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# **LEGISLATIVE-CITIZEN COMMISSION**

**ON**

## **MINNESOTA RESOURCES (LCCMR)**

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**Fall 2006 Operations Plan  
for Funding Recommendations**

**And**

**Proposed Future Direction**

Adopted

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## LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

### Fall 2006 Operations Plan for Funding Recommendations and Proposed Future Direction

- I. **Fall 2006 Operations Plan - Process for Funding Recommendations to the 2007 Legislature**
- II. **Six-Year Strategic Plan for the Trust Fund - Proposed process for the development of the required Six-Year Strategic Plan for expenditures from the Environment and Natural Resources Trust Fund**
- III. **Statewide Conservation and Preservation Plan - Proposed process for the development of a Statewide Conservation and Preservation Plan to inform future expenditures and updates to the Six-Year Strategic Plan for the Trust Fund**

## Background

### Establishment and Responsibility of LCCMR

Established in legislation in 2006, the Legislative–Citizen Commission on Minnesota Resources (LCCMR) convened in late August 2006 with a unique governance structure consisting of seven appointed citizens and ten legislators charged with providing recommendations for expenditure from the Environment and Natural Resources Trust Fund to the Minnesota Legislature. The LCCMR is guided by the constitutional amendment for the Environment and Natural Resources Trust Fund (Trust Fund) and M.S. 116P, the implementing statute (Appendix A). Recommendations to the legislature for Trust Fund expenditures are to be made annually.

### Statutory Charge

M.S. 116P directs the LCCMR to:

- (1) develop a six-year strategic plan to guide their recommendations for the use of the proceeds of the Environment and Natural Resources Trust Fund;
- and (2) recommend annual appropriations from the Trust Fund to the Legislature in January of each year.

The 2005 Advisory Task Force that recommended the new governance structure also recommended that the funding recommendations be provided in the form of a free standing legislative bill, intended for passage early in each annual legislative session.

## Environment and Natural Resources Trust Fund and Other Funds

The amounts available from the Trust Fund for FY08 (beginning July 1, 2007) and FY09 (beginning July 1, 2008) is \$22,688,000 for each year based on 5.5% of the corpus value of the Trust Fund as of June 30, 2006. The total corpus value on June 30, 2006 was \$415,755,141. In addition to the Trust Fund, the LCCMR has the responsibility to recommend funding from the State Land and Water Conservation Account (LAWCON), Oil Overcharge Money and the Great Lakes Protection Account. The dollars available for recommendation from these funds will be estimated at the time of the November 2006 forecast.

## Proposed Fall 2006 Activities and Decisions (Short-term Operations Plan)

Because the LCCMR was not fully appointed until late August 2006, there is a very short time-frame available to develop the funding recommendations for the 2007 Legislature. Due to this short time-frame, the LCCMR concluded that an abbreviated process for 2007 recommendations is appropriate.

The LCCMR recommendations for Trust Fund expenditures in this initial annual cycle for consideration by the 2007 legislature will focus on a discrete number of specific programs targeted at Land Protection and Water Resources. The land protection and conservation activities being recommended are targeted to ensure the continuity in baseline surveys and research and opportunities for land acquisition and conservation easements that, if lost, will not be available in the future. The water resource focus recommendations will be for water resource conservation and protection.

This document outlines the process the LCCMR will use to develop Trust Fund expenditure recommendations to the 2007 legislature and to meet its future statutory responsibilities for strategic planning as follows:

- I. **Fall 2006 Operations Plan - Process for Funding Recommendations to the 2007 Legislature**
- II. **Six-Year Strategic Plan for the Trust Fund - Proposed process for the development of the required Six-Year Strategic Plan for expenditures from the Environment and Natural Resources Trust Fund**
- III. **Statewide Conservation and Preservation Plan - Proposed process for the development of a Statewide Conservation and Preservation Plan to inform future expenditures and updates to the Six-Year Strategic Plan for the Trust Fund**

To guide the process and recommendations of the LCCMR for the Trust Fund, the LCCMR affirmed and adopted the Trust Fund Vision and Mission Statement from the 1989 Strategic Plan for the Trust Fund (Appendix B). These statements of Vision and Mission will continue to be reviewed over time by the LCCMR.

## **I. Fall 2006 Operation Plan - Process for Funding Recommendations to the 2007 Legislature**

The recommendations for 2007 will be targeted on two focus areas of **Land Protection and Water Resource Conservation and Protection** and will include three approaches to funding.

All projects recommended for funding are expected to have a sound scientific basis that can be evaluated and verified.

The available funding will be recommended to both Land Protection and Water Resource Conservation and Protection focus areas. It is the intent of the LCCMR to recommend a large portion of the funding to Land Protection.

### **A. Land Protection**

The Commission will strategically select certain outstanding ongoing Trust Fund projects that focus on land protection and conservation, including baseline survey work.

### **B. Water Resource Conservation and Protection**

The Commission will issue a Request for Proposal (RFP) for innovative approaches to water resource conservation and protection and solicit strategically selected Trust Fund projects.

### **C. Regional Grants - Land Protection and Water Resources**

The Commission will consider recommending an allocation for four separate regional grant programs.

1. The DNR Local Initiative Matching Grants Program for acquisition of outstate regional parks and natural and scenic areas;
2. The Metropolitan Council, Metropolitan Regional Park and Open Space Program (40% match provided by the Council) for acquisitions identified in adopted Metropolitan Regional Park Plans;
3. The DNR Local Initiative Matching Grants program for small grants for natural resource management through conservation and environment partnerships; and
4. The Board of Water and Soil Resources (BWSR) Local Water Management Matching Challenge Grant program for implementation of priority activities identified in approved local water management plans.

**The process to be used for these funding recommendations is outlined below.**

## **A. Land Protection**

Strategically select certain outstanding past or currently funded projects that focus on land protection and provide additional funding to continue the selected projects.

### Criteria

Selected projects are based on the criteria below:

- Projects that are consistent with the Trust Fund (...for the public purpose of protection, conservation, preservation and enhancement... MN Const. Sec 14). (Appendix A)
- Projects that are consistent with M.S. 116P.08 [http://www.revisor.leg.state.mn.us/bin/getpub.php?pubtype=STAT\\_CHAP&year=current&chapter=116P](http://www.revisor.leg.state.mn.us/bin/getpub.php?pubtype=STAT_CHAP&year=current&chapter=116P) (Appendix A)
- Projects that have an existing operational structure with strong evidence of demonstrated high quality, high value results and measurable outcomes.
- Projects that have a verifiably sound scientific basis.
- Projects that seek biological control of exotic or invasive species which threaten natural diversity.
- Projects that provide information upon which to base sound environmental decisions about the use and management of the land.
- Projects that protect land by fee or permanent easements. For fee acquisition the land must be restored to meet at least minimum public use standards.

The use and protection of native species is required for all projects.

For acquisition and conservation easements, priority is to be given to acquiring lands with high quality natural resources and conservation lands that provide natural buffers to water resources. Conservation easements must be perpetual.

### Selection Process

The project selection process for the land protection focus will consist of evaluating current or formerly funded projects to determine the projects that best meet the criteria. Further evaluation will determine the amount of money allocated and a time frame. The process will also identify the parts of the previous projects that had the most success and direct the new funding to similar efforts.

The projects identified for consideration of 2007 funding will be requested to submit a proposal for review and evaluation.

Specific project funding recommendations will occur during the period of September through December 2006, in preparation for January 2007 funding recommendations to the legislature.

**The projects being evaluated for consideration for 2007 funding in the focus area of Land Protection include:**

- Forest Conservation Easements, including Forest Legacy
- Metropolitan Conservation Corridors (Metropolitan Wildlife Corridors)
- Habitat Corridors Partnership (HCP) Outstate
- Private and Public Forest Stewardship
- Private and Public Prairie Stewardship
- State Parks and Trails Acquisition
- Biological Control of Invasive Species
- MN County Biological Survey
- Soil Survey

**B. Water Resource Conservation and Protection**

**Request for Proposal**

A RFP will be issued seeking proposals that demonstrate innovative approaches to solving water resource issues. The RFP for the conservation and preservation of Minnesota's water resources is attached as Appendix C.

**Selection Process**

The project funding selection process for the water focus will consist of:

- A published request for proposals (RFP), issued by Oct. 16, 2006 with proposals due Nov. 16, 2006.
- Evaluation of proposed projects to determine the best possible proposals for 2007 recommendations. The Commission may use a combination of staff and technical advice, proposal presentations, and peer review.
- Criteria to be used in the proposal evaluation are published in the RFP.
- Project selection for funding recommendation will occur during the period of mid-November 2006 to early January 2007, in preparation for mid-January 2007 funding recommendations.
- Proposals that are eligible for the Local Water Management Matching Challenge Grant Program will not be accepted in response to the water RFP.

### **Select Projects**

In addition to the RFP for Water Conservation and Protection, the LCCMR has selectively identified two projects for consideration of 2007 funding.

#### **Select projects being evaluated for consideration for 2007 funding in the focus area of Water Resources include:**

- County Geologic Atlas
- Impacts on Minnesota's Aquatic Resources from Global Climate Change (2006 appropriation)

The projects identified for consideration of 2007 funding will be requested to submit a proposal for review and evaluation.

Specific project funding recommendations will occur during the period of September through December 2006, in preparation for January 2007 funding recommendations to the legislature.

## **C. Regional Grants for Land Protection and Water Resources**

M.S. 116P allows and encourages some form of block grants to the various regions of the state, to be administered by an existing organization for re-granting to projects that meet local needs but that are also consistent with the Strategic Plan.

For the 2007 funding, LCCMR will consider recommending an allocation for four state and regional matching grant programs targeted to local units of government and nonprofits. These programs operate a competitive process with careful evaluation and very thorough management and evaluation.

The programs identified for consideration of 2007 funding will be requested to submit a proposal for review and evaluation.

Priority is to be given to acquiring lands with high quality natural resources and conservation lands that provide natural buffers to water resources. Conservation easements must be perpetual.

Proposals that are eligible for the following grant programs will not be accepted by the LCCMR.

- **DNR Local Initiative Matching Grants Program**

**Regional Park Matching Grant Program** (for cities, counties, townships located outside the seven-county metropolitan area) for acquisition costs of regional parks.

**Natural and Scenic Area Matching Grant Program** (for cities, counties, townships and school districts) for acquisition of natural and scenic areas.

- **Metropolitan Regional Park and Open Space Program**

**Metropolitan Regional Parks and Trail Acquisition** for the metropolitan seven-counties through the Metropolitan Council (40% match provided by the Council) for acquisitions identified in the adopted Metropolitan Regional Park Plan.

- **DNR Local Initiative Matching Grants Program – Conservation and Environmental Partners**

**Conservation Partners Matching Grant Program** (for private/nonprofit organizations and local governments, including cooperative projects involving local governments) Small grants for projects that enhance fish, wildlife and native plant habitat or for research or survey projects related to habitat enhancement.

**Environmental Partnerships Matching Grant Program** (for private/nonprofit organizations) Small grants to help carry out a variety of projects to help protect and enhance our natural environment.

- **Local Water Management Matching Challenge Grants**

The Board of Water and Soil Resources (BWSR) program for Local Water Management Matching Challenge Grants for implementation of priority activities identified in approved local water management plans.

Eligible applicants are counties, watershed management organizations, watershed districts and soil and water conservation districts that have been delegated under the M.S. 103B.301 local water management program.

Potentially fundable implementation categories and some example activities include:

**Land and Water Treatment** includes activities applied to the land or a water resource such as erosion control structures, shoreline protection measures, in-lake restoration projects.

**Planning and Environmental Controls** includes the development of lake and watershed management plans, official controls relating to water, linking comprehensive plans to land use plans.

**Monitoring and Modeling** includes activities such as citizen monitoring networks, modeling ground water flow or surface water runoff.

**Inventory and Mapping** includes conducting detailed inventories of drainage systems, wetlands or feedlots.

**Education and Information** includes workshops and seminars.

## **II. Six-year Strategic Plan for the Environment and Natural Resources Trust Fund**

### Proposed Process for Development of the Six-Year Strategic Plan

The Six-Year Strategic Plan, once adopted, will guide the work and process used by the LCCMR in making future recommendations for Trust Fund expenditures. Specifically, the Six-Year Strategic Plan, as required by statute, will provide short and long-term goals and strategies for the Trust Fund expenditures, measurable outcomes for the expenditures, and areas of emphasis for funding.

The LCCMR will begin development of the Six-Year Strategic Plan in January 2007. The LCCMR will use the information gathered during the Fall of 2006 and continue to request information from technical experts, citizens, agencies, local units of government, private and nonprofits to assist in identifying the most pressing natural resources issues facing Minnesota and the opportunities to address them.

It is the goal of the LCCMR to continue the review of natural resources issues and adopt a preliminary Six-Year Strategic Plan by August 2007 to guide funding recommendations to the 2008 legislature.

### Statewide Conservation and Preservation Plan

In addition to beginning the work of the Six-Year Strategic Plan to address future LCCMR recommendations, the LCCMR issued a RFP for a Statewide Conservation and Preservation Plan. It is discussed in part III of this document. The preliminary results of these efforts will also be used to guide the initial six-year strategic plan.

### Emerging Issues Account

M.S. 116P allows and encourages some form of a funding account to be appropriated and available to deal with emerging issues during the interim between annual legislative sessions. As part of the Six-Year Strategic Plan, the LCCMR will develop criteria for projects eligible for this account. No recommendation is being made for this account in the 2007 recommendations.

After an appropriation for an account is made, the process for these expenditures as stated in statute, will be for the LCCMR to forward a recommendation directly to the Governor. The funds would generally be added to an existing Trust Fund funded project. In extenuating circumstances, it may be recommended for a new effort that has an urgent need.

### **III. Statewide Conservation and Preservation Plan**

#### Process for Development of the Statewide Conservation and Preservation Plan

Legislation in 2006 directed the LCCMR to issue an RFP for the development of a statewide conservation and preservation plan (the Plan) that will inform and guide future recommendations for the use of the proceeds of the Trust Fund. It is expected that the Plan will also influence the efforts of many public and private expenditures, over an extended period of time, in conserving and preserving Minnesota's environment and natural resources. The Plan is to have a long-term vision in the range of 50 years. The Plan will be structured to serve as a guide for the whole range of environmental issues facing the state in both the short and long term.

- The RFP for the Plan was issued on October 9, 2006 with proposals due on November 17, 2006. The LCCMR will evaluate all of the proposals submitted for the preparation of the Plan, select the best proposal, contract with the selected vendor and closely monitor progress through June 2008. A preliminary Plan is to be provided by June 2007 and a final Plan completed by June 2008.
- The preliminary results will inform the Six-Year Strategic Plan that the LCCMR will use as the strategic plan to guide 2008 Trust Fund funding recommendations. The work on the Plan will continue through June 2008 when a final Plan is to be completed.
- Once the final Plan is completed in 2008, the Plan will be used to guide subsequent LCCMR six-year strategic updates and plans.
- Long Term  
In the future, the LCCMR will choose strategic areas identified in the long-term Statewide Conservation and Preservation Plan and recommend investments of Trust Fund money to help implement the Plan.

## Appendix A

### MN Constitution Art. XI, Sec.14

#### Environment and Natural Resources Fund

A permanent environment and natural resources trust fund is established in the state treasury. Loans may be made of up to five percent of the principal of the fund for water system improvements as provided by law. The assets of the fund shall be appropriated by law for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. The amount appropriated each year of a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, may be up to 5-1/2 percent of the market value of the fund on June 30 one year before the start of the biennium. Not less than 40 percent of the net proceeds from any state-operated lottery must be credited to the fund until the year 2025. [Adopted, November 8, 1988; Amended, November 6, 1990; November 3, 1998]

### Minnesota Statutes 2005, Chapter 116P.08

#### **116P.08 Trust fund expenditures; exceptions; plans.**

Subdivision 1. **Expenditures.** Money in the trust fund may be spent only for:

- (1) the reinvest in Minnesota program as provided in section [84.95](#), subdivision 2;
- (2) research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;
- (3) collection and analysis of information that assists in developing the state's environmental and natural resources policies;
- (4) enhancement of public education, awareness, and understanding necessary for the protection, conservation, restoration, and enhancement of air, land, water, forests, fish, wildlife, and other natural resources;
- (5) capital projects for the preservation and protection of unique natural resources;
- (6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state;
- (7) administrative and investment expenses incurred by the State Board of Investment in investing deposits to the trust fund; and
- (8) administrative expenses subject to the limits in section [116P.09](#).

Subd. 2. **Exceptions.** Money from the trust fund may not be spent for:

- (1) purposes of environmental compensation and liability under chapter 115B and response actions under chapter 115C;
- (2) purposes of municipal water pollution control under the authority of chapters 115 and 116;
- (3) costs associated with the decommissioning of nuclear power plants;
- (4) hazardous waste disposal facilities;
- (5) solid waste disposal facilities; or
- (6) projects or purposes inconsistent with the strategic plan.

## **Appendix B**

### **Trust Fund Vision Statement**

All Minnesotans have an obligation to use and manage our natural resources in a manner that promotes wise stewardship and enhancement of the state's resources for ourselves and for future generations. The Trust Fund is a perpetual fund that provides a legacy from one generation of Minnesotans to the many generations to follow. It shall be used to preserve, protect, restore and enhance both the bountiful and the threatened natural resources that are the collective heritage of every Minnesotan. It shall also be used to nurture a sense of responsibility by all, and to further our understanding of Minnesota's resource base and the consequences of human interaction with the environment.

### **Trust Fund Mission Statement**

The mission of the Trust Fund is to ensure a long-term secure source of funding for environmental and natural resource activities whose benefits are realized only over an extended period of time.

## Appendix C

### **Request For Proposal (RFP) Water Resource Conservation and Protection**

Located at:

[www.lcmr.leg.mn](http://www.lcmr.leg.mn)