

## LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES

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Susan Thornton, Director

**Date:** June 9, 2014

**To:** Jon Schneider, Ducks Unlimited Inc.

**From:** Michael McDonough, LCCMR

**Subject:** Amendment Request for M.L. 2011, First Special Session, Chp. 2, Art.3, Sec. 2, Subd. 04j3c - HCP VII - Shallow Lake Conservation Easements

The LCCMR will review your amendment request at their meeting on June 10, 2014. A copy of this memo will be included in the member's meeting materials.

Following is an overview of M.L. 2011, First Special Session, Chp. 2, Art.3, Sec. 2, Subd. 04j3c - HCP VII - Shallow Lake Conservation Easements (3c) - \$500,000.

1. ~\$127,000 Purchased conservation easement on Cedar Lake, Meeker County ~31 acres, October 2012. The property was in a natural state and in good condition when purchased so no restoration was needed.

### Amendment:

2. Lake Christina, Douglas County ~70.2 acres. The originally LCCMR approved acquisition list included Lake Christina without specific parcels. An amendment request was approved on 3/4/14 to add the specific Gahlon parcel to the approved acquisition list.
  - \$128,000 paid to landowner for purchase of conservation easement, May 2014
  - Paid full appraised value of easement – no landowner donation
  - \$243,600 – value from 2014 property tax statement (\$128,000 is 53% of total tax assessed value).
  - Mix of crop land and degraded natural areas.

\$30,000 Restoration - Original work plan estimated \$500 per acre for restoration on approximately 60 acres – parcels not identified in original work plan.

### Amendment request:

- \$82,000 total restoration costs proposed on private land improvement/restoration for Lake Christina conservation easement.
- \$50,000 proposed increase, on May 28, 2014 DU sent proposed amendment to LCCMR that would increase the amount for restoration by \$50,000 from the originally approved \$30,000 for restoration
- \$2,000 – the proposed increase includes a new item of for professional services for a consultant on the restoration
- Funds would restore 53 acres of crop land and 17.2 of degraded natural areas including a small wetland – totaling 71.02 acres.

### Restoration request:

According to Ducks Unlimited staff:

- Ecological conditions were evaluated on the specific 70.2 acre conservation easement parcel. 53 acres currently used for row crops, some areas of non-native and invasive brome grass and some invasive woody species on non-cropped areas and a small wetland that needs some restoration

Jeff Broberg, Tom Cook, Sen. Gary Dahms, Sen. Kari Dziedzic, William Faber, Rep. Dan Fabian, Nancy Gibson, Bonnie Harper-Lore, John Hoffman, Gary Lammppa, Rep. Leon Lillie, Norman Moody, Rep. John Persell, Sen. David Tomassoni, Rep. Paul Torkelson, Rep. Jean Wagenius, Sen. Torrey Westrom

## LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES

- More restoration is needed than anticipated and costs will be higher than anticipated
- Proposed costs have gone up since the restoration estimate was made in LCCMR proposal in 2010
- Proposed costs are higher because of the short time frame and because work is to be done late in the planting season– before June 30, 2014
- Restoration will include 11 more acres than original estimate in approved work plan - 71 acres versus 60 acres (53 acres of crop land versus 60 estimated in original work plan)
- Proposing planting a more extensive variety of forbs and grasses – especially to benefit pollinators – results in higher cost per acre.
- Currently spending ~\$10,000 for invasive tree removal
- Proposing to increase cost per acre estimate from \$500 per acre to \$1,000 per acre
- Proposing \$6,000 for invasive brush and tree removal along shoreline
- Proposing \$6,000 to plow/disk a portion of the property (part of the property is old CRP that was not planted in non-natives (brome), woody plant material was allowed to grow in over time)
- Proposing \$5,000 for wetland restoration
- Proposing \$2,000 for professional services for restoration consultant

\$210,000 - Total cost for acquisition of conservation easement - (\$128,000 for acquisition plus \$82,000 restoration).

3. DU Staff time as originally approved in work plan- \$91,000
4. Professional Service related to easement acquisition as originally approved in work plan - \$24,000
5. DU Travel as originally approved in work plan \$5,000

Total costs remain the same at \$500,000.

- 150 acres estimated acres of conservation easements; 101 acres achieved.
- 60 acres estimated acres of crop land to restore; 53 acres would be achieved – total of 70.2 overall restoration

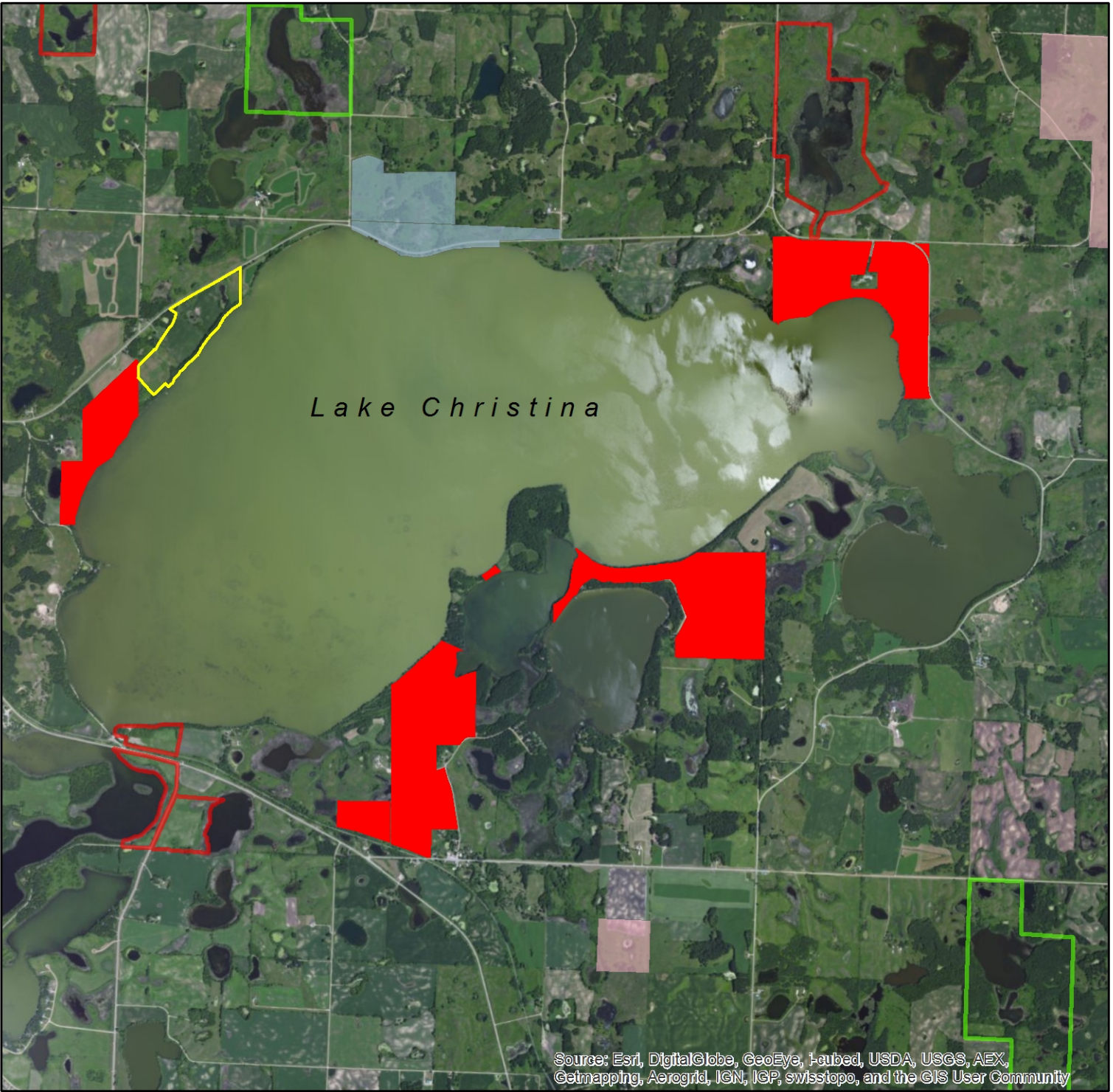
Text in DU amendment request:

Project Status as of May 2014: DU purchased a permanent conservation easement to protect 70.2 acres from Dan Gahlon on the north side of Lake Christina for \$128,000, and is now moving quickly to restore 53 acres of cropland back to native prairie grasses and forbs on the site in June 2014 before this appropriation ends. Portions of the Gahlon land are infested with invasive trees and non-native brome grass that must be removed to ensure successful prairie and forb restoration, including a robust mix of wildflowers for pollinator habitat. DU requests to amend the budget to shift \$50,000 from Easement Acquisition to Restoration Contracts to allow restoration of this site due to more restoration needs and higher costs than envisioned in 2010 when the budget was developed. Due to the late date, seed availability is limited and prices are high, and contractors busy with other work. Cost estimates include up to \$1,000/acre for 53 acres of prairie grass/forb seed/seeding/weed control plus \$10,000 for invasive volunteer tree removal and \$6,000 for plow/disk site preparation prior to seeding, \$5,000 for small wetland restoration, and \$6,000 for invasive brush and tree removal along prairie restoration sites along Lake Christina as necessary and as time permits to ensure a successful prairie restoration with excellent pollinator habitat and to remove invasive tree seed sources adjacent to the restoration site. Also, \$2,000, is shifted from Professional Services for Acquisition to Professional Services for Restoration for a consultant to assist with prairie restoration implementation and initial evaluation.

Following the issue of a \$9,950 contract for tree removal from the prairie restoration fields (contractor on site now), only \$20,050 remains in our Restoration budget without this amendment, which simply won't be enough to fully restore wetland and prairie back to a robust pollinator mix of native species.

# Lake Christina - Gahlon Conservation Easement

Lund Twp., Douglas County, MN T130N, R40W, S06  
MN-309-1



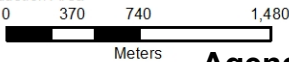
Source: Esri, DigitalGlobe, GeoEye, Icube, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



**LIVING  
LAKES**



- Lake Christina - Gahlon CE
- DU Conservation Easements
- State, Wildlife Management Area
- County
- TNC Preserve
- State
- Federal, Waterfowl Production Area
- Federal
- Other Public





# Lake Christina - Gahlon Conservation Easement

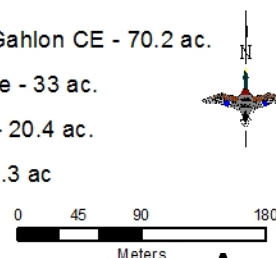
Lund Twp., Douglas County, MN T130N, R40W, S06  
MN-309-1



**LIVING  
LAKES**



- Lake Christina - Gahlon CE - 70.2 ac.
- Gahlon CE Tillable - 33 ac.
- Gahlon CE CRP - 20.4 ac.
- NWI Wetlands - 3.3 ac





## Environment and Natural Resources Trust Fund (ENRTF) M.L. 2011 Work Plan

**Date of Status Update:** 5/29/2014  
**Date of Next Status Update:** 6/30/2014  
**Date of Work Plan Approval:** 8/11/2011  
**Project Completion Date:** 6/30/2014

**Is this an amendment request?** **YES**

**Project Title:** HCP VII - Shallow Lake Conservation Easements (3c)

**Project Manager:** Jon Schneider

**Affiliation:** Ducks Unlimited, Inc.

**Address:** 311 East Lake Geneva Road NE

**City:** Alexandria **State:** MN **Zip Code:** 56308

**Telephone Number:** (320) 762-9916

**Email Address:** jschneider@ducks.org

**Web Address:** http://www.ducks.org

### Location:

**Counties Impacted:** Statewide

**Ecological Section Impacted:** Lake Agassiz Aspen Parklands (223N), Minnesota and Northeast Iowa Morainal (222M), North Central Glaciated Plains (251B), Northern Minnesota and Ontario Peatlands (212M), Northern Minnesota Drift and Lake Plains (212N), Northern Superior Uplands (212L), Paleozoic Plateau (222L), Red River Valley (251A), Southern Superior Uplands (212J), Western Superior Uplands (212K)

<b>Total ENRTF Project Budget:</b>	<b>ENRTF Appropriation \$:</b>	500,000
	<b>Amount Spent \$:</b>	<del>478,698</del> 335,798
	<b>Balance \$:</b>	<del>321,302</del> 164,202

**Legal Citation:** M.L. 2011, First Special Session, Chp. 2, Art.3, Sec. 2, Subd. 04j3c

### Appropriation Language:

\$1,737,000 the first year and \$1,738,000 the second year are from the trust fund to the commissioner of natural resources for the acceleration of agency programs and cooperative agreements. Of this appropriation, \$125,000 the first year and \$125,000 the second year are to the commissioner of natural resources for agency programs and \$3,225,000 is for agreements as follows: \$637,000 the first year and \$638,000 the second year with Ducks Unlimited, Inc.; \$38,000 the first year and \$37,000 the second year with Friends of Detroit Lakes Wetland Management District; \$25,000 the first year and \$25,000 the second year with Leech Lake Band of Ojibwe; \$225,000 the first year and \$225,000 the second year with Minnesota Land Trust; \$200,000 the first year and \$200,000 the second year with Minnesota Valley National Wildlife Refuge Trust, Inc.; \$242,000 the first year and \$243,000 the second year with Pheasants Forever, Inc.; and \$245,000 the first year and \$245,000 the second year with The Trust for Public Land to plan, restore, and acquire fragmented landscape corridors that connect areas of quality habitat to sustain fish, wildlife, and plants. The United States Department of Agriculture, Natural Resources Conservation Service, is an authorized cooperating partner in the appropriation. Expenditures are limited to the project corridor areas as defined in the work program. Land acquired with this appropriation must be sufficiently improved to meet at least minimum habitat and facility management standards, as determined by the commissioner of natural resources. This appropriation may not be used for the purchase of habitable residential structures, unless expressly approved in the work program. All conservation easements must be perpetual and have a natural resource management plan. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated as an outdoor recreation unit under Minnesota Statutes, section 86A.07. The commissioner may similarly designate any lands acquired in less than fee title. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. An entity who acquires a conservation easement with appropriations from the trust fund must have a long-term stewardship plan for the easement and a fund established for monitoring and enforcing the agreement. Money appropriated from the trust fund for easement acquisition may be used to establish a monitoring, management, and enforcement fund as approved in the work program. An annual financial report is required for any monitoring, management, and enforcement fund established, including expenditures from the fund. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**I. PROJECT TITLE:** Shallow Lake Conservation Easements

**II. PROJECT SUMMARY:** Shallow lakes represent the core of Minnesota's remaining waterfowl habitat. Shallow lakes are defined by the Minnesota DNR as wetland and lake basins 50 acres or larger in size but with maximum depths of 15 feet or less. Many of these lakes are degraded and currently in a turbid state due to altered landscape hydrology and abundant invasive fish that no longer winterkill due to altered lake hydrology. To improve them, Minnesota DNR has legally designated 45 shallow lakes for active wildlife management, and periodically assesses and manages these and many other shallow lakes to improve their aquatic ecology for migrating and brood-rearing waterfowl and other wildlife. To help protect the shoreland of these and other shallow lakes of importance to waterfowl, DU works with private landowners to limit future subdivision and development by securing permanent DU conservation easements. DU conservation easements on shallow lakes are designed to protect sensitive shoreland and shorelines by limiting future subdivision and development activities that will further degrade the existing condition of habitats within easement bounds, especially sensitive shoreline habitat. DU easements may also restore cropland back to wildlife habitat when and where possible and necessary with landowner approval, although some cropland may be allowed to persist.

Through this grant, DU will conduct landowner outreach to promote the concept of conservation easements to landowners on shallow lakes, and offer to purchase or accept donated permanent conservation easements from the private landowners on shallow lakes DU has prioritized for shoreland protection. These include several designated by Minnesota DNR for wildlife management purposes, such as Lake Christina in Douglas County and Geneva Lake in Freeborn County. This work addresses the goal of protecting lands adjacent to aquatic habitats such as shallow lakes as outlined in LCCMR's "Six-Year Strategic Plan for the Environment and Natural Resources Trust Fund".

The conservation easements DU secures protect significant wildlife habitat and undeveloped shoreland on shallow lakes of high value to migrating and brood-rearing waterfowl. Specifically, the easements ensure that undeveloped land on the shore of shallow lakes and wild rice lakes that face significant development pressure remain in a natural state and are not subdivided and developed. These shallow lakes provide important wetland food and habitat resources for migratory bird as described in the North American Waterfowl Management Plan and the Minnesota Duck Recovery Plan.

**III. PROJECT STATUS UPDATES:**

**Project Status as of January 2012:** DU began conservation outreach and promotion work through this grant with multiple landowners in October 2011, and secured an appraisal for a conservation easement on the Radunz property on Cedar Lake. DU will negotiate the terms of the easement on Radunz, clear title, and order a baseline documentation report prior to closing the easement in spring 2012. No restoration work was conducted during this period.

**Project Status as of July 2012:** DU ordered a baseline documentation report on the proposed Radunz easement on Cedar Lake in Meeker County from a consultant, reviewed the draft easement with LCCMR staff, and prepared for closing in June. However, the landowners mortgage company bank has not yet subordinated so closing has been delayed. DU is working with the landowner and bank to have the acres to be placed under easement removed from the larger mortgage acres that also contains the landowners residence (not included in the easement) to rectify the process, and all parties are optimistic that the situation will be successfully resolve in time to close the easement by Dec 31, 2012. Meanwhile, DU also appraised the proposed Rossing easement on Lake Christina and tried to negotiate a donated, bargain sale, or full purchased easement with the landowner. However, the landowner is unwilling to donate or consider a bargain sale, and disagrees with the appraised value of the land and the easement offer (believes both are too low). Therefore, this potential easement has become inactive for the time. DU contacted other remaining landowners on Lake Christina and others listed in our grant acquisition parcel list, but none are willing to consider a conservation easement at this time. DU land staff will contact other landowners and consider other shallow lakes for protection, and will determine if new parcels or lakes need to be amended into our grant work plan.



**Status as of January 2013:** In October 2012, DU closed on the 31-acre Radunz conservation easement on Cedar Lake in Meeker and McLeod County. This conservation easement contains 4 acres of wetlands and 27 acres of uplands in their natural state, and does not require any restoration. DU staff continued to conduct conservation easement outreach and promotion to landowners on Lake Christina in Douglas County, Simon Lake in Pope County, and around Malardi WMA in Wright County among other shallow lakes, and although discussions with several are ongoing, no landowners were willing to commit to the concept enough to warrant an appraisal during the reporting period.

**Project Status as of July 2013:** DU conservation staff continue to strategically pursue conservation easements on key shallow lakes prioritized for shoreland protection due to their importance to waterfowl, including but not limited to Lake Christina in Douglas County, Simon Lake in Pope County, and Malardi Lake WMA in Wright County. During this period, negotiations to secure a conservation easement on the Rossing property on Lake Christina failed due to landowner concerns that the appraisal indicated a lower land valuation than currently assessed by the county. DU conservation staff maintained contact with other landowners around Lake Christina who continue to consider our previous interest in securing conservation easements on their land, and initiated contact with new landowners on Simon Lake, Malardi Lake, and elsewhere. Other inquiries to DU about land protection options on lakes not of priority to DU were received and referred to the Minnesota Land Trust.

**Project Status as of January 2014:** DU conservation staff continue to strategically pursue conservation easements on key shallow lakes prioritized for shoreland protection due to their importance to waterfowl, including but not limited to Lake Christina in Douglas County, Simon Lake in Pope County, and Malardi Lake WMA in Wright County. However, DU lost our land protection specialist and landowner interest in conservation easements on these lakes appears to have waned since this funding was requested, thus providing challenges to accomplishing the goals of this grant. Nevertheless, DU a landowner on Lake Christina recently expressed interested in selling a conservation easement on approximately 81 acres, including protecting approximately 3,000 feet of shoreline and restoring approximately 30 acres of cropland back to native prairie grassland. Once approved, DU will negotiate, appraise, and close a conservation easement and restore this property before this grant ends on June 30, 2014. Since this parcel is very consistent with others on our acquisition list and protecting it is consistent with the goal of this grant, an amendment to add this parcel (Lake Christina – Gahlon Tract) to our acquisition list is included with this status report. As a result, our goal of protecting at least 150 acres through this grant will be reduced to 112 acres also. Amendment request approved by LCCMR on March 4, 2014

**Project Status as of May 2014:** DU purchased a permanent conservation easement to protect 70.2 acres from Dan Gahlon on the north side of Lake Christina for \$128,000, and is now moving quickly to restore 53 acres of cropland back to native prairie grasses and forbs on the site in June 2014 before this appropriation ends. Portions of the Gahlon land are infested with invasive trees and non-native brome grass that must be removed to ensure successful prairie and forb restoration, including a robust mix of wildflowers for pollinator habitat. DU requests to amend the budget to shift \$50,000 from Easement Acquisition to Restoration Contracts to allow restoration of this site due to more restoration needs and higher costs than envisioned in 2010 when the budget was developed. Due to the late date, seed availability is limited and prices are high, and contractors busy with other work. Cost estimates include up to \$1,000/acre for 53 acres of prairie grass/forb seed/seeding/weed control plus \$10,000 for invasive volunteer tree removal and \$6,000 for plow/disk site preparation prior to seeding, \$5,000 for small wetland restoration, and \$6,000 for invasive brush and tree removal along prairie restoration sites along Lake Christina as necessary and as time permits to ensure a successful prairie restoration with excellent pollinator habitat and to remove invasive tree seed sources adjacent to the restoration site. Also, \$2,000, is shifted from Professional Services for Acquisition to Professional Services for Restoration for a consultant to assist with prairie restoration implementation and initial evaluation. Following the issue of a \$9,950 contract for tree removal from the prairie restoration fields (contractor on site now), only \$20,050 remains in our Restoration budget without this amendment, which simply won't be enough to fully restore wetland and prairie back to a robust pollinator mix of native species.

## Final Report Summary as of June 2014:

### IV. PROJECT ACTIVITIES AND OUTCOMES:

#### ACTIVITY 1: Promote and Secure Conservation Easements

**Description:** Ducks Unlimited biologists will work with private landowners on shallow lakes to inform and educate them about permanent conservation easements to gain their interest and trust in beginning land protection negotiations. Successful outreach work will culminate with the appraisal and negotiation of donation, bargain sale, or full purchase of permanent conservation easement(s) on 150 acres on or near shallow lakes prioritized by Ducks Unlimited.

Through our Living Lakes Initiative, Ducks Unlimited has refined our conservation focus in Minnesota on improving and protecting key shallow lakes and large marshes (wetlands) managed by the Minnesota DNR and U.S. Fish and Wildlife Service for migrating and brood-rearing waterfowl. DU's goal is to help enhance and protect 400 shallow lakes and associated wetland complexes (a subset of DNR's 1,800 shallow lake goal). DU and our agency partners have identified that some of these managed wildlife lakes may also be threatened by future shoreland development due to their landscape location and proximity to urban areas and interstates, especially those in the "transition" area between prairie and forest where recreational lands are in demand and rolling hills combined with pockets of forest near I-94 and I-35 make future shoreland development more likely. DU has prioritized for shoreland protection several of these prairie-forest transition lakes and wild rice lakes that are managed for waterfowl based on their habitat importance to waterfowl, investments in management, receptiveness of landowners to conservation easements, and market values of lands that make conservation easements both viable and attractive to landowners.

To achieve our shallow lake shoreland protection goals, DU biologists work with shallow lake private landowners on select shallow lakes to educate them about conservation easements, and DU will secure donated or purchased permanent conservation easements from one or more willing landowner(s) on ~~450~~ 112 acres in one or more easement on one or more select shallow lakes, especially those managed by DNR for waterfowl migration habitat. On those same acres, DU will attempt to restore approximately ~~60~~ 30 acres of cropland back to native grasses and restore small drained wetlands if and as needed, based on the condition of lands protected within easements and landowner desires. If the landowner agrees to retire cropland back to habitat as a condition of the easement, restoration may be conducted, otherwise cultivated or otherwise prior converted lands within the bounds of the easement will remain. Specifically, restoration will be attempted on lands within the easement where cultivation is prohibited through the terms of the easement, but further restoration and management of intact habitat (including acres previously restored) will not be addressed through this grant or the terms of the conservation easement and will remain the responsibility of the landowner to manage as he/she determines appropriate. Detailed restoration plans will be developed in the process as appropriate, if needed. If no habitat restoration is required on lands protected via DU conservation easements funded by this grant (e.g., if lands are in the USDA's Conservation Reserve Program), then restoration funds originally budgeted will be amended into other expense categories in this grant.

DU elects to close on specific easements on shallow lakes prioritized for protection based on viability within the grant period and within grant budgets. Easements usually take years of landowner discussions and negotiations to mature, often being started in one grant and being completed in another several years later. The selection and number of viable easement deals on these relatively few priority shallow lakes that DU can accomplish is usually determined by funds available through Trust Fund grant along with other cost share (e.g., federal NAWCA grant funds). Usually, since easement deals are so difficult to negotiate and take so long to close, and because our priority lakes are so few that presents so few opportunities, easement deals on these priority shallow lakes are usually closed as they become available and are viable within a grant period.



Grant funds will be used for \$80,000 of DU professional staff time over two years to promote conservation easements to landowners and negotiate terms and conditions of individual easements (due diligence), appraisals, title clearance and other legal services, boundary surveys, baseline condition documentation reports, implement restorations if needed, and file necessary documentation with the LCCMR. Private funds secured by DU will be used to endow the cost of future annual stewardship monitoring and legal defense of permanent conservation easements secured. DU will also use up to \$20,000 over two years (4% of this \$500,000 grant) for personnel costs of grant administration, reporting, and coordination of grant activities, including providing direction to DU field staff performing landowner outreach, negotiating easements, and coordination with DU legal staff.

Conservation easements rights secured will not include the right of public access because public access does not result in increased conservation benefit, because it would reduce the funding available for other easements, because it would likely cost the same as buying the land in fee-title to secure, and because landowners on the select shallow lakes we are trying to protect will not agree to sell that right. However, DU will suggest and encourage landowners to voluntarily enroll in the new Minnesota public access program once it is implemented and available. DU will address the issue of obtaining right-of-first refusal on a case-by-case basis, and may add a clause for such to future easements, if needed.

DU endow the cost of future annual stewardship and monitoring and enforcement of permanent conservation easements secured through this grant, and will annually inspect and report on the condition of the property. Conservation easements held by DU/WAT are monitored once a year by DU field staff who conduct annual site visits of all protected properties. These annual monitoring and stewardship inspections and associated reporting requirements are considered a perpetual responsibility by DU. Annual inspections include talking with landowners about their land and touring their property. Any natural or man-made changes to the property are noted in a monitoring report and documented with a photograph, and land management activities and any potential problems discussed with landowners and resolved. Reports by field staff are reviewed by the Director of Land Protection to ensure that no violations have occurred.

Long-term liabilities associated with monitoring and stewardship of the DU/WAT easement portfolio is determined through the use of the DU stewardship calculator that estimates annual staff and travel costs associated with landowner contact, site monitoring visit, office reporting tasks, and legal defense in the event that a violation occurs and can not be resolved without legal action. DU refined these costs in 2010 with the best available data from previous years of DU conservation easement monitoring and other external data. Currently, DU's stewardship endowment requirements for conservation easements of 480 acres or less in Minnesota has been calculated by DU at \$21,000. A 3% spend rate (as established by DU's Finance Committee) is used to determine the endowment necessary to offset future annual monitoring costs.

The conditions of the protected properties are identified in a baseline documentation report. This document assures that any changes that may adversely affect the conservation values will be identified during annual monitoring visits. Further, the terms of the conservation easement require that reserved rights may only be exercised with advance notice and approval of the Holder (DU/WAT). The exercise of such rights cannot harm or adversely affect the conservation values of the protected properties.

As with all DU/WAT held easements, any Trust Fund supported easement projects will be monitored annually. DU/WAT will comply with all reporting requirements established in any agreements or statutes pertaining to these funds. All DU/WAT conservation easements clearly indicate that the easement is perpetual. Further, the easements contain language that limits the extinguishment of the easements to condemnation or court order only. This language is standard for all easements used by land trusts and essentially comes directly from the IRS Code and Regulations regarding the perpetual nature of easements. DU/WAT maintains a separate endowment dedicated to easement stewardship. Earnings of the Stewardship Endowment are available for monitoring, stewardship, and enforcement of conservation easements in the portfolio.

For easements secured through this 2011 grant, the amount required to endow future stewardship, annual monitoring/reporting, and legal defense has been determined by DU to be \$21,000 per easement, and will be private funds secured by, or donated to, DU. Stewardship funds will be managed in a separate WAT easement stewardship account according to the DU Board's investment policy. Trust funds for easement monitoring and stewardship will be received by DU National Headquarters in Memphis, Tennessee.

Furthermore, the restricted endowment will be invested according to the policies set forth in DU and WAT's Investment Policy. DU considers the enforcement and defense of the terms and conditions of the conservation easement as an operational cost, and DU understands that this obligation may require the additional expenditure of DU funds to enforce the terms of the easement. WAT adopted the *Land Trust Standards and Practices* published by the Land Trust Alliance in 2004 on April 23, 2005 as technical guidelines for the organization's operation, and has recently received full certification from the Land Trust Alliance. DU has further outlined conservation easement stewardship management and enforcement procedures for DU staff in a land protection handbook. To accommodate the need to record a notice of ENRTF funding restrictions on the deed to lands encumbered by ENRTF-funded conservation easements, DU will include the following language in all conservation easement documents secured with full or partial reimbursement through this LCCMR grant:

"WHEREAS, Wetlands America Trust, Inc. acquired this Easement with funding from the Minnesota Environment and Natural Resources Trust Fund ("Trust Fund") pursuant to a grant agreement between the Trust Fund and Ducks Unlimited, Inc. dated \_\_\_\_\_. Wetlands America Trust, Inc. is placing this notice on record as confirmation of its obligation as set forth in the grant agreement and in accordance with Minnesota Statutes Section 116P.15, states the following: "This interest in real property shall be administered in accordance with the terms, conditions, and purposes of the grant agreement or work program controlling the acquisition of the property. The interest in real property, or any portion of the interest in real property, shall not be sold, transferred, pledged, or otherwise disposed of or further encumbered without obtaining the prior written approval of the Legislative-Citizen Commission on Minnesota Resources or its successor. If the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or work program, ownership of the interest in real property shall transfer to this state."

The primary goal of DU conservation easements in Minnesota is to preserve the general condition of existing habitat on the protected property in its current state and protect against future subdivision, development, and shallow lake shoreline alteration. DU conservation easements are permanent, but are working easements that often allow for ongoing use of the property and may include farming activities on some portions of the protected property. In some cases, restoration of shoreland habitat is permitted through the easement, and DU works closely with landowners to encourage restoration of habitats whenever possible. DU meets these goals through the negotiation of conservation easement terms, and ensures they are maintained through annual easement monitoring site visits with the landowner. A restoration and management plan will be developed as part of our baseline documentation report (BDR), and the BDR and stewardship plan for each conservation easement secured through this grant will be provided to LCCMR staff with copies of the recorded easement. Annual reports on monitoring and management of easements acquired with ENRTF funding will be made to LCCMR, as required. This activity also includes grant administration tasks up to \$20,000.

<b>Summary Budget Information for Activity 1:</b>	<b>ENRTF Budget:</b>	<del>\$460,000</del>	<b>378,000</b>
	<b>Amount Spent:</b>	<del>\$ 177,124</del>	<b><u>325,848</u></b>
	<b>Balance:</b>	<del>\$ 282,876</del>	<b><u>82,152</u></b>

**Activity Completion Date:**

Outcome	Completion Date	Budget
1. Approximately 112 acres protected via DU <del>donated, bargain sale or fully-purchased</del> conservation easement, and grant admin.	June 30, 2014	<del>\$ 460,000</del> <b><u>\$ 378,000</u></b>

**Activity Status as of January 2012:** DU began conservation outreach and promotion work through this grant with landowners in October 2011, and secured an appraisal for a conservation easement on the Radunz property on Cedar Lake. DU will negotiated the terms of the easement on Radunz, clear title, and order a baseline documentation report prior to closing the easement in spring 2012.

**Activity Status as of July 2012:** DU worked with the landowner to prepare the pending Radunz easement on Cedar Lake in Meeker County for closing and reviewed the draft easement with LCCMR staff, but closing was delayed by the landowner's mortgage bank. DU appraised the pending Rossing easement on Lake Christina in Douglas County, but the landowner disagreed with the valuation of her land and the easement offer, and no easement deal appears viable on her land at this time. DU is working with all the other landowners of potential easement parcels listed in our grant acquisition list, but none have expressed interest in pursuing a conservation easement at this time. Therefore, DU will explore alternative potential easement tracts and shallow lakes on which to focus conservation easements, and add new parcels to our acquisition list via grant work plan amendment request.

**Activity Status as of January 2013:** In October 2012, DU closed on the 31-acre Radunz conservation easement on Cedar Lake in Meeker and McLeod County. This conservation easement contains 4 acres of wetlands and 27 acres of uplands in their natural state, and does not require any restoration. DU staff continued to conduct conservation easement outreach and promotion to landowners on Lake Christina in Douglas County, Simon Lake in Pope County, and around Malardi WMA in Wright County among other shallow lakes, and although discussions with several are ongoing, no landowners were willing to commit to the concept enough to warrant an appraisal during the reporting period.

**Activity Status as of July 2013:** DU conservation staff continue to strategically pursue conservation easements on key shallow lakes prioritized for shoreland protection due to their importance to waterfowl, including but not limited to Lake Christina in Douglas County, Simon Lake in Pope County, and Malardi Lake WMA in Wright County. During this period, negotiations to secure a conservation easement on the Rossing property on Lake Christina failed due to landowner concerns that the appraisal indicated a lower land valuation than currently assessed by the county. DU conservation staff maintained contact with other landowners around Lake Christina who continue to consider our previous interest in securing conservation easements on their land, and initiated contact with new landowners on Simon Lake, Malardi Lake, and elsewhere. Other inquiries to DU about land protection options on lakes not of priority to DU were received and referred to the Minnesota Land Trust.

**Status as of January 2014:** DU conservation staff continue to strategically pursue conservation easements on key shallow lakes prioritized for shoreland protection due to their importance to waterfowl, including but not limited to Lake Christina in Douglas County, Simon Lake in Pope County, and Malardi Lake WMA in Wright County. However, DU lost our land protection specialist and landowner interest in conservation easements on these lakes appears to have waned since this funding was requested, thus providing challenges to accomplishing the goals of this grant. Nevertheless, DU a landowner on Lake Christina recently expressed interested in selling a conservation easement on approximately 81 acres, including protecting approximately 3,000 feet of shoreline and restoring approximately 30 acres of cropland back to native prairie grassland. Once approved, DU will negotiate, appraise, and close a conservation easement and restore this property before this grant ends on June 30, 2014. Since this parcel is very consistent with others on our acquisition list and protecting it is consistent with the goal of this grant, an amendment to add this parcel (Lake Christina – Gahlon Tract) to our acquisition list is included with this status report. As a result, our goal of protecting at least 150 acres through this grant will be reduced to 112 acres also.

**Status as of May 2014:** DU purchased a permanent conservation easement to protect 70.2 acres from Dan Gahlon on the north side of Lake Christina for \$128,000, and is now moving quickly to restore 53 acres of cropland back to native prairie grasses and forbs on the site in June 2014 before this appropriation ends. Portions of the Gahlon land are infested with invasive trees and non-native brome grass that must be removed to ensure successful prairie and forb restoration, including a robust mix of wildflowers for pollinator habitat.

## Final Report Summary:

### ACTIVITY 2: Restore Habitat, Where Needed, and if Appropriate and Approved by Landowners

**Description:** DU biologists may help private conservation easement landowners restore converted uplands or wetlands back to wildlife habitat through native plantings and wetland restoration in cases where restoration is needed and landowners agree to restore eased lands. This work may involve the seeding of native grasses and forbs, and small wetland restorations, if/as needed and requested by landowner(s). Some areas may be restored independently through USDA's Conservation Reserve Program (CRP), or by consultants hired by DU with DU biologist oversight. Restoration plans will be developed in cases where landowners agree to restoration concepts. While all conservation easements secured by DU are important as they include the protection and prevention of further degradation of shoreland along key shallow lakes, and it is primarily the protection of the actual shallow lake shoreline that is most important. Easements secured on shoreland may include some areas of cropland and other converted lands in obvious need of restoration, but landowners decide the fate of these areas. Restoration of these sites will be conducted only when and where landowners agree. In many cases, landowners may not elect to restore those sites or allow restoration of some portions of easements, in which case they will be allowed to exist in their current state, including cropland. Restorations will be performed through contracts that include labor, supplies, and plant materials.

#### Summary Budget Information for Activity 2:

ENRTF Budget: \$ ~~40,000~~ 92,000  
Amount Spent: \$ ~~0~~ 9,950  
Balance: \$ ~~40,000~~ 82,050

#### Activity Completion Date:

Outcome	Completion Date	Budget
1. Up to 30 <del>Approximately 53</del> acres of uplands & wetlands may <del>will</del> be restored if and as needed on easements secured through this grant.	June 30, 2014	<del>\$ 40,000</del> <u>\$ 92,000</u>

**Activity Status as of January 2012:** No restoration work has occurred through this grant, as no easements in need of restoration have yet been secured.

**Activity Status as of July 2012:** No restoration work has occurred through this grant, as no easements in need of restoration have yet been secured. No restoration work is anticipated on the pending Radunz easement as the land is in intact habitat (grass and trees).

**Activity Status as of January 2013:** No restoration work has occurred through this grant, as no conservation easements with restoration needs have yet been secured. No restoration work is required on the Radunz easement as the habitat is intact (wetland, grass and trees).

**Activity Status as of July 2013:** No restoration work has occurred through this grant, as no conservation easements with restoration needs have yet been secured. No restoration work is required on the Radunz easement as the habitat is intact (wetland, grass and trees).

**Status as of January 2014:** No restoration work has occurred through this grant, as no conservation easements with restoration needs have yet been secured. No restoration work is required on the Radunz easement as the habitat is intact (wetland, grass and trees). Approximately 30 acres of cropland is anticipated as needing to be restored back to native prairie grassland on the Gahlon easement in June 2014, however.

**Status as of May 2014:** DU purchased a permanent conservation easement to protect 70.2 acres from Dan Gahlon on the north side of Lake Christina for \$128,000, and is now moving quickly to restore 53 acres of cropland back to native prairie grasses and forbs on the site in June 2014 before this



appropriation ends. Portions of the Gahlon land are infested with invasive trees and non-native brome grass that must be removed to ensure successful prairie and forb restoration, including a robust mix of wildflowers for pollinator habitat. DU requests to amend the budget to shift \$50,000 from Easement Acquisition to Restoration Contracts to allow restoration of this site due to more restoration needs and higher costs than envisioned in 2010 when the budget was developed. Due to the late date, seed availability is limited and prices are high, and contractors busy with other work. Cost estimates include up to \$1,000/acre for 53 acres of prairie grass/forb seed/seeding/weed control plus \$10,000 for invasive volunteer tree removal and \$6,000 for plow/disk site preparation prior to seeding, \$5,000 for small wetland restoration, and \$6,000 for invasive brush and tree removal along prairie restoration sites along Lake Christina as necessary and as time permits to ensure a successful prairie restoration with excellent pollinator habitat and to remove invasive tree seed sources adjacent to the restoration site. Also, \$2,000, is shifted from Professional Services for Acquisition to Professional Services for Restoration for a consultant to assist with prairie restoration implementation and initial evaluation. Following the issue of a \$9,950 contract for tree removal from the prairie restoration fields (contractor on site now), only \$20,050 remains in our Restoration budget without this amendment, which simply won't be nearly enough to get the prairie and wetland restoration work done. We are striving to restore the site to a robust mix of prairie grasses and forbs that provide excellent pollinator habitat, and have a Request For Bids out now that is due back to me on June 3 that allow seeding to start on June 6. Additional invasive brush and trees need to be removed from around the prairie restoration site too to limit the seed source on the property and prevent tree re-infestation on the restored prairie.

Projected estimated restoration costs are as follows (each is an "up-to" amount):

\$10,000 Initial tree removal from prairie restoration sites (ongoing now)

\$ 6,000 Plow/Disk/Roll/Pack Seedbed

\$53,000 Seed/Seeding/Post-seeding weed control for robust prairie grass/forb pollinator seed mix

\$ 5,000 Small Wetland Restoration (sediment and tile drain removal)

\$ 6,000 Invasive brush and tree removal along edges of prairie restoration fields

\$80,000 Total Estimated contract costs of restoration

#### **Final Report Summary:**

#### **V. DISSEMINATION:**

**Description:** Conservation easement land protection deals involve private landowners, and publicity of those legal arrangements is a sensitive issue. DU will report accomplishments as they happen through the HCP website and in DU publications such as our annual Living Lakes progress report.

**Status as of January 2012:** No information dissemination has occurred about this grant yet.

**Status as of July 2012:** No information dissemination has occurred about this grant yet.

**Status as of January 2013:** No information dissemination has occurred about this grant yet.

**Status as of July 2013:** No information dissemination has occurred about this grant yet.

**Status as of January 2014:** No information dissemination has occurred about this grant yet.

#### **Final Report Summary:**

## VI. PROJECT BUDGET SUMMARY:

### A. ENRTF Budget:

Budget Category	\$ Amount	Explanation
Personnel:	\$ 100,000	Staff to negotiate easements and administer grant. DU conservation staff will conduct landowner outreach and negotiate conservation easements with private landowners (0.35 FTE/year, or 0.7 FTE over two years, 60% salary 40% benefits). DU conservation program manager Jon Schneider to administer grant and manage and coordinate all grant activities including grant reporting (0.1 FTE/year, or 0.2 FTE over two years, 60% salary 40% benefits).
Service Contracts	<del>\$ 30,000</del> \$ 80,000	Upland and small wetland restoration contracts, using competitive selection process.
Easement Acquisition:	<del>\$ 340,000</del> \$ 290,000	Conservation easement purchase.
Professional Services for Acq:	\$ 24,000	Appraisals, baseline reports, surveys, etc.
Travel Expenses in MN:	\$ 6,000	In-state mileage and lodging.
<b>TOTAL ENRTF BUDGET:</b>	<b>\$ 500,000</b>	

**Explanation of Use of Classified Staff:** NA

**Explanation of Capital Expenditures Greater Than \$3,500:** NA

**Number of Full-time Equivalent (FTE) funded with this ENRTF appropriation:** Approximately 0.9 FTE over two years, or 0.45 per year for two years.

### B. Other Funds:

Source of Funds	\$ Amount Proposed	\$ Amount Spent	Use of Other Funds
<b>Non-state</b>			
Ducks Unlimited	\$ 71,000	\$ 38,000	DU private funds for staff, travel, indirect expense (\$50,000), and easement monitoring/enforcement stewardship endowment (\$21,000).
<b>State</b>			
	\$ 0	\$	
<b>TOTAL OTHER FUNDS:</b>	<b>\$ 71,000</b>	<b>\$ 38,000</b>	

## VII. PROJECT STRATEGY:

**A. Project Partners:** DU is a member of the Habitat Conservation Partnership. DU is not closely working with other partners to secure DU conservation easements, but DU routinely refers easement inquiries on other lakes to the MLT.

**B. Project Impact and Long-term Strategy:** The Minnesota DNR has a goal of managing 1,800 shallow lakes throughout the state. DU's goal is to improve 400 managed shallow lakes, and has further prioritized 15 shallow lakes for conservation easements to protect shoreland and shorelines. DU strives to work with all landowners on these selected lakes over the years to come to protect all the private land around them, and will hold and annually monitor conservation easements in perpetuity.

**C. Spending History:** For DU conservation easements on shallow lakes.

<b>Funding Source</b>	<b>M.L. 2005 or FY 2006-07</b>	<b>M.L. 2007 or FY 2008</b>	<b>M.L. 2008 or FY 2009</b>	<b>M.L. 2009 or FY 2010</b>	<b>M.L. 2010 or FY 2011</b>
ENRTF	\$250,000, ML 2005, 1 <sup>st</sup> Special Session, Chapter 1, Article 2, Section 11, Subd. 5(a).	\$200,000, ML 2007, Chapter 30, Sec. 2, Subd. 4b.	\$150,000, ML 2008, Chap. 367, Sec. 2, Subd. 3(c)	\$250,000, ML 2009, Chap. 143, Sec. 2, Subd. 4e2c3c	\$75,000, M.L. 2010, Chap. 362, Sec. 2, Subd. 4f3c
OHF				\$135,873, ML 2009, Article I, Sec. 2, Subd. 4(b)	

**VIII. ACQUISITION/RESTORATION LIST:** A preliminary list of 11 potential conservation easements that will be investigated and possibly closed on four priority shallow lakes has been developed and provided, however, additional easements will be pursued as well through easement outreach and promotion, and locations will be provided via amendment request if negotiations mature to the point where easement deals become viable to close. A revised list with specific locations of additional easements for closure will be provided via work plan amendment request before closing.

**IX. MAP(S):** Locations and boundaries of specific easements to be acquired have not yet been determined, as investigations and negotiations funded through this grant have yet to begin. Maps showing locations of easement projects to be secured through this grant will be provided as they become known during future updates of this work plan.

**X. RESEARCH ADDENDUM:** NA

**XI. REPORTING REQUIREMENTS:**

Periodic work plan status update reports will be submitted not later than February 1, 2012, August 1, 2012, February 1, 2013, August 1, 2013, and February 1, 2014. A final report and associated products will be submitted by August 1, 2014 as requested by the LCCMR.

Attachment A: Budget Detail for M.L. 2011 (FY 2012-13) Environment and Natural Resources Trust Fund Projects									
Project Title: Shallow Lake Conservation Easements									
Legal Citation: M.L. 2011, 1st Special Session, Chapter 2, Article 3, Subdivision 04j3c									
Project Manager: Jon Schneider									
M.L. 2011 (FY 2012-13) ENRTF Appropriation: \$500,000									
Project Length and Completion Date: Three Years thru June 30, 2014									
Date of Update: May 29, 2014 Amendent Request									
ENVIRONMENT AND NATURAL RESOURCES TRUST FUND BUDGET	Activity 1 Budget	Amount Spent	Balance	Activity 2 Budget	Amount Spent	Balance	TOTAL BUDGET	TOTAL BALANCE	
BUDGET ITEM	Acquire Conservation Easements			Restore Protected Land, if/where needed					
Personnel (Wages and Benefits)							0		
DU conservation staff time to conduct landowner outreach and negotiate conservation easements with private landowners, and to plan and implement restoration of lands protected (0.35 FTE/year, or 0.7 FTE over two years, 60% salary 40% benefits).	71,000	25,303 30,000	45,697 41,000	9,000	0	9,000	80,000	54,697 50,000	
DU conservation program managers to administer grant and manage and coordinate all grant activities including grant reporting (0.1 FTE/year, or 0.2 FTE over two years, 60% salary 40% benefits).	20,000	46,742 17,500	3,258 2,500				20,000	3,258 2,500	
<b>Service Contracts</b> Competitively selected restoration contracts with private vendors <u>contractors</u> to seed cropland to native plants and restore small wetlands where necessary, etc. Estimated at \$500/acre on approximately 60 acres up to \$1,000/acre for 53 acres of prairie grass/forb seed/seeding/spraying plus \$10,000 for invasive volunteer tree removal and \$6,000 for plow/disk site preparation, \$5,000 for small wetland restoration, and \$6,000 for invasive brush and tree removal along Lake Christina as necessary and as time permits.				30,000 80,000	9,950	30,000 70,050	30,000 80,000	30,000 70,050	
<b>Easement Acquisition</b>	340,000 290,000	126,844 255,190	213,156 34,810				340,000 290,000	213,156 34,810	
<b>Professional Services</b> for acquisition appraisals, baseline documentation reports, and other professional services for new easements. Estimated at \$8,000 per easement for approximately three <u>two</u> easements. <u>Includes \$2,000 for consultant to help oversee prairie restoration and initial evaluation.</u>	24,000 22,000	8,849 21,908	15,151 92	2,000	0	2,000	24,000	15,151 2,092	
<b>Travel expenses in Minnesota</b> In-state mileage and lodging for conservation easement outreach and negotiation over two years.	5,000	960 1,250	4,040 3,750	1,000	0	1,000	6,000	5,040 4,750	
<b>COLUMN TOTAL</b>	<b>\$460,000</b> <b>\$408,000</b>	<b>178,698</b> <b>325,848</b>	<b>281,302</b> <b>82,152</b>	<b>40,000</b> <b>92,000</b>	<b>\$9,950</b>	<b>40,000</b> <b>82,050</b>	<b>\$500,000</b>	<b>321,302</b> <b>164,202</b>	