

Environment and Natural Resources Trust Fund
2014 Request for Proposals (RFP)

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Project Title:

Preserving Old Growth Forests on School Trust Lands

Category: G. Land Acquisition for Habitat and Recreation

Total Project Budget: \$ 2,082,104

Proposed Project Time Period for the Funding Requested: 2 Years, July 2014 - June 2016

Other Non-State Funds: \$ 0

Summary:

DNR administers ~20,000 acres of designated old-growth forests on school trust lands. Legislation requires DNR to compensate the school trust in order to preserve these natural resources on trust land.

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Sponsoring Organization: MN DNR

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Location

Region: Northwest, Northeast, Southwest, Southeast

County Name: Statewide

City / Township:

MP: 0613-2-166-proposa

Budget: 0613-2-166-bud

Qual: 0613-2-166-qualifi

Map: 0613-2-166-map-E

Resolution:

List:

_____ Funding Priorities	_____ Multiple Benefits	_____ Outcomes	_____ Knowledge
Base			
_____ Extent of Impact	_____ Innovation	_____ Scientific/Tech Basis	_____ Urgency
_____ Capacity Readiness	_____ Leverage	_____ Employment	_____ TOTAL



PROJECT TITLE: Preserving Old-Growth Forests on School Trust Lands

I. PROJECT STATEMENT

Old-growth forest complexes are defined by tree age (typically 120 years or older), unique stand structure and the degree of disturbance in a particular forest. These features of an old-growth forest create diverse and ecologically significant areas for wildlife habitat and native plant communities.

The 1998 Old-growth Guidelines implemented by DNR prohibit revenue generation on approximately 20,000 acres of old-growth stands situated on Minnesota’s school trust lands. The project goal is to protect, secure and maintain old-growth designations on school trust lands by compensating the Permanent School Trust. Compensation will mainly be accomplished through acquisition of fee title and payment for timber. The project will utilize existing DNR data regarding old-growth forest designations to prioritize compensation to the school trust fund.

The 20,000 acres of designated old-growth forests on school trust lands provide a unique and ecologically significant piece to Minnesota’s landscape. With the 2012 amendments to Minnesota Statutes, section 84.027, subd. 18, the Department of Natural Resources (DNR) is required to compensate the Permanent School Fund for policies or designations that prohibit revenue generation on school trust lands.

II. DESCRIPTION OF PROJECT ACTIVITIES

Activity 1: Identification of old-growth forests on school trust lands **Budget: \$25,000**

DNR will identify approximately 20,000 acres of school trust lands designated as old-growth forest complexes. DNR staff will utilize GIS tools to delineate, categorize by old-growth forest types, and prioritize for compensation.

Outcome	Completion Date
1. Complete old-growth forest complex delineation and legal descriptions	08/31/2014
2. Complete categorization and prioritization of old-growth forests	09/30/2014

Activity 2: Valuation and compensation models **Budget: \$20,000**

DNR will analyze old-growth forest stands, provide forest stand valuations, and develop multiple compensation plans specific to each old-growth forest designation.

Outcome	Completion Date
1. Develop forest stand data for valuation purposes	11/30/2014
2. Develop compensation methodologies and plans	1/31/2015

Activity 3: Compensation for timber value only **Budget: \$862,052**

DNR Forestry will determine the timber value of specific old-growth forests located on school trust lands. The timber appraisal will establish the compensation amount to be paid to the School Trust Fund in those situations where the School Trust is best served by retaining its fee ownership due to future revenue potential other than forest products industry.

Outcome	Completion Date
1. Complete timber appraisal of old growth forests	02/28/2015
2. Finalize agreement of compensation to Permanent School Trust fund for specific acreage designated as old-growth forests	04/30/2015



Environment and Natural Resources Trust Fund (ENRTF)

2014 Main Proposal

Project Title: Preserving Old-Growth Forests on School Trust Lands

Activity 4: Establishment of Public Use/ Compensation for Fee Title

Budget: \$1,150,000

DNR will seek to obtain fee title of school trust lands for those old-growth forest complexes that have limited economic potential. Doing so will relieve the school trust lands with old-growth forest designations from the revenue generation obligation inherent with school trust lands.

Outcome	Completion Date
1. Preparation and submittal of eminent domain actions to establish the public use of school trust lands as old-growth forests.	8/31/2015
2. Finalization of judgment and decree by District Court	10/31/2015
3. Compensation remitted to Permanent School Trust Fund	11/30/2015
4. Delivery of school trust land patent to State.	12/31/2015
5. Update DNR land records and GIS layers to remove school trust land status	3/31/2016
6. Preparation and submittal of final report.	06/30/2016

Activity 5: Final Report

Budget: \$25,052

DNR will update its lands database and produce the final report.

Outcome	Completion Date
1. Update DNR land records and GIS layers to remove school trust land status	3/31/2016
2. Preparation and submittal of final report.	06/30/2016

III. PROJECT STRATEGY

A. Project Team/Partners

The DNR’s School Trust Team led by DNR School Trust Administrator will be responsible for overall project coordination, and all of Activity 1, and a portion of both Activity 2 and Activity 3. DNR Resource Assessment unit will be responsible for a portion of both Activity 2 and Activity 3. DNR Resource Assessment unit operates under service level agreements, and will be compensated for its services under such an agreement. The Attorney General’s office will be responsible for Activity 4. The Attorney General’s office provides legal services to state agencies on an hourly fee basis; the DNR would utilize a portion of the ENRTF monies to pay for necessary legal services.

B. Timeline Requirements

Funding for two years (July 1, 2014 through June 30, 2016) is requested to initiate and complete the compensation of specific old-growth forest complexes. The basis stems from the intricacies to identify and recommend a prioritization of parcels, develop compensation plans specific to each stand, and to commence and conclude an eminent domain action in Minnesota district court.

C. Long-Term Strategy and Future Funding Needs

DNR’s long-term strategy is to compensate the school trust for 20,000 acres of designated old-growth over a five year period. The requested funding amount will permit the State to compensate the school trust for approximately 5,000 acres of designated old-growth. The DNR long-term strategy will be to acquire the remaining acres over a period of five successive years at a cost of approximately \$20,000,000.

DNR administers school trust acreages within three other non-income generating management units. They are: Peatland Scientific and Natural Areas (51,000 acres); water access sites (206 sites); and wildlife management areas (approximately 2,400 acres). A conservative estimate to acquire these school trust lands is \$50,000,000. Minnesota Statutes, section 84.027, subd. 18 require DNR to compensate the trust for these designations by June 30, 2018.

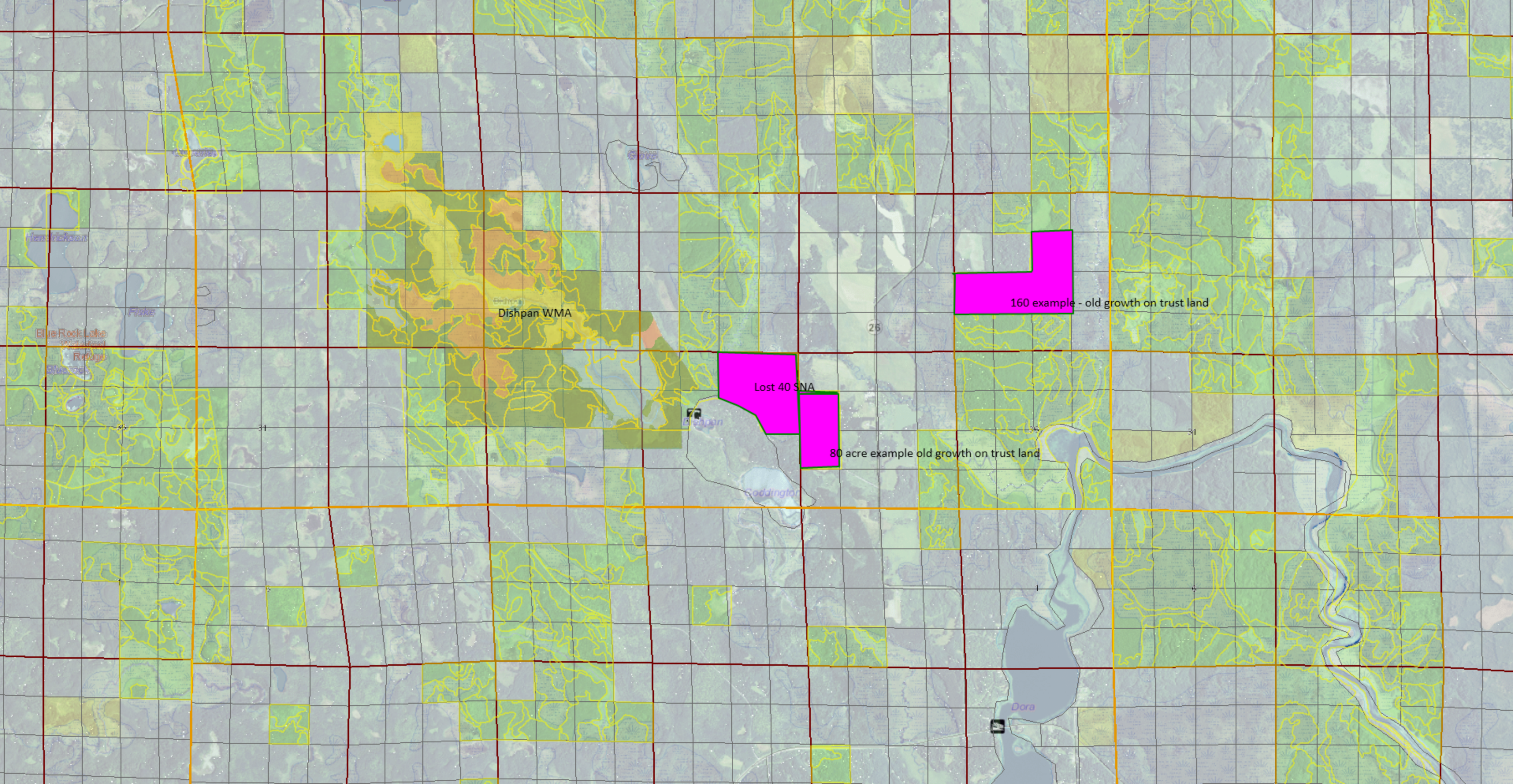
2014 Detailed Project Budget
Preserving Old Growth Forests on School Trust Lands

IV. TOTAL TRUST FUND REQUEST BUDGET 3 years

BUDGET ITEM	AMOUNT	
Personnel:		
1. <u>Activity 1</u> : Research analyst (.5 FTE, 6 months, unclassified). 77% salary/23% fringe benefits	\$ 14,930	
2. <u>Activity 1</u> : Land surveyor (.2 FTE, 2 months, unclassified). 77% salary/23% fringe benefits	\$ 10,070	
Contracts:		
1. <u>Activities 2 and 3</u> : <u>Service Legal Agreement with DNR - Forest Resource Unit</u> . DNR Forest Resource Unit will complete an analysis and valuation of old growth timber stands.	\$ 20,000	
2. <u>Activity 4</u> : Market Valuation appraisal contract. (Professional/technical state bid). Contractors will determine market value, provide appraisal review of market determination, and recommend certification to DNR.	\$ 50,000	
3. <u>Activity 4</u> : <u>Attorney General's office contract</u> . Attorney General's office will represent both the State and Permanent School Trust throughout the eminent domain litigation.	\$ 50,000	
Equipment/Tools/Supplies:	\$ -	
Acquisition (Fee Title or Permanent Easements):		
2. <u>Activity 4</u> . DNR will concentrate its eminent domain actions to acquire fee title on specific designated old growth forest stands.	\$ 1,000,000	
Direct and Necessary Services required to support this appropriation	\$ 82,104	
Travel:		
<u>Activities 1, 2, 4</u> . In-state travel (non-fleet mileage, lodging and meals) essential to complete project activities. Calculations based on travel from St. Paul to Grand Rapids.	\$ 5,000	
Additional Budget Items:		
1. <u>Activity 3</u> . DNR will compensate the school trust for the timber value in those old growth forest stands in which a determination is made that it is in the best interests of the trust to retain fee title ownership.	\$ 850,000	
TOTAL ENVIRONMENT & NATURAL RESOURCES TRUST FUND \$ REQUEST	\$ 2,082,104	

V. OTHER FUNDS

SOURCE OF FUNDS	AMOUNT	Status
Other Non-State \$ Being Applied to Project During Project Period: N/A	\$ -	
Other State \$ Being Applied to Project During Project Period: 2014 Capital bonding request to fund DNR compensation of school trust land with policies or designations that prohibit revenue generation.	\$ 35,000,000	N/A
In-kind Services During Project Period: N/A	\$ -	
Remaining \$ from Current ENRTF Appropriation (if applicable): N/A	\$ -	
Funding History: N/A	\$ -	



PROJECT TITLE: Preserving Old Growth Forests on School Trust Lands

PROJECT MANAGER QUALIFICATIONS

Project Manager – Aaron Vande Linde, School Trust Land Administrator, DNR

The proposed project addresses complex issues and processes – eminent domain proceedings to acquire school trust lands, adhering to DNR’s fiduciary obligation as trustee, and compensating the Permanent School Trust fund for preserving natural resource values. This project will require that the project manager comply with provisions of the Minnesota Constitution, Minnesota statutes, Minnesota Rules of Civil Procedure, and internal DNR processes.

The project manager’s professional background consists of practicing real estate law in the State of Minnesota for seven years, leading the DNR’s acquisition unit, and implementing the DNR’s operational order on school trust land management. The proposed project manager, thus, is well versed with the intricacies of the project.

ORGANIZATION DESCRIPTION

The Minnesota Department of Natural Resources’ overall mission is to work with citizens to conserve and manage the state's natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable quality of life.