posed by Chair Kilgore, Ms. Robison stated that the LSOHC has done a good job of keeping an adequate amount in reserve compared with the other Legacy accounts. She recommends not dipping below the 5% reserves.

LSOHC 25 Year Funding Framework (53:30)

Judy Grew, Management Analysis and Development, MMB, provided an update on the framework process. She emphasized the changes to the report for the public review.

Members requested several changes to the latest draft report: 1) change wording of “non-habitat” land to “developed or agricultural land” to better reflect the marginal habitat value of some lands; 2) include more explanatory information on the table 9 of the report (2000-2009 average annual acres by activity) to account for the relatively high number of acres restored and enhanced; 3) alter the coloration of maps to allow for better black and white reproduction; and 4) add better headers, footers, and other document edits.

Statewide Ecological Ranking of CRP and other Critical Lands Presentation (1:19:31)

Mr. Becker stated the presentation was selected to provide the council with information as the council considers the future of conservation easement programs. Dr. Dave Mulla, U of M Soil and Water

Science Research and Greg Larson, BWSR, provided a presentation on the land ranking and gave several examples of specific land types and the values in their GIS analysis. Dr. Mulla and Mr. Larson answered questions posed by members. They addressed how this study could help in identifying key areas of investment for Outdoor Heritage Fund dollars.

Conservation Partners Grant Program Update (2:08:38)

Ed Boggess, Deputy Director of Fish and Wildlife, DNR, emphasized the department's commitment to fulfill the vision that the council has for the grants program. He also informed members of the new reporting structure within the department where Leslie Tannahill reports to Pete Skwira, Chief of Administrative Services.

Leslie Tannahill, MN DNR, went through the details of the FY 11 grant selection process and schedule for reviewing proposals.

S. Rall requested that the acquisitions be broken out by fee title and easement. Ms. Tannahill will provide a list of the grants broken out by fee and easement. W. Enger asked why there were fewer applicants than the previous year. Ms. Tannahill stated the program was in the process of drafting a survey and will inform members of the results of that survey.

Members discussed the friendliness of the granting process for smaller groups, the number of actual local clubs in the state, and obtaining a better mailing list. Ms. Tannahill stated that she looks forward to the completion of successful projects that can be used as a marketing tool for the program. There was some confusion of the in-kind and cash match on the part of the applicants. Many smaller clubs considered volunteer labor as in-kind, but had a harder time coming up with the required cash match, owing to the difficulties of fundraising in the current economic climate.

Members discussed the use of grant program dollars for enhancement work on RIM and CRP easements where typically the landowner has been responsible for maintenance work. Kevin Lines, BWSR, clarified the program details. He stated depending on the program, and the dollars available at the time of enrollment, some of that work may not have been able to be completed. Sometimes the landowner continues the maintenance, but later decides to do an enhancement for which they may request funding.

Chair Kilgore expressed concern over the Council's recommendation to allocate more money to the CPL program in FY2012 given the reduced requests and dollars granted in FY2011.

Review Draft Appropriation Language (2:57:59)

Heather Koop went through the bill and Council addressed each paragraph of the bill as presented. Members had a chance to review the language. Mr. Becker pointed out that any adjustments made at the December meeting should be for adjustments in dollar amount of appropriations based on possible new figures from the consolidated fund statement. Today members should be primarily looking at language changes. Members made the following changes to the appropriation language.

Chair Kilgore noted the following change: ~~“A financial annual~~ An annual financial report is required for any monitoring, management, and enforcement fund established, including expenditures from the fund”. This change was made throughout the entire bill.

Motion by J. Cox to recommend that, “The commissioner of natural resource must agree in writing to each proposed acquisition” be stricken from all appropriations in the bill.

Members discussed various positions regarding the process for land approval. Rep. Hansen stated that he opposes the deletion of this statement. D. Hartwell stated the commissioner can choose not to accept a parcel after the fact.

Les Bensch - yes
Ryan Bronson - no
Jim Cox - yes
Wayne Enger - yes

Sen. Lisa Fobbe - no
Rep. Bob Gunther - absent
Rep. Rick Hansen - no
David Hartwell - yes

Sen. Bill Ingebrigtsen - yes
Michael Kilgore - yes
Darby Nelson - no
Scott Rall - yes

7-yes / 4-no Motion adopted.

Ms. Koop noted that the following mistype that would be corrected. “3(a) Minnesota Forests for the Future, Phase III : ~~\$6,614,000~~ \$5,409,000 the first year to the commissioner of natural resources. . . “.

Bob McGillivray, Trust for Public Land, provided testimony on 3(b) La Salle Lake: Protecting Critical Mississippi Headwaters Habitat. He stated that Hubbard County Board unanimously approved this acquisition and the Board resolution has been forwarded to staff. He is confident they will obtain the additional funding needed to complete this project.

While discussing 3(g) State Forest Acquisition, Ms. Koop noted the addition of easements to this project and the following change will be made: “\$1,205,000 the first year to the commissioner of natural resources to acquire land in fee and permanent easement for state forest under. . . “

(3:45:15)

S. Rall questioned whether BSWR needed a monitoring fund for 4(a) The Reinvest in Minnesota Wetlands Reserve Acquisition and Restoration Program Partnership, Phase III. Members discussed the importance of tracking the permanence of the easements.

Kevin Lines, BWSR, provided testimony on the need for conservation easement monitoring funds. DNR is working with MMB to determine the feasibility of long term easement monitoring management funds. Currently BWSR completes an annual monitoring report and can supply this to the council.

The following changes were made to 4(a) The Reinvest in Minnesota Wetlands Reserve Acquisition and Restoration Program Partnership, Phase III, “. . . ~~A financial annual~~ An annual financial report is required for any monitoring, management, and enforcement fund established, including expenditures from the fund and monitoring, enforcing, and management activities.”

Rep. Hansen asked how the buildings in 5(c) Land Addition to the Janet Johnson Memorial Wildlife Area are being handled and L. Bensch also asked about the parking lot issue. It was noted that the buildings were being demolished as noted in the accomplishment plan and parking lot issue was addressed in subdivision 7.

Let the record show that while discussing 5(d) Metro Big Rivers Habitat, Phase 2 and deleting the following language “. . . ~~The commissioner of natural resources must certify in writing that each proposed acquisition is a priority for the managing entity. . .~~”, Rep Hansen re-emphasized his opposition to the removal of this language.

S. Rall asked whether the acquired lands in 5(f) Restoring Native Habitat and Water Quality to Shell Rock River, Phase II were being added to an AMA. Ms. Koop stated she would follow up with the project manager on this for clarification and include any changes if needed.

Mr. Becker pointed out Conservation Partners language for projects under \$25,000 solely guiding such grants by the constitution. D. Hartwell requested language added regarding that money cannot be spent on maintenance on CREP lands or a duty of the grantor of the easement.

Mr. Becker refreshed member’s memory on the history of the criteria, listed in the CPL Grants, came from the Council providing direction to the DNR on the vision for the program.

Members agreed to change 5(g) Outdoor Heritage Conservation Partners Grant Program, Phase III as follows: “. . . criteria for evaluating grant applications over \$25,000 must include, ~~in order of precedence~~, the amount of habitat restored, enhanced, or protected. . . .”;

Ms. Tannahill asked about the definition and evaluation of “conservation culture” as noted in the appropriation language. Members discussed their ideas of the definition.

Ms. Koop informed members that language that applies to the parking lot issue is included under Subd. 7, the last sentence.

In discussing the amendment to ML 2009 Forest for the future program, members continued discussion on the easement monitoring and enforcement accounts.

Chair Kilgore asked members how they would like to handle monitoring and enforcement accounts. Monitoring and enforcement money could be handled as follows: 1) take no action, 2) keep in fund for reimbursement basis, 3) keep in a separate state account, 4) keep in a separate non-state account with reporting requirements and a claw-back requirement.

S. Rall prefers to either: 1) – set up in a separate account with detailed reporting; or 2) using a foundation account. He doesn’t want to leave the money in a position to be re-directed by future legislative action in the future.

D. Hartwell agreed with S. Rall, suggesting that a community foundation based in Minnesota is a better option.

R. Bronson suggested the Council should re-visit the CPL grants management plan as well.

Greg Knopff stated that this is also an issue affecting the LCCMR. It would be best if the solution was the same for both funds. The two directions that have come out of discussion with LCCMR are to either 1) set up a state fund or 2) allow separate accounts for each organization with annual reporting and a claw-back provisions.

D. Hartwell emphasized that this is an important issue requiring strong leadership, because LSOHC will spend more money on easements over time, it is important for the Council to take the lead and have LCCMR follow our direction.

Mr. Becker informed members of a working group that has been formed to discuss this topic. He advised the Council that this group be given the latitude for a solution to this issue for inclusion in this bill. It is a very complex issue that may not have a solution by December .

Sen. Fobbe supports Mr. Becker to come back with a solution from the working group.

R. Bronson sees challenges with consistency and transparency in having a lot of small funds managed by different entities. He is interested in the staff recommendation and an NGO recommendation.

Chair Kilgore asked members to see feedback from the NGO's and get their thoughts on this.

D. Hartwell stated that this is a huge opportunity to do something that is not being done in other states. He would be willing to make a compromise for one year than do a marginal job forever.

Public comment on priority uses of the Outdoor Heritage Fund

None

Adjournment

Chair Kilgore adjourned the meeting at 2:30 p.m.

APPROVED:

Mike Kilgore, Chair

Date

Darby Nelson, Secretary

Date