

2007 Project Abstract

For the Period Ending June 30, 2010

PROJECT TITLE: Forest Legacy
PROJECT MANAGER: Richard Peterson
AFFILIATION: Minnesota Department of Natural Resources Forestry
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FUNDING SOURCE: Environment and Natural Resources Trust Fund
LEGAL CITATION: ML 2007, Chapter 30, Section 2, Subdivision 4a and Subdivision 4b where applicable; ML 2009, Chapter 143, Section 2, Subdivision 16 Carryforward

APPROPRIATION AMOUNT: \$2,000,000

Overall Project Outcome and Results

The Blufflands landscape of southeastern Minnesota has been identified by the Department of Natural Resources as an important area for conservation. The mix of forest, bluff prairies, and rivers provides habitat for numerous rare and declining species as well as many common species, and the oak forests are an important source of hardwood logs for area sawmills. Conserving and protecting large blocks of priority forest habitat through working forest conservation easements is a cost effective method to protect forests in an area where nearly 90% of the land is in private ownership.

The goal of this project was to identify and protect the highest priority parcels with working forest conservation easements. All applications were reviewed and ranked according to program ranking criteria (project size, location, forest quality, adjacency to public land, etc). Five applicants from a group of seventeen applicants were selected and appraisals were completed and certified during 2009 and 2010.

Two projects were completed and closed in December 2009, two in June 2010 and the final project closed in October 2010. A total of 1911.61 acres of private forestland and associated habitats in southeastern Minnesota were protected at an average cost of about \$1,055/acre. Total funds expended were \$2,017,454.4 and includes \$1,975,724 from the Environment and Natural Resources Trust Fund and \$41,730.4 from Capital Bonding.

The easements will be held by the State of Minnesota, Department of Natural Resources and monitored on a regular basis beginning in 2011.

These five projects are strategically located or nearby other publicly protected lands and these acquisitions help maintain larger blocks of deciduous forest adjacent or nearby public forests and buffer the publicly owned forest land and provide habitat linkages between publicly owned lands. They also contain productive forest resources of predominantly native forest species that have not been subject to any extensive development and which provide valuable habitat for a diversity of wildlife species.

Project Results Use and Dissemination

Project information will be reported in the Forest Legacy Information System for projects used to provide matching funds for the Koochiching Forest Legacy Project which was completed during this Project period. Project information has been used in a recent StarTribune graphic included in a December 15, 2010 article on the forest legacy program accomplishments.

Trust Fund 2007 Work Program Final Report

Date of Report: December 28, 2010

Trust Fund 2007 Work Program Final Report

Date of Work program Approval: October 9, 2007; Amendment approved on September 24, 2008

Project Completion Date: December 31, 2010

I. PROJECT TITLE: Forest Legacy Conservation Easements

Project Manager: Richard Peterson
Affiliation: Minnesota Department of Natural Resources Forestry
Mailing Address: 1810-30th St. NW
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Telephone Number: 507/333-2012 x222
E-mail Address: Richard.F.Peterson@state.mn.us
FAX Number: 507/333-2008
Web Page address: www.dnr.state.mn.us
Location: Wabasha County, MN

Total Trust Fund Project Budget:	Trust Fund Appropriation:	\$ 2,000,000
	Minus Amount Spent:	\$ 1,975,724
	Equal Balance:	\$ 24,276

Legal Citation: ML 2007, Chapter 30, Section 2, Subdivision 4a and Subdivision 4b where applicable; ML 2009, Chapter 143, Section 2, Subdivision 16 Carryforward

Appropriation Language: (a) Forest Legacy Conservation Easements
\$2,000,000 is from the trust fund to the commissioner of natural resources to acquire permanent working forest conservation easements on private forests in northern Minnesota, the Mississippi blufflands, and other areas identified through the state forest legacy program. Priority must be given to acquiring easements on private lands within existing Minnesota state forest boundaries. Any easements acquired must have a sustainable forestry practice management plan. Land subject to easements acquired under this appropriation is not eligible for payment under Minnesota Statutes, chapter 290C. The commissioner must report to the Legislative-Citizen Commission on Minnesota Resources with proposed minimum standards for forest conservation easements by June 1, 2007. The commission shall consider the proposed standards as part of the work program approval by June 30, 2007. No funds shall be expended until the commission has reviewed and approved minimum standards for forest conservation easements funded by the trust fund.

2009 Appropriation Language: The availability of the appropriations for the following project is extended to June 30, 2010: Laws 2007, chapter 30, section 2, subdivision 4, paragraph (a), forest legacy conservation easements.

II. and III. FINAL PROJECT SUMMARY:

Overall Project Outcome and Results

The Blufflands landscape of southeastern Minnesota has been identified by the Department of Natural Resources as an important area for conservation. The mix of forest, bluff prairies and rivers provides habitat for numerous rare and declining species as well as many common species and the oak forests are an important source of hardwood logs for area sawmills. Conserving and protecting large blocks of priority forest habitat through working forest conservation easements is a cost effective method to protect forests in an area where nearly 90% of the land is in private ownership.

The goals of this project identify and protect the highest priority parcels with working forest conservation easements. All applications were reviewed and ranked according to program ranking criteria (project size, location, forest quality, adjacency to public land, etc). Five applicants from a group of seventeen applicants were selected and appraisals were completed and certified during 2009 and 2010. The 5 selected applicants include 5 out of the top 6 ranked projects-one project was dropped when the landowner lost interest. The Division of Forestry biennial acquisition plan dated October 9, 2009 is attached and which includes the scoring criteria on page 7.

Two projects were completed and closed in December 2009, two in June 2010 and the final project closed in October 2010. A total of 1911.61 acres of private forestland and associated habitats in southeastern Minnesota were protected at an average cost of about \$1,055/acre.

Total funds expended were \$2,017,454.4 and includes \$1,975,724 from the ETF and \$41,730.4 from Capital Bonding.

The easements will be held by the State of Minnesota, Department of Natural Resources and monitored on a regular basis beginning in 2011.

These five projects are strategically located or nearby other publicly protected lands and these acquisitions help maintain larger blocks of deciduous forest adjacent or nearby public forests and buffer the publicly owned forest land and provide habitat linkages between publicly owned lands. They also contain productive forest resources of predominantly native forest species that have not been subject to any extensive development and which provide valuable habitat for a diversity of wildlife species.

IV. OUTLINE OF PROJECT RESULTS:

Result 1: Acquire Conservation Easements.

Description: The State of Minnesota will acquire perpetual Forest Legacy Conservation Easements on approximately 1,900 acres of private forestland.

Summary Budget Information for Result 1: Trust Fund Budget:

	\$1,900,000	\$1,886,126
Amount Spent:		\$ 1,861,850
Balance:		\$ 24,276

Deliverable	Completion Date	Budget	Status
1. Complete easements	10 /04/2010	\$1,900,000 <u>\$1,886,126</u>	Completed

Completion Date: 10/04/2010

Result Status as of December 28, 2010: Five easements have been acquired, two completed December 2009, two completed June 2010, and one completed October 2010. The acquisition costs were slightly less than the amount budgeted and \$24,276 will be returned to the Environmental Trust Fund.

Four projects were acquired at the appraised value; a fifth project was acquired at \$5,000 over appraised value (approximately 0.4% over appraised value) when a late discovery of a garbage dump on the property resulted in a 2 acre reduction in the subject property. At that point the landowner was not willing to renegotiate the sale price which had already been agreed on after several months of negotiating. The State agreed to the purchase over appraised value price of \$1,225,000 (appraised at \$1,220,250). The Landowner Bill of Rights and the signed option are attached for this transaction.

Result Status as of December 15, 2009: No easements have been acquired, but 4 properties are optioned and 2 are anticipated to close in December 2009. An offer has been made on a fifth offer. A total of \$636,850 has been encumbered for the 4 optioned projects. The attachment A has been revised to show a reduction of Budget for Result 1 to \$1,900,000 and a corresponding increase in Budget for Result 2 to \$100,000. These numbers will likely be revised in the final report to reflect final costs of acquisition and professional services after projects are completed.

Result Status as of August 31, 2009: No easements have been acquired. The start of the work was delayed due to the delay in LCCMR approval of the work plan. With that taken care of, the projects are now moving ahead.

Result Status as of December 31, 2008: No easements have been acquired. Following approval of the work program amendment that allowed up to 25 non-forest land as part of the easement property, 2 projects were modified to increase the area under easement. Appraisal and other acquisition work are proceeding.

Result Status as of August 5, 2009: No easements have been acquired. Four projects have been appraised and three have been optioned with a fourth pending. A fifth project is being appraised and a sixth project will likely be added due to lower than expected appraisals.

Result 2: Complete acquisition processes

Description: The State of Minnesota will undertake conservation easement drafting, survey, appraisal, title work, baseline property reports, environmental reports, management plans, and other necessary and required steps to complete acquisition of perpetual conservation easements.

Summary Budget Information for Result 1: Trust Fund Budget: **\$100,000**
\$113,874
 Amount Spent: **\$113,874**
 Balance: **\$0**

Deliverable	Completion Date	Budget	Status
1. Complete acquisition processes	6/30/10	\$100,000	<u>\$113,874</u>
2.			
3.			
		<u>OTHER FUNDS:</u>	<u>\$ 41,730.4</u>

Completion Date: 12/28/2010

Result Status as of December 28, 2010: Professional services were underestimated and have exceeded the revised estimate by nearly \$31,000 due in part to the need to create several abstracts for the final project and the requirements for field surveys for three of the projects. \$13,874 of the additional funding was from the ETF and a total of \$41,730.4 of other funds (2005 Capital Bonding) was also expended for professional services.

Total funds expended by category are shown on the table below.

Expenditure Category	ETF Funds	Other Funds (State Capital Bonding)	Total
Attorney General	\$0	\$10,066.3	\$10,066.3
Appraisal	\$24,600	\$5,300	\$29,900
Survey	\$51,303	\$5,040	\$56,343
Abstracting Fees	\$2,256	\$3,560	\$5,816
Professional Services	\$35,715	\$17,442.1	\$53,157.1
Recording Fees	\$0	\$322	\$322
Professional Services Subtotal	\$113,874	\$41,730.4	\$155,604.4
Acquisition	\$1,861,850	\$0	\$1,861,850
Totals:	\$1,975,724	\$41,730.4	\$2,017,454.4

A total of \$24,276 will be returned to the Environment and Natural Resources Trust Fund.

Result Status as of December 15, 2009: Professional services were underestimated and, to date, have exceeded the initial estimate by 50%. Costs increased, in part, due to changes that came as a result of the work program amendment that allowed additional non-forest acres to be included which necessitated revised legals, revised easement language, etc. Additionally, costs for appraisals were higher than anticipated as were survey costs. Professional service costs to date include 5 appraisals, 5 appraisal reviews, 2 on-site surveys, some title work, and other costs associated with conservation easement acquisition. At this time, I estimate that total professional services will cost approximately \$100,000 and have revised Attachment A to reflect this amount.

Result Status as of August 31, 2009: There has been no expenditure of funds for professional services.

Result Status as of December 31, 2008: There has been no expenditure of funds for professional services.

Result Status as of August 5, 2009: Funds have been expended for professional services including preparation of legal descriptions by the survey staff, appraisals, appraisal reviews, and options.

V. TOTAL TRUST FUND PROJECT BUDGET:

Staff or Contract Services:

Equipment:

Development: \$ (improvement to land or building)

Restoration: \$ (how many acres)

Acquisition, including easements: ~~\$ 4,900,000~~ \$1,886,126 of perpetual conservation easements on up to 7,800 acres to be held by the State of MN DNR.

Acquisition Services: ~~\$100,000~~ \$113,874

TOTAL TRUST FUND PROJECT BUDGET: \$2,000,000

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

VI. OTHER FUNDS & PARTNERS:

A. Project Partners:

B. Other Funds Proposed to be spent during the Project Period: \$1,750,000 from U.S. Forest Service Forest Legacy Grant (Pending FFY08 request with no assurance at this time of funding). No Federal Legacy Grants were received for this project, however \$9,956,000 in Federal Forest Legacy Funds were received for the Koochiching Project which closed in December 2010. A total of \$41,730.4 in other funds (2005 Capital Bonding) were expended on these projects, all for professional services.

C. Past Spending:

Forest Legacy Conservation Easements

D. Time: Project time lines with acquisitions are uncertain and may require an extension request.

VII. DISSEMINATION: Any projects completed with Federal funds or which will serve as matching funds for the Forest Legacy Program will be reported in the Forest Legacy Information System and provided as information in periodic reports. No Federal funds were received for these projects, however all or some of these projects may be used for match dollars against the federal grants received during the project period for the Koochiching Forest Legacy Project.

VIII. REPORTING REQUIREMENTS:

Periodic work program progress reports will be submitted not later than every 6 months on December 15, 2007, June 15, 2008, December 15, 2008, June 15, 2009, and December 15, 2009. A final work program report and associated products will be submitted between June 30 and August 1, 2010 as requested by the LCCMR.

IX. RESEARCH PROJECTS:

Attachment A: Budget Detail for 2007 Projects - Summary and a Budget page for each partner (if applicable)										
Project Title: Forest Legacy										
Project Manager Name: Richard Peterson										
Trust Fund Appropriation: \$ 2,000,000										
1) See list of non-eligible expenses, do not include any of these items in your budget sheet										
2) Remove any budget item lines not applicable										
2007 Trust Fund Budget	Result 1 Budget:	Revised Result 1 Budget: (12/28/2010)	Amount Spent (12/28/2010)	Balance (12/28/2010)	Result 2 Budget:	Revised Result 2 Budget: (12/28/2010)	Amount Spent (12/28/2010)	Balance (12/28/2010)	TOTAL BUDGET	TOTAL BALANCE
BUDGET ITEM										
PERSONNEL: wages and benefits				0				0	0	0
Contracts				0				0	0	0
Land acquisition				0				0	0	0
Land rights acquisition (less than fee)	4,900,000	1,886,126	1,861,850	24,276					1,886,126	24,276
Professional Services for Acq.				0	400,000	113,874	113,874	0	113,874	0
COLUMN TOTAL	\$1,900,000	\$1,886,126	\$1,861,850	\$24,276	\$100,000	\$113,874	\$113,874	\$24,276	\$2,000,000	\$24,276

2007 LCCMR Projects Wabasha Blufflands

