

**Environment and Natural Resources Trust Fund
2011-2012 Request for Proposals (RFP)**

Subd: 4j3c

Project Title: 3c - HCP 7 - Shallow Lake Conservation Easements

Category: D. Land Acquisition for Habitat and Recreation

Total Project Budget: \$ 500,000

Proposed Project Time Period for the Funding Requested: 3 yrs, July 2011 - June 2014

Other Non-State Funds (secured): \$ 0

Summary:

Ducks Unlimited will secure purchased and donated permanent conservation easements to protect 150 acres along key shallow lakes for waterfowl, and provide annual monitoring and enforcement stewardship.

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Sponsoring Organization: Ducks Unlimited

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Location:

Region: Statewide

Ecological Section: Statewide

County Name: Statewide

City / Township:

2011-2012 MAIN PROPOSAL

PROJECT TITLE: HCP7-3c Shallow Lake Conservation Easements

I. PROJECT STATEMENT

Shallow lakes represent the core of Minnesota's remaining waterfowl habitat. Shallow lakes are defined by the Minnesota DNR as basins 50 acres or larger in size that are 15 feet deep or less, on average. These are large wetlands that were not easily drained and farmed, but which now receive drainage from converted landscapes and which are subject to development since they are large bodies of water and often called "lakes". DNR estimates Minnesota has lost 90% of our prairie wetlands and 99% of our native prairie grassland, and many shallow lakes are located in this highly-altered and degraded landscape. To improve them, Minnesota DNR's Section of Wildlife has legally designated 44 shallow lakes for active wildlife management, and Ducks Unlimited (DU) assists those efforts. To protect these remaining large wetlands and limit further degradation, DU helps promote the Wetlands Reserve Program (WRP) in their watersheds. However, many shoreland properties do not qualify or rank high for the WRP.

Therefore, to protect shoreland and limit future subdivision and development, DU also offers to purchase or accept donated permanent conservation easements from the private landowners on select shallow lakes, especially those designated by Minnesota DNR for wildlife management purposes such as Lake Christina. This addresses the goal of protecting lands adjacent to aquatic habitats such as shallow lakes as outlined in LCCMR's "Six-Year Strategic Plan for the Environment and Natural Resources Trust Fund". Appendix A of the Plan contains the "Statewide Conservation & Preservation Plan" and two recommendations directly relevant to shallow lakes and this proposal. Habitat recommendation #1 "Protect Critical Shoreland of Streams and Lakes" mentions the need to protect and restore shallow lake shoreland with conservation easements. Habitat recommendation #4 "Restore and Protect Shallow Lakes" specifically lists funding as being "needed to purchase conservation easements around shallow lakes to restore their lakesheds (small wetlands and grass buffers) and prevent development."

DU permanent conservation easements on shallow lakes will protect sensitive shoreland and shorelines by limiting development. DU easements will restore shoreland habitat when possible and necessary, which will directly provide and protect habitat for species using shallow lakes, and will indirectly improve water quality of shallow lakes and DNR in-basin management efforts.

To achieve these goals, DU biologists will work with shallow lake private landowners on select shallow lakes to educate them about conservation easements, and DU will secure donated or purchased permanent conservation easements from willing landowners on 150 acres along or near those select shallow lakes, especially those managed by DNR. On these same acres, DU will attempt to restore approximately 60 acres of uplands and small drained wetland areas if and as needed, based on the condition of lands protected with easements. Specifically, restoration will be attempted on lands to be removed from cultivation through the terms of the easement or on other previously tilled acres that require restoration of habitat, but further restoration and management of intact habitat (including acres previously restored) will not be addressed through this grant and will remain the responsibility of the landowner to manage. Detailed restoration plans will be developed in the process as appropriate, if needed. If no habitat restoration is required on lands protected via DU conservation easements funded by this grant (e.g., if lands are enrolled and restored through the USDA's Conservation Reserve Program), then restoration funds budgeted will be amended into other expense categories in this grant.

DU requests a total of \$500,000 in this proposal for our conservation easement program from the Environment & Natural Resources Trust Fund (ENRTF) through the LCCMR. Grant funds will be used to pay for DU professional staff time to promote conservation easements to landowners and negotiate terms and conditions of individual easements (due diligence), appraisals, title clearance and other legal services, boundary surveys, baseline condition documentation reports, for DU staff time and in-state travel to deliver and administer this grant, and for the cost of future annual stewardship and monitoring of permanent conservation easements secured. DU will use up to \$20,000 (4% of this \$500,000 grant) personnel costs of grant administration and coordination. Conservation easements rights secured will not include the right of public access because public access does not result in increased conservation benefit, because it would reduce the funding available for other easements, because it would likely cost the same as buying the land in fee-title to secure, and because landowners on the select shallow lakes we are trying to protect will not agree to sell that right. However, DU will encourage landowners to voluntarily enroll in the new Minnesota public access program once it is implemented and available.

The use of ENRTF grant funds by DU for future stewardship of permanent conservation easements was approved in DU's 2005 ENRTF grant work program by LCCMR, which included significant detail on how these funds will be managed and spent over time by DU and DU's affiliate Wetlands America Trust (WAT). Estimated easement stewardship costs vary due to variation in size and location of easements, complexity in land configuration, condition, and habitat types, and the terms and conditions outlined in the easement. ENRTF grant funds required for annual easement monitoring and stewardship will be calculated for each easement using an easement stewardship liability calculator. Previously, examples of low and high Minnesota easement stewardship calculations were reviewed and approved by LCCMR staff for use in past grants. These amounts ranged from about \$15,150 to \$27,613 depending on size and travel distance from existing DU staff. However, DU revised and standardized our Minnesota easement stewardship calculator in 2010, which now establishes a standardized stewardship cost for all Minnesota easements 480 acres or less at \$17,736, and captures all anticipated future expenditures for easement monitoring and stewardship. Nonetheless, the lower amount of \$15,150 is used here now to budget for stewardship in this proposal as per LCCMR staff request since the new calculator has not yet been approved. DU's new stewardship calculator will be reviewed and approved by LCCMR staff after proposal approval.

LCCMR previously approved a DU/WAT stewardship calculator based on the understanding that legal defense would not be included in stewardship calculations, but rather handled as an operational cost. We will continue to honor that negotiated principle and will not request reimbursement from this ENRTF grant for the legal defense portion of the easement stewardship. Instead, DU/WAT will secure the \$3,200 legal defense portion of the stewardship from landowners or other private sources. Thus, the total stewardship amounts to be requested from ENRTF grant funds will for easements 1 to 480 acres will be \$17,736 and does not include legal defense. All easements to be secured through this grant are anticipated to be less than 480 acres, so this is the calculated stewardship amount we anticipate requesting for each easement. In the event a larger easement is secured, stewardship cost will be calculated at \$20,379 for easements 481 to 960 acres and \$23,026 for easements greater than 960 acres.

Stewardship funds will be managed in a separate WAT easement stewardship account according to the DU Board's investment policy. Trust funds for easement monitoring and stewardship will be received by DU National Headquarters in Memphis, Tennessee, and will be immediately transferred to the WAT endowment account. Trust Fund money and earnings are annually applied to stewardship costs on specific easements pro rata. Furthermore, the

restricted endowment will be invested according to the policies set forth in DU and WAT's Investment Policy as described in the May 31, 2005 letter from DU Controller Bob Mims to LCCMR Director John Velin. DU staff costs to monitor easements and provide easement stewardship will be billed to specific easement project account codes on an annual basis, and funds to cover this expense will be made available from the WAT easement endowment to the DU regional office budget to cover these annual costs. DU will provide annual reports on monitoring and enforcement activities with an accounting of the associated expenses, and an annual audit of the WAT endowment account specific to funds granted from the ENRTF.

II. DESCRIPTION OF PROJECT ACTIVITIES

Activity 1: Conservation Easement Outreach, Promotion, & Acquisition Budget: \$404,550

DU biologists will work with private landowners on shallow lakes to inform and educate them about permanent conservation easements to gain their interest and trust in beginning land protection negotiations. Successful outreach work will culminate with the appraisal and negotiation of permanent conservation easements on 150 acres on or near shallow lakes.

| Outcome | Completion Date |
|---|------------------------|
| Secure permanent conservation easements on 150 acres on shallow lakes | June 30, 2013 |

Activity 2: Help Landowners Restore Lands Protected, if/where Needed Budget: \$ 30,000

DU biologists may help private conservation easement landowners restore converted uplands or wetlands back to wildlife habitat through native plantings and wetland restoration in cases where landowners agree to restore eased lands. This work may involve the seeding of native grasses and forbs, and small wetland restorations, if/as needed and requested by landowner(s). Some areas may be restored independently through USDA's Conservation Reserve Program (CRP), or by consultants hired by DU with DU biologist oversight. Restoration plans will be developed.

| Outcome | Completion Date |
|--|------------------------|
| Restore up to 60 acres of uplands & wetlands if/as needed on easements | June 30, 2013 |

Activity 3: Conservation Easement Stewardship & Annual Monitoring Budget: \$45,450

DU calculates future conservation easement stewardship and annual monitoring costs and endow those expenses to ensure all easements protected through this grant are monitored annually in perpetuity and conservation easement terms are followed. This budget is based on a previous low estimate of \$15,150 per easement for 3 easements using DU's old stewardship calculator, but DU will request review and approval of our new stewardship calculator that estimates \$17,736 per easement of 480 acres or less from LCCMR staff if grant is approved.

| Outcome | Completion Date |
|---|------------------------|
| Provide for Stewardship & Annual Monitoring of Conservation Easements | June 30, 2013 |

Activity 4: Grant Administration and Coordination of Grant Activities Budget: \$20,000

DU program manager will oversee staff biologist work with private landowners on shallow lakes to secure permanent conservation easements, and will administer the grant, coordinate and guide all field activities related to this grant, and provide status update reports to LCCMR staff.

| Outcome | Completion Date |
|--|------------------------|
| Administer grant, coordinate field activities, and provide reports to LCCMR. | June 30, 2013 |

III. PROJECT STRATEGY

A. Project Team/Partners

DU works closely with Minnesota DNR on shallow lake projects, but directly with private landowners regarding conservation easements. DU holds and enforces the terms of these easements, and annually monitors their condition and stewards their private landowners.

B. Timeline Requirements

This project will take a full two years to complete, given the sensitive nature of private land protection negotiations that involve appraisals, abstract and title updates, financial transactions, and recording. Restorations will be done in conjunction or after easements are closed.

C. Long-Term Strategy and Future Funding Needs

DU has been securing permanent conservation easements in Minnesota since 2004, and now holds 15 permanent conservation easements around the state. DU (WAT) have endowed the stewardship and annual monitoring for each of these. This project is a continuation of the effort to permanently protect all private land adjacent to key shallow lakes managed for waterfowl.

2011-2012 Detailed Project Budget

Ducks Unlimited

Shallow Lake Conservation Easements

HCP Phase 7, Part 3C

IV. TOTAL TRUST FUND REQUEST BUDGET (2 years)

| BUDGET ITEM | AMOUNT |
|--|-------------------|
| Personnel: DU land protection biologist to conduct landowner outreach and negotiate conservation easements with private landowners. 0.6 FTE/year over two years, 60% salary 40% benefits. | \$ 80,000 |
| Personnel: DU conservation program manager to administer this grant and coordinate grant activities. 0.2 FTE/year over two years, 60% salary 40% benefits. | \$ 20,000 |
| Contracts: Appraisals, baseline documentation reports, and other professional services for new easements. Estimated at \$7,500 per easement for three easements. | \$ 22,500 |
| Contracts: Restoration contracts with private vendors to seed cropland to native plants and restore small wetlands, etc. Estimated at \$500/acre on 60 acres. | \$ 30,000 |
| Acquisition (Permanent Easements): An estimated 150 acres will be protected via purchased permanent conservation easement at an estimated \$2,000/acre in two or three conservation easements. DU and its affiliate, Wetlands America Trust (WAT), will hold, monitor, and enforce the easements while the fee-title will remain in private ownership. | \$ 296,050 |
| Travel: In-state travel to visit landowners and negotiate conservation easements on selected shallow lakes managed by the Minnesota DNR throughout the state. | \$ 6,000 |
| Conservation Easement Monitoring and Management Fund: Support for landowner stewardship and long-term annual monitoring and management estimated at DU's previous low end estimate of \$15,150/easement for 3 easements. A new DU stewardship calculator that generates \$17,736/easement will be reviewed and approved for use later if this proposal is approved. | \$ 45,450 |
| TOTAL ENVIRONMENT & NATURAL RESOURCES TRUST FUND \$ REQUEST | \$ 500,000 |

V. OTHER FUNDS

| SOURCE OF FUNDS | AMOUNT | Status |
|---|---------------|----------------------------|
| Other Non-State \$ Being Applied to Project During Project Period: Private land value donation as part of bargain sale or donated conservation easements. | \$ 50,000 | Pending |
| Other State \$ Being Applied to Project During Project Period: | \$ - | N/A |
| In-kind Services During Project Period: In-kind DU personnel expense associated with spending these grant funds. | \$ 10,000 | Pending |
| Remaining \$ from Current ENRTF Appropriation (if applicable): DU is currently working with landowners to obligate \$250,000 of 2009 ENRTF grant funds and \$75,000 from our 2010 ENRTF supplemental grant. Several land deals are pending, and funds should be obligated by the end of 2010 and will be by July 2011 when this grant would become available, if recommended and approved. | \$ 325,000 | Not Yet Legally Obligated |
| Funding History: DU has received and spent \$600,000 in ENRTF grants for conservation easements totaling since 2005, not including our 2009 grant and 2010 recommendation that have yet to be spent. DU also received and spent \$128,000 in other state DNR funds on conservation easements in the past. DU plans to use \$300,000 of our 2009 Outdoor Heritage Fund grant on conservation easements. Finally, DU has also received several federal NAWCA grants totaling \$512,000 in Minnesota since 2005 for conservation easements. | \$ 1,540,000 | Spent or Legally Obligated |

2011-2012 Acquisition List for Environment and Natural Resources Trust Fund Proposal

Project Title: HCP7-3C Shallow Lake Conservation Easements

Project Manager Name: Jon Schneider, Ducks Unlimited

Environment and Natural Resources Trust Fund \$ Request: \$1,650,000

Final Title Holder(s): Wetlands America Trust, Inc., a supporting organization (affiliate) of Ducks Unlimited, Inc.

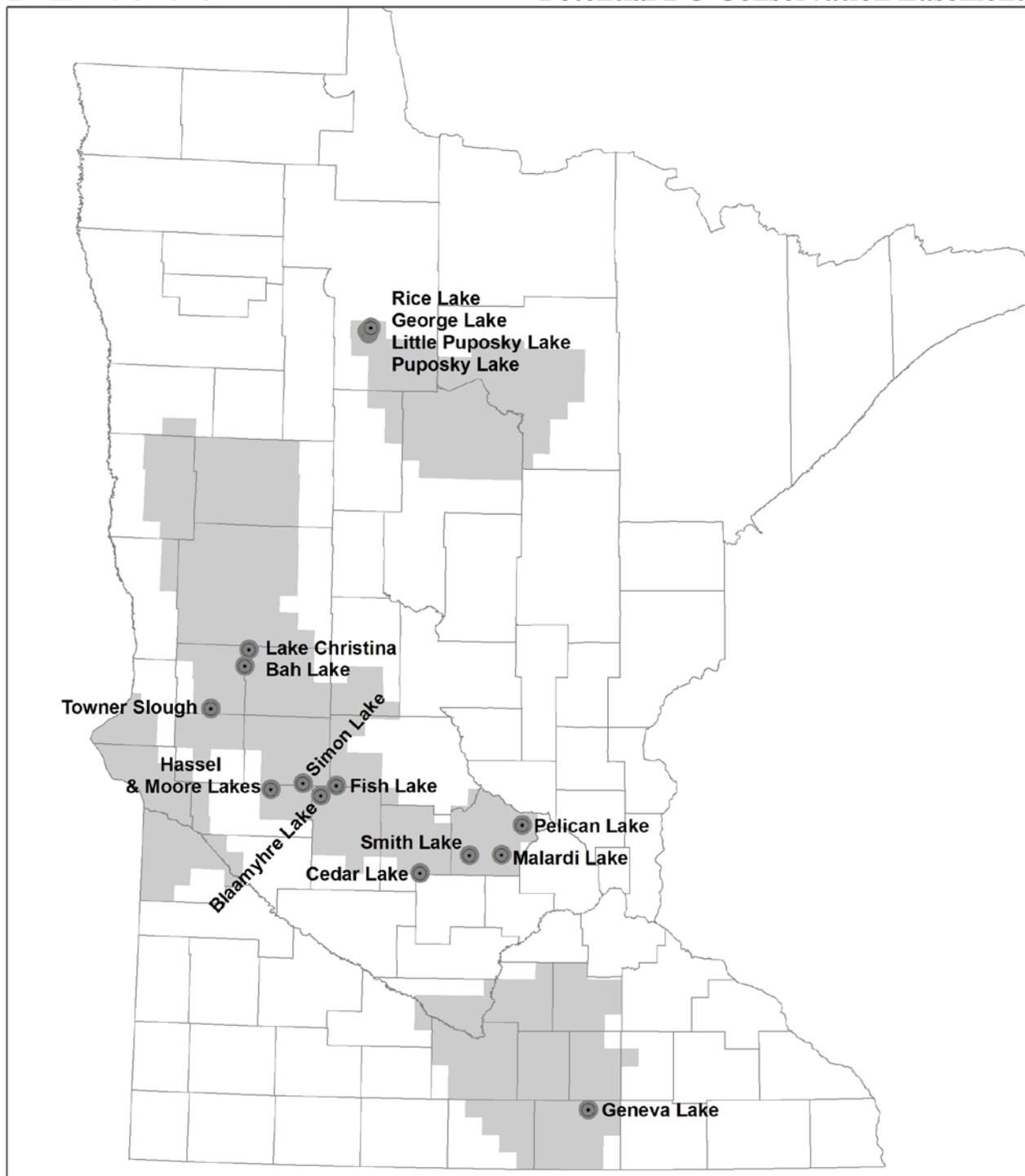
| # | Parcel Name | Acquisition Type (Fee-Title OR Conservation Easement) | County | Estimated # of Acres | Geographical Coordinates (Provide Latitude/Longitude OR UTM-X/UTM-Y) | | | |
|----|---------------------|--|----------|-------------------------|---|-----------|--------|---------|
| | | | | | Latitude | Longitude | UTM-X | UTM-Y |
| 1 | Rice Lake | Easement | Beltrami | n/a | 47.7260 | 94.9150 | 356368 | 5287699 |
| 2 | George Lake | Easement | Beltrami | n/a | 47.7180 | 94.9300 | 355422 | 5286823 |
| 3 | Little Puposky Lake | Easement | Beltrami | n/a | 47.7090 | 94.9420 | 354362 | 5285809 |
| 4 | Puposky Lake | Easement | Beltrami | n/a | 47.6950 | 94.9340 | 355100 | 5284322 |
| 5 | Lake Christina | Easement | Douglas | n/a | 46.0940 | 95.7420 | 297928 | 5107756 |
| 6 | Bah Lake | Easement | Douglas | n/a | 46.0030 | 95.7650 | 285811 | 5098655 |
| 7 | Towner Slough | Easement | Grant | n/a | 45.7650 | 96.0800 | 261188 | 5072571 |
| 8 | Hassel Lake | Easement | Swift | n/a | 45.3910 | 95.5640 | 299212 | 5029539 |
| 9 | Moore Lake | Easement | Swift | n/a | 45.3820 | 85.5410 | 301089 | 5028540 |
| 10 | Simon Lake | Easement | Pope | n/a | 45.4200 | 95.3250 | 318203 | 5032416 |

NOTES: DU is working with landowners on each of these lakes, but conservation easement details to be closed in 2011-12 are not known at this time, and the number of acres to be protected on each lake is subject to negotiations yet to be initiated.

2010 LCCMR Habitat Conservation Partnership Phase 7 Grant



Project Lake Locations for Potential DU Conservation Easements



- Ducks Unlimited Project Lake Location
- LCCMR HCP Phase 7 Project Areas

As Conservation Program Manager for Ducks Unlimited in Minnesota since 1999, Jon Schneider is responsible for all public grant management, partner coordination, and conservation program implementation to support Ducks Unlimited's Living Lakes Initiative. This involves significant project and program level coordination with agency partners and field staff, DU field biologists and engineers, DU land protection staff, and both DU support staff and administrators. Jon has been responsible for the development and management of DU's Minnesota conservation budgets totaling over \$2 million annually, and has administered four LCCMR grants, six North American Wetlands Conservation Act (NAWCA) grant, and multiple smaller DNR grants for individual projects since 1999. Jon is a Certified Wildlife Biologist (The Wildlife Society) and Professional Wetlands Scientist (Society of Wetland Scientists), and holds a B.S. degree in Business Administration & Biology from the State University of New York College at Oswego and an M.S. degree in Range & Wildlife Management from Texas A&M University.

The mission of Ducks Unlimited is to conserve, restore, and manage wetlands and associated habitats for North American's waterfowl. These habitats also benefit other wildlife and people. The continental vision of Ducks Unlimited is wetlands sufficient to fill the skies with waterfowl today, tomorrow, and forever. In Minnesota and Iowa, Ducks Unlimited is strategically focused on the conservation of shallow lakes through our "Living Lakes" conservation initiative. The vision of DU's Living Lakes Initiative is to establish stepping stones of perpetually protected and managed shallow lake complexes from southern Iowa through northern Minnesota to provide high quality wetland food and habitat resources for waterfowl. The initiative will help preserve this region's rich waterfowling heritage and support conservation of the primary source of its birds, the prairie breeding grounds. Since its founding in 1937, DU has raised more than \$1.6 billion, which has contributed to the conservation of more than 11 million acres of prime wildlife habitat in all 50 states, each of the Canadian provinces, and in key areas of Mexico. In the U.S. Alone, DU has helped to conserve more than 2 million acres of waterfowl habitat. Some 900 species of wildlife live and flourish on DU projects, including many threatened or endangered species. DU conservation staff based in Minnesota work from home offices, and are supported by the Great Plains Regional Office staff in Bismarck, ND, and by DU National Office staff in Memphis, TN.

