

## Project Abstract

**Project Title:** Land Exchange Revolving Fund for Cass/Aitkin/Crow Wing Counties

**Project Manager: Affiliation:** Mark Jacobs, Land Commissioner  
Aitkin County Land Department  
**Mailing Address:** 209 2<sup>nd</sup> St. NW Room 206  
**City / State / Zip :** Aitkin, Mn. 56431  
**Telephone Number:** 218-927-7364  
**E-mail Address:** acld@co.aitkin.mn.us  
**FAX Number:** 218-927-7249  
**Web Page address:** co.aitkin.mn.us

**Location:** Cass, Aitkin, and Crow Wing Counties

**Funding Source:** Environment and Natural Resources Trust Fund.

**Legal Citation:** ML 2006, Chap 233, Sec. 20, Subd. 8.

In 2006, an inter-county revolving loan fund was established for the benefit of Aitkin, Cass and Crow Wing Counties. The objective of this fund was to improve public and private land-ownership patterns, which will increase public management efficiency, protect critical habitat, and reduce public service expenditures to isolated parcels; without reducing the local tax base

Under this program, the Counties purchased privately owned parcels that met certain project criteria. Tax forfeited land, of substantially equal value and better suited to private ownership, was sold to replenish the fund; resulting in the public/private land ownership base remaining stable.

A total of 174.6 acres of land plus a lot were purchased solving many easement issues and consolidating public ownership so that public service expenditures to these parcels would not exist.

During this process, land values dropped because of the recession which made it harder to recoup the funds from land sales. Parcels were put up for sale, but did not sell because of the economy. Purchases of recreational property was no longer a priority, when homes were being lost and people weren't sure about the future of their jobs.

Another item that caused some problems, was that as funds from the account were used, sometimes larger parcels were unable to be purchased as there was not enough in the account for purchase. Exchanges were not as favorably looked at as when a county parcel was exchanged, people thought that everyone should have the opportunity to purchase the parcel, not just the person doing the exchange.

Overall, the process was a good process. It gave counties the opportunity to cure problem parcels with a ready cash fund. No access properties, wetland properties that should not be developed, and recreational opportunities were all developed with a 'no cash out of the general fund' opportunity.

July 8, 2011  
LCMR Work Program Update Report  
ML 2006 Chapter 243 Section 20 Subdivision 8

## LCMR 2006 Work Program Final Report

**Date of Report:** January 1, 2011 to June 30, 2011  
**Date of Next Status Report:** June 30, 2011  
**Date of Work program Approval:**  
**Project Completion Date:** June 30, 2011

**I. PROJECT TITLE:** Land Exchange Revolving Fund for  
Cass/Aitkin/Crow Wing Counties

**Project Manager: Affiliation:** Mark Jacobs, Land Commissioner  
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**Location:** *Cass, Aitkin, and Crow Wing Counties*

<b>Total Biennial LCMR Project Budget:</b>	<b>LCMR Appropriation:</b>	<b>\$290,000.00</b>
	<b>Interest added:</b>	<b>\$ 14,206.92</b>
	<b>Expenses:</b>	<b>(\$ 705.61)</b>
	<b>Paid back:</b>	<b>\$303,501.31</b>

**Legal Citation:** ML 2006, Chap 243, Sec. 20, Subd. 8.

### **Appropriation Language:**

\$145,000 in fiscal year 2006 and \$145,000 in fiscal year 2007 from the trust fund to the Commissioner of Natural Resources for an agreement with Aitkin County for a six year revolving loan fund to improve public and private land ownership patterns, increase management efficiency, and protect critical habitat in Aitkin, Cass, and Crow Wing counties. By June 30, 2011, Aitkin County shall repay the \$290,000 to the Commissioner of Finance for deposit in the Environment and Natural Resources Trust Fund.

### **II. PROJECT SUMMARY AND RESULTS:**

A 5-year inter county revolving loan to be administered by Aitkin County for the benefit of the three counties that will improve public and private land-ownership patterns in participating counties, resulting in increased management efficiency and protection of critical habitat, without reducing the local tax base.

LCMR funds will expedite efficient responses to fee title purchase opportunities.

Under this program, counties will purchase privately owned parcels identified as critical habitat, public land access, or isolated. Then, tax forfeited land of

substantially equal value which is better suited to private ownership, will be traded with the lands, purchased in fee, for purposes of transferring the tax forfeited status to the newly acquired county fee lands. This process will promote a stable public and private land ownership base.

Purchasing isolated, private lands in undeveloped areas of the County precludes development on those lands, which might result in additional public services such as road maintenance and school busing. When the purchased parcels adjoin property already in county management, land management is more efficient and lands better suited for natural resource benefits are protected.

Public lands selected for exchange and subsequent sale will be of substantially equal value to the private lands purchased (as defined by Class B land exchange process Mn Statute 94.344, Subdivision 3)

ENRTF funds (Environment and Natural Resources Trust Fund) will be placed in an inter county revolving fund account to be used for 5 years to facilitate / operate an acquisition - exchange - sale program. Notwithstanding the need to secure county board authorization to purchase, the land commissioners of Aitkin, Cass and Crow Wing Counties will review and approve all acquisition proposals. Upon completion of a purchase by a county, a reimbursement request will be submitted to the fiscal agent (Aitkin County). Only the cost of fee title acquisition will be eligible for reimbursement.

Aitkin County will be the fiscal agent representing the counties for this project. Aitkin County requests an advance for each year's allocation of LCMR funds. Aitkin County, as fiscal agent, will reimburse the State of Minnesota for the \$290,000 plus any earned interest on the amount of LCMR funds received for this project by June 30, 2011.

### **III. SUMMARY OF PROGRESS AS OF June 30, 2011:**

Under this program, the Counties purchased privately owned parcels meeting project criteria. Tax forfeited land, of substantially equal value and better suited to private ownership, was sold to replenish the fund; resulting in the public/private land ownership base remaining stable.

Aitkin County's purchases:

1. A 40 acre parcel landlocked by public land where a  $\frac{3}{4}$  mile long easement was requested through county land. The purchase significantly reduced wetland impacts by an unbuildable parcel.
2. A 20 acre parcel landlocked by public land with an easement request through county forestland that contained high quality oak forests. The purchase addressed a legal access problem and avoided conflicts with forest management and public use.
3. A 37 acre parcel that was landlocked by public land. The purchase addressed a legal access problem, a potential recreation trail conflict, and consolidated public ownership.

Cass County's purchases:

1. A small lot that provides access to the Pine River for the public.
2. 6.75 acres of land with 980 feet of river and lake frontage. The aquatic area adjacent to this land is critical fish habitat and is mostly lowland hardwood

and marsh. This transaction helps protect the ecological integrity of Baby and Kid Lake.

3. 69.7 acres of forest land. The transaction substantially increased the forest productivity and recreation opportunities on county managed forest lands.

**IV. OUTLINE OF PROJECT RESULTS:**

**RESULT 1: LAND ACQUISITION \$290,000**

- The funds were put in a revolving fund account which was used for 5 years to facilitate the acquisition-exchange-sale program.
- 173.45 acres were acquired in fee title. The counties making a purchase offered for sale tax forfeited parcels with a comparable value to maintain a balanced tax base.
- At the end of 5 years the entire sum plus any earned interest and minus administrative costs were returned to LCCMR.
- The funds were held in a separate interest bearing account and administered by Aitkin County.
- Aitkin County Auditor, as administrator of the funds, advanced funds to a county requesting reimbursement following a fee title purchase. Once the sale of property is completed, said county will pay back the Fiscal Agent for all monies loaned. This money will be put back into the revolving fund. There will be no prepayment penalty.

<b>Summary Budget Information for Result 1:</b>	<b>LCMR Budget</b>
	<b>\$ 290,000.00</b>
<b>Allocated (Spent)</b>	<b>\$ 309,400.00</b>
<b>Interest</b>	<b>\$ 14,206.92</b>
<b>Repaid loan fund</b>	<b>\$ 309,400.00</b>
<b>Expenses</b>	<b>\$ 705.61</b>
<b>Balance repaid to ENRTF</b>	<b><u>\$ 303,501.31</u></b>

**Expenses Itemized:**

<b>Total hours spent on LCCMR reports from 2006 to 2011 by Cathy</b>		
<b>Buhlmann – Aitkin Co.</b>	<b>24.5 hours</b>	<b>\$ 694.09</b>
<b>Postage costs</b>		<b>\$ 11.52</b>
	<b>Total expenses</b>	<b>\$705.61</b>

**Completion Date:** June 30, 2011

<b>Result Status as of</b>	January 31, 2007
	June 30, 2007
	January 31, 2008
	June 30, 2008
	January 31, 2009
	June 30, 2009
	January 31, 2010
	June 30, 2010
	January 31, 2011
<b>Final Report Summary:</b>	June 30, 2011

**V. TOTAL LCMR PROJECT BUDGET:**

All Results: Personnel:	\$0.00
All Results: Equipment:	\$0.00
All Results: Development:	\$0.00
All Results: Acquisition:	\$309,400.00
All Results: Other:	\$0.00

**TOTAL LCMR PROJECT BUDGET: \$290,000**

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

**VI. OTHER FUNDS & PARTNERS:**

- A. Project Partners:** Aitkin County, Cass County, Crow Wing County
- B. Other Funds being spent during the Project Period:** \$300,000 in kind and cash during the project -(ie. Staff time, attorney fees, recording fees, etc)
- C. Required Match (if applicable):** na
- D. Past Spending:** \$309,400.00 in the past 5 years
- E. Time:** 5 years

**VII. DISSEMINATION: na**

**VIII. REPORTING REQUIREMENTS:** Periodic work program progress reports will be submitted not later than:  
January 31, 2007, June 30, 2007  
January 31, 2008, June 30, 2008  
January 31, 2009, June 30, 2009  
January 31, 2010, June 30, 2010  
January 31, 2011

A final work program work and associated products will be submitted by June 30, 2011.

**VIV. RESEARCH PROJECTS: na**

## Attachment A: Final Budget detail for 2006 projects

Proposal Title:

**LAND EXCHANGE REVOLVING LOAN FUND – Cass / Aitkin / Crow Wing**

Project manager name:

**Mark Jacobs, Aitkin County Land Department**

LCMR requested dollars: **\$290,000**

- 1) see list of non-eligible expenses, do not include any of these items in your budget sheet
- 2) Remove any budget item lines not applicable

2006 LCMR Proposal Budget	Result 1 Budget: Land Acquisition	Amount Spent (to date)	Balance (to date)	Total For Budget Item
Revolving Loan Land Acquisition				
Land Acquisition – 250 acres	\$290,000.00			\$290,000.00
Interest to December 2006	\$116.04			\$290,116.04
Jan to June interest added	\$5,215.57			\$295,331.61
1-5-07 Troy Rian – Aitkin County		\$9,800.00		\$285,531.61
1-19-07 Steven Anderson – Aitkin County		\$24,000.00		\$261,531.61
2-9-07 Kellen – Cass County		\$22,000.00		\$239,531.61
4-16-07 Griffin – Cass County		\$45,000.00		\$194,531.61
June to December 2007 interest added	\$5,461.14			\$199,992.75
4-2-08 Stockman – Cass County		\$160,000.00		\$39,992.75
January to June 2008 Interest added	\$2,442.54			\$42,435.29
July to December 2008 interest added	\$727.34			\$43,162.63
January to June 2009 Interest added	\$79.29			\$43,241.92
July to December interest added	\$26.28			\$43,268.20
Aitkin County repayment of funds 12-31-2009	\$33,800.00			\$77,068.20
Cass County repayment of funds 6-14-2010	\$67,000.00			\$144,068.20
January to June 2010 interest added	\$22.21			\$144,090.41
July 2010 to December 2010 interest added	\$76.19			\$144,166.60
January to June 2011 Interest added	\$36.75			\$144,203.35
Cass County repayment of funds 6-30-2011	\$160,000.00			\$304,203.35

<b>Aitkin County purchase of land (Heinzen)</b>		\$48,600.00		\$255,603.35
<b>Aitkin County repay of monies (Heinzen)</b>	\$48,600.00			\$304,203.35
<b>Postage charge 12-31-2006</b>		\$3.57		\$304,199.78
<b>Interest correction 12-31-2006</b>	\$3.57			\$304,203.35
<b>Administrative expenses from June 2006 to July 15, 2011</b>		\$702.04		\$303,501.31
<b>Column Total as of June 30, 2011</b>	<b>\$613,606.92</b>	<b>\$310,105.61</b>		<b>\$303,501.31</b>

**Land Exchange Revolving Fund for Aitkin/Cass/Crow Wing Counties  
ML 2006 Chap. 243, Sec. 19, Subd. 8**

<b>Purchase Date</b>	<b>County</b>	<b>Parcel Name</b>	<b>Acres</b>	<b>Amount \$</b>	<b>Final ownership</b>	<b>Notes</b>
1-5-2007	Aitkin	Rian	40	\$9,800	County owned	No access, non buildable parcel surrounded by tax forfeited, solved easement problem across wetlands
1-19-2007	Aitkin	Anderson	20	\$24,000	County owned	No access, only access through high value oak forest on tax forfeited lands
6-30-2011	Aitkin	Heinzen	40	\$48,600	County owned	Land locked parcel – purchase addressed access, recreation trail conflict, and consolidated land ownership
2-9-2007	Cass	Kellen	Lot	\$22,000	County owned	Provides public access to a river and connects to public lands
4-16-2007	Cass	Griffin	6.75	\$45,000	Reorganized and offered for sale	Parcel was subdivided for sale. Purchase of this allowed a nondivision of land and restrictive covenants to placed on the property.
4-18-2008	Cass	Stockman	67.9	\$160,000	County owned	consolidated land ownership which increased forest productivity and recreation opportunities in Cass County –
	Crow Wing		0			No parcels acquired
		<b>Total</b>	<b>174.65</b>	<b>\$309,400</b>		

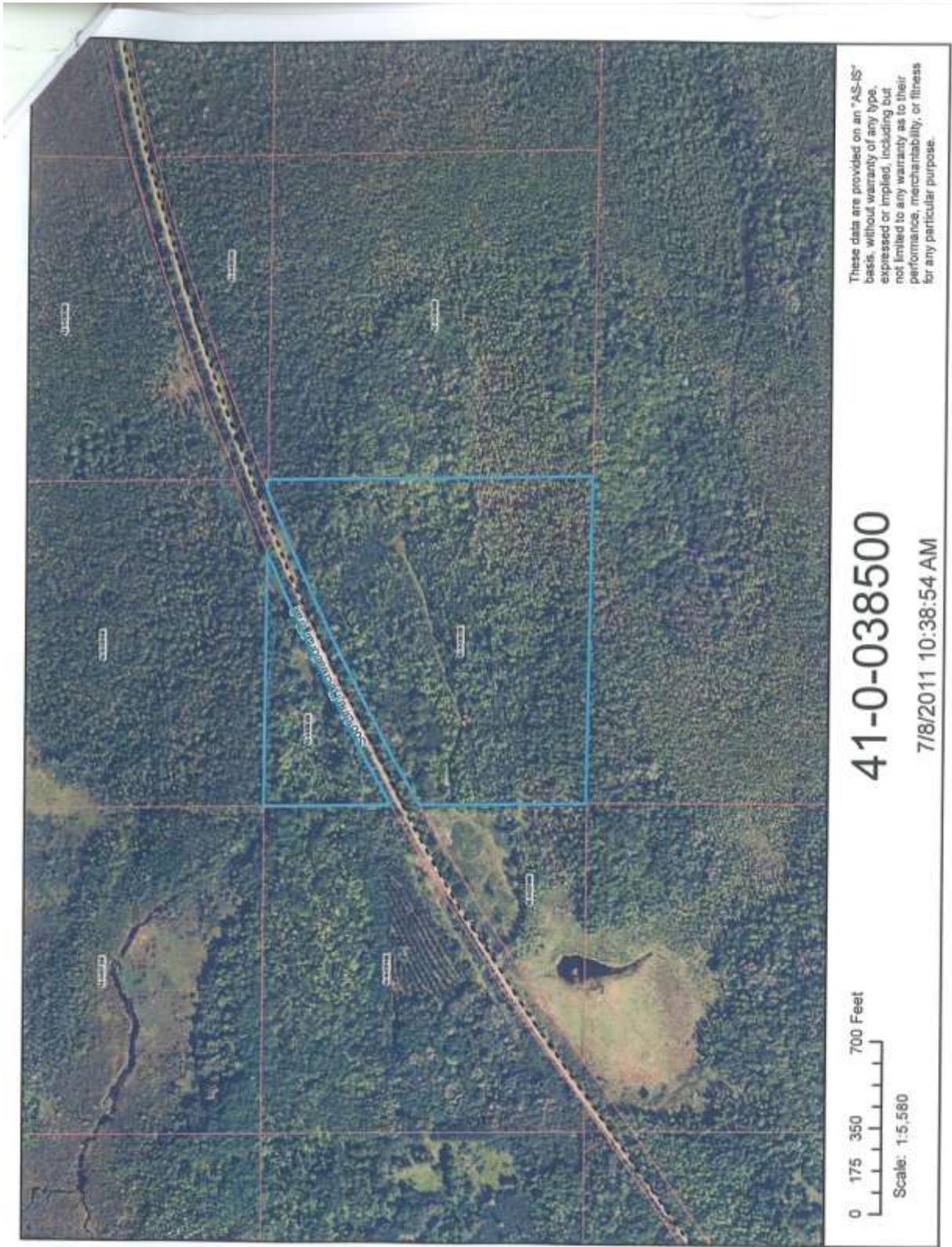
Aitkin - Rian



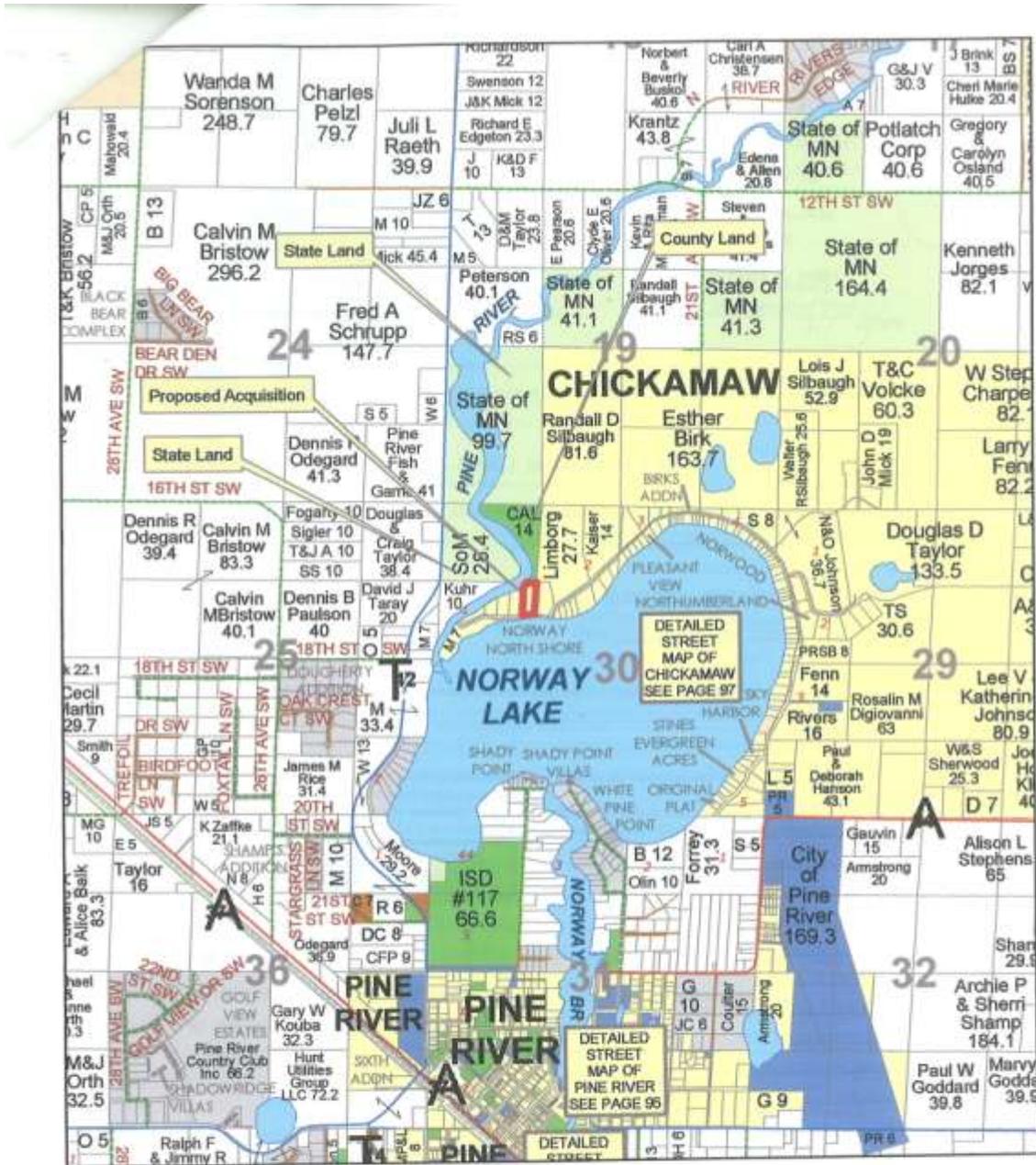
# Aitkin - Anderson



# Aitkin Heinzen



# Cass - Kellen

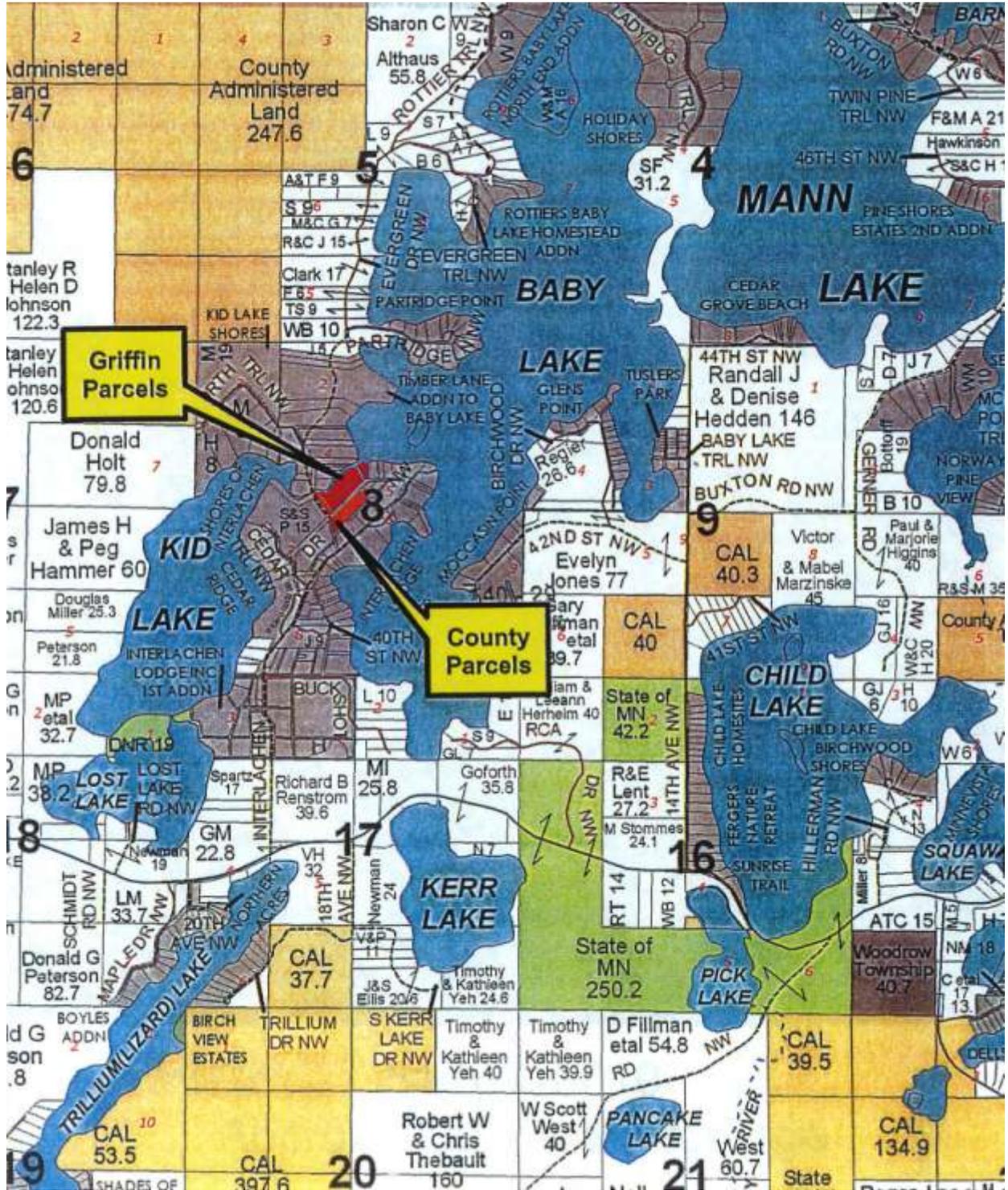


PLATBOOK RELEASE 2005  
CASS COUNTY, MINNESOTA



0 0.15 0.3 0.6 0.9 1.2 Miles

Cass - Griffin



# Cass - Stockman

BLIND LAKE

T139N - R28W  
CASS COUNTY  
MINNESOTA

See WABEDO Page 46

