

## Environment and Natural Resources Trust Fund 2009 Phase 2 Request for Proposals (RFP)

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**LCCMR ID: 035-A4**

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**Project Title:** Lake County Forest Conservation Loan

**Total Project Budget:** \$ \$1,900,000

**Proposed Project Time Period for the Funding Requested:** 5 years, July 2009 to 2014

**Other Non-State Funds:** \$ \$0.00

**Priority:** A3. Technical Assistance for Conserving Land

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**First Name:** Tom

**Last Name:** Martinson

**Sponsoring Organization:** Lake County

**Address:** 601 Third Ave  
Two Harbors MN 55616

**Telephone Number:** 218-834-8340

**Email:** tom.martinson@co.lake.mn.us

**Fax:** 218-834-8346

**Web Address:** co.lake.mn.us

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**Region:**

**County Name:**

**City / Township:**

NE

Lake

Crystal Bay, Beaver Bay and Stony River

**Summary:** Former industrial timberlands, within the Manitou Collaborative Landscape, totalling 6,200+ acres, have been purchased by Lake County to conserve wildlife habitat, water quality, public access, and to prevent forest fragmentation.

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**Main Proposal:** 1008-2-021-proposal-2009\_main\_proposal\_template.doc

**Project Budget:** 1008-2-021-budget-budget.doc

**Qualifications:** 1008-2-021-qualifications-qualifications.doc

**Map:** 1008-2-021-maps-Land Consolidation Wolfwood.pdf

**Letter of Resolution:** 1008-2-021-resolution-2009\_main\_proposal\_template.doc

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# MAIN PROPOSAL

## PROJECT TITLE: Lake County Forest Conservation Fund

### PROJECT STATEMENT

Across the U.S., and now in Minnesota, the shifting economics of the forest products industry and real estate values have forced unprecedented changes in timberland ownership. Forestland has become increasingly susceptible to seasonal home development rather than sustainable timber production. Large expanses of forests that people thought were protected are now being converted to small lot subdivisions resulting in degradation of habitat, loss of productive timberland and reduced public recreational access. There is a short window of opportunity in Minnesota to guide this development and protect specific large blocks of forest for continued forest products uses and public recreation. The fragmentation of forestland ownership is among the greatest threats faced by wildlife and it has further threatens timber-related jobs. Since 1999, more than 400,000 acres of Minnesota's industrial forestland has been subdivided and sold. As much of this is sold for second-home development, it is lost to forestry purposes and public recreation.

The purchase of the 6200 acres and the conservation easement placed on the land guarantees public access, including hunting, fishing, hiking and snowmobiling and protects important habitat for a wide variety of wildlife species. The agreement ensures the forestland will continue to be harvested sustainably, providing jobs for the local community and wood supply to the mills.

Lake County purchased the property from the Conservation Fund. The Nature Conservancy has purchased a conservation easement on the property, ensuring sustainable forest management, wildlife habitat, opportunities for public recreation and preventing further forest fragmentation within the Manitou Collaborative Landscape. The conservation easement is held by the Department of Natural Resources for long-term management. The Nature Conservancy has also purchased a 220-acre in-holding from Minnesota Power and Light and has donated it to Lake County, also subject to the conservation easement.

### I. DESCRIPTION OF PROJECT RESULTS

**Result 1:** Pre-payment of Bank Loan      Budget: \$ 1,900,000.00

Funds coming from the LCCMR revolving Loan Fund would be used to pay off the balance of the bank loan used for the 6200 acre land purchase.

#### Deliverable

#### Completion Date

By pre-paying the bank loan, the:

- |   |           |
|---|-----------|
| 1. Total cost of the Memorial Forest is reduced from approximately \$3,200,000 to \$2,480,000 | July 2009 |
| 2. Revolving Loan can be paid back sooner than 15 years                                       | July 2009 |

- |    |   |           |
|----|---|-----------|
| 3. | Cost reduction makes funds available for conifer restoration and other land management activities.  | July 2009 |
| 4. | Cost reduction enables needed tax forfeit apportionments to School District and Townships to continue.                                      | July 2009 |
| 5. | Amount of tax forfeit land needed to be sold is decreased because the cost per acre of purchased land is decreased with interest reduction. | July 2009 |

**II. PROJECT STRATEGY AND TIMELINE**

**A. Project Partners**

MN DNR – Dick Peterson, Forest Legacy Program Coordinator  
 The Nature Conservancy – Doug Thompson, Program Director, NE MN Office

**B. Project Impact**

The fragmentation of forestland ownership is among the greatest threats to existing high quality wildlife habitat and public recreational access and it has further threatened timber-related jobs. Since 1999, more than 400,000 acres of Minnesota’s industrial forestland has been subdivided and sold. As much of this is sold for second-home development, it is lost to forestry purposes and public recreation access forever.

**C. Time**

The 6,200 acre Clair A. Nelson Memorial Forest was purchased in 2006. Pre-payment of the bank loan with the LCCMR revolving fund to avoid interest payments will save Lake County’s tax payers approximately \$700,000.

**D. Long-Term Strategy (if applicable)**

By Lake County Board Resolution, an equal value of tax forfeit land will be sold to equal the value of the land that has been purchased. The amount of tax forfeit land needed to be sold is decreased when the cost per acre of purchased land is decreased with the interest reduction from the LCCMR revolving loan. This project consolidates public agency lands and The Nature Conservancy lands to prevent forest fragmentation within the Manitou Landscape. The purchase of the Clair A. Nelson Memorial Forest addresses the same criteria as the State’s Forest Legacy Program or Minnesota’s Forests for the Future Program. Because there was not time to complete the sale through a Department of Natural Resources process, Lake County stepped forward, and with the help of the MN DNR and The Nature Conservancy, over 6,200 acres of important working forest land was purchased and saved from non-forest uses. Since 2006, when the memorial forest was purchased, timber stumpage values and the demand for land have decreased which has dramatically increased the time period for repayment.

**LCCMR PROJECT PROPOSAL  
LAKE COUNTY FOREST CONSERVATION FUND**

**BUDGET**

Lake County purchased 6,200 acres of conservation land in 2006 for \$2,200,000 with a loan from the Lake Bank in Two Harbors. Through October 12<sup>th</sup>, 2008, Lake County has paid \$293,333 on the principle and \$232,099 in interest on the loan. The land was initially for sale by the Conservation Fund for \$3,300,000. The Nature Conservancy purchased a \$900,000 conservation easement which dropped the value to \$2,400,000. The Nature Conservancy donated \$200,000 to Lake County to reduce the loan to \$2,200,000. When the land was purchased, timber stumpage prices were at record levels and land was in high demand. Lake County planned to use the net timber sale and land sale revenue to pay for the purchased land. Special legislation was passed that allowed Lake County to stop apportioning net revenues from tax forfeit proceeds until the land was paid for. Annual net revenues are normally, by law, apportioned to the School District, Townships and County. The School District and Townships agreed to the special legislation. Much has happened to the economy in the past two years. Stumpage prices have fallen and the demand for recreational forest land has slowed. Tragically, Lake County Commissioner Clair Nelson, a strong supporter of the land purchase was killed in an accident. The land purchase has since been dedicated as the Clair A. Nelson Memorial Forest.

The proposed revolving grant of \$1,900,000 would retire the bank loan. Lake County proposes to pay the entire loan back to the LCCMR within a 5 year time period. Tax forfeit land will be sold to repay the loan. No riparian tax forfeit lands will be sold. No tax forfeit lands will be sold that are inaccessible or part of a contiguous block of tax forfeit lands. Land to be sold are lands adjacent or surrounded by private properties, accessible, and closer to utilities.

The retirement of the bank loan would save taxpayers approximately \$700,000 in interest charges.

# **LCCMR PROPOSAL - LAKE COUNTY FOREST CONSERVATION FUND**

## **PROJECT MANAGER QUALIFICATIONS**

Thomas C. Martinson  
Lake County Forestry Land Commissioner

B.S - University of Minnesota School of Forestry – 1973

### **Employment**

#### **Lake County Forestry**

Forester, 1986-1988

Deputy Land Commissioner, 1988-1993

Land Commissioner, 1993-Present Time

### **Completed many Lake County land exchanges that consolidated state land ownership within state parks or consolidated public lands throughout Lake County, including:**

Tettegouche State Park Expansion

Crosby Manitou State Park Expansion

Three federal BWCA land exchanges trading county tax forfeit lands within the BWCAW for federal lands outside of the BWCAW

Land Exchanges and Purchases for consolidation of public lands within the Manitou Landscape  
– Please see map-

### **Served on or a member of:**

Wildlife Guidelines Committee for the Minnesota Forest Resource Council Site Level

Guidelines Manual

Minnesota OHV Task Force

Minnesota Moose Advisory Committee

Minnesota Association of County Land Commissioners (MACLC) - Member and past Chairman

NE Minnesota Landscape Committee

Manitou Collaborative

### **Have received grants from:**

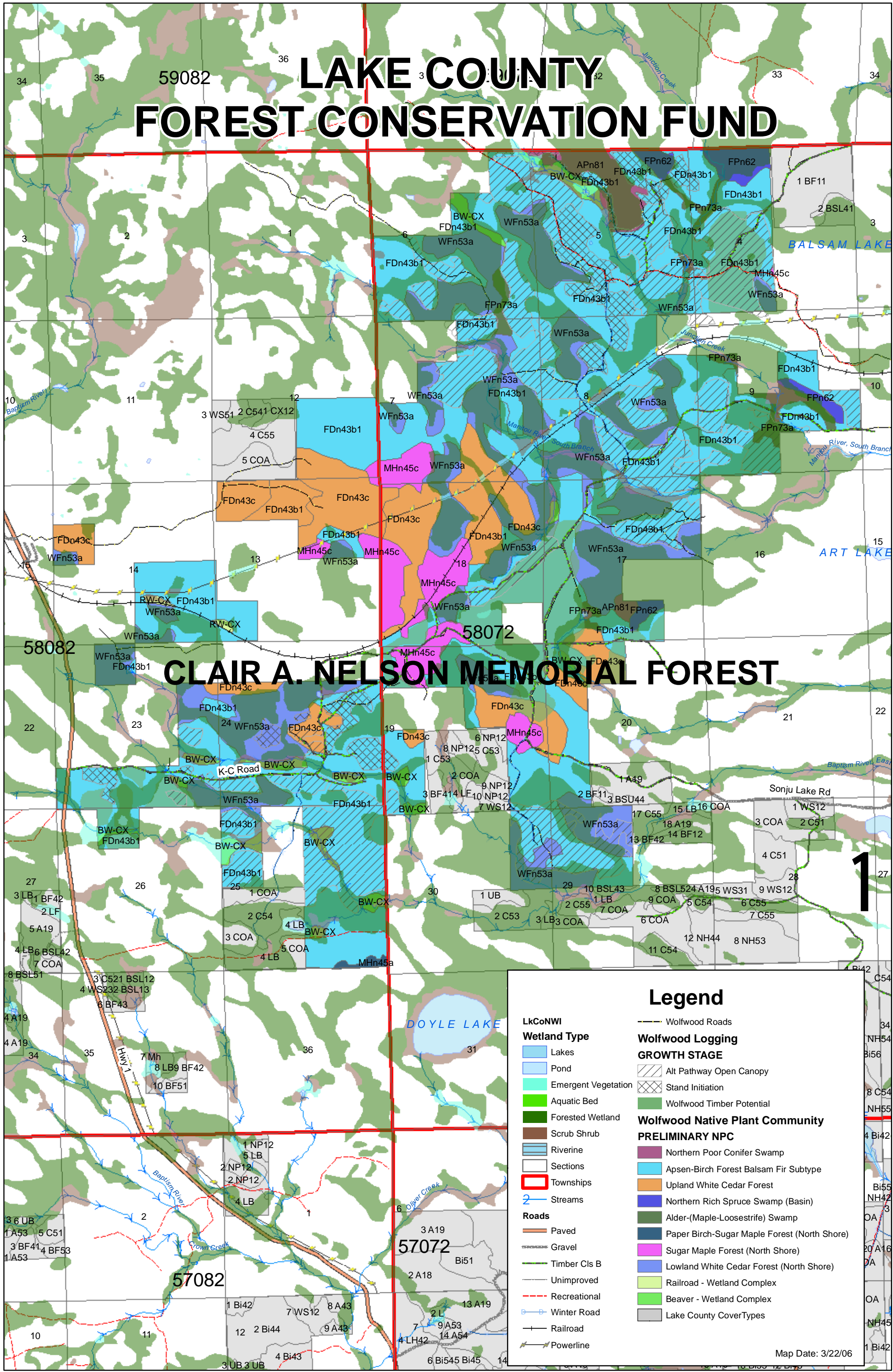
Minnesota Coastal Grant Program

American Forests – Global ReLeaf

Federal Grants for Grant-In- Aid (GIA) projects and equipment

# LAKE COUNTY FOREST CONSERVATION FUND

## CLAIR A. NELSON MEMORIAL FOREST



### Legend

<b>LkCoNWI</b>	--- Wolfwood Roads
<b>Wetland Type</b>	<b>Wolfwood Logging</b>
<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #ADD8E6; border: 1px solid black; margin-right: 5px;"></span> Lakes</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #ADD8E6; border: 1px solid black; margin-right: 5px;"></span> Pond</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Emergent Vegetation</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #32CD32; border: 1px solid black; margin-right: 5px;"></span> Aquatic Bed</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #006400; border: 1px solid black; margin-right: 5px;"></span> Forested Wetland</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #8B4513; border: 1px solid black; margin-right: 5px;"></span> Scrub Shrub</li> <li><span style="display: inline-block; width: 15px; height: 15px; border: 1px solid black; margin-right: 5px;"></span> Riverine</li> <li><span style="display: inline-block; width: 15px; height: 15px; border: 1px solid black; margin-right: 5px;"></span> Sections</li> <li><span style="display: inline-block; width: 15px; height: 15px; border: 2px solid red; margin-right: 5px;"></span> Townships</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px solid blue; margin-right: 5px;"></span> Streams</li> </ul>	<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px dashed black; margin-right: 5px;"></span> Alt Pathway Open Canopy</li> <li><span style="display: inline-block; width: 15px; height: 15px; border: 2px dashed black; margin-right: 5px;"></span> Stand Initiation</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Wolfwood Timber Potential</li> </ul>
<b>Roads</b>	<b>Wolfwood Native Plant Community</b>
<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px solid brown; margin-right: 5px;"></span> Paved</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px dashed brown; margin-right: 5px;"></span> Gravel</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px dashed green; margin-right: 5px;"></span> Timber Cls B</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px solid gray; margin-right: 5px;"></span> Unimproved</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px dashed red; margin-right: 5px;"></span> Recreational</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px solid blue; margin-right: 5px;"></span> Winter Road</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px solid black; margin-right: 5px;"></span> Railroad</li> <li><span style="display: inline-block; width: 15px; height: 15px; border-bottom: 2px dashed black; margin-right: 5px;"></span> Powerline</li> </ul>	<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #8B4513; border: 1px solid black; margin-right: 5px;"></span> Northern Poor Conifer Swamp</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #ADD8E6; border: 1px solid black; margin-right: 5px;"></span> Apsen-Birch Forest Balsam Fir Subtype</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #FFD700; border: 1px solid black; margin-right: 5px;"></span> Upland White Cedar Forest</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #4169E1; border: 1px solid black; margin-right: 5px;"></span> Northern Rich Spruce Swamp (Basin)</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #6B8E23; border: 1px solid black; margin-right: 5px;"></span> Alder-(Maple-Loosestrife) Swamp</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #2E8B57; border: 1px solid black; margin-right: 5px;"></span> Paper Birch-Sugar Maple Forest (North Shore)</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #FF69B4; border: 1px solid black; margin-right: 5px;"></span> Sugar Maple Forest (North Shore)</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #6495ED; border: 1px solid black; margin-right: 5px;"></span> Lowland White Cedar Forest (North Shore)</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Railroad - Wetland Complex</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #32CD32; border: 1px solid black; margin-right: 5px;"></span> Beaver - Wetland Complex</li> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #A9A9A9; border: 1px solid black; margin-right: 5px;"></span> Lake County CoverTypes</li> </ul>

Map Date: 3/22/06