

Legislative-Citizen Commission on Minnesota Resources

MEMO: Agenda Item #7
DATE: November 13, 2018
SUBJECT: National Loon Center recommendation (Proposal 252-G, Subd. 9e)

Background

In response to the FY20 RFP, LCCMR received a \$4,000,000 request for funding to construct a National Loon Center in Crosslake Minnesota. The Center would include outdoor features- including boats docks, boardwalk, trails, shoreline plantings and exhibits. Also included was construction of 15,000 square foot building and indoor exhibits. Together, this would be the site of future educational programming, loon conservation research, recreation, and loon viewing. LCCMR provided a full recommendation \$4,000,000. These funds were needed to match \$6,000,000 federal and private funds for a total project cost of around \$10,000,000 (not including land value contribution from the Army Corps of Engineers, initial programming funds, and operational funds).

Current Project Status and Revised Funding Needs

Through the work plan development process with the National Loon Center Foundation (NLCF), additional information about the project has been gathered:

- It has been clarified that the land on which the Center is to be constructed, currently owned by Army Corps of Engineers, is not yet secured for purposes of construction and use as a Loon Center. A memorandum of understanding granting NLCF rights of access to the property for planning purposes and describing the process for securing land has been signed and an application for a 25-year lease has been submitted by the NLCF to the Corps.
- An application for the potential \$4,000,000 federal funds has not been submitted. The timing and availability of these funds has not been published by the federal government.
- It has been clarified that ENRTF funds are needed for construction of the Center as well as for planning activities including site and building architecture, engineering, design; exhibit planning and design; and traffic studies. The updated *general* cost breakdown among these activities follows:

	Outdoor Features	Building & Indoor Features	Total
Planning and Design	\$ 107,000	\$ 472,000	\$ 579,000
Construction	\$ 1,342,000	\$ 2,079,000	\$ 3,422,000
Total	\$ 1,449,000	\$ 2,551,000	\$ 4,000,000

- NLCF has indicated another year (i.e. until June 30, 2022) is needed for the project to be completed
- NLCF will be fundraising to secure a \$2,000,000 private match. Naming rights for the Center and its various exhibits would be made available to donors and corporate sponsors. NLCF has expressed interest in coordinating with LCCMR to ensure these naming rights do not conflict with ENRTF acknowledgement requirements and expectations

Additional Material Information

LCCMR has an interest in ensuring that any entity receiving ENRTF funding is set up to manage those funds according to the LCCMR approved work plan and state rules and statutes. This can be a challenge for many organizations, non- profit

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and public alike. For non-state entities, the DNR Grants Management Unit assists us in determining if additional capacity may be needed on any given project. It has been determined it would be in the best interest of both ENRTF and the NLCF that the organization work with a fiscal agent to either receive funds on its behalf (preferred) or to provide management assistance.

Potential Conditions for LCCMR Recommendation

Given the status of the project, the complexity of the project, the size of the recommendation, and other factors mentioned above, LCCMR may want to consider a staged approach for its recommended funding of the National Loon Center project. LCCMR staff have been working with NLCF on a proposed approach.

A. For inclusion in appropriation language:

1. A 25-year lease from the Army Corps of Engineers would need to be signed before any ENRTF funds could be spent
2. Once the lease is signed, ENRTF funds could be spent on design and construction of the outdoor features
3. Once the \$6 million in matching funds are secured, the remaining ENRTF funds needed for design and construction of the building and indoor features could be spent
4. An appropriation end date of June 30, 2022 (3 years)
5. Given that it may take some time for a fiscal agent arrangement to be made, placeholder language could be included in the appropriation that could be updated during session once that entity and the type of relationship has been identified.
6. Additional specifications related to amounts available for various design or construction activities could also be provided

B. For inclusion in the work plan subject to LCCMR approval:

1. A plan for naming rights to others for work funded by the ENRTF
2. Specifications related to the amounts available for various activities (if not provided in appropriation)

Appropriation Language Options

Following are draft language options that follow the above recommendation. The different options reflect different degrees to which LCCMR funding availability for various activities is specified:

Option 1: (Specific funding amounts provided; unspent design dollars can be used for building and indoor exhibit construction)

\$4,000,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the National Loon Center Foundation, in partnership with a fiscal agent to be approved by the LCCMR, to construct an approximate 15,000 square foot National Loon Center in Cross Lake, Minnesota, dedicated to loon survival, loon habitat protection and research, and recreation. Of this amount, \$1,342,000 is for construction of approximately six outdoor demonstration learning kiosks, interpretive trails, boardwalks and boat docks, a fishing dock, and native landscaping along approximately 3,100 feet of shoreline; up to \$107,000 may be used for planning and design of the outdoor area; and up to \$472,000 may be used for planning, engineering, and construction of the building and indoor exhibits. The remainder of the appropriation and any unspent design funds are for construction of the building and indoor exhibits.

A 25-year land lease commitment from the Army Corps of Engineers and fiscal sponsorship must be secured before any Trust Fund dollars are spent. This project requires a match of at least \$6,000,000. At least \$2,000,000 of this match must come from non-state sources. If naming rights will be conveyed, the National Loon Center must include a plan for this in

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the work plan. All matching funds must be legally committed before any Trust Fund dollars may be spent on planning activities for or construction of the building and indoor exhibits.

Net income generated from admissions, naming rights, and memberships to the Loon Center as a result of Trust Fund contributions may be reinvested in the Center's long-term loon conservation efforts as described in the work plan approved by LCCMR per Minnesota Statutes, section 116P.10.

Option 2: (Fewer specific funding amounts provided; flexibility within outdoor and indoor phases)

\$4,000,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the National Loon Center Foundation, in partnership with a fiscal agent to be approved by the LCCMR, to construct an approximate 15,000 square foot National Loon Center in Cross Lake, Minnesota, dedicated to loon survival, loon habitat protection and research, and recreation. Of this amount, up to \$1,449,000 is for planning, design, and construction of approximately six outdoor demonstration learning kiosks, interpretive trails, boardwalks and boat docks, a fishing dock, and native landscaping along approximately 3,100 feet of shoreline; and up to \$2,551,000 is for planning, engineering, and construction of the building and indoor exhibits.

A 25-year land lease commitment from the Army Corps of Engineers and fiscal sponsorship must be secured before any Trust Fund dollars are spent. This project requires a match of at least \$6,000,000. At least \$2,000,000 of this match must come from non-state sources. If naming rights will be conveyed, the National Loon Center must include a plan for this in the work plan. . All matching funds must be legally committed before any Trust Fund dollars may be spent on planning activities for or construction of the building and indoor exhibits.

Net income generated from admissions, naming rights, and memberships to the Loon Center as a result of Trust Fund contributions may be reinvested in the Center's long-term loon conservation efforts as described in the work plan approved by LCCMR per Minnesota Statutes, section 116P.10.

Action(s):

If acceptable by the commission, the following motions could be offered:

"Move to include option #X for the National Loon Center into the draft M.L. 2019 Environment and Natural Resources Trust Fund funding bill."

(If desired): "Further, that the following funding availability for specific activities be provided in the work plan for approval by LCCMR:"