

2008 Project Abstract
For the Period Ending June 30, 2012

PROJECT TITLE: State Land Acquisition Consolidation
PROJECT MANAGER: Craig L. Engwall
AFFILIATION: Northeast Regional Director, Minnesota Dept. of Natural Resources
MAILING ADDRESS: 1201 East Highway 2
CITY/STATE/ZIP: Grand Rapids MN 55744
PHONE: 218-999-7913
E-MAIL: craig.engwall@state.mn.us
WEBSITE: [If applicable] www.mndnr.gov
FUNDING SOURCE: Environment and Natural Resources Trust Fund
LEGAL CITATION: M.S. 2008, Chap 367, Sec 2, Subd 3(g)

APPROPRIATION AMOUNT: \$500,000

Overall Project Outcome and Results

The goal of a land consolidation revolving fund was, and is, to enable Department of Natural Resources (DNR) to purchase lands of significant natural resource value adjacent to, or imbedded within, lands that are already managed by public agencies. Many of these purchases are likely to be private, industrial forest lands that would otherwise be subdivided and sold for development. At the same time, the DNR would sell parcels of state-owned land that are isolated and difficult to manage from a resource or public benefit standpoint. The proceeds from the sale of these parcels would go back into the land consolidation revolving fund. By strategically purchasing and selling parcels through this fund, the state could achieve a net gain from both a natural resource and economic perspective.

The appropriation for this project enabled DNR to purchase five parcels in Koochiching County and two parcels in Itasca County, totaling 800 acres. These were key acquisitions as each one was selected because it either was a sole private parcel imbedded in tens of thousands of acres of public ownership, or it was adjacent to DNR managed lands and would enhance that management and provide natural resource benefits. Development or subdivision of these parcels would create fragmentation and potentially hinder forest management activities on adjacent lands.

On the sale side, results were not as successful. DNR identified six parcels in the project area for potential sale, but did not succeed in selling any of them. We learned from this project that the geographic scope of this project was too small. The vast majority of the land in the project area (well over 90%) is state trust fund land and the proceeds of sales from these lands must go to the corpus of the school trust fund and not the revolving account. Had the project been broadened to include some northwestern Minnesota counties, where there are significantly more acquired lands, the project would have had more success. On a positive note, DNR has statutory authority to continue the purpose of this project statewide and will do so. We will continue to provide LCCMR updates on our work in this area.

Project Results Use and Dissemination

The State Land Acquisition Consolidation project information has been disseminated to DNR staff who manage lands in the project area, as well as county land departments and county commissioners in Koochiching and Itasca counties.

As stated above, we were in regular contact with the counties. We also have communicated with third party non-profits such as The Nature Conservancy, The Trust for Public Lands, and The Conservation Fund.

Environmental and Natural Resources Trust Fund 2008 Work Program Final Report

Date of Report: October 2, 2012
Date of Next Status Report: Final Report
Date of Work program Approval:
Project Completion Date: June 30, 2012

I. PROJECT TITLE: State Land Acquisition Consolidation

Project Manager: Craig L. Engwall
Affiliation: Northeast Regional Director, Minnesota Dept. of Natural Resources
Mailing Address: 1201 E. Hwy. 2
City / State / Zip : Grand Rapids, MN 55744
Telephone Number: 218-999-7913
E-mail Address: craig.engwall@state.mn.us
FAX Number: 218-327-4263
Web Page address: www.mndnr.gov

Location: Forest and riparian lands in northern Minnesota

Total Trust Fund Project Budget:	Trust Fund Appropriation:	\$ 500,000.00
	Minus Amount Spent:	\$ <u>476,763.58</u>
	Equal Balance:	\$ 23,036.42

Legal Citation: M.L. 2008, Chap. 367, Sec. 2, Subd. 3(g).

Appropriation Language:

\$500,000 is from the trust fund to the commissioner of natural resources to consolidate state land ownership through acquisition and sale to reduce forest fragmentation and enhance management efficiency. A list of proposed fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement. Minnesota Statutes, sections 94.16 and 94.165, apply to the proceeds from the sale of land. For this appropriation, the Department of Natural Resources must establish a separate revolving account under Minnesota Statutes, section 94.165, for the use and accounting of trust fund money. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

II. and III. FINAL PROJECT SUMMARY:

The goal of a land consolidation revolving fund was, and is, to enable Department of Natural Resources (DNR) to purchase lands of significant natural resource value adjacent to, or imbedded within, lands that are already managed by public agencies. Many of these purchases are likely to be private, industrial forest lands that would

otherwise be subdivided and sold for development. At the same time, the DNR would sell parcels of state-owned land that are isolated and difficult to manage from a resource or public benefit standpoint. The proceeds from the sale of these parcels would go back into the land consolidation revolving fund. By strategically purchasing and selling parcels through this fund, the state could achieve a net gain from both a natural resource and economic perspective.

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IV. OUTLINE OF PROJECT RESULTS:

Result 1: Compliment the Forest Legacy Program by acquiring fee simple to forest lands that are beyond the reach of Forest Legacy.

Description: Forest Legacy conservation easements are a tremendous tool in attempting to mitigate forest fragmentation in Minnesota. Yet certain of the large industrial forest land owners in Minnesota have indicated that a conservation easement program does not mesh well with their business model as a real estate investment trust or timber investment management organization. Consequently, some large landowners have a much greater interest in selling forest lands to the State than in conveying conservation easements. A land consolidation revolving fund would provide the State with the opportunity to acquire important natural resource parcels that would otherwise be lost to development.

As described above, the \$500,000 trust fund appropriation would be deposited in a sub-account under Minn. Stat. § 94.195, thus creating the land consolidation revolving fund. DNR would augment and eventually replace the appropriated funds (once they are spent) by using Minn. Stat. § 94.16, which states that “the proceeds from the sale of lands that were under the control and supervision of the

commissioner of natural resources shall be credited to the land acquisition account in the natural resources fund [94.165].” Thus, DNR could keep the land consolidation revolving fund operating even after the LCCMR project is completed.

Acquisition prioritization under this project will be based on proximity to state forest lands, public recreational opportunities, timber resources and ecological and related values.

Summary Budget Information for Result 1: Trust Fund Budget: \$500,000.00
Amount Spent: \$476,763.58
Balance: \$ 23,036.42

Deliverable	Completion Date	Budget	Status
1.Outline of Selection Priorities	February, 2008	\$0	
2.Establishment of Revolving Fund	Upon Leg. Approval	\$0	
3.Acquisition of Parcel(s)	June, 2011	\$500,000	Complete
4.Generate Add'l Acq. Funds	Ongoing		

Completion Date: June, 2012

Final Report Summary:

The final Project Summary (above) covers in large part the Final Report Summary. While the objective of selling state acquired land parcels was not obtained during the duration of the project, the approach set forth in the project is very viable in a much broader application. With respect to the remaining balance in the account, that balance is due to the fact that a potential seller rejected an offer on a parcel that had been appraised pursuant to statute. The project was a success in that the state obtained a number of parcels that are either of significant natural resource value, management value, or both.

V. TOTAL TRUST FUND PROJECT BUDGET:

Staff or Contract Services: \$0
Equipment: \$0
Development: \$ \$0
Restoration: \$ 0
Acquisition, including easements: \$ 500,000
Other: \$ 0

TOTAL TRUST FUND PROJECT BUDGET: \$500,000

Explanation of Capital Expenditures Greater Than \$3,500: N/A

VI. OTHER FUNDS & PARTNERS:

A. Project Partners: No specific nonstate funding has been identified yet, but the state will continue to work with its non-governmental partners, as it has with the Forest Legacy Program, to strategically leverage public and private dollars.

B. Other Funds Proposed to be Spent during the Project Period: Staff time to be funded through existing programs.

C. Past Spending: No money has been spent to date.

D. Time: This will be a multi-year project ending in June, 2012.

VII. DISSEMINATION: The DNR project manager will regularly discuss program goals, progress and accomplishments with governmental and non-governmental partners who are working to minimize forest fragmentation.

VIII. REPORTING REQUIREMENTS:

Periodic work program progress reports will be submitted not later than December 2008; June 2009; December 2009; June 2010; December 2010; and June 2011. A final work program report and associated products will be submitted between June 30 and August 1, 2009 or 2011 as requested by the LCCMR.

IX. RESEARCH PROJECTS:

Attachment A: Budget Detail for 2008 Projects - Summary and a Budget page for each partner (if applicable)											
Project Title: State of Minnesota Land Consolidation Revolving Fund											
Project Manager Name: Craig L. Engwall											
Trust Fund Appropriation: \$500,000											
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											
2008 Trust Fund Budget	<u>Result 1 Budget:</u>	<u>Amount Spent</u> <i>(date)</i>	<u>Balance</u> <i>(date)</i>	<u>Other Contributions:</u>	<u>Amount Spent</u> <i>(date)</i>	<u>Balance</u> <i>(date)</i>	<u>Other Contributions:</u>	<u>Amount Spent</u> <i>(date)</i>	<u>Balance</u> <i>(date)</i>	TOTAL LCCMR BALANCE	TOTAL REVOLVING FUND BALANCE
	<i>Acquisition of Parcel(s)</i>			<i>Donation or Gift</i>			<i>DNR Land Sales</i>				
Land acquisition with LCCMR Funds	500,000	476,764	23,236			0			0	23,236	0
New contributions to revolving fund						0			0		
COLUMN TOTAL	\$500,000	\$476,764	\$23,236	\$0	\$0	\$0	\$0	\$0	\$0	23,236	0

Parcel List for Pine Island SFT acquisition #143040 (Koochiching and Itasca)

Koochiching County

Tract ID	Ownership	State Forest	County	Twn	Rng	Sec	Legal	Acres
74	LaMinora	Pine Island	Koochiching	158	28	16	NWNE	40.00
177	LaMinora	Pine Island	Koochiching	155	28	23	SWSE	40.00
108	LaMinora	Koochching	Koochiching	66	24	27	SENE, SWNE	80.00
256	LaMinora	Koochching	Koochiching	65	26	9	NESE	40.00
DNR-1	Meriwether	Koochching	Koochiching	67	26	26	NESW, SENW, SESW, SWNE, SWNW	200.00

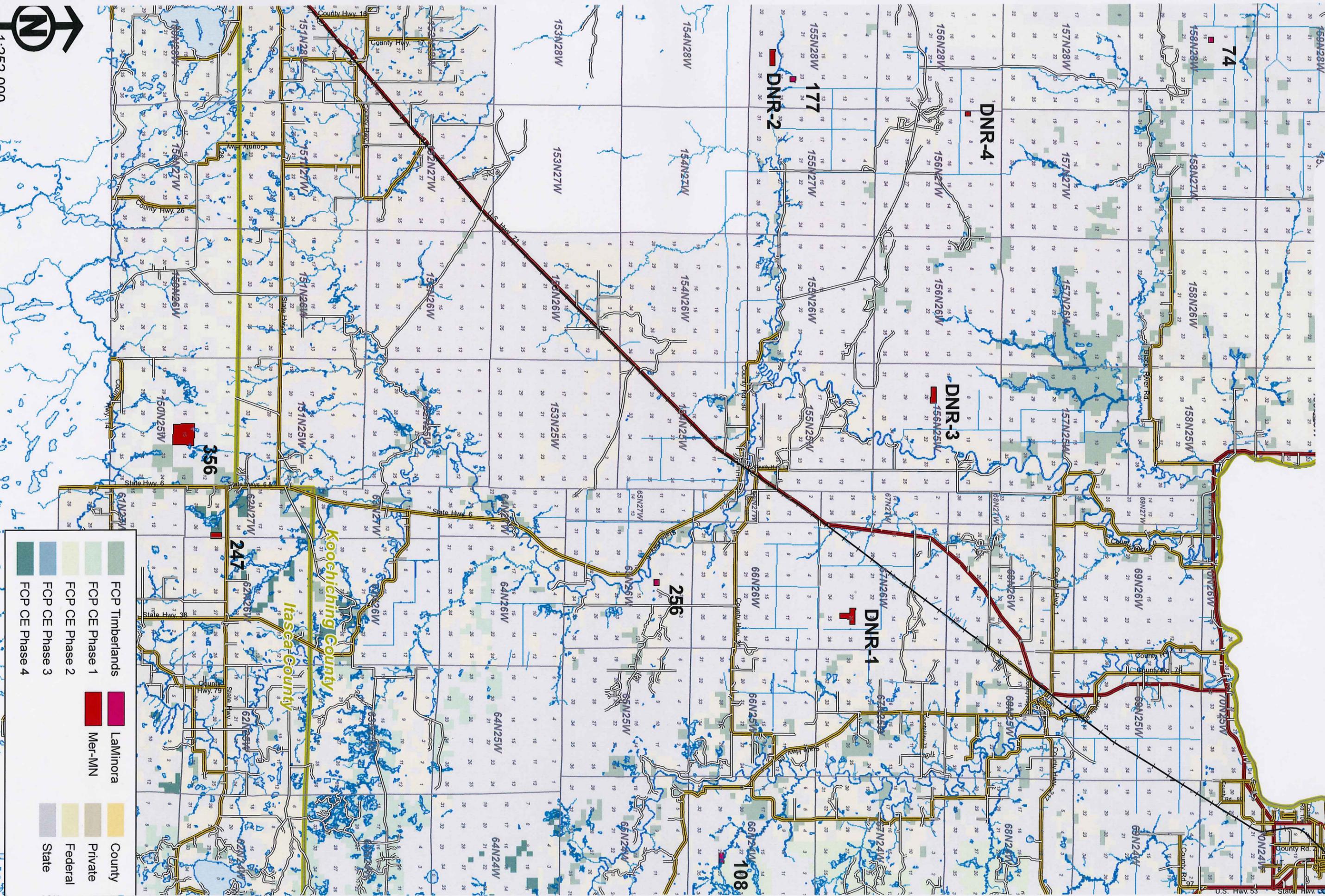
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Itasca county

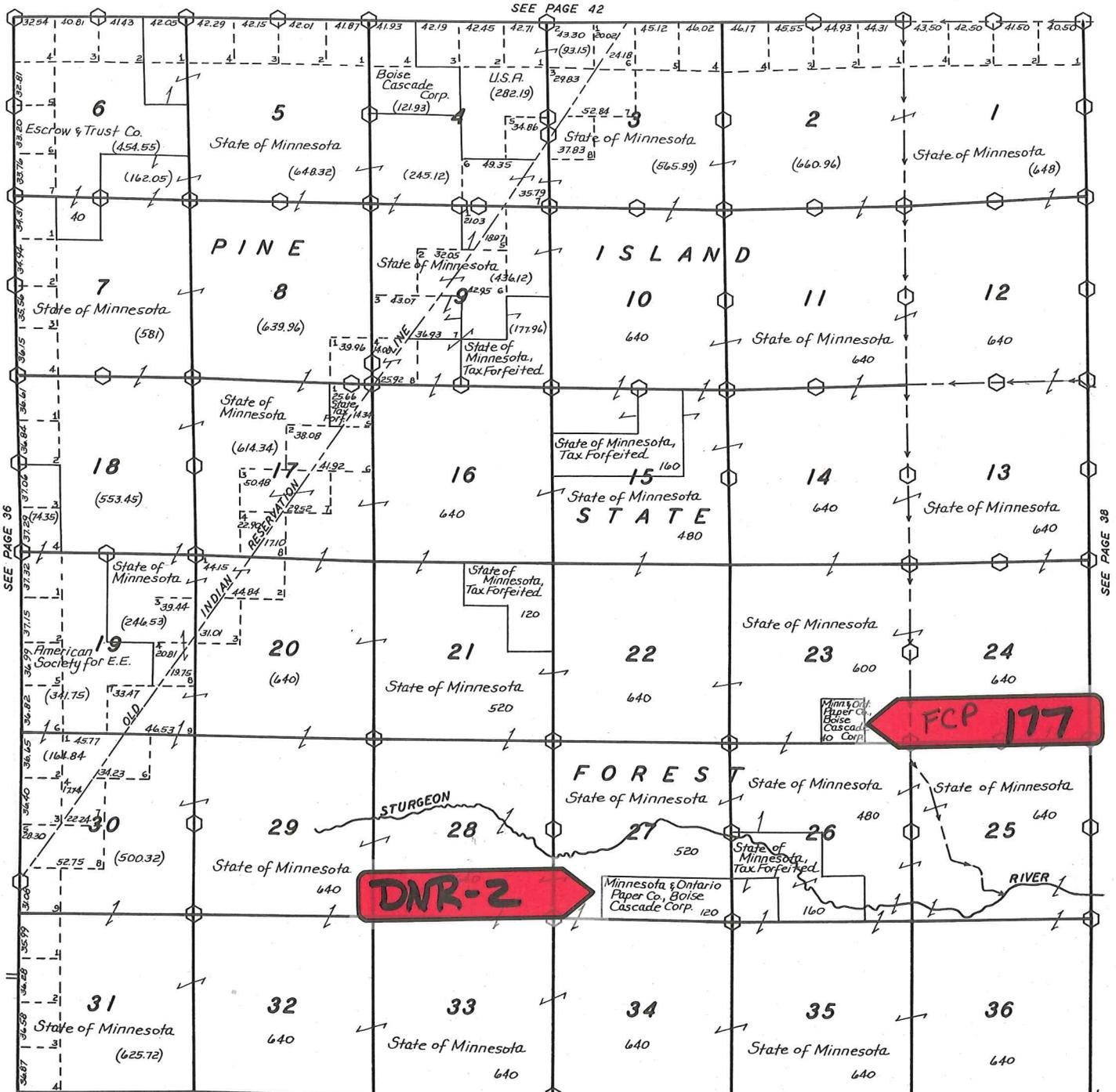
Tract ID	Ownership	State Forest	County	Twn	Rng	Sec	Legal	Acres
247	Meriwether	Bigfork	Itasca	62	27	25	SENE, NESE	80.00
356*	Meriwether	Bigfork	Itasca	150	25	15	N1/2 of Sec. 15	320.00

400.00

Potential DNR Fee Sale 2009



- | | | | | | |
|---|-----------------|---|----------|---|---------|
|  | FCP Timberlands |  | LaMinora |  | County |
|  | FCP CE Phase 1 |  | Mer-MN |  | Private |
|  | FCP CE Phase 2 |  | |  | Federal |
|  | FCP CE Phase 3 | | | | State |
|  | FCP CE Phase 4 | | | | |



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Koochiching County, Mn.

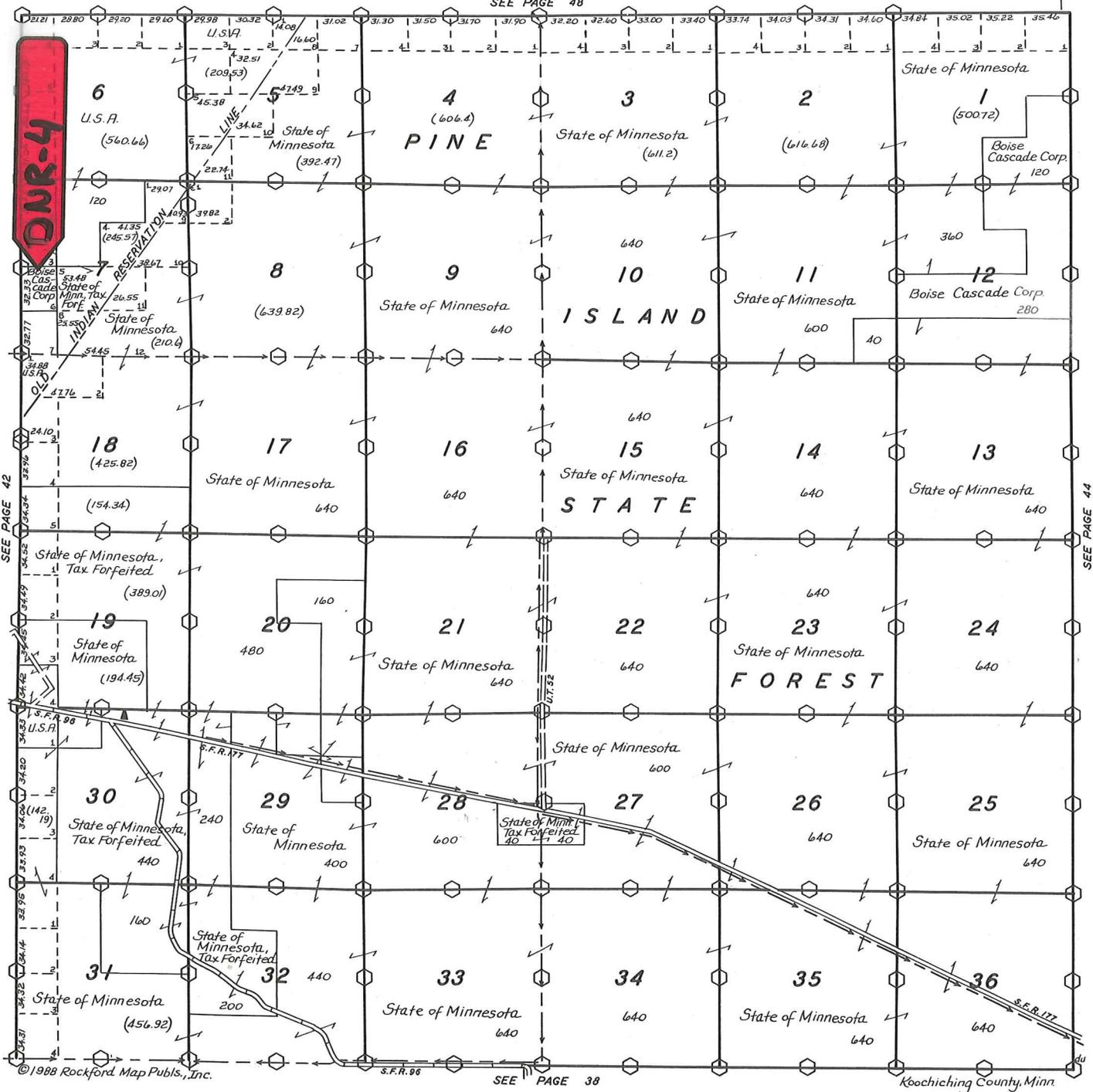
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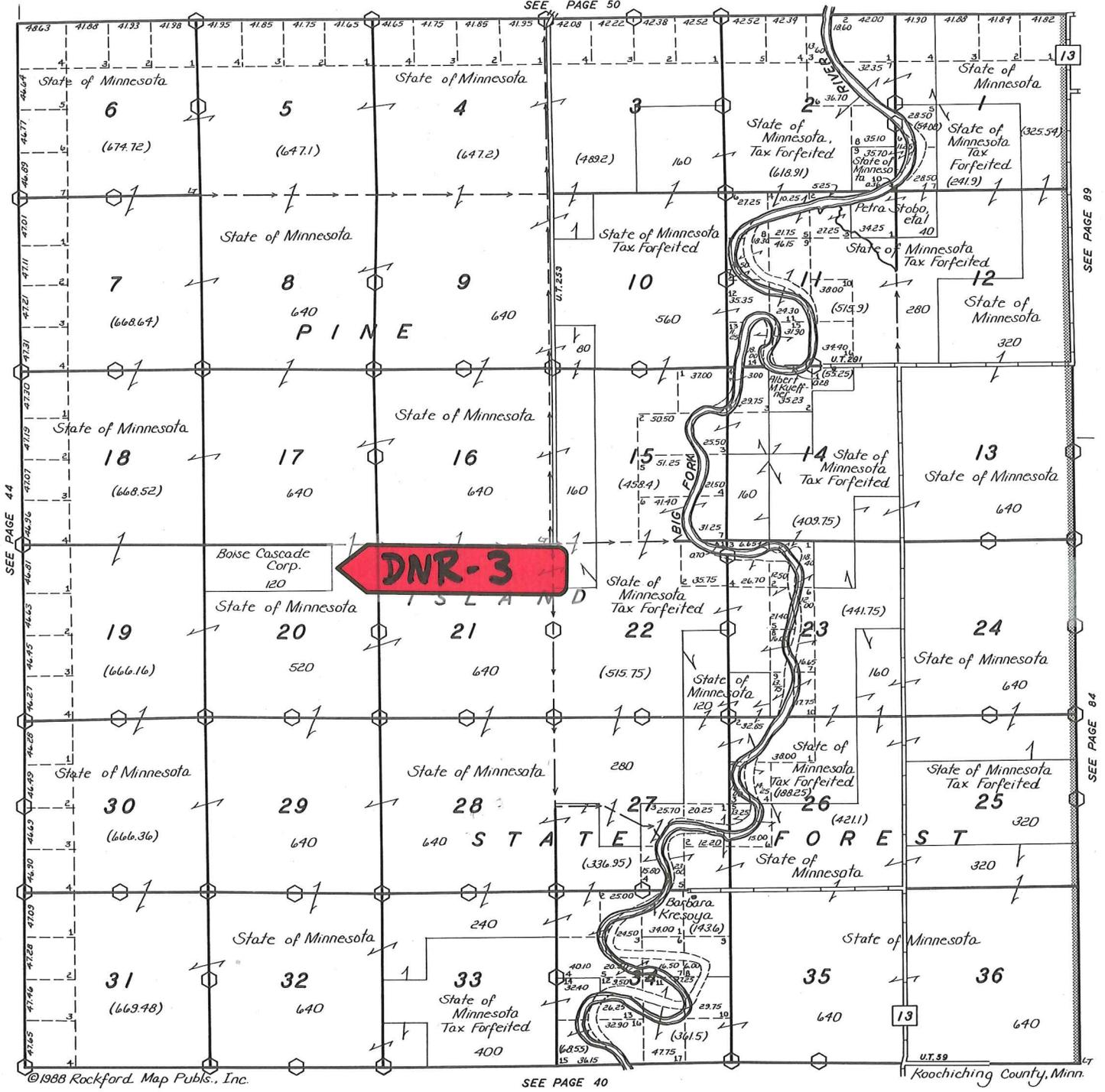
BARB LEINUM

ARVID LEINUM

1100 THIRD AVENUE ■ INTERNATIONAL FALLS, MINNESOTA 56649

Phone: 283-3631

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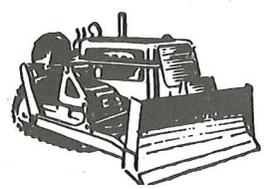
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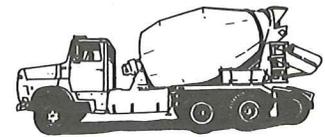
Bowman Construction

INTERNATIONAL FALLS, MINNESOTA 56649

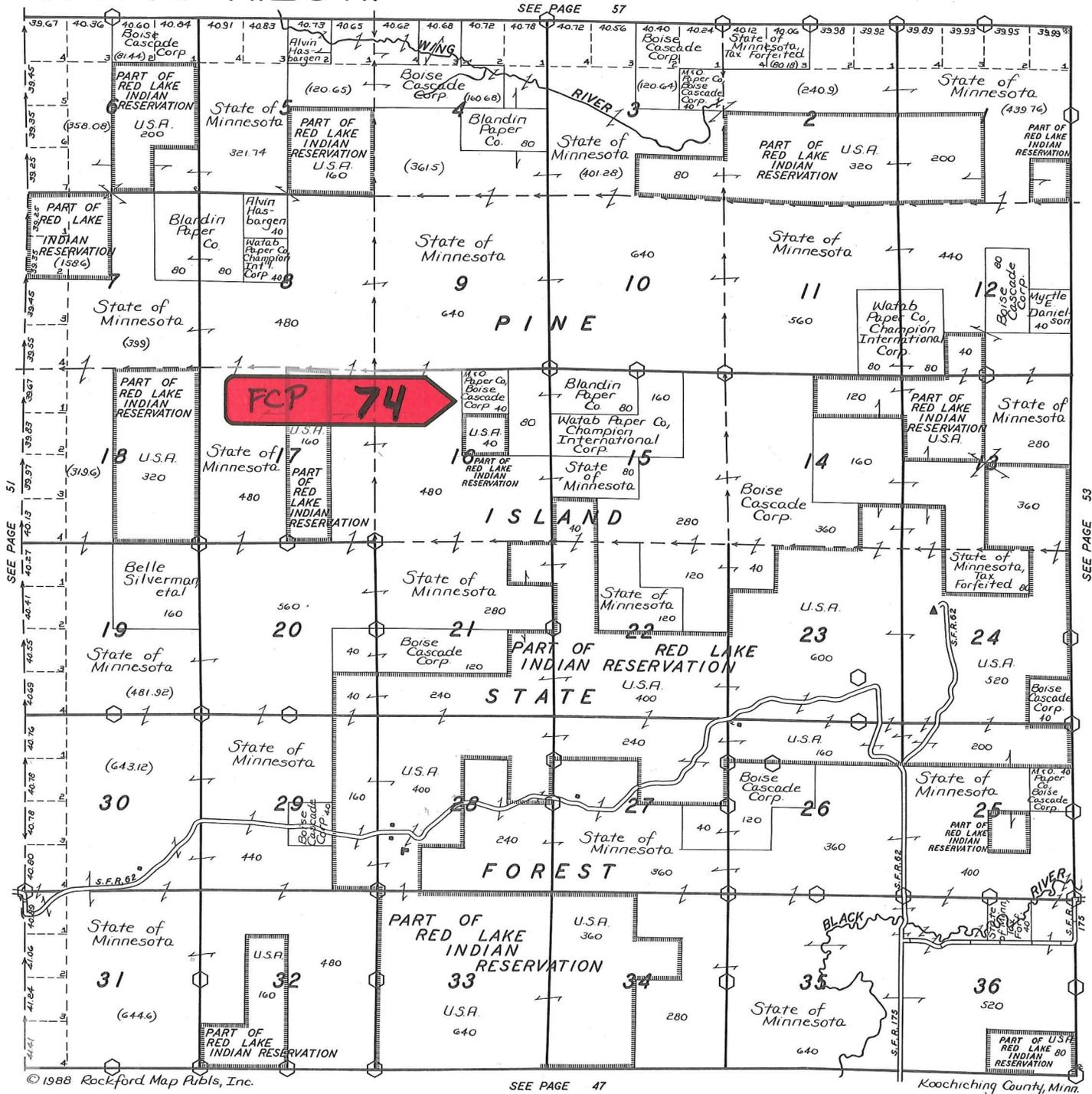


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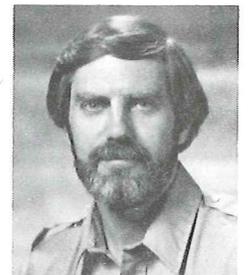
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Bob Lessard

*Working Together
For Koochiching County*

**Senator BOB LESSARD
and
Representative BOB NEUENSCHWANDER**



Bob Neuenschwander

T.65 N.-R.27-26W.

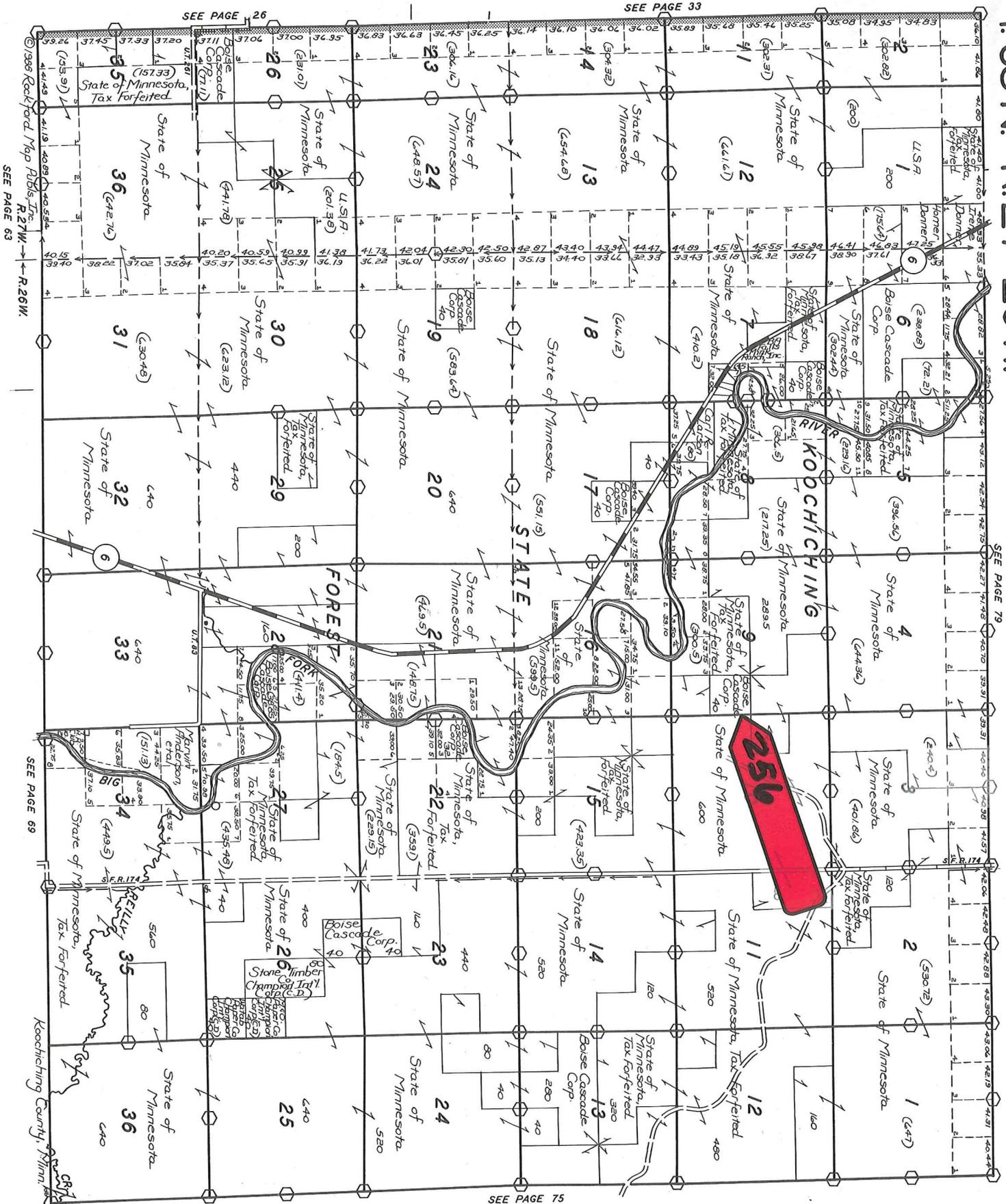
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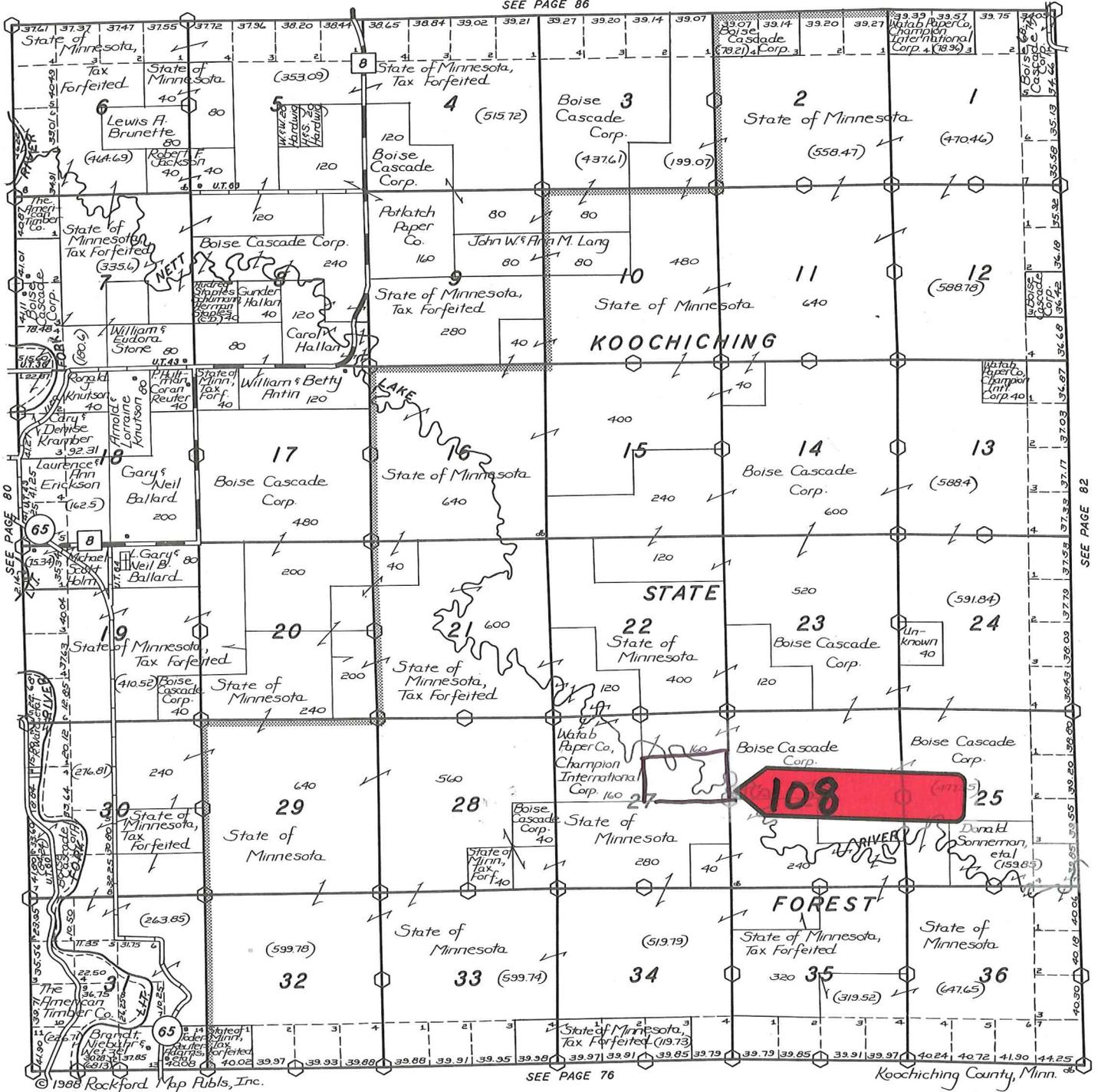


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Koochiching County, Minn.



Riley's Sporting Goods Company



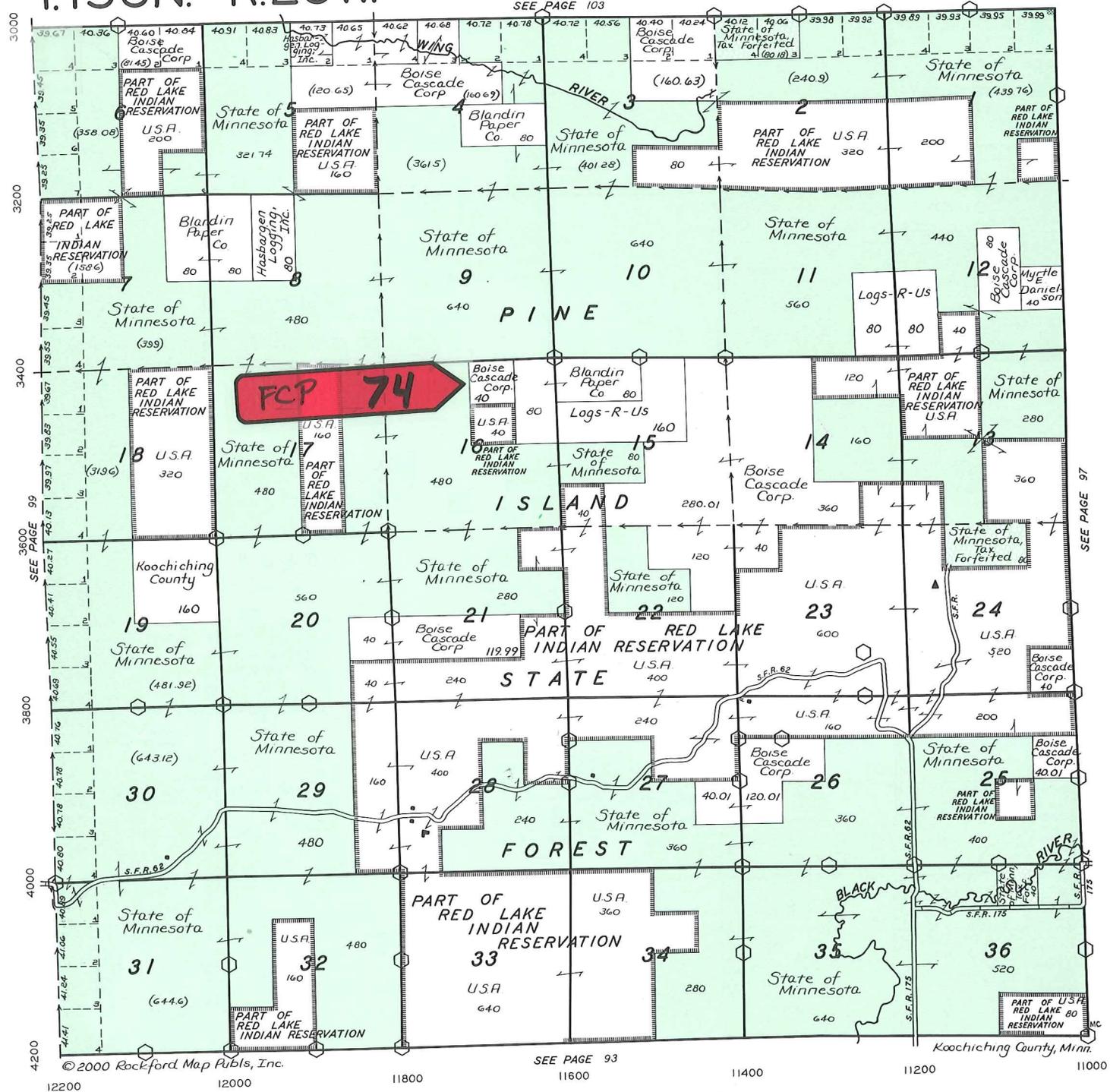
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INTERNATIONAL FALLS, MINNESOTA 56649

TOM RILEY, OWNER

PHONE: 283-8479

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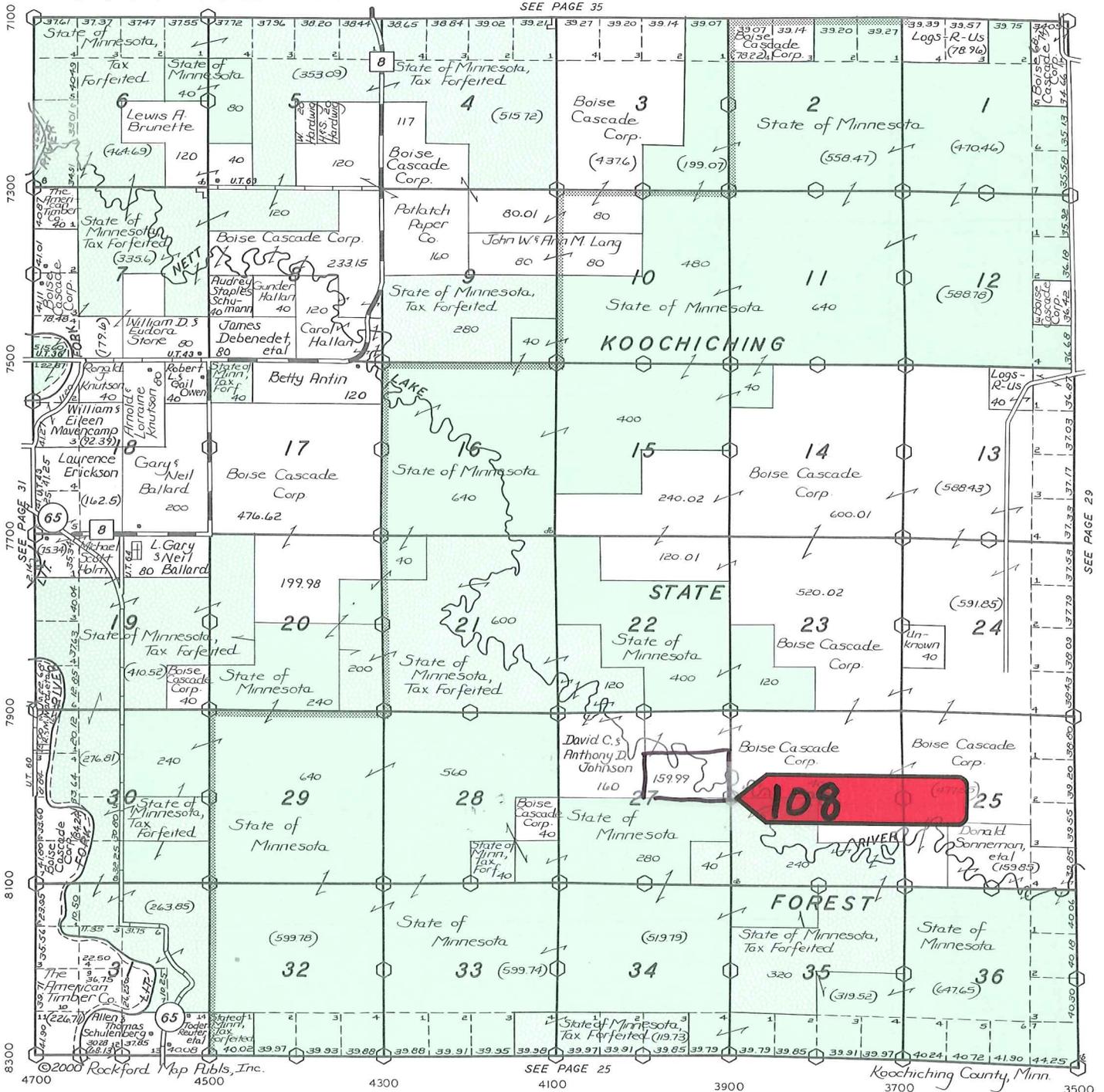
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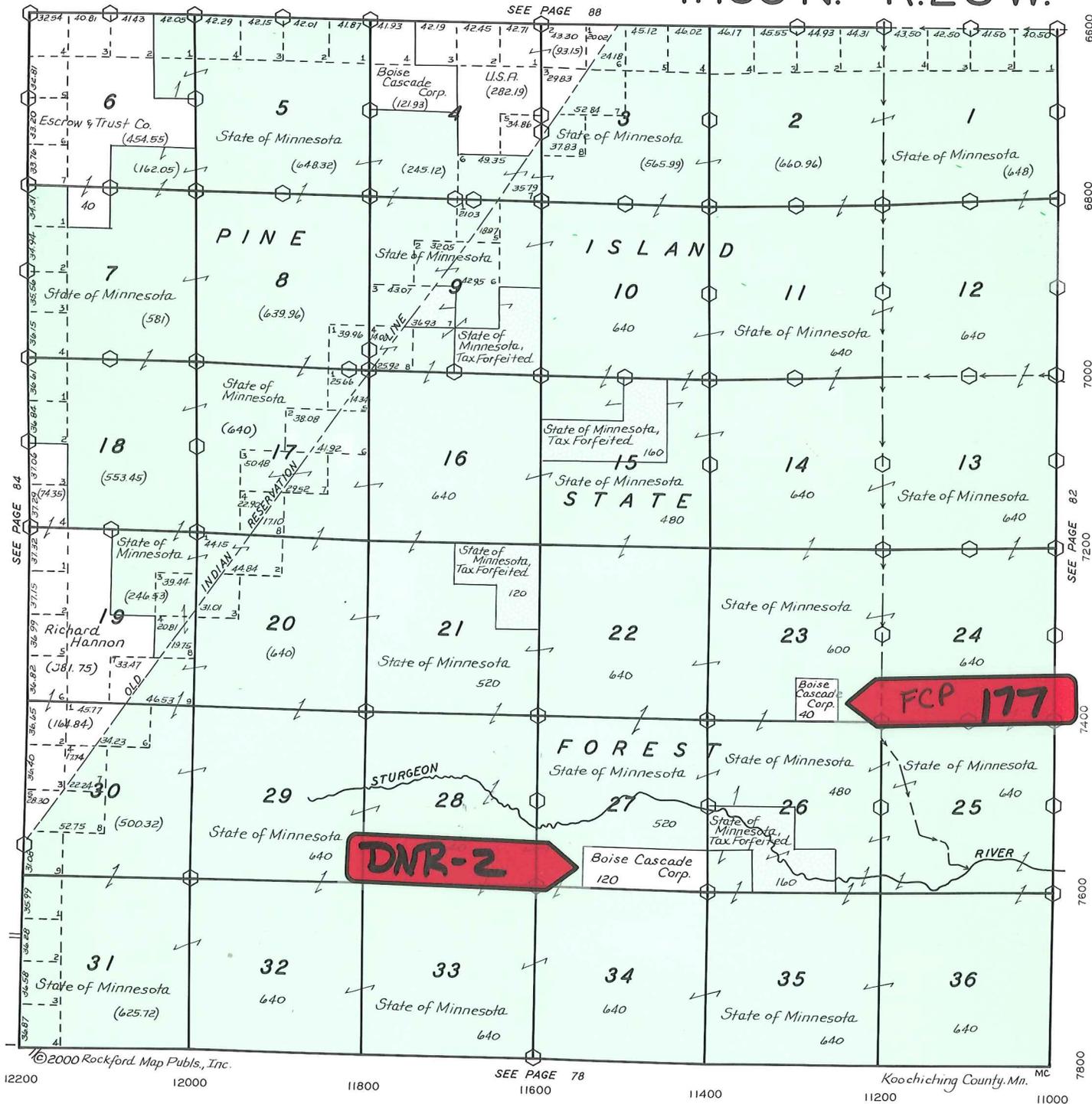
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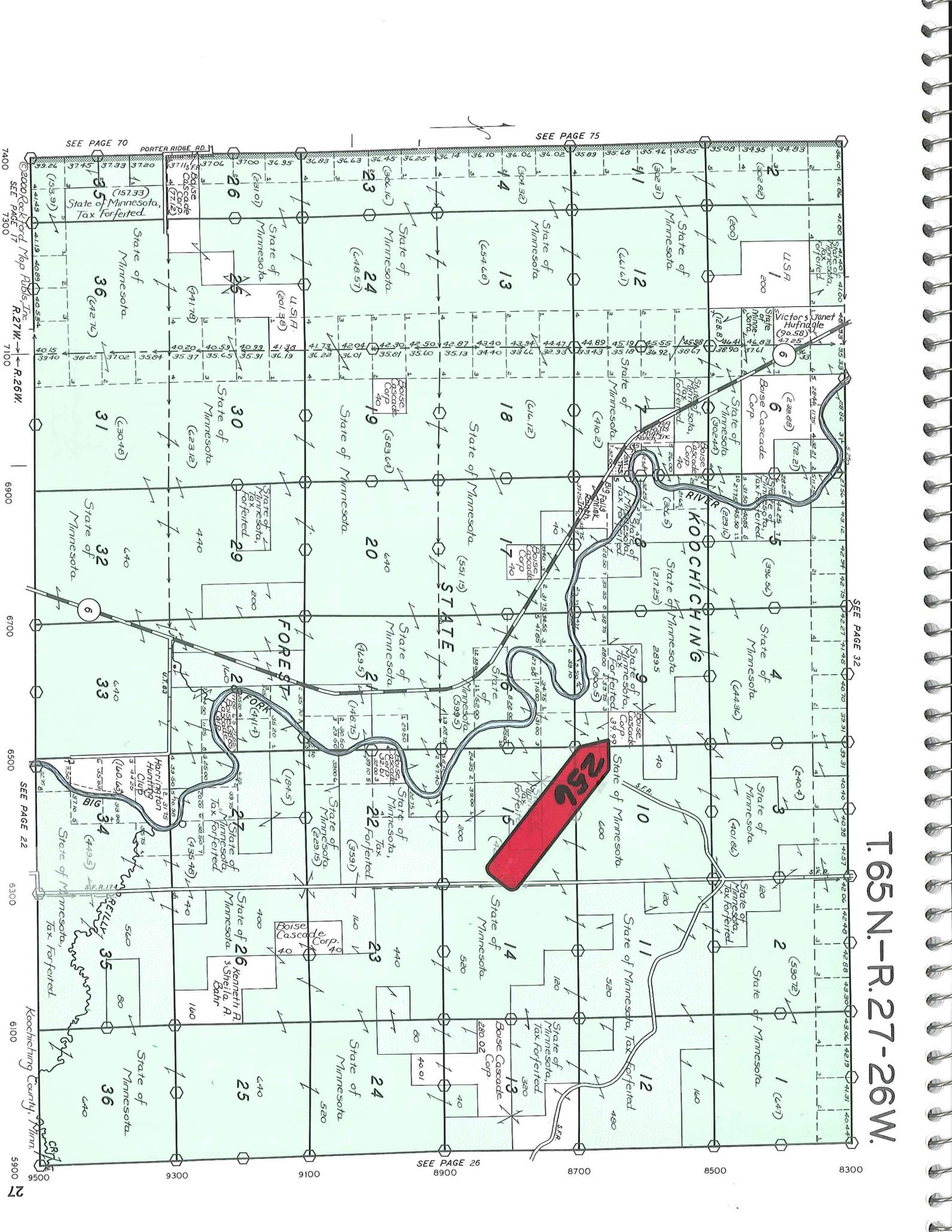
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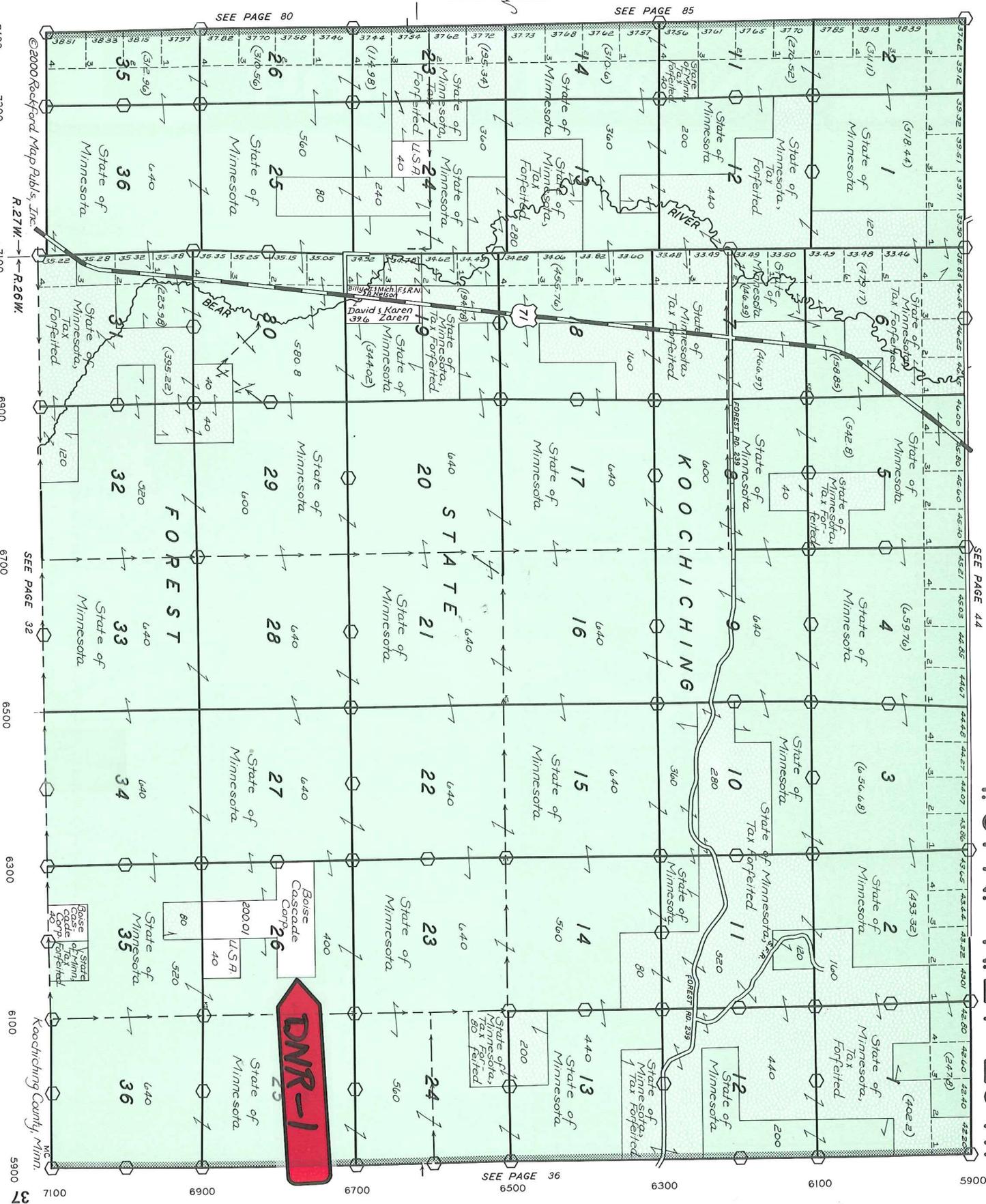
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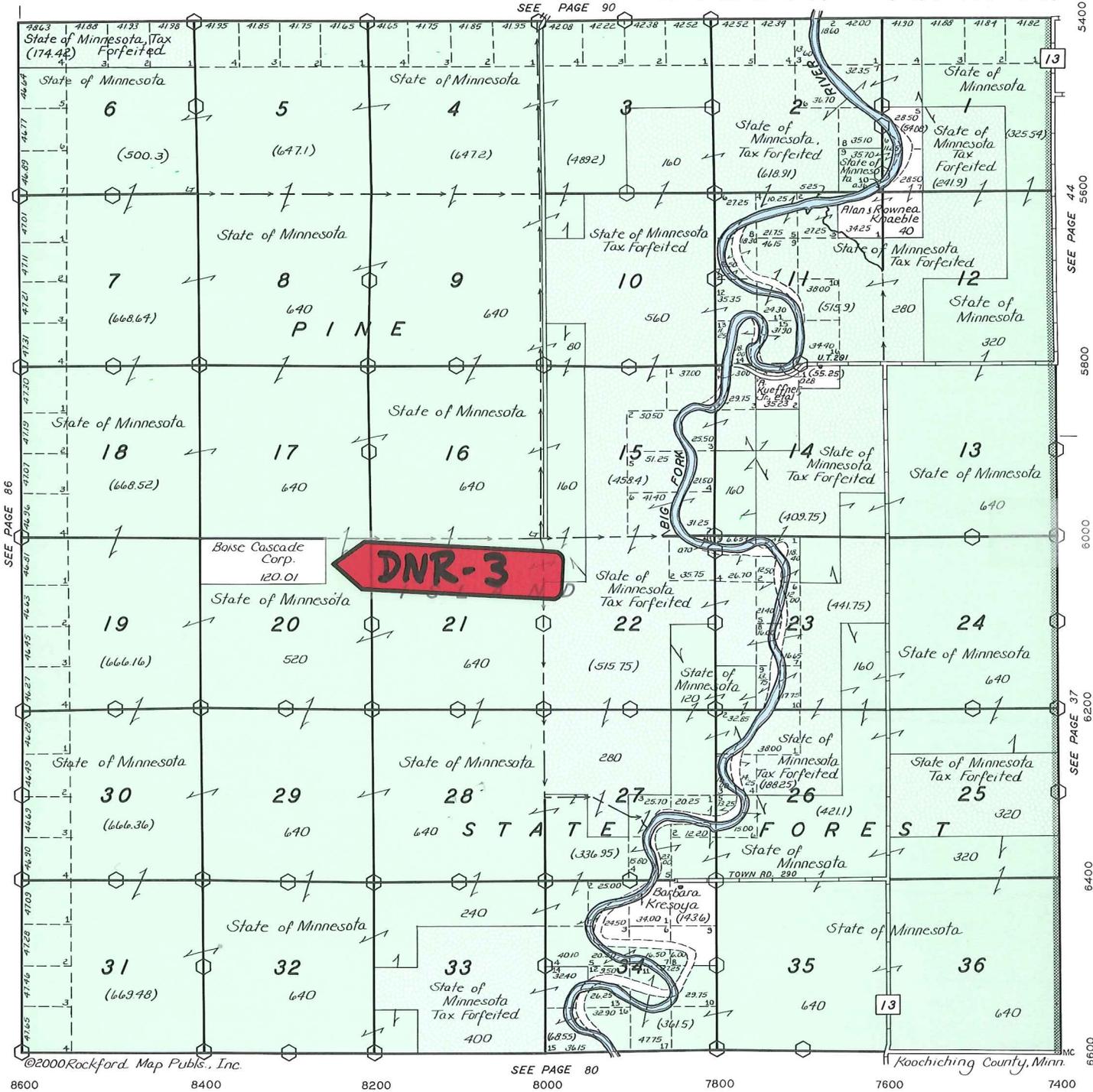


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Rochester County, Minn.

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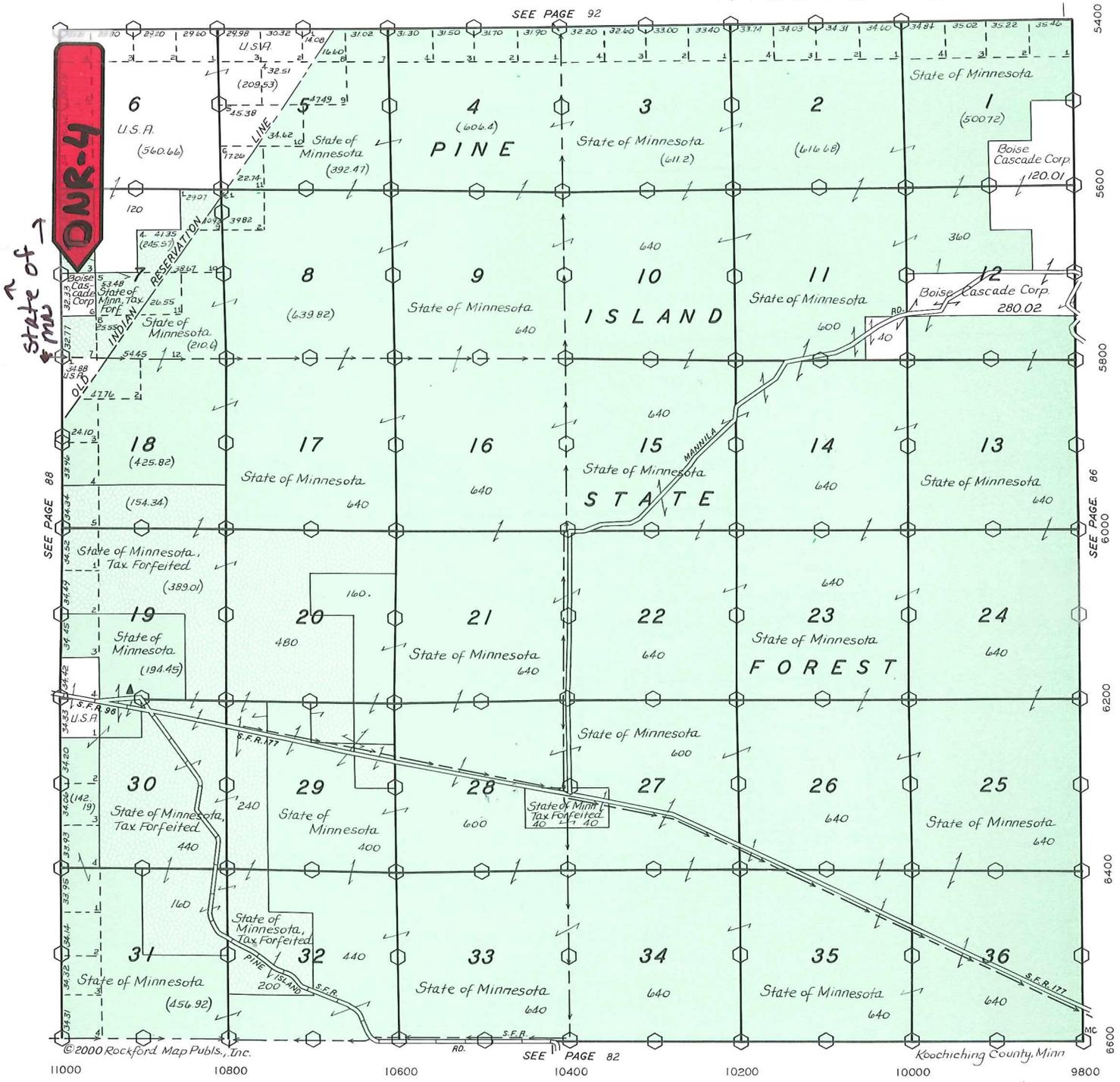
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state of MN

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