

ML 2010 Project Abstract

For the Period Ending June 30, 2014

PROJECT TITLE: Conserving Sensitive and Priority Shorelands in Cass County

PROJECT MANAGER: John Ringle, Cass County ESD Director

AFFILIATION: Cass County Environmental Services Department

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FUNDING SOURCE: Environment and Natural Resources Trust Fund

LEGAL CITATION: ML 2010, Chap. 362, Sec. 2, Subd. 4h.

APPROPRIATION AMOUNT: \$300,000

Overall Project Outcome and Results

Cass County's 500+ high quality lakes provide critical fish and wildlife habitat and opportunities for public recreational enjoyment. These natural resources are also the economic engines that sustain local communities. Yet, the future quality of these water resources is threatened by increasing population growth primarily along priority lakeshores.

This project focused on permanently protecting some of the most critical shorelands in Cass County using donated conservation easements. Target shorelands were strategically identified by Cass County, the Leech Lake Area Watershed Foundation, and the Minnesota DNR through its Sensitive Shoreland Study (2008-21010) on 17 lakes in Cass County. Nine (9) landowners donated a conservation easement on their sensitive shoreland to permanently limit future development. As an incentive, the project funds assisted landowners with the closing costs associated with the conservation easement, including an IRS appraisal to enable them to take a charitable deduction for the public conservation benefit donated to the people of Minnesota. **In total, 305 acres and 12,039 feet (2.5 miles) of sensitive shoreland was permanently protected.**

Cass County holds 8 easements and the Minnesota Land Trust holds one easement. They will annually monitor the properties to ensure compliance with the easement terms. The 9 participating landowners on six lakes (Ten Mile, Washburn, Wabedo, Little Boy, Deep/Rice Portage, and Pine Mountain lakes) donated almost a million dollars of land value to permanently protect critical shorelands by voluntarily restricting future development. The public benefit is the protection of critical fish and wildlife habitat, reduced runoff to further protect water quality, and ultimately the assurance of continued high quality recreational opportunities on some of Minnesota's best recreational lakes. With permanent conservation accomplished at approximately \$13/shoreland foot, this project is a model for cost-effective, long-term protection of recreational opportunity, water quality, and critical land and aquatic habitats on highly developed and sensitive lakeshores in North Central Minnesota.

Project Results Use and Dissemination

The science-based identification of sensitive shorelands and methodology for this project was the premise for Legacy Amendment funding for donated conservation easements on critical shorelands in Cass County and expanded into Crow Wing and Aitkin Counties as recommended by the Lessard Sams Outdoor Heritage Council and approved by the Minnesota Legislature in 2011. The Legacy Funding resulted in an additional 320 acres and 3.5 miles of critical shorelands permanently conserved in North Central Minnesota. To date, the two projects have

permanently protected over 6 miles of high priority shorelands in North Central Minnesota. Subsequently, due to the success of both of these projects, Phase II Legacy Funding for additional shoreland conservation in the North Central region was approved by the 2014 Minnesota Legislature.

In addition, it is anticipated that several conservation easements initiated but not completed for various reasons within the ENRTF project time frame will still come to fruition within the next several years to potentially conserve another 100 acres and 1.5 miles of critical shorelands.

The location of the 9 conservation easements in Cass County is included as a data layer in the interactive mapping on the Cass County website at www.co.cass.mn.us.

Throughout the project, hundreds of targeted landowners of sensitive shoreland received information on the benefits of conservation easements. Many presentations were made to lake associations, local governments, and community groups about the benefits of shoreland conservation. Landowner stories can be read on the Leech Lake Area Watershed Foundation website at www.leechlakewatershed.org. Seeds of interest have been sown that could result in future conservation of priority shorelands and continued assurance of public enjoyment of Minnesota's high quality lake resources in Cass County.

Environment and Natural Resources Trust Fund (ENRTF) 2010 Work Program Final Report

Date of Report: July 25, 2014

Date of Next Progress Report: Final Report

Date of Work Program Approval:

Project Completion Date: June 30, 2014 (received legislative approval of a one year grant extension).

I. PROJECT TITLE: Conserving Sensitive and Priority Shorelands in Cass County

Project Manager: John Ringle, Cass County ESD Director

Affiliation: Cass County Environmental Services Department

Mailing Address: PO Box 3000

City / State / Zip: Walker, MN 56484

Telephone Number: 218-547-7241

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FAX Number: 218-547-7429

Web Site Address: www.co.cass.mn.us

Location: All conservation easements recorded in Cass County, Minnesota

Total Trust Fund Project Budget:	Trust Fund Appropriation	\$ 300,000
	Minus Amount Spent:	\$ 126,340
	Equal Balance:	\$ 173,660

Legal Citation: ML 2010, Chap. 362, Sec. 2, Subd. 4h.

Appropriation Language:

\$300,000 is from the trust fund to the commissioner of natural resources for an agreement with Cass County to provide assistance for the donation of perpetual conservation easements to protect sensitive shoreland parcels for long-term protection of recreation, water quality, and critical habitat in north central Minnesota. This appropriation is available until June 30, 2013, by which time the project must be completed and final products delivered.

MN Laws 2013, Chapter 52, Section 2, Subd. 17. Carryforward

The availability of the appropriations for the following projects are extended to June 30, 2014: (1) Laws 2010, chapter 362, section 2, subdivision 4, paragraph (h), Conserving Sensitive and Priority Shorelands in Cass County;

II. FINAL PROJECT SUMMARY AND RESULTS:

Overall Project Outcome and Results

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This project focused on permanently protecting some of the most critical shorelands in Cass County using donated conservation easements. Target shorelands were strategically identified by Cass County, the Leech Lake Area Watershed Foundation, and the Minnesota DNR through its Sensitive Shoreland Study (2008-21010) on 17 lakes in Cass County. Nine (9) landowners donated a conservation easement on their sensitive shoreland to permanently limit future development. As an incentive, the project funds assisted landowners with the closing costs associated with the conservation easement, including an IRS appraisal to enable them to take a charitable deduction for the public conservation benefit donated to the people of Minnesota. **In total, 305 acres and 12,039 feet (2.5 miles) of sensitive shoreland was permanently protected.**

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The science-based identification of sensitive shorelands and methodology for this project was the premise for Legacy Amendment funding for donated conservation easements on critical shorelands in Cass County and expanded into Crow Wing and Aitkin Counties as recommended by the Lessard Sams Outdoor Heritage Council and approved by the Minnesota Legislature in 2011. The Legacy Funding resulted in an additional 320 acres and 3.5 miles of critical shorelands permanently conserved in North Central Minnesota. To date, the two projects have permanently protected over 6 miles of high priority shorelands in North Central Minnesota. Subsequently, due to the success of both of these projects, Phase II Legacy Funding for additional shoreland conservation in the North Central region was approved by the 2014 Minnesota Legislature.

In addition, it is anticipated that several conservation easements initiated but not completed for various reasons within the ENRTF project time frame will still come to fruition within the next several years to potentially conserve another 100 acres and 1.5 miles of critical shorelands.

The location of the 9 conservation easements in Cass County is included as a data layer in the interactive mapping on the Cass County website at www.co.cass.mn.us.

Throughout the project, hundreds of targeted landowners of sensitive shoreland received information on the benefits of conservation easements. Many presentations were made to lake associations, local governments, and community groups about the benefits of shoreland conservation. Landowner stories can be read on the Leech Lake Area Watershed Foundation website at www.leechlakewatershed.org. Seeds of interest have been sown that could result in future conservation of priority shorelands and continued assurance of public enjoyment of Minnesota's high quality lake resources in Cass County.

III. PROGRESS SUMMARY AS OF:

December 31, 2010

“High conservation priority maps” for the 19 lakes in the sensitive shoreland study were updated with overlays of sensitive shoreland districts to help identify target parcels for conservation easements. An outreach meeting for 20 lakes associations was conducted on August 6, 2010. A Conservation Easement Fact Sheet was drafted in addition to other outreach materials developed. Outreach articles were placed in local 3 local newspapers, five lake association newsletters, and the Leech Lake Area Watershed Foundation newsletter. 19 targeted landowners were met with individually; two meetings coordinated by a lake association. 6 letters of intent for conservation easements signed, easements for those properties are in process and site visits for land appraisal were conducted by John Vigen, land appraiser. Cass County Board of Commissioners were updated on the project.

June 30, 2011:

A targeted list of 210 parcels has been developed using maps of “high conservation potential” overlaid with sensitive shorelands. These landowners will be the focus of the project’s landowner specific outreach for the remainder of the project, including a special workshop on conservation easements to be held July 29, 2011. At one year of the three year project, 5 of the 12-15 easements allotted to the project have been completed or are in process. Several additional landowners are close to signing letters of intent. Outreach on the project continues to be a part all regional land conservation outreach opportunities and discussions with local governments and other nonprofit partners.

December, 2011:

The project team has worked closely with the Leech Lake Association, Ten Mile Lake Association, Wabedo/Little Boy Association, and Woman Lake Association to identify high priority landowners who meet the project criteria; individual contact is being made by the lake associations, who have a local relationship with these landowners, and if interest in participating in the project is expressed, technical expertise if provided by the project team. On July 29, a workshop was held at the Walker Community Center on “the basics of conservation easements”; over 300 invitations were issued, approximately 30 people attended. One serious inquiry about an easement resulted from the workshop and several other serious inquiries as a result of the invitation. Mid-way through the project, seven easements have been completed (half of the project goal), two additional letters of intent have been signed, and a handful of serious landowners are weighing decisions with their families. During July, August, and September, every speaking engagement by the Leech Lake Area Watershed Foundation to lake associations and community groups highlighted the easement opportunities, and outreach continues to part of all land conservation outreach opportunities and discussion with local governments and nonprofit partners.

June 30, 2012:

Accelerated effort is being made this summer to get the final easements started to meet grant timelines. Communication with serious prospects continues, often stretching out over time because once initial contact is made, prospective landowners need to talk with children, grandchildren, etc.--other heirs that would be affected by the decision of a conservation easement. Concentrated effort has been made on Ten Mile Lake, working with the Ten Mile Lake Association, to contact 3 highly desirable prospects that do not reside on Ten Mile permanently or seasonally. Talks are also underway with 3 property owners on Pleasant Lake, 3 on Woman Lake, 1 on Birch Lake, 2 on Washburn Lake, and 1 on Wabedo Lake. Individual contacts regarding high priority parcels on Leech Lake will begin in August.

In March, letters were mailed to high quality prospects and followed by phone; face to face contact now continues when the landowners are at their property. Information on the grant opportunity was presented at 3 lake association meetings in June and the Association of Cass County Lakes on June 30, 2012. The Cass County Board was updated in March 2012. Letters were sent to lake association on the 199 lakes asking for assistance in contacting landowners. All outreach presentations made by the Leech Lake Area Watershed Foundation at a variety of different venues promote the availability of grant assistance for conservation easements on qualifying properties, including an article in the spring newsletter reaching over 6,000 lakeshore property owners. A notice of financial assistance to qualifying landowners was placed in the Cass County spring tax statements.

To date, seven easements with a total market value of over \$2.6 million have been completed and recorded with Cass County. These easements total 87 acres in size with over 5000 feet of shoreline. Two new easements were recorded during this reporting period. A 4.4 acre easement on Ten Mile Lake has 590 feet of sensitive shoreline. A 2.9 acre easement on Child has 314 feet of sensitive shoreline and was completed using companion funding from the US Fish and Wildlife Service through their Glacial Lakes Partnership Program. This \$20,000 grant was secured as a result of and to compliment the LCCMR grant to secure 2 additional easements on high value fish spawning areas.

During this reporting period, 2 parcel abstracts were brought up to date, 2 baseline assessments completed, and 2 site visits were conducted by John Vigen, CE land appraiser.

December 31, 2012:

To date, seven conservation easements have been donated to Cass County under this grant program; they total 95 acres and over 6,200 feet of critical shoreland. To fill out grant commitments; outreach has been focused primarily on previously identified prospects that have shown interest in donating a conservation easement i.e. landowners on Thunder, Long Lake, Pleasant, Woman, Washburn, Ten Mile, Birch, and Leech lakes. A number of these landowners are interested, but for various reasons (i.e. family estate settlement, trust status changes, business issues etc.) there are mitigating issues that need to be addressed and resolved before proceeding. These are serious prospects and likely to commit, but due to the time necessary to write and close an easement that involves multiple family members, meeting the grant deadline of June 30, 2013 for completion of these easements is unlikely. Therefore, after discussions with the LCCMR staff, a one year extension of this grant will be included in ENRTF enabling legislation in 2014 to extend the grant to June 30, 2014. While there has been considerable interest in the opportunity afforded by this grant, it has taken longer to bring these easements to fruition than anticipated. Cass County Environmental Services Department has developed an Easement Monitoring Plan (EMP) for each of the seven completed easements, consisting of a detailed outline of the conditions of the easement property, GIS-generated maps, and a complete easement checklist based on BWSR RIM easement monitoring. A first year monitoring visit was conducted on the four easements that have been in place for more a year.

December 31, 2013:

To date, eight conservation easements have been donated to Cass County under this grant program; they total 124 acres and over 7,800 feet of critical shoreland. One additional easement on property owned by the Ten Mile Lake Association was closed during this reporting period. The easement includes 26 acres and 2,000 shoreland feet in a very sensitive bay of Ten Mile Lake. Combined with an adjacent easement closed last year, this

will protect one of the most sensitive and critical bays on Ten Mile Lake. In addition, one easement expected to be completed in early 2014 on 4,000 feet of primary sensitive shoreland on Thunder Lake. Outreach has been focused primarily on previously identified prospects that have shown interest in donating a conservation easement. A number of these landowners are interested, but for various reasons have declined to participate citing impending changes in IRS charitable deduction limits, unwillingness to donate an easement without compensation, or changing economic conditions that make easement donation less attractive as reasons why they would not ultimately consider donating an easement on their property. Consequently, it is not anticipated that this project will achieve its initial goals in terms of easement numbers, acreage, or shoreline feet. These reduced numbers as well as lower than expected closing costs will leave an unspent grant balance at the end of the project. In short, the possibilities for donated conservation easement in Cass County seem to have been nearly exhausted unless incentives or economic conditions change. Cass County Environmental Services Department has developed an Easement Monitoring Plan (EMP) for each of the eight completed easements. These plans consist of a detailed outline of the conditions of the easement property along with GIS-generated maps. Monitoring visits were conducted on the six easements that have been in place for more a year.

IV. OUTLINE OF PROJECT RESULTS:

Result 1: Permanent protection of 1,200-1,500 acres of riparian land, including 3-5 miles of sensitive and/or priority shorelands through the donation of 12-15 conservation easements from riparian landowners.

Description: Available GIS maps of riparian parcels of “high conservation priority” in Cass County correlated with the sensitive shorelands identified by the DNR/Cass County Sensitive Lakeshore Identification Pilot Project will be used to target critical parcels for conservation easements. The easements will be held by either Cass County or the nonprofit Minnesota Land Trust, whichever the landowner prefers and is appropriate to the landowner’s conservation goals. Landowners are offered a choice of easement holders because some landowners do not want their easement held by a government agency. A Land Conservation Specialist will work with the County and local lake associations to contact the owners of these parcels to educate them about the benefits of conservation easements. The Specialist will help interested landowners to explore their conservation options and encourage donation of permanent easements using payment of the closing costs as a financial incentive. The Specialist will also coordinate the easement documentation and closing with the holding entity. Easement closing costs typically include, but are not limited to: abstract updating, appraisals, legal and financial advice, title research, legal opinions on titles, recording fees, conservation values assessments, and stewardship fees (for the MN Land Trust only), which are used to monitor and enforce the easements to insure compliance.

It is anticipated that the majority of the conservation easements will be held by Cass County, with the Minnesota Land Trust holding easements only in circumstances where the landowner prefers to work with an entity other than the County. For easements held by Cass County, annual monitoring of the property and any necessary enforcement will be conducted by County personnel in the course of their assigned duties. Support and assistance from the Cass County Attorney’s office will provide additional insurance toward easement compliance. Easements held by the Minnesota Land Trust will be monitored and enforced according to the Land Trust’s standard operating guidelines. Funding for easement stewardship will be managed in the Land Trust’s Stewardship and Enforcement Fund in keeping with the Land Trust’s other Environmental Trust Fund projects and the procedures

outlined in the November 27, 2002 letter from the Land Trust to LCMR staff and confirmed in the March 31, 2003 letter from LCMR staff to the Minnesota Land Trust. The level of stewardship funding will be determined for each project using the Minnesota Land Trust's project cost analysis, which can be approximately \$15,000 or more per project depending upon size, location and complexity. ENRTF funding for stewardship fees will be capped at \$30,000 for this project. If these funds are not needed for MLT stewardship, they will be used to pay closing costs for additional County-held easement(s). The Land Trust will also approach landowners and other sources to help contribute to the stewardship costs where appropriate.

Summary Budget Information for Result 1: Trust Fund Budget: \$ 300,000
Amount Spent: \$ 126,340
Balance: \$ 173,660

Deliverable	Completion Date	Budget
1. Facilitate 12-15 conservation easements and assist with closing cost and related expenses	June 30, 2014	\$300,000

Result Completion Date: June 30, 2014

Result Status as of December 31, 2010:

- “High conservation priority maps” for the 19 lakes in the DNR’s Sensitive Shoreland study were updated with overlays of sensitive shoreland districts to help identify target parcels for conservation easements. These maps have been used to target high priority conservation easement parcels.
- Two group meetings have been held. One on 8/6/10 with Lake Sustainability Committees gave a project overview and discussed the lake association’s role in identifying and contacting interested landowners; representatives of 20 lake associations attended. The second meeting, sponsored by the Lake Ada Association on 9/18/10, was with a targeted group of landowners on a sensitive bay of Lake Ada to give them an overview of conservation easements and this LCCMR project.
- Outreach materials and activity: A conservation easement fact sheet was drafted, other outreach materials developed for mailing to interested landowners. Outreach articles placed in local 3 local newspapers, five lake association newsletters, and the Leech Lake Area Watershed Foundation newsletter.
- Outreach and contacts made by the Land Conservation Specialist have resulted in 19 interested landowners, 6 of whom have signed letters of intent to proceed with the development of conservation easements. These 6 parcels include a total of over 82 acres with approximately 4700 feet of shoreline and an estimated land market value of over \$2.6 million. One easement on Lake Washburn is completed and recorded; easement is held by Cass County. Drafts of the other 5 easements are being considered by the landowners. It is expected that they will be closed by June, 2011.
- Further priority parcels will be identified between February and April, 2011. Landowner contacts to begin in May, 2011 in cooperation with lake associations.

Result Status as of June 30 2011:

- Using the “high conservation priority maps” for the 19 lakes in the DNR’s Sensitive Shoreland Study with overlays of the designated sensitive shoreland, a targeted parcel list of 210 sensitive shoreland parcels (102 parcels on Leech Lake; 108 on the other 18

lakes) has been developed for project outreach. See attached parcel list. These landowners will receive a letter explaining conservation easements and the project opportunity and invited to a July 29, 2011 Conservation Easement workshop at the Walker Community Center.

- Several property owners have been targeted for easements within key parcels in Miller Bay of Leech Lake, where LLAWF, DNR Area Fisheries, and Muskies Inc are collaboratively working on a Muskie Spawning Protection Project.
- Meetings have been held with the Ten Mile Lake Association Conservation Committee, Leech Lake Conservation Committee, and Wabedo/Little Boy Sustainability Committee to prioritize and coordinate collaborative outreach to targeted landowners.
- Outreach activity: An article about the project, with appropriate ENRTF recognition, was included in the Leech Lake Area Watershed Foundation's (LLAWF) Spring Watershed news received by 750 watershed property owners. A project article was submitted to the 19 sensitive-shoreland-study lakes for their spring newsletters. Information on the project has been included in two quarterly LLAWF email news. Outreach presentations were made to the Cass County Board, Region Five Development Commission, Leech Lake Association Board, Association of Cass County Lakes; a Government Training Association workshop for local officials, and the Initiative Foundation's Healthy Lakes and Rivers Training. An article on conservation easements, including the project opportunities for applicable landowners, was published in the Lake County Echo's "Love of Lakes" special publication with a regional distribution of 50,000.
- The Land Conservation Specialist has completed and recorded 1 easement on Wabedo Lake and has 5 in progress. Two final drafts have been completed and approved by landowners and the Minnesota Land Trust and are in the appraisal process with final approval and recording expected by August 1st. Two others are awaiting landowner decisions on final language and one on completion of a boundary survey. These 5 parcels include a total of over 80 acres with approximately 4200 feet of shoreline and an estimated land market value of over \$2.3 million.
- Individual landowner meetings have been held with 3 owners of sensitive shorelines on Ten Mile and Pleasant Lakes. These properties total over 152 acres and 9500 feet of shoreline. Contacts on Leech, Woman, Ada, and Wabedo Lakes are also being pursued.

Result Status as of December 30 2011:

- To date, seven easements have been completed and recorded with Cass County. These include a total of 120 acres with approximately 5800 shoreline feet of sensitive shoreland (over one mile). The two easements completed in this reporting period collectively included 26 acres and 1630 shoreline feet. Two easements are in final review and will be completed in early 2012, and two new letters of intent on Child Lake were signed—16 acres and 1207 feet of sensitive shoreland.
- Serious discussion is underway with two families (multiple siblings) on Pleasant Lake that collectively own over 10% of the shoreline of the lake, all sensitive shoreland. Because these parcels involve multiple siblings and impact future generations who have been engaged in the discussion, many meetings and phone calls have been necessary to answer questions, provide options, and generally hold their hand as they make a decision that will forever impact their land. Often it is necessary to bring in the appraiser early in the process to show the family different options on how an easement could be configured to best meet both the conservation and financial goals of the family.
- During this reporting period, 2 parcel abstracts were brought up to date, 4 baseline assessments completed, and four site visits were conducted by John Vigen, CE land appraiser.

- A meeting was held in September with the Woman Lake Chain Conservation Committee (5 members, two of which are retired natural resources professionals) to target key parcels on the Woman Lake Chain; the Committee will make the initial outreach to these landowners. An article for their association's spring newsletter is planned and these key landowners will be invited to an informational coffee in spring 2012.
- A workshop "Basics of Conservation Easements" was held July 29, 2011 at the Walker Community Center. Over 300 invitations were sent by mail to landowners that were identified through previous mapping on the 19 lakes in the DNR Sensitive Shoreland Study. The workshop resulted in one serious inquiry. One of the Pleasant Lake families called out above made initial contact as a result of the invitation letter.
- On July 30, Paula West was the guest speaker at the Leech Lake Association annual meeting and discussed the project with attendees.
- The Leech Lake Area Watershed Foundation (LLAWF) Fall Newsletter highlighted an easement completed with LCCMR funds, including an interview with the landowners.
- Another letter of opportunity to target landowners and other outreach activities are planned for early 2012 to secure the final easements needed to complete the project; these easements should be in process by mid-2012 to insure project completion by June 30, 2013.
- Paula West, LLAWF, has been asked to make a presentation on this project at the 2012 DNR Roundtable in early January.
- John Ringle, Director, Cass County Environmental Services, made a presentation on the project and how the project can be used as a way to protect fish habitat at the 141st Annual Meeting of the American Fisheries Society. The presentation was entitled "Using Lakeshore Conservation Easements as a Cost Effective Method to Protect Fish Habitat" as part of a Symposium on Habitat Protection and Restoration. (Copy of Powerpoint presentation previously submitted to LCCMR staff).

Result Status as of June 30, 2012:

- Continued follow-up through letters, phone calls, and individual meetings of previously identified prospects.
- Sent the lake associations on the 19 lakes in DNR Sensitive Shoreland Study lists of prospects, asked for assistance in contacting landowners.
- Article in Leech Lake Area Watershed Foundation newsletter and notice of grant assistance in Cass County 2012 tax statement.
- All outreach presentations made by the Leech Lake Area Watershed Foundation at a variety of different venues promote the availability of grant assistance for conservation easements on qualifying properties.
- Interest has been indicated and talks are underway with 3 property owners on Pleasant Lake, 3 on Woman Lake, 1 on Birch Lake, 2 on Washburn Lake, and 1 on Wabedo Lake; no letters of intent signed on these properties to date. Individual contacts regarding high priority parcels on Leech Lake will begin in August.
- To date, seven easements with a total market value of over \$2.6 million have been completed and recorded with Cass County. These easements total 87 acres in size with over 5000 feet of shoreline.
- Two new easements were recorded during this reporting period. A 4.4 acre easement on Ten Mile Lake has 590 feet of sensitive shoreline. A 2.9 acre easement on Child has 314 feet of sensitive shoreline and was completed using companion funding from the US Fish and Wildlife Service through their Glacial Lakes Partnership Program. This \$20,000 grant was secured as a result of and to

compliment the LCCMR grant to secure 2 additional easements on high value fish spawning areas.

- During this reporting period, 2 parcel abstracts were brought up to date, 2 baseline assessments completed, and 2 site visits were conducted by John Vigen, CE land appraiser.
- Given that the grant period ends June 30, 2013, commitment efforts are being accelerated to get commitments on the remaining easements and begin work on drafting the easements before the end of 2012.

Result Status as of December 31, 2012:

- Lakeshore properties owners on the 19 targeted lakes continue to be reminded of the grant opportunity through newsletters, both LLAWF and their respective lake association newsletters. Information was displayed at the 2012 Legislative Forum held at Northern Lights Casino on September 25, 2012. Outreach is targeted at previously identified parcels where landowners have shown varied degrees of interest in donating a conservation easement.
- The landowner of one completed easement on Washburn Lake is proceeding with an easement on another parcel co-owned with her sister across the channel. Wetland delineation has been conducted and access issues are being addressed before proceeding with easement drafting.
- One additional easement on Ten Mile Lake was closed during this reporting period. The easement includes 9 acres and 1,090 shoreland feet in a very sensitive bay of Ten Mile Lake. The landowners also split off some additional land, which was purchased by the Ten Mile Lake Association and will be put under easement by this grant. This will totally protect one of the most sensitive and critical bays on Ten Mile Lake.
- One easement expected to be completed in 2013 is 4,000 feet of primary sensitive shoreland on Thunder Lake. The landowner will be proceeding when some business issues are resolved that will allow him to proceed.
- To date seven conservation easements funded by the LCCMR grant and one by the Glacial Lakes Partnership (leveraged by the LCCMR grant) have been completed and recorded by Cass County. They total 95 riparian acres under perpetual conservation, 6,158 acres of sensitive shoreland, and an estimated market value of over 3 million dollars (two appraisals have not been completed). The cumulative conservation value donated by these parcels is >\$850,000, ranging from 11% to 80% of market value.
- Cass County Environmental Services Department has developed an Easement Monitoring Plan for each of the seven completed easements. These plans consist of a detailed outline of the conditions of the easement property along with GIS-generated maps. A complete easement checklist has been prepared for each EMP, based on BWSR RIM easement monitoring. A complete electronic database for each easement has been prepared and information stored by named easement. A first year monitoring visit was conducted on the four easements that have been in place for more a year.

Result Status as of December 31, 2013:

- Lakeshore properties owners on the 19 targeted lakes continue to be reminded of the grant opportunity via direct mail, email, telephone calls, and articles in LLAWF and their respective lake association newsletters and grant information is provided on the LLAWF website. Outreach is targeted at previously identified parcels where landowners have shown varied degrees of interest in donating a conservation easement. We started out with a pool of 296 (100 on Leech Lake alone) properties that met our criteria of >400 feet of shoreline and 5 acres based on mapping of the 19 lakes in the sensitive shoreland study and an overlay of the sensitive shoreland zones. After the first round of outreach, we narrowed that down to 105 of the highest priority prospects and concentrated on those, including working closely with the lake associations through their newsletters and personal contacts from lake association members.
- To date eight conservation easements funded by the LCCMR grant and one by the Glacial Lakes Partnership (leveraged by the LCCMR grant) have been completed and recorded by Cass County. They total over 124 riparian acres under perpetual conservation, 7864 feet of sensitive shoreland, and an estimated market value of nearly 3 million dollars. The cumulative conservation value donated by these parcels is >\$800,000, ranging from 11% to 80% of market value (two of the landowners elected not to claim charitable deductions, so their value is not included in this figure).
- One additional easement on property owned by the Ten Mile Lake Association was closed during this reporting period. The easement includes 26 acres and 2,000 shoreland feet in a very sensitive bay of Ten Mile Lake. Combined with an adjacent easement closed last year, this will totally protect one of the most sensitive and critical bays on Ten Mile Lake.
- One easement is expected to be completed in early 2014 on 4,000 feet of primary sensitive shoreland on Thunder Lake. A letter of intent has been signed by the landowner and negotiations on easement language will begin after January 1, 2014.
- One interested landowner on Leech Lake has been contacted and may be interested in an easement.
- One additional easement, funded by the Glacial Lakes Partnership, is in progress. This easement will be held by Cass County and will be recorded in early 2014.
- Considerable time was invested in several prospective easements that did not come to fruition. Five landowners began the process and later declined to complete their easements. Reasons included family disagreements about division/use/sale of their property between siblings/heirs; whether an easement was needed to protect the property; the potential impact of an easement on future sale of their property; pending sales of unrelated property or other businesses; unresolved estate issues; unwillingness to grant an outside entity a controlling interest in their property; lack of sufficient income to make IRS charitable deduction benefits beneficial; and inability to reach agreement on easement terms and conditions.
- Other landowners have cited impending changes in IRS charitable deduction limits, unwillingness to donate an easement without compensation, or changing economic conditions that make easement donation less attractive as reasons why they would not ultimately consider donating an easement on their property. Because of these factors, the pool of available landowners has decreased substantially since the beginning of this project. Consequently, it is not anticipated that this project will achieve its initial goals in terms of easement numbers, acreage, or shoreline feet. These reduced numbers as well as lower than expected closing costs will leave an unspent grant balance at the end of the project. In short, the possibilities for donated conservation easement in Cass County seem to have been nearly exhausted unless incentives or economic conditions change.
- Cass County Environmental Services Department has developed an Easement Monitoring Plan (EMP) for each of the eight completed easements. These plans consist

of a detailed outline of the conditions of the easement property along with GIS-generated maps. A complete easement checklist has been prepared for each EMP, based on BWSR RIM easement monitoring. A complete electronic database for each easement has been prepared and information stored by named easement. Monitoring visits were conducted on the six easements that have been in place for more a year.

Final Report Summary: June 30, 2014

- Nine (9) donated conservation easements on six lakes in Cass County (Ten Mile, Washburn, Wabedo, Little Boy, Deep/Rice Portage, and Pine Mountain lakes) resulted in the permanent conservation of 305 acres and 12,039 feet of DNR-designated sensitive shoreland. One easement is held by the Minnesota Land Trust, the remaining 8 easements are held by Cass County. Landowners of these conserved parcels donated in excess of \$950,000 in land value--- approximately a 6:1 match to ENRTF funds for permanent conservation and public resource protection benefit. These conservation easements, while still privately owned, protect some of the highest value fish and wildlife habitats in Minnesota as determined by a scientific-based study of the Minnesota DNR. Since the easements limit future shoreland development and disturbance, healthy fisheries habitat will be maintained, runoff will be reduced to further protect water quality, and the public of Minnesota will be insured high quality recreational opportunities on these important recreational lakes.
- The ENRTF appropriation of \$300,000 was supported by a \$20,000 grant to Cass County from the Midwest Glacial Lakes Partnership using U.S. Fish and Wildlife Service funds. The leveraged federal funds resulted in an additional 4 acres of permanent conservation and supported the final project acquisition of 205 acres and one mile of sensitive shoreland. Combined, this project achieved conservation on a total of 328 acres and 12,353 (2.24 miles) of sensitive shoreland at a cost of approximately \$13 per shoreland foot. Given that the shorelands on these prime recreational lakes can cost up to \$4,000 per shoreland foot to purchase in fee, the state of Minnesota received an excellent return on its investment in protecting and conserving critical shorelands in Cass County. The Midwest Glacial Lakes Partnership nominated the ENRTF project for (and received) a national award from the National Fish Habitat Partnership in recognition of the significant protection of critical fisheries habitat and the Leech Lake watershed was designated among "Ten Waters to Watch" in the nation.
- The locations and information about each of the 9 completed easements is included as a data layer on the Cass County Interactive Mapping system on the Cass County website at www.co.cass.mn.us.
- Considerable time was invested in prospective easements that did not come to fruition. Eight landowners began the process and later declined to complete their easements. Of these, three (3) landowners participated in a site visit and discussion with a professional easement consultant but for various reasons decided not to participate. One landowner was interested, but complicated property access issues over state land stalled the easement discussion. Another landowner comprised of multiple siblings had family estate issues to resolve before they could proceed. Two landowners reached the easement drafting stage, but decided not to complete the easement.

In conservation easement work it is typical to have one easement not reach fruition for every easement that is completed. It is anticipated that several easements that were not completed during this project period will still come to fruition within a few years. Funds recently appropriated through the Outdoor Heritage Fund to the Leech Lake Area

Watershed Foundation can be used to augment ENRTF money already spent to still achieve permanent conservation of another 100 acres and 1.5 miles of sensitive shoreland and ultimately reach the original project goals.

In summary, the reasons for not completing easements included family disagreements about division/use/sale of their property between siblings/heirs; the potential impact of an easement on future sale of their property; pending sales of unrelated property or other businesses; unresolved estate issues; unwillingness to grant an outside entity a controlling interest in their property; lack of sufficient income to make IRS charitable deduction beneficial; and inability to reach agreement on easement terms and conditions.

- After a one year extension and extensive targeted landowner outreach, the project fell slightly short of meeting the projected goal of 10-12 easements and the permanent protection of 3-5 miles of sensitive shoreland. Similar results were found with a donated easement project in Cass, Crow Wing, and Aitkin Counties that was funded by the Outdoor Heritage Fund (OHF) and also concluded June 30, 2014. It is the conclusion of the project partners that the possibilities for donated conservation easements in Cass County and throughout North Central Minnesota have been primarily exhausted. While there may be an occasional donated easement, future conservation easement work will need to be focused on the purchase of easements—either in full or as a partially-donated easement. Landowners cited impending changes in IRS charitable deduction limits and changing economic conditions as reasons why they would not ultimately consider donating an easement on their property though they would perhaps entertain an easement acquisition-for a full or bargain fee.
- Shoreland disturbance due to development is one of the greatest threats facing Minnesota's lake resources. This project was focused on some of the most important lake shorelands in Minnesota as determined by the Minnesota DNR's Sensitive Shoreland Study (2008-2010), which was initially focused on 17 Cass County lakes but has since been replicated in other counties in North Central Minnesota. Using 13 indicators, the DNR indentified shorelands where development/disturbance would have the highest detrimental impact on fisheries, wildlife, water quality and subsequently recreational use of the lakes. While falling slightly short of reaching projected goals, this project still has a tremendous impact on the future quality of some of Minnesota's premier lakes and the economic sustainability of Cass County by protecting almost 3 miles of DNR-designated sensitive shoreland. State demographers still project population growth in Cass County up to 30% by 2030 with added development pressure on critical shorelands. The permanent conservation achieved with this project is a model for cost-effective, long term protection of recreational opportunities, water quality, and critical wildlife and fisheries habitat on the most highly developed and sensitive lakeshores in Cass County and throughout North Central Minnesota.

V. TOTAL TRUST FUND PROJECT BUDGET:

Contracts: \$68,500 –Land Conservation Specialist/Outreach Coordinator \$15,000— Minnesota Land Trust for project assistance, including review of the easement, conservation values assessment and other related documents for each project. Will review for compliance with IRS requirements and other easement standards. Costs are estimated at \$1,000 per project on average; however, actual costs per project may vary depending on needs.

Equipment/Tools/Supplies: \$-0-

Acquisition, including easements: \$-0-

Travel: \$ 1,500 for mileage expenses to meet with landowners

Other: \$ 185,000 Professional Services for closing costs on donated conservation easements. Average costs per donated easement will include:

- Initial site visit by appraiser \$1500
- Abstract update \$ 500
- Legal opinion on title \$ 750
- Post-easement appraisal \$4000
- Conservation Values Assessment \$1000
- Incidental expenses \$ 500
- Land Surveys (if needed) \$2000-\$4000

MLT Stewardship Fees: For MLT-held easements only, these funds may be used for their required stewardship and enforcement fund (estimated at up to \$15,000 per project depending upon size, location and complexity) and are capped at \$30,000. If these funds are not needed for MLT stewardship, they will be used to pay closing costs for additional County-held easement(s).

TOTAL TRUST FUND PROJECT BUDGET: \$300,000

VI. PROJECT STRATEGY:

A. Project Partners:

Leech Lake Area Watershed Foundation (contractor)

Minnesota Land Trust (contractor)

B. Project Impact and Long-term Strategy:

This project is a model for cost-effective, long-term protection of recreational opportunities, water quality, and critical land and aquatic habitats on the most highly developed and sensitive lakeshores in Cass County and throughout North Central Minnesota. This project will insure that while the population continues to grow and communities prosper, a legacy of quality natural resources and abundant recreational opportunities for many Minnesotans will be maintained for future generations to enjoy. Ongoing monitoring of easements will be conducted annually to assure that the conservation values and restrictions identified in the easement contract and supporting documentation are being preserved and observed. Cass County Environmental Services staff will inspect County-held easements at County expense. The Minnesota Land Trust will monitor easements conveyed to them under their established policies.

C. Other Funds Proposed to be spent during the project period:**D. Spending History:**

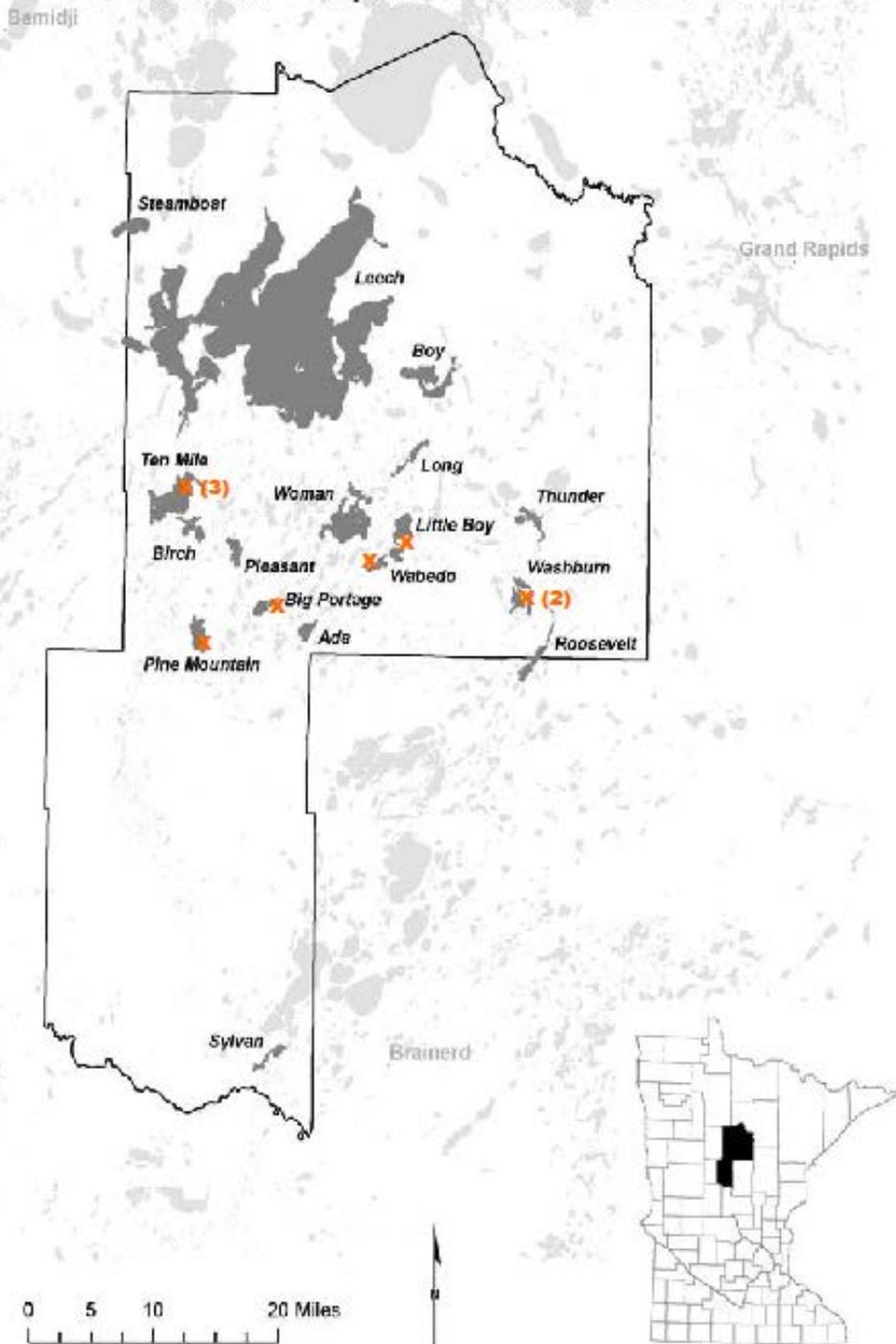
LCCMR-funded (\$235,000 in two grants)--Cass County/DNR Intra-Lake Zoning Project identified sensitive shorelands for protection. This work will be used to prioritize sensitive shorelands and target landowners for conservation easements funded by this project.

VII. DISSEMINATION: Information on this project will be disseminated via the Cass County website at www.co.cass.mn.us as well as the Leech Lake Watershed Foundation website at www.leechlakewatershed.org . Conservation easement information, conservation potential maps, and articles will be published in lake association newsletters and the Association of Cass County Lakes E-newsletter.

VIII. REPORTING REQUIREMENTS: Periodic work program progress reports will be submitted not later than December 2010, September 2011, June 2012, December 2012, June 30, 2013. A final work program report and associated products will be submitted between June 30 and August 1, 2014 as requested by the LCCMR.

EXHIBIT A

Conserving Sensitive and Priority Shorelands in Cass County LOCATION MAP— Completed Conservation Easements



Attachment A: Budget Detail for 2010 Projects - Summary and a Budget page for each partner (if applicable)					
Project Title: Conserving Sensitive and Priority Shorelands in Cass County					
Project Manager Name: John P. Ringle, Cass County Environmental Services Director					
Trust Fund Appropriation: \$ 300,000					
Period - FINAL January 1, 2013 to June 30, 2014					
2010 Trust Fund Budget	Result 1 Budget: Revised Budget as of May 17, 2013	Amount Spent 12-31-2013	Balance 12-31-2013	TOTAL BUDGET	TOTAL BALANCE
	12-15 Donated Conservation Easements				
BUDGET ITEM					
PERSONNEL: County employee working on monitoring plans and documentation and grant-funded with soft money.	8,000	6,000	2,000	8,000	2,000
Contracts					
Professional/technical: Leech Lake Area Watershed Foundation (LLAWF) for a land conservation specialist to work with landowners and prepare baseline conservation values documentation for donated conservation easements to be held by Cass County.	73,500	60,632	12,868	73,500	12,868
Professional Services: Donated conservation easements will primarily be held by Cass County or, as an alternative, with the Minnesota Land Trust (MLT) if the landowner prefers to donate to a non-government entity. LCCMR grant funds to be used to pay costs associated with donated easement closing, such as land title research, appraisals, easement drafting and legal review, conservation value assessment, and recording fees.	200,800	46,120	154,680	200,800	154,680
MLT Stewardship Fees: For MLT-held easements only, these funds may be used for their required stewardship and enforcement fund (estimated at up to \$15,000 per project depending upon size, location and complexity) and are capped at the listed amount. If these funds are not needed for MLT stewardship, they will be used to pay closing costs for additional County-held easement(s).	0	0	0	0	0
Other contracts: Minnesota Land Trust for technical review of all donated conservation easement documents. Amount based on an estimate of approximately \$1000 per easement.	15,000	12,277	2,723	15,000	2,723
Travel expenses in Minnesota: To visit with landowners regarding donated conservation easements	2,700	1,311	1,389	2,700	1,389
COLUMN TOTAL	\$300,000	\$126,340	\$173,660	\$300,000	\$173,660