

M.L. 2016, Chp. 186, Sec. 2, Subd. 9b Project Abstract
For the Period Ending June 30, 2021

PROJECT TITLE: Minnesota Point Pine Forest SNA Addition

PROJECT MANAGER: Molly Roske

AFFILIATION: MN DNR

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FUNDING SOURCE: Environment and Natural Resources Trust Fund

LEGAL CITATION: M.L. 2016, Chp. 186, Sec. 2, Subd. 9b as extended by M.L. 2019, First Special Session, Chp. 4, Art. 2, Sec. 2, Subd. 9b as extended by M.L. 2020, First Special Session, Chp. 4, Sec. 2

APPROPRIATION AMOUNT: \$ 500,000

AMOUNT SPENT: \$ 77,219

AMOUNT REMAINING: \$ 422,781

Sound bite of Project Outcomes and Results

The effort to acquire 10 acres of high-quality old growth forest and beach dune habitat from the Duluth Airport Authority as a new addition to Minnesota Point Pine Forest SNA was unfortunately unsuccessful during this appropriation's time-frame. However, opportunities to bring these parcels under protection may yet exist.

Overall Project Outcome and Results

This appropriation came about due to a Duluth Airport Authority (DAA) ENRTF proposal in 2015 for funds to transfer about 10 acres of outstanding biodiversity significance to the DNR to create a new addition to (and contiguous ownership and management of) the existing Minnesota Point Pine Forest Scientific and Natural Area (SNA). The appropriation was awarded in ML16 (FY17) to DNR's SNA Program instead, to purchase the parcels from DAA / the City of Duluth following a more typical acquisition project model. DNR worked with DAA to write their application for a public waters permit to build out into the St. Louis Estuary to realign the Sky Harbor airport's runway, and thereby release the flight-path airspace into which the old-growth pines have been vertically growing. DAA/FAA (Federal Aviation Administration) release of that designated airspace once the runway realignment was complete, and subsequent sale of those acres to the SNA Program, was included in DAA's application for the public waters permit, since several rare features and critical habitat would be thereby placed under permanent SNA protections. However, after at least two appraisals and several appropriation extensions, the City/DAA did not respond to the DNR's February 2021 offer at certified Fair Market Value, which has led to DNR's inability to complete this project with the appropriated funds on time. The City of Duluth was not successful in an attempt to amend the original appropriation language to allow for the remainder of these funds to be granted to the Duluth Airport Authority for the runway re-alignment instead of as compensation for a sale of the land. Rather than returning unused funds at the end of the award to the ENRTF corpus, funds were reallocated by the Legislature to other projects on June 30, 2021. This effort involved years of collaboration and negotiation between the DNR and the City of Duluth / DAA, among other stakeholders involved including the Minnesota Legislature, the Duluth City Council, the FAA and LCCMR. While ultimately unsuccessful on this appropriation, opportunities for protecting these acres may yet exist.

Project Results Use and Dissemination

This project has had no results to disseminate to date. Because of this project's inability to progress into the latter stages of acquisition and designation, none of the work completed thus far (largely professional services for acquisition e.g. appraisals, and staff hours devoted to the project) was deemed appropriate for public dissemination.



Environment and Natural Resources Trust Fund (ENRTF) M.L. 2016 Work Plan Final Report

Date of Report: September 15, 2021

Final Report

Date of Work Plan Approval: June 7, 2016

Project Completion Date: June 30, 2021

PROJECT TITLE: Minnesota Point Pine Forest SNA Addition

Project Manager: Molly Roske

Organization: Minnesota Department of Natural Resources, Division of Ecological & Water Resources

Mailing Address: 500 Lafayette Road, Box 25

City/State/Zip Code: St Paul, MN 55155-4025

Telephone Number: (651) 259-5094

Email Address: molly.roske@state.mn.us

Web Address: mndnr.gov/snas

Location: City of Duluth

Total ENRTF Project Budget:	ENRTF Appropriation:	\$ 500,000
	Amount Spent:	\$ 77,219
	Balance:	\$ 422,781

Legal Citation: M.L. 2016, Chp. 186, Sec. 2, Subd. 9b as extended by M.L. 2019, First Special Session, Chp. 4, Art. 2, Sec. 2, Subd. 9b as extended by M.L. 2020, First Special Session, Chp. 4, Sec. 2

Appropriation Language: \$500,000 the second year is from the trust fund to the commissioner of natural resources in cooperation with the Duluth Airport Authority to acquire approximately ten acres as an addition to the designated Minnesota Point Pine Forest Scientific and Natural Area located along the shores of Lake Superior in Duluth.

M.L. 2019 - Carryforward; Extension (a) The availability of the appropriations for the following projects is extended to June 30, 2020: (14) Laws 2016, chapter 186, section 2, subdivision 9, paragraph (b), Minnesota Point Pine Forest Scientific and Natural Area Acquisition;

M.L. 2020 - Sec. 2. ENVIRONMENT AND NATURAL RESOURCES TRUST FUND; EXTENSIONS. [to June 30, 2021]

I. PROJECT TITLE: Minnesota Point Pine Forest SNA Addition

II. PROJECT STATEMENT:

About 10 acres of rare pine forest and Lake Superior beach dunes on Minnesota Point will be acquired by the Minnesota Department of Natural Resources from the City of Duluth and designated as part of the Minnesota Point Pine Forest Scientific and Natural Area (SNA). This acquisition will increase the SNA to about 28 acres and thus will permanently protect the unique state imperiled forest which is the only one of its kind in Minnesota. Also, the proposed addition to the SNA will increase the connectivity for both protection of existing rare species and geological features across a larger portion of the Minnesota Point sand spit and improved management for the SNA. The timing of the acquisition is critical in implementing and helping fund a portion of the proposed relocation of the runway at the Duluth Airport Authority's Sky Harbor Airport. This relocation is the most feasible solution identified in the Environmental Impact Assessment to address requirements of the Federal Aviation Administration (FAA) to achieve a safer flight approach to the airport while conserving the old growth forest.

III. OVERALL PROJECT STATUS UPDATES:

Project Status as of December 6, 2016:

Project negotiations are underway with the Duluth Airport Authority and its consultant SEH. In October, SEH informed the DNR that the Federal Aviation Administration (FAA) must release the property from being required for airport use before it can be sold by the City of Duluth. So an extension of the project timeline is sought. Initial site inspection of the property to be acquired has been completed.

AMENDMENT APPROVED by LCCMR on January 26, 2017 and ML17 legislature: This request is to extend the Project Completion Date to June 30, 2019. This is needed because the property to be acquired requires Federal Aviation Administration (FAA) approval which is contingent on them releasing the property from its federal obligations to be needed as part of Sky Harbor Airport. The DNR hopes to have by June 30, 2019 a fully executed option (a binding contract that the City of Duluth will sell the property to the DNR) and to have the project close when the FAA releases the property upon completion of the new runway in late 2019.

Project Status as of April 6, 2017:

The Duluth Airport Authority is preparing information on the proposed parcels to be acquired in order for the appraisal process to begin.

Project Status as of August 31, 2017: The DNR and the Duluth Airport Authority and City of Duluth are in regular communication. The City is preparing documents needed in order for DNR to order the appraisal

AMENDMENT APPROVED by LCCMR September 7, 2017. The request is to move \$5,000 from professional services for acquisition with \$4,000 proposed to go to personnel and \$1,000 proposed to go to travel expenses. This is needed because communication (including important face-to-face meetings) and approval processes are requiring more DNR staff time and travel.

Project Status as of February 13, 2018: Ann Pierce is temporally acting as Project Manager until the SNA Unit Supervisor position (previously held by Peggy Booth) is filled. A formal amendment request will be completed once the position is filled. The project has been assigned to a Lands and Minerals project manager, who is ordering the appraisal and appraisal review. He has been working closely with the City of Duluth Attorney and Duluth Airport Authority officials.

Project Status as of September 24, 2018: Ann Pierce is temporally acting as Project Manager and Judy Schulte is currently acting as the SNA Unit Supervisor until the SNA Unit Supervisor position (previously held by Peggy Booth) is filled. A formal amendment request will be completed once the position is filled. The project has been

assigned to a Lands and Minerals (LAM) project manager and an appraisal has been ordered. The LAM project manager and SNA staff have been working closely with the City of Duluth Attorney and Duluth Airport Authority officials. An offer is expected to be made by January.

Project Status as of January 7, 2019: The LAM project manager and SNA staff have been working closely with the City of Duluth Attorney and Duluth Airport Authority (DAA) officials. Both the DNR and the city of Duluth are completing appraisals on the property. Once both are complete, the appraisals will be reviewed and value determined. This is expected to occur by March 30, 2019. The Duluth Airport Authority has started to initiate the land release process with the Federal Aviation Administrations (FAA) but they cannot legally sign an option with the DNR until the land is released. The DAA anticipates the new airport runway to be completed in the spring of 2020, with the land anticipated to be released from the FAA by late fall/winter of 2020.

Amendment Request A (January 7, 2019): Request to move \$10,000 from “Fee Title Acquisition” to “Professional Services for Acquisition”. Due to the parcel’s unique location, appraisal costs were significantly higher than normal leading to more professional services dollars being needed. **Amendment Approved by LCCMR 1/28/2019.**

Amendment Request B (January 7, 2019): Request to extend project completion date to June 30, 2021 due to runway construction and FAA timelines extending the time needed to finish acquisition.

Since the land that is being sold for the SNA is currently shown on an Airport Layout Plan (ALP), the FAA considers that land federally obligated. There is a formal process to release land from federal obligations, which is required before the Airport Authority can sell the land. The FAA has stated it is not able to release the land until it is no longer needed for aeronautical use. Since the land is under the existing approach, the FAA considers it needed under the existing conditions. Once the new runway is constructed on the new alignment, the parcels will no longer be under the approach or needed for aeronautical use, thus allowing the release. The FAA will not be able to process the land release until the new runway is constructed and the old runway is removed (anticipated to occur late spring 2020). Once the new runway is constructed, the FAA land release process including required Federal Register notices may take up to 6 months. The FAA process requires review at the local (Minneapolis), Regional (Chicago) and national (DC) levels. Although there are some steps that can be initiated locally with the FAA prior to the new runway construction, the process cannot move to the regional or national level before construction is complete. **Amendment Request signed into law 5/31/19.**

Appropriation extended to June 30, 2020.

Project Status as of October 1, 2019: The LAM project manager and SNA staff have been working closely with the City of Duluth Attorney and Duluth Airport Authority (DAA) officials. Both the DNR and the city of Duluth have completed appraisals on the property. However, the appraisal reviewer found both appraisals to be inadequate. Therefore, the reviewer was contracted to create a new, adequate appraisal synthesizing some of the relevant information from the prior appraisals as well as contributing new information. The Duluth Airport Authority has started to initiate the land release process with the Federal Aviation Administration (FAA) but they may not be able to legally sign an option with the DNR until the land is released. The DAA anticipates the new airport runway to be completed in the spring of 2020, with the land anticipated to be released from the FAA by spring of 2020.

Amendment Request A (October 1, 2019): Request to move \$30,000 from “Fee Title Acquisition” to “Professional Services for Acquisition”. Appraisals have taken significantly longer and are costlier than anticipated, primarily due to the lack of comparative sales of comparable properties in the region, upon which appraisals are based. Request to eliminate “TOTAL BUDGET” (Column F) and “TOTAL BALANCE” (Column G) from budget, to reduce budget summary redundancy, since there are not multiple activities within this appropriation (Activity Budget and Activity Balances are same as Totals). Request to change Project Manager from Peggy

Booth / Ann Pierce to Molly Roske, SNA Program Supervisor (molly.roske@state.mn.us, 651-259-5094).
Amendment Approved by LCCMR 11/25/2019.

Project Status as of March 23, 2020: The LAM project manager and SNA staff have been working closely with the City of Duluth Attorney and Duluth Airport Authority (DAA) officials. Both the DNR and the city of Duluth completed appraisals, which were in significant disagreement due to limited comparative sales, and were then synthesized into a final appraisal by a reviewer. The DNR has since submitted a draft Option and Right of First Offer to the City of Duluth Attorney for their initial comment and approval. DNR will submit the final documents once comments have been received and a final price has been agreed to. City approval requires an approval of a resolution by City Council. Once the City Council approves the resolution and signs either the Option or Right of First Offer, an extension request will be submitted to extend this appropriation to June 30, 2021 to allow for closing, in compliance with LCCMR policy on extensions for acquisition funds. The City is aware of our need to have an agreement in place before June 30, 2020. The DAA anticipates the new airport runway to be completed in the spring of 2020, with the land release anticipated from the FAA by spring of 2020.

Project extended to June 30, 2021 by LCCMR 6/18/20 as a result of M.L. 2020, First Special Session, Chp. 4, Sec. 2, legislative extension criteria being met.

Project Status as of October 1, 2020: The project's LAM project manager and a LAM attorney worked closely with the City of Duluth's attorney and DAA officials through the end of FY20 toward a signed Option to go before the City Council. Difficulties were encountered when purchase price limits of 110% Fair Market Value were made known to DAA in the negotiation process. In addition, proposed amendment language was submitted to the Minnesota Legislature on behalf of DAA, but has not passed to date, which would award the remaining balance of this appropriation to DAA for costs associated with runway realignment and compliance with their Public Waters Permit mitigation package, as awarded by the DNR. The likelihood of this amendment language's passage before or during the ML21 Legislative Session is unknown. This has created some uncertainty around the language LAM staff were working with City staff to draft in the Option to Purchase document. Since that time the validity of the prior certified appraisal has expired, and a new appraisal is being ordered, based on DAA's continued interest that these parcels become an addition to the existing SNA in fulfillment of their mitigation package terms. Relevant EWR staff continue to coordinate with DAA to pursue the acquisition.

Amendment Request (October 1, 2020): Request to move \$30,000 from "Fee Title Acquisition" to the following budget lines in the specified amounts:

- \$4,000 to Personnel
- \$25,000 to Professional Services for Acquisition
- \$1,000 to Travel expenses

Because DAA / City of Duluth did not agree to Option to Purchase language before 6/30/2020 instead opting to take the additionally awarded Fiscal Year of time to negotiate Option terms and offer price, the certified appraisal expired and will need to be re-done. Likewise, survey costs remain for this Fiscal Year, for a survey that is likely to be highly complex and therefore higher-cost. Additional Personnel costs and travel expenses will also be needed by SNA Program staff in order to ensure this acquisition's success through remaining stages including presentation and approval through both the City Council and County Board. **Amendment Approved by LCCMR 10/6/2020.**

Project Status as of March 18, 2021: New appraisals are complete, and a renewed offer has been made by the project's Division of Lands and Minerals (LAM) Project Manager on behalf of DNR, to DAA. However, DAA has not responded to date to the DNR's offer price. At present, further progress on the acquisition negotiations may be slowed until the fate of a proposed legislative amendment affecting the timeline and unused funds of this appropriation, currently approved only through Senate committee, is known. Survey work also remains to be completed on the project.

Amendment Request (March 18, 2021): Request to move \$15,000 from “Fee Title Acquisition” to Professional Services for Acquisition. A survey has yet to be performed for this site, typically occurring after an Option to Purchase agreement has been reached. While cost-estimates for this site are difficult due to scant past survey information/records, the DNR’s LAM surveyors indicate that on-site searching for monuments, desktop analysis and calculations, and finally returning to the site to set monuments, will all contribute to a survey cost on the order of about \$25,000. With the current balance in this budget category, plus additional expenditures that are anticipated if the project does reach a negotiated Option and closing, an additional \$15,000 is needed in this budget category. **Amendment Approved by LCCMR 03/26/2021.**

Overall Project Outcomes and Results: This appropriation came about due to a Duluth Airport Authority (DAA) ENRTF proposal in 2015 for funds to transfer about 10 acres of outstanding biodiversity significance to the DNR to create a new addition to (and contiguous ownership and management of) the existing Minnesota Point Pine Forest Scientific and Natural Area (SNA). The appropriation was awarded in ML16 (FY17) to DNR’s SNA Program instead, to purchase the parcels from DAA / the City of Duluth following a more typical acquisition project model. DNR worked with DAA to write their application for a public waters permit to build out into the St. Louis Estuary to realign the Sky Harbor airport’s runway, and thereby release the flight-path airspace into which the old-growth pines have been vertically growing. DAA/FAA (Federal Aviation Administration) release of that designated airspace once the runway realignment was complete, and subsequent sale of those acres to the SNA Program, was included in DAA’s application for the public waters permit, since several rare features and critical habitat would be thereby placed under permanent SNA protections. However, after at least two appraisals and several appropriation extensions, the City/DAA did not respond to the DNR’s February 2021 offer at certified Fair Market Value, which has led to DNR’s inability to complete this project with the appropriated funds on time. The City of Duluth was not successful in an attempt to amend the original appropriation language to allow for the remainder of these funds to be granted to the Duluth Airport Authority for the runway re-alignment instead of as compensation for a sale of the land. Rather than returning unused funds at the end of the award to the ENRTF corpus, funds were reallocated by the Legislature to other projects on June 30, 2021. This effort involved years of collaboration and negotiation between the DNR and the City of Duluth / DAA, among other stakeholders involved including the Minnesota Legislature, the Duluth City Council, the FAA and LCCMR. While ultimately unsuccessful on this appropriation, opportunities for protecting these acres may yet exist.

IV. PROJECT ACTIVITIES AND OUTCOMES:

ACTIVITY 1: Acquisition, Designation & Initial Site Development

Description:

The Department of Natural Resources and its SNA program will initiate and complete acquisition of 6 parcels totaling about 10 acres on Minnesota Point from the City of Duluth. The proposed acquisition parcels have been recognized as important for protection since 1996 and scored 93 out of 100 possible points using the SNA Candidate Site Evaluation Guide – one of the highest scores to date of any sites proposed for SNA acquisition.

The proposed parcels are within an Outstanding Site of Biodiversity Significance, Minnesota Point Central. This site captures the best quality combination of native plant communities and rare features on Minnesota Point. The biodiversity significance of this site is based on the uniqueness of Minnesota Point in Minnesota and the Great Lakes basin, significant rare plant locations, and good to excellent quality examples of native plant communities. The site is adjacent to two High and one Moderate Sites of Biodiversity Significance.

Several state listed species occur on the parcels, or on adjacent parcels with similar habitats. These include five Special Concern, four Threatened, and one Endangered species. Of these species, three are found exclusively on Minnesota Point in Minnesota.

Four native plant communities have been mapped on the parcels: Red Pine – White Pine Woodland (Minnesota Point) (FDn32b), Beachgrass Dune (Lake Superior) (LKu32a), Juniper Dune Shrubland (Lake Superior) (LKu32b), and Sand Beach (Lake Superior) (LKu32c). All four have a state conservation state rank (S-rank) of S1, Critically Imperiled. Of these NPCs, FDn32b, LKu32a, and LKu32b are found exclusively on Minnesota Point in Minnesota. LKu32c has only been identified at one other site in Minnesota.

The addition of these parcels to the existing SNA will benefit management, preservation, and enforcement efforts. Management of invasive species will be more efficient and effective across the site while operating under a single ownership. A single ownership will also better facilitate enforcement of public activities that may harm rare species or geological features across the site.

The project will include acquisition fact sheet approval, initial site assessment, appraisal and review, boundary survey (if needed), title review, county board approval, closing and other activities necessary to meet the state/DNRs acquisition requirements. The property will be designated as the Minnesota Point Pine Forest SNA through a Commissioner’s Designation Order.

To be acquired and designated as SNA, the site must be recommended for SNA designation in an Ecological Evaluation report which serves as the site’s baseline assessment for fee acquisitions. All such sites are predominantly MBS-mapped native plant communities and contain habitat for rare species and Species of Greatest Conservation Need. In addition, SNA staff use the “*SNA Candidate Site Evaluation Guide*” (developed through the ENRTF-funded SNA strategic planning process) which incorporates criteria to rate which sites are currently pursued. Criteria include diversity and quality of the native habitat, occurrence of rare species, occurrence of native plant communities under-represented in SNA system, parcel size, location of parcel in relation to biodiversity hotspots (particularly MBS-mapped areas of outstanding and high biodiversity significance) and other conservation lands (including *SNA Strategic Land Protection Plan’s* Conservation Opportunity Areas), potential for long-term management, and additional factors (e.g. landowner readiness, urgency, and willingness to donate; degree of threat, and partnership opportunities).

Summary Budget Information for Activity 1:

ENRTF Budget: \$ 500,000
Amount Spent: \$ 75,067
Balance: \$ 424,933

Outcome	Completion Date
1. Initial site assessment, appraisal & review	6/30/19
2. County approval, title review, closing, DNR receives title to 10 acres of property	3/30/21
3. SNA designation	6/30/21

Activity 1 Status as of December 6, 2016: Project negotiations are underway with the Duluth Airport Authority and its consultant SEH. In October, SEH informed the DNR that the Federal Aviation Administration (FAA) must release the property from being required for airport use before it can be sold by the City of Duluth. Two options were presented: release of the property after the new runway is built, and a second option to proceed with acquisition but with a deed restriction and lease back to the City of Duluth for airport purposes until the new runway was built. This second option was ruled out because of costly legal difficulties. So an extension of the project timeline is sought instead. Initial site inspection of the property to be acquired has been completed. The St. Louis County Board Commissioner whose district includes Minnesota Point has been contacted about the project (prior to requesting county board approval).

Activity 1 Status as of April 6, 2017: Recently, the efforts of the Duluth/Duluth Airport Authority and its consultants have been focused on other work (not directly part of this work plan) needed to gain approval of the permits and mitigation for the runway re-alignment. The consultant SEH and the City have started the process to specify the parcels or portions of parcels proposed for acquisition by the DNR (new legal descriptions are

needed for some). This information is needed from them before DNR can start its appraisal process. The SNA program has had additional conversations with the County Board Commissioner and the DNR Regional Management Team about the project.

Activity 1 Status as of August 31, 2017: The SNA Acquisition Coordinator prepared a proposed timeline for all aspects of the project which was approved by representatives of the Duluth Airport Authority (DAA) and the lawyer for the City of Duluth (City). Then the Coordinator met with the representatives of DAA and the City to discuss the DNR acquisition process and other aspects of the project. The SNA program is in communication weekly with the DAA. The City needs to provide DNR with additional documents before the appraisal can begin.

Activity 1 Status as of February 13, 2018: The SNA Acquisition Coordinator prepared a proposed timeline for all aspects of the project which was approved by representatives of the Duluth Airport Authority (DAA) and the lawyer for the City of Duluth (City). Then the Coordinator met with the representatives of DAA and the City to discuss the DNR acquisition process and other aspects of the project. The project has been assigned to a Lands and Minerals project manager, who is ordering the appraisal and appraisal review. He has been working closely with the City of Duluth Attorney and Duluth Airport Authority officials.

Activity 1 Status as of October 1, 2018: The SNA Acquisition Coordinator prepared a proposed timeline for all aspects of the project which was approved by representatives of the Duluth Airport Authority (DAA) and the lawyer for the City of Duluth (City). Then the Coordinator met with the representatives of DAA and the City to discuss the DNR acquisition process and other aspects of the project. The project has been assigned to a Lands and Minerals project manager, who worked to fine tune the legal description and ordered the appraisal. He has been working closely with the City of Duluth Attorney and Duluth Airport Authority officials. An offer is expected to be made by January.

Activity 1 Status as of January 7, 2019: The LAM project manager and SNA staff have been working closely with the City of Duluth Attorney and Duluth Airport Authority (DAA) officials. Both the DNR and the city of Duluth are completing appraisals on the property. Once both are complete, the appraisals will be reviewed and value determined. This is expected to occur by March 30, 2019. The Duluth Airport Authority has started to initiate the land release process with the Federal Aviation Administrations (FAA) but they cannot legally sign an option with the DNR until the land is released. The DAA anticipates the new airport runway to be completed in the spring of 2020, with the land anticipated to be released from the FAA by late fall/winter of 2020.

Activity 1 Status as of October 1, 2019: The LAM project manager and SNA staff have been working closely with the City of Duluth Attorney and Duluth Airport Authority (DAA) officials. Both the DNR and the city of Duluth have completed appraisals on the property. However, the appraisal reviewer found both appraisals to be inadequate. Therefore, the reviewer was contracted to create a new, adequate appraisal synthesizing some of the relevant information from the prior appraisals as well as contributing new information. The Duluth Airport Authority has started to initiate the land release process with the Federal Aviation Administration (FAA) but they may not be able to legally sign an option with the DNR until the land is released. The DAA anticipates the new airport runway to be completed in the spring of 2020, with the land anticipated to be released from the FAA by spring of 2020.

Activity 1 Status as of March 23, 2020: The LAM project manager and SNA staff have been working closely with the City of Duluth Attorney and Duluth Airport Authority (DAA) officials. Both the DNR and the city of Duluth completed appraisals, which were in significant disagreement due to limited comparative sales, and were then synthesized into a final appraisal by a reviewer. The DNR has since submitted a draft Option and Right of First Offer to the City of Duluth Attorney for their initial comment and approval. DNR will submit the final documents once comments have been received and a final price has been agreed to. City approval requires an approval of a resolution by City Council. Once the City Council approves the resolution and signs either the Option or Right of First Offer, an extension request will be submitted to extend this appropriation to June 30, 2021 to allow for

closing, in compliance with LCCMR policy on extensions for acquisition funds. The City is aware of our need to have an agreement in place before June 30, 2020. The DAA anticipates the new airport runway to be completed in the spring of 2020, with the land release anticipated from the FAA by spring of 2020. Relevant EWR staff continue to coordinate with DAA to pursue the acquisition.

Activity 1 Status as of October 1, 2020: The project's LAM project manager and a LAM attorney worked closely with the City of Duluth's attorney and DAA officials through the end of FY20 toward a signed Option to go before the City Council. Difficulties were encountered when purchase price limits of 110% Fair Market Value were made known to DAA in the negotiation process. In addition, proposed amendment language was submitted to the Minnesota Legislature on behalf of DAA, but has not passed to date, which would award the remaining balance of this appropriation to DAA for costs associated with runway realignment and compliance with their Public Waters Permit mitigation package, as awarded by the DNR. The likelihood of this amendment language's passage before or during the ML21 Legislative Session is unknown. This has created some uncertainty around the language LAM staff were working with City staff to draft in the Option to Purchase document. Since that time the validity of the prior certified appraisal has expired, and a new appraisal is being ordered, based on DAA's continued interest that these parcels become an addition to the existing SNA in fulfillment of their mitigation package terms. Relevant EWR staff continue to coordinate with DAA to pursue the acquisition.

Activity 1 Status as of March 18, 2021: New appraisals are complete, and a renewed offer has been made by the project's Division of Lands and Minerals (LAM) Project Manager on behalf of DNR, to DAA. However, DAA has not responded to date to the DNR's offer price. At present, further progress on the acquisition negotiations is unlikely until the fate of a proposed legislative amendment affecting the timeline and unused funds of this appropriation, currently approved only through Senate committee, is known. Survey work also remains to be completed on the project.

Final Report Summary: This project involved years of collaboration and negotiation between the DNR and the City of Duluth / Duluth Airport Authority (DAA), among other stakeholders involved including the Minnesota Legislature, the Duluth City Council, and the Federal Aviation Administration. However, after at least two appraisals and lengthy negotiations, the City/DAA did not respond to the DNR's February 2021 offer at Fair Market Value, which has led to DNR's inability to move through the appraisal/offer stage to a binding purchase contract and complete this project with the appropriated funds on time. As described in prior Activity Status Updates above, negotiations were further complicated by a state legislative amendment proposed by Duluth that ultimately failed to pass into law, which could have made additional funds from this appropriation available to DAA for their runway realignment. The uncertainty regarding this amendment's passage in the Minnesota Legislature appears to have influenced the City's/DAA's decision not to reengage with the DNR within the last remaining Fiscal Year on the funds appropriated for this purpose. It is DNR's understanding at this time that due to related state legislation passed in late FY21, the remaining balance of this appropriation was reallocated to other worthy projects instead of being returned to the ENRTF corpus as it otherwise would have.

V. DISSEMINATION:

Description:

The DNR website will be updated with information on the expanded SNA. An announcement of the acquisition will be posted on the SNA Facebook page. A local news release will be issued by the Duluth Airport Authority.

Status as of December 6, 2016: None to date.

Status as of April 6, 2017: None to date.

Status as of August 31, 2017: None to date.

Status as of February 13, 2018: None to date

Status as of October 1, 2018: None to date.

Status as of January 7, 2019: None to date.

Status as of October 1, 2019: None to date.

Status as of March 23, 2020: None to date.

Status as of October 1, 2020: None to date.

Status as of March 17, 2021: None to date.

Final Report Summary: None to date. Because of this project’s inability to progress into the latter stages of acquisition and designation, none of the work completed thus far (largely professional services for acquisition e.g. appraisals, and staff hours devoted to the project) was deemed appropriate for public dissemination.

VI. PROJECT BUDGET SUMMARY:

A. ENRTF Budget Overview: See attached budget spreadsheet

Explanation of Use of Classified Staff: Consistent with approved work plans for previous ENRTF appropriations for the SNA Program, this funding will be used to pay project-associated costs for classified and unclassified staff paid mostly with special project funds. These positions would not exist, but for special project funding received through the ENRTF and other funds. Each year these positions are assigned work based on the particular combination of soft funding available to address priority SNA Program activities.

Explanation of Capital Expenditures Greater Than \$5,000: NA

Number of Full-time Equivalent (FTE) Directly Funded with this ENRTF Appropriation: .03 FTE each for two years spread over 3 positions – for a total of .06 FTEs

Number of Full-time Equivalent (FTE) Estimated to Be Funded through Contracts with this ENRTF Appropriation: NA

B. Other Funds:

Source of Funds	\$ Amount Proposed	\$ Amount Spent	Use of Other Funds
Non-state	\$	\$	No other funds are budgeted for the state’s deliverables proposed for this appropriation.
State	\$0	\$0	No other funds are budgeted for the state’s deliverables proposed for this appropriation; in-kind contributions by the project manager to administer this project will not be tracked.
TOTAL OTHER FUNDS:	\$	\$	

VII. PROJECT STRATEGY:

A. Project Partners:

The City of Duluth and the Duluth Airport Authority.

B. Project Impact and Long-term Strategy:

The proposed expanded SNA was identified as an outstanding biodiversity site important for protection in the 1996 Minnesota Point Pine Forest Site Evaluation report. In describing the 26-acre forest that the expanded SNA would encompass, the report states “The pine forest near the end of Minnesota Point is the last natural remnant of a forest that once stretched the length of the point. This old-growth forest stand in an urban setting, located on the longest freshwater baymouth bar in the world, is uniquely significant in Minnesota.”

Because this forest is the only one of its type in Minnesota and because the SNA contains rare features not otherwise permanently protected in the state, the protection of the Minnesota Point Pine Forest as an SNA is necessary to achieve the primary goal and several objectives in the *SNA Strategic Land Protection Plan*. Specifically, this SNA is necessary to meet the primary goal of “the state’s natural heritage is not lost from any ecological region of Minnesota.” The relevant objectives this SNA is needed to meet are: Obj. 1 – 5 occurrences of each existing native plant community are within designated SNAs within each ecological subsection; Obj. 2 – 3 occurrences of each existing species of plant and animal are within designated SNAs within each ecological subsection; Obj. 3 – 1 of each type geological feature in the state is within a designated SNA; and Obj. 6 – the SNAs’ natural features and public benefit are sustained over time.

Payment to Duluth for this land is essential in helping meet the required state/local match needed for relocation of the runway of the Sky Harbor Airport. Without this relocation, the FAA would require cutting down or harming much of the rare pine forest on Minnesota Point.

Through SNA designation the site is provided the highest level of land protection in the State Outdoor Recreation System. Nonetheless, to sustain the SNA overtime requires ongoing appropriations for SNA natural resource management, such as future funding from the Environment and Natural Resource Trust Fund.

C. Funding History:

Funding Source and Use of Funds	Funding Timeframe	\$ Amount
no previous state funding has gone to SNA acquisition at Mn Pt; to see the SNA program funding history, please look at the SNA work plan		\$
		\$
		\$

VIII. FEE TITLE ACQUISITION/CONSERVATION EASEMENT/RESTORATION REQUIREMENTS:

A. Parcel List: See attached list

B. Acquisition/Restoration Information:

Fee Title Acquisition

1. Describe the selection process for identifying and including proposed parcels on the parcel list, including explanation of the criteria and decision-making process used to rank and prioritize parcels.

To be acquired and designated as SNA, the site must be recommended for SNA designation in an Ecological Evaluation report which serves as the site’s baseline assessment for fee acquisitions. All such sites are predominantly MBS-mapped native plant communities and contain habitat for rare species and Species of Greatest Conservation Need. In addition, SNA staff use the “*SNA Candidate Site Evaluation Guide*” (developed through the ENRTF-funded SNA strategic planning process) which incorporates criteria to rate which sites are currently pursued. Criteria include diversity and quality of the native habitat, occurrence of rare species, occurrence of native plant communities under-represented in SNA system, parcel size, location of parcel in relation to biodiversity hotspots (particularly MBS-mapped areas of outstanding and high biodiversity significance) and other conservation lands (including *SNA Strategic Land Protection Plan’s* Conservation Opportunity Areas and *Minnesota Prairie Conservation Plan’s* Core Areas), potential for long-

term management, and additional factors (e.g. landowner readiness, urgency, and willingness to donate; degree of threat, and partnership opportunities).

2. List all adopted state, regional, or local natural resource plans in which the lands included in the parcel list are identified. Include a link to the plan if one is available.

- *SNA Strategic Land Protection Plan* – www.dnr.state.mn.us/eco/sna/plan
- *Lower St. Louis River Habitat Plan* – <http://stlouisriver.org/lower-st-louis-river-habitat-plan>
- *City of Duluth Comprehensive Plan Future Land Use Map* – <http://www.duluthmn.gov/planning/long-range-planning/comprehensive-plan/>

3. For any parcels acquired in fee title, a restoration and management must be prepared. Summarize the components and expected outcomes of restoration and management plans for parcels acquired by your organization, how these plans are kept on file by your organization, and overall strategies for long-term plan implementation, including how long-term maintenance and management needs of the parcel will be financed into the future.

An Adaptive Management Plan (AMP) will be completed for the enlarged Minnesota Point Pine Forest SNA using other ENRTF funds allocated for SNA management plans. The AMP will include goals, ecological description, priority features with indicators, desired future conditions, and management recommendations. The intended outcome of management of the SNA is that 1) all the site's native plant communities are sustained over time, and 2) that visitors are accommodated safely. The goals for the SNA's management are based upon soils, topography, geology, and other factors necessary to sustain each plant community. Each plan includes an implementation timetable which summarizes ongoing management needs and a statement on funding. Long-term management costs (e.g. invasive species treatments and monitoring/evaluation) will be covered by a combination of funding sources, including, but not limited to, ENRTF, Outdoor Heritage Fund (OHF), federal grants, and other funds as appropriated. Each AMP is kept in a DNR internal shared electronic filing system accessible to all SNA staff.

4. For each parcel to be conveyed to a State of Minnesota entity (e.g., DNR) after purchase, provide a statement confirming that county board approval will be obtained.

The DNR follows Minnesota Statutes 84.033 which require that any land acquired for designation as a SNA must have county board approval as prescribed under MS 97A.145.

5. If applicable (see M.S. 116P.17), provide a statement confirming that written approval from the DNR Commissioner will be obtained 10 business days prior to any final acquisition transaction.

As part of the DNR acquisition process, all SNA acquisitions are required to have approval of the Ecological and Water Resources Division Director and land conveyances are accepted by the Director or Deputy Director of Division of Lands and Minerals who have delegated authority to approve this for the Commissioner.

IX. VISUAL COMPONENT or MAP(S): see attached

X. RESEARCH ADDENDUM:

XI. REPORTING REQUIREMENTS:

Periodic work plan status update reports will be submitted no later than October 1, 2016, April 1, 2017, October 1, 2017, April 1, 2018, October 1, 2018, April 1, 2019, October 1, 2019, April 1, 2020, October 1, 2020 and April 1, 2021. A final report and associated products will be submitted before September 15, 2021 (as necessary for state FY closeout data to be available and summarized) or within 60 days following the closing of the acquisition.

M.L. 2016 Final Project Budget

Project Title: Minnesota Point Pine Forest SNA Addition

Legal Citation: M.L. 2016, Chp. 186, Sec. 2, Subd. 09b

Project Manager: Molly Roske

Organization: MnDNR

M.L. 2016 ENRTF Appropriation: \$500,000

Project Length and Completion Date: 4 years, June 30, 2021

Date of Report: September 15, 2021



ENVIRONMENT AND NATURAL RESOURCES TRUST FUND BUDGET	Approved Budget 3-26-21	Amount Spent 8-16-2021	Balance 8-16-2021
BUDGET ITEM			
Personnel (Wages and Benefits) - for activities directly related to land acquisition <i>Coordinator/Specialist/Naturalist (.03 FTE/2 yrs)</i>	\$12,500	\$7,570	\$4,930
Position Type 1: Coordinator/Specialist (.05 FTE/2 yrs)			
Fee Title Acquisition - 3 parcels totalling about 10 acres to be owned in fee by DNR	\$385,000	\$0	\$385,000
Professional Services for Acquisition Includes real estate transaction costs & LAM billings; appraisal & review; property survey (if needed); attorney general; closing costs; recording fees & deed tax, etc.	\$100,000	\$69,175	\$30,825
Travel expenses in Minnesota Fleet charges for trucks or cars, mileage, & meals needed for acquisition-related travel as per state contracts	\$2,500	\$474	\$2,026
COLUMN TOTAL	\$500,000	\$77,219	\$422,781

**Environment and Natural Resources Trust Fund
M.L. 2016 Parcel List**

Project Title: Minnesota Point Pine Forest SNA Addition

Legal Citation: M.L. 2016, Chp. 186, Sec. 2, Subd. 009b

Project Manager: Molly Roske

Organization: MnDNR

M.L. 2016 ENRTF Appropriation: \$500,000

Project Length and Completion Date: 5 years, June 30, 2021

Date of Report: Sept 15, 2021

#	Acquisition or Restoration Parcel Name	Geographic Coordinates Format: [Deg.]° [Min.]' [Sec.]" [Hemis.]		Estimated Cost	Estimated Annual PILT Liabilities	County	Site Significance	Activity Description	# of Acres	# of Shoreline Miles	Type of Landowner	Proposed Fee Title or Easement Holder (if applicable)	Status
		Latitude	Longitude										
1	Mn Pt Pine Forest Addition	46° 43' 15.9"	92° 2' 27.8"	\$500,000	NA	St. Louis	4 critically imperilled (S1) native plant communities including white pine woodland & beachgrass dune	Fee Title Acquisition	10.35	0.195	Public	MnDNR	In-progress. See workplan for details.
2													
3													
NOTES:													