

06 - 0180

Environment & Natural Resources Trust Fund

Advisory Task Force

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2005

214.33 Sec. 156. [ENVIRONMENT AND NATURAL RESOURCES TRUST FUND;
214.34 ADVISORY TASK FORCE.]
214.35 Subdivision 1. [ESTABLISHMENT.] (a) An advisory task force
214.36 to examine the process for making recommendations on
215.1 expenditures from the environment and natural resources trust
215.2 fund is created, consisting of:
215.3 (1) four former members of the current Legislative
215.4 Commission on Minnesota Resources from the house of
215.5 representatives, appointed by the executive committee of the
215.6 commission;
215.7 (2) four former members of the current Legislative
215.8 Commission on Minnesota Resources from the senate, appointed by
215.9 the executive committee of the commission; and
215.10 (3) eight public members who are not current or past
215.11 members of the Legislative Commission on Natural Resources or
215.12 the Citizens Advisory Council, established under Minnesota
215.13 Statutes, section 116P.06, but who have submitted trust fund
215.14 proposals for funding, appointed by the governor.
215.15 (b) The members of the task force shall select a chair who
215.16 shall preside and convene meetings of the task force. At least
215.17 two house members and two senate members appointed must be from
215.18 the minority caucus. Current legislative members of the task
215.19 force are entitled to reimbursement for per diem expenses plus
215.20 travel expenses incurred in the services of the task force.
215.21 Public members of the task force shall be compensated as
215.22 provided in Minnesota Statutes, section 15.0575.
215.23 (c) The task force shall examine the current process for
215.24 recommending appropriations from the environment and natural
215.25 resources trust fund and make recommendations for changes in the
215.26 process.
215.27 (d) By February 15, 2006, the task force shall report on
215.28 its recommendations to the governor and the legislative
215.29 committees and divisions with jurisdiction over environment and
215.30 natural resources policy and finance.
215.31 Subd. 2. [SUNSET.] The duties of the Legislative
215.32 Commission on Minnesota Resources to recommend expenditures from
215.33 the environment and natural resources trust fund expire on June
215.34 30, 2006.

ML 2005, First Special Session, Ch. 1, Art. 2

Sec. 37. [CORSS-14] Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 4, is amended to read:

Subd. 4. Citizen Advisory Committee	10,000	10,000
Summary by Fund		

Trust Fund	10,000	10,000
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\$10,000 the first year and \$10,000 the second year are from the trust fund to the Legislative Commission on Minnesota Resources for expenses of the citizen advisory committee as provided in Minnesota Statutes, section 116P.06, and expenses of the advisory task force in article 2, section 156.

Notwithstanding Minnesota Statutes, section 16A.281, the availability of \$15,000 of the appropriation from Laws 2003, chapter 128, article 1, section 9, subdivision 4; advisory committee, is extended to June 30, 2007.

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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]



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Minnesota Statutes 2004, Chapter 116P.

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==116P.01

116P.01 Findings.

The legislature finds that all Minnesotans share the responsibility to ensure wise stewardship of the state's environment and natural resources for the benefit of current citizens and future generations. Proper management of the state's environment and natural resources includes and requires foresight, planning, and long-term activities that allow the state to preserve its high quality environment and provides for wise use of its natural resources. The legislature also finds that to undertake such activities properly, a long-term, consistent, and stable source of funding must be provided.

HIST: 1988 c 690 art 1 s 5

==116P.02

116P.02 Definitions.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Advisory committee.** "Advisory committee" means the advisory committee created in section 116P.06.

Subd. 3. **Board.** "Board" means the state Board of Investment.

Subd. 4. **Commission.** "Commission" means the Legislative Commission on Minnesota Resources.

Subd. 5. **Natural resources.** "Natural resources" includes the outdoor recreation system under section 86A.04 and regional recreation open space systems as defined under section 473.351, subdivision 1.

Subd. 6. **Trust fund.** "Trust fund" means the Minnesota environment and natural resources trust fund established under Minnesota Constitution, article XI, section 14.

HIST: 1988 c 690 art 1 s 6; 1989 c 335 art 1 s 269; 2003 c 128 art 1 s 146

==116P.03

116P.03 Trust fund not to supplant existing funding.

(a) The trust fund may not be used as a substitute for traditional sources of funding environmental and natural resources activities, but the trust fund shall supplement the traditional sources, including those sources used to support the criteria in section 116P.08, subdivision 1. The trust fund must be used primarily to support activities whose benefits become available only over an extended period of time.

(b) The commission must determine the amount of the state budget spent from traditional sources to fund environmental and natural resources activities before and after the trust fund is established and include a comparison of the amount in the report under section 116P.09, subdivision 7.

HIST: 1988 c 690 art 1 s 7

==116P.04

116P.04 Trust fund account.**Subdivision 1. Establishment of account and investment.**

A Minnesota environment and natural resources trust fund, under article XI, section 14, of the Minnesota Constitution, is established as an account in the state treasury. The commissioner of finance shall credit to the trust fund the amounts authorized under this section and section 116P.10. The state Board of Investment shall ensure that trust fund money is invested under section 11A.24. All money earned by the trust fund must be credited to the trust fund. The principal of the trust fund and any unexpended earnings must be invested and reinvested by the state Board of Investment.

Subd. 2. Repealed, 1990 c 610 art 1 s 59

Subd. 3. **Revenue.** Nothing in sections 116P.01 to 116P.12 limits the source of contributions to the trust fund.

Subd. 4. **Gifts and donations.** Gifts and donations, including land or interests in land, may be made to the trust fund. Noncash gifts and donations must be disposed of for cash as soon as the board prudently can maximize the value of the gift or donation. Gifts and donations of marketable securities may be held or be disposed of for cash at the option of the board. The cash receipts of gifts and donations of cash or capital assets and marketable securities disposed of for cash must be credited immediately to the principal of the trust fund. The value of marketable securities at the time the gift or donation is made must be credited to the principal of the trust fund and any earnings from the marketable securities are earnings of the trust fund.

Subd. 5. **Audits required.** The legislative auditor shall audit trust fund expenditures to ensure that the money is spent for the purposes provided in the commission's budget plan.

HIST: 1988 c 690 art 1 s 8; 1990 c 610 art 1 s 44; 1991 c 343

s 1

==116P.05

116P.05 Legislative Commission on Minnesota Resources.

Subdivision 1. **Membership.** (a) A Legislative Commission on Minnesota Resources of 20 members is created, consisting of the chairs of the house and senate committees on environment and natural resources or designees appointed for the terms of the chairs, the chairs of the house and senate committees on environment and natural resources finance or designees appointed for the terms of the chairs, the chairs of the house Ways and Means and Senate Finance Committees or designees appointed for the terms of the chairs, seven members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, and seven members of the house appointed by the speaker.

At least three members from the senate and three members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

(b) Members shall appoint a chair who shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

(c) Members shall serve on the commission until their successors are appointed.

(d) Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled in the same manner under paragraph (a).

Subd. 2. **Duties.** (a) The commission shall recommend a budget plan for expenditures from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) The commission shall recommend expenditures to the legislature from the state land and water conservation account in the natural resources fund.

(c) It is a condition of acceptance of the appropriations made from the Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the Legislative Commission on Minnesota Resources. None of the money provided may be spent unless the commission has approved the pertinent work program.

(d) The peer review panel created under section 116P.08 must also review, comment, and report to the commission on research proposals applying for an appropriation from the oil overcharge money under section 4.071, subdivision 2.

(e) The commission may adopt operating procedures to fulfill its duties under chapter 116P.

HIST: 1988 c 690 art 1 s 9; 1989 c 335 art 1 s 269; 1990 c 594 art 1 s 56; 1991 c 254 art 2 s 39; 1991 c 343 s 2; 1993 c 4 s 15; 1994 c 580 s 1; 1997 c 202 art 2 s 36; 2003 c 128 art 1 s 147

==116P.06

116P.06 Advisory committee.

Subdivision 1. **Membership.** (a) An advisory committee of 11 citizen members shall be appointed by the governor to advise the Legislative Commission on Minnesota Resources on project proposals to receive funding from the trust fund and the development of budget and strategic plans. The governor shall appoint at least one member from each congressional district. The members shall elect the chair.

(b) The governor's appointees must be confirmed with the advice and consent of the senate. The membership terms, compensation, removal, and filling of vacancies for citizen members of the advisory committee are governed by section 15.0575. Notwithstanding section 15.059, subdivision 5, or other law to the contrary, the advisory committee does not expire.

Subd. 2. **Duties.** (a) The advisory committee shall:

(1) prepare and submit to the commission a draft strategic plan to guide expenditures from the trust fund;

(2) review the reinvest in Minnesota program during development of the draft strategic plan;

(3) gather public input during development of the draft strategic plan;

(4) advise the commission on project proposals to receive funding from the trust fund; and

(5) advise the commission on development of the budget plan.

(b) The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether the projects:

(1) meet the standards and funding categories set forth in sections 116P.01 to 116P.12;

(2) duplicate existing federal, state, or local projects being conducted within the state; and

(3) are consistent with the most recent strategic plan adopted by the commission.

HIST: 1988 c 690 art 1 s 10; 1989 c 335 art 1 s 269; 1991 c 254 art 2 s 40; 1991 c 343 s 3; 2001 c 161 s 18; 2002 c 225 s 1

==116P.07

116P.07 Information gathering.

The commission may convene public forums to gather information for establishing priorities for funding.

HIST: 1988 c 690 art 1 s 11; 1991 c 254 art 2 s 41; 1991 c 343 s 4; 2002 c 225 s 2

==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.

Subd. 3. **Strategic plan required.** (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives Ways and Means and senate Finance Committees by January 1 of each odd-numbered year.

(b) The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.

Subd. 4. **Budget plan.** (a) Funding may be provided only for those projects that meet the categories established in subdivision 1.

(b) Projects submitted to the commission for funding may be referred to the advisory committee for recommendation.

(c) The commission must adopt a budget plan to make expenditures from the trust fund for the purposes provided in subdivision 1. The budget plan must be submitted to the governor for inclusion in the biennial budget and supplemental budget submitted to the legislature.

(d) Money in the trust fund may not be spent except under an appropriation by law.

Subd. 5. **Public meetings.** All advisory committee and commission meetings must be open to the public. The commission shall attempt to meet at least once in each of the state's congressional districts during each biennium.

Subd. 6. **Peer review.** (a) Research proposals must include a stated purpose, timeline, potential outcomes, and an explanation of the need for the research. All research proposals must be reviewed by a peer review panel before receiving an appropriation.

(b) In conducting research proposal reviews, the peer review panel shall:

(1) comment on the methodology proposed and whether it can be expected to yield appropriate and useful information and data;

(2) comment on the need for the research and about similar existing information available, if any; and

(3) report to the commission and advisory committee on

clauses (1) and (2).

(c) The peer review panel also must review completed research proposals that have received an appropriation and comment and report upon whether the project reached the intended goals.

Subd. 7. **Peer review panel membership.** (a) The peer review panel must consist of at least five members who are knowledgeable in general research methods in the areas of environment and natural resources. Not more than two members of the panel may be employees of state agencies in Minnesota.

(b) The commission shall select a chair every two years who shall be responsible for convening meetings of the panel as often as is necessary to fulfill its duties as prescribed in this section. Compensation of panel members is governed by section 15.059, subdivision 3.

HIST: 1988 c 690 art 1 s 12; 1989 c 335 art 1 s 178; 1991 c 254 art 2 s 42,43; 1991 c 343 s 5,6; 1994 c 580 s 2,3; 2001 c 7 s 31; 2004 c 284 art 2 s 14

==116P.09

116P.09 Administration.

Subdivision 1. **Administrative authority.** The commission may appoint legal and other personnel and consultants necessary to carry out functions and duties of the commission. Permanent employees shall be in the unclassified service. In addition, the commission may request staff assistance and data from any other agency of state government as needed for the execution of the responsibilities of the commission and advisory committee and an agency must promptly furnish it.

Subd. 2. **Liaison officers.** The commission shall request each department or agency head of all state agencies with a direct interest and responsibility in any phase of environment and natural resources to appoint, and the latter shall appoint for the agency, a liaison officer who shall work closely with the commission and its staff.

Subd. 3. **Appraisal and evaluation.** The commission shall obtain and appraise information available through private organizations and groups, utilizing to the fullest extent possible studies, data, and reports previously prepared or currently in progress by public agencies, private organizations, groups, and others, concerning future trends in the protection, conservation, preservation, and enhancement of the state's air, water, land, forests, fish, wildlife, native vegetation, and other natural resources. Any data compiled by the commission shall be made available to any standing or interim committee of the legislature upon the request of the chair of the respective committee.

Subd. 4. **Personnel.** Persons who are employed by a state agency to work on a project and are paid by an appropriation from the trust fund are in the unclassified civil

service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons for a project is authorized. The use of classified employees is authorized when approved as part of the work program required by section 116P.05, subdivision 2, paragraph (c).

Subd. 5. **Administrative expense.** The prorated expenses related to commission administration of the trust fund may not exceed an amount equal to four percent of the amount available for appropriation of the trust fund for the biennium.

Subd. 6. **Conflict of interest.** A commission member, advisory committee member, peer review panelist, or an employee of the commission may not participate in or vote on a decision of the commission, advisory committee, or peer review panel relating to an organization in which the member, panelist, or employee has either a direct or indirect personal financial interest. While serving on the legislative commission, advisory committee, or peer review panel, or being an employee of the commission, a person shall avoid any potential conflict of interest.

Subd. 7. **Report required.** The commission shall, by January 15 of each odd-numbered year, submit a report to the governor, the chairs of the house appropriations and senate finance committees, and the chairs of the house and senate committees on environment and natural resources. Copies of the report must be available to the public. The report must include:

- (1) a copy of the current strategic plan;
- (2) a description of each project receiving money from the trust fund during the preceding biennium;
- (3) a summary of any research project completed in the preceding biennium;
- (4) recommendations to implement successful projects and programs into a state agency's standard operations;
- (5) to the extent known by the commission, descriptions of the projects anticipated to be supported by the trust fund during the next biennium;
- (6) the source and amount of all revenues collected and distributed by the commission, including all administrative and other expenses;
- (7) a description of the assets and liabilities of the trust fund;
- (8) any findings or recommendations that are deemed proper to assist the legislature in formulating legislation;
- (9) a list of all gifts and donations with a value over \$1,000;

(10) a comparison of the amounts spent by the state for environment and natural resources activities through the most recent fiscal year; and

(11) a copy of the most recent compliance audit.

HIST: 1988 c 690 art 1 s 13; 1991 c 254 art 2 s 44-46; 1991 c 343 s 7-10; 1994 c 580 s 4; 2003 c 128 art 1 s 148-150

==116P.10

116P.10 Royalties, copyrights, patents.

This section applies to projects supported by the trust fund and the oil overcharge money referred to in section 4.071, subdivision 2, each of which is referred to in this section as a "fund." The fund owns and shall take title to the percentage of a royalty, copyright, or patent resulting from a project supported by the fund equal to the percentage of the project's total funding provided by the fund. Cash receipts resulting from a royalty, copyright, or patent, or the sale of the fund's rights to a royalty, copyright, or patent, must be credited immediately to the principal of the fund. Receipts from Minnesota future resources fund projects must be credited to the trust fund. Before a project is included in the budget plan, the commission may vote to relinquish the ownership or rights to a royalty, copyright, or patent resulting from a project supported by the fund to the project's proposer when the amount of the original grant or loan, plus interest, has been repaid to the fund.

HIST: 1988 c 690 art 1 s 14; 1993 c 172 s 79; 2003 c 128 art 1 s 151

==116P.11

116P.11 Availability of funds for disbursement.

(a) The amount biennially available from the trust fund for the budget plan developed by the commission is as defined in the Minnesota Constitution, article XI, section 14.

(b) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.

HIST: 1988 c 690 art 1 s 15; 1990 c 594 art 1 s 57; 1990 c 612 s 14; 1992 c 513 art 2 s 27; 1992 c 539 s 10; 1993 c 300 s 10; 1994 c 580 s 5; 1995 c 220 s 111; 2002 c 225 s 3

==116P.12

116P.12 Water system improvement loan program.

Subdivision 1. **Loans authorized.** (a) If the principal of the trust fund equals or exceeds \$200,000,000, the commission may vote to set aside up to five percent of the

principal of the trust fund for water system improvement loans. The purpose of water system improvement loans is to offer below market rate interest loans to local units of government for the purposes of water system improvements.

(b) The interest on a loan shall be calculated on the declining balance at a rate four percentage points below the secondary market yield of one-year United States Treasury bills calculated according to section 549.09, subdivision 1, paragraph (c).

(c) An eligible project must prove that existing federal or state loans or grants have not been adequate.

(d) Payments on the principal and interest of loans under this section must be credited to the trust fund.

(e) Repayment of loans made under this section must be completed within 20 years.

(f) The Minnesota Public Facilities Authority must report to the commission each year on the loan program under this section.

Subd. 2. **Application and administration.** (a) The commission must adopt a procedure for the issuance of the water system improvement loans by the Public Facilities Authority.

(b) The commission also must ensure that the loans are administered according to its fiduciary standards and requirements.

HIST: 1988 c 690 art 1 s 16

==116P.13

116P.13 Minnesota future resources fund.

Subdivision 1. **Revenue sources.** The money in the Minnesota future resources fund consists of revenue credited under section 297F.10, subdivision 1, paragraph (b), clause (1).

Subd. 2. **Interest.** The interest attributable to the investment of the Minnesota future resources fund must be credited to the fund.

Subd. 3. **Revenue purposes.** Revenue in the Minnesota future resources fund may be spent for purposes of natural resources acceleration and outdoor recreation, including but not limited to the development, maintenance, and operation of the state outdoor recreation system under chapter 86A and regional recreation open space systems as defined under section 473.351, subdivision 1.

HIST: 1988 c 690 art 1 s 17; 1989 c 335 art 1 s 179; 1997 c 106 art 2 s 4

==116P.14

116P.14 Federal land and water conservation funds.

Subdivision 1. **Designated agency.** The Department of Natural Resources is designated as the state agency to apply for, accept, receive, and disburse federal reimbursement funds and private funds, which are granted to the state of Minnesota from section 6 of the federal Land and Water Conservation Fund Act.

Subd. 2. **State land and water conservation account; creation.** A state land and water conservation account is created in the natural resources fund. All of the money made available to the state from funds granted under subdivision 1 shall be deposited in the state land and water conservation account.

Subd. 3. **Local share.** Fifty percent of all money made available to the state from funds granted under subdivision 1 shall be distributed for projects to be acquired, developed, and maintained by local units of government, providing that any project approved is consistent with a statewide or a county or regional recreational plan and compatible with the statewide recreational plan. All money received by the commissioner for local units of government is appropriated annually to carry out the purposes for which the funds are received.

Subd. 4. **State share.** Fifty percent of the money made available to the state from funds granted under subdivision 1 shall be used for state land acquisition and development for the state outdoor recreation system under chapter 86A and the administrative expenses necessary to maintain eligibility for the federal Land and Water Conservation Fund.

HIST: 1Sp2001 c 2 s 140; 2003 c 128 art 1 s 152,153

==116P.15

116P.15 Land acquisition restrictions.

Subdivision 1. **Scope.** A recipient of an appropriation from the trust fund or the Minnesota future resources fund who acquires an interest in real property with the appropriation must comply with this section. If the recipient fails to comply with the terms of this section, ownership of the interest in real property transfers to the state. For the purposes of this section, "interest in real property" includes, but is not limited to, an easement or fee title to property.

Subd. 2. **Restrictions; modification procedure.** (a) An interest in real property acquired with an appropriation from the trust fund or the Minnesota future resources fund must be used in perpetuity or for the specific term of an easement interest for the purpose for which the appropriation was made.

(b) A recipient of funding who acquires an interest in real property subject to this section may not alter the intended use of the interest in real property or convey any interest in the

real property acquired with the appropriation without the prior review and approval of the commission. The commission shall establish procedures to review requests from recipients to alter the use of or convey an interest in real property. These procedures shall allow for the replacement of the interest in real property with another interest in real property meeting the following criteria:

(1) the interest is at least equal in fair market value, as certified by the commissioner of natural resources, to the interest being replaced; and

(2) the interest is in a reasonably equivalent location, and has a reasonably equivalent usefulness compared to the interest being replaced.

(c) A recipient of funding who acquires an interest in real property under paragraph (a) must separately record a notice of funding restrictions in the appropriate local government office where the conveyance of the interest in real property is filed. The notice of funding agreement must contain:

(1) a legal description of the interest in real property covered by the funding agreement;

(2) a reference to the underlying funding agreement;

(3) a reference to this section; and

(4) the following statement:

"This interest in real property shall be administered in accordance with the terms, conditions, and purposes of the grant agreement or work program controlling the acquisition of the property. The interest in real property, or any portion of the interest in real property, shall not be sold, transferred, pledged, or otherwise disposed of or further encumbered without obtaining the prior written approval of the Legislative Commission on Minnesota Resources or its successor. If the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or work program, ownership of the interest in real property shall transfer to this state."

HIST: 1Sp2001 c 2 s 141; 2002 c 225 s 4

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1991 S. Plan.

STRATEGIC PLAN

July 1990 - July 1996

MINNESOTA'S ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

This is the First Strategic Plan

Recommended by the

Citizen Advisory Committee

to the

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES

Preamble to the Trust Fund Law

The legislature finds that all Minnesotans share the responsibility to ensure wise stewardship of the state's environmental and natural resources for the benefit of current citizens and future generations. Proper management of the state's environment and natural resources includes and requires foresight, planning and long-term activities that allow the state to preserve its high quality environment and provides for wise use of its natural resources. The legislature also finds that to undertake such activities properly, a long-term consistent and stable source of funding must be provided.

Adopted December 11, 1989

LCMR

Legislative Commission on Minnesota Resources

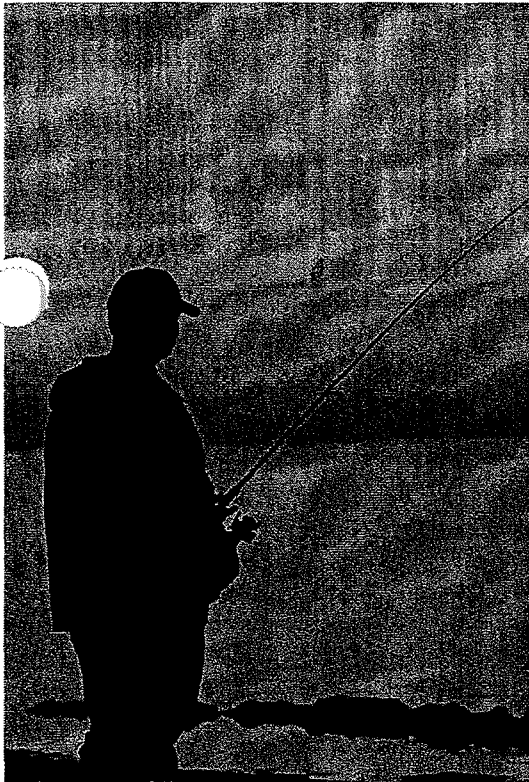
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St. Paul, MN 55155

Fall 2005

WHAT IS THE LCMR?



The Legislative Commission on Minnesota Resources (LCMR) is a bipartisan commission that makes funding recommendations to the Legislature for special environment and natural resource projects. Funding recommendations are typically for new, innovative, or accelerated projects designed to help sustain, enhance, and utilize Minnesota's natural resources.

The LCMR was created in 1963 to provide the Legislature with the background necessary to evaluate programs proposed to preserve, develop, and maintain Minnesota's natural resources. Since that time, over \$560 million has been appropriated for approximately 1,260 projects.

In 1963, projects were originally funded with Minnesota Future Resources Fund revenue (2 cents of the cigarette tax) until 2003 when that revenue was redirected to the General Fund. The first Environment and Natural Resources Trust Fund appropriation (partially supported by Minnesota State Lottery proceeds) was in 1991. Today, the Trust Fund is the primary funding source of the LCMR. Other funds such as the Oil Overcharge Money and the Great Lakes Protection Account are recommended for appropriation when available.

The Commission uses a number of approaches to assess the status of the state's natural resources and identify important issues and needs. These approaches include: site visits to public and private sector natural resource projects, regional discussions with natural resource managers, and a web survey soliciting input from citizens. With information gathered through those activities, the Commission adopts a Strategic Plan and issues a Request for Proposal to guide expenditure recommendations by the LCMR to the Minnesota Legislature for natural resource projects.

ENVIRONMENT & NATURAL RESOURCE TRUST FUND

In November 1988, Minnesota voters approved a constitutional amendment establishing the Trust Fund and authorizing the creation of the Minnesota State Lottery. A second amendment was adopted in 1990 extending the dedication of 40% of the net lottery proceeds from the state lottery through 2025. This amounts to approximately 6 cents of each dollar spent on lottery tickets. Average lottery contributions to the Trust Fund equal about \$23-\$26 million a year.

The market value of the Trust Fund was \$377 million as of June 30, 2005. Up to 5.5% of the market value of the fund can be used for projects each year. For the 2006-07 biennium, the LCMR is recommended \$38 million from the Trust Fund for projects, compared to approximately \$33 million last biennium.

WHO ARE THE LCMR MEMBERS?

The LCMR is comprised of 20 members:

- ◆ Chairs of the House and Senate committees on Environment & Natural Resources
- ◆ Chairs of the House and Senate committees on Environment & Natural Resources Finance
- ◆ Chairs of the House Ways and Means and Senate Finance Committees (or designees of the above appointed for the terms of the chairs)
- ◆ Seven members of the Senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration
- ◆ Seven members of the House appointed by the Speaker

At least three members each from the Senate and House must be from the minority caucus. The members elect their officers, rotating the chair between the Senate and the House every two years. The LCMR employs four full-time nonpartisan professional and support staff.

In addition, the LCMR is advised by an 11-member Citizen Advisory Committee that is appointed by the Governor with at least one member from each congressional district.

1963 - LCMR, then called the MN Outdoor Recreation Resource Commission, consisting of 14 members evolved from the Federal Land & Water Conservation Act (LAWCON) process. The Legislature authorized a one cent cigarette tax into the Minnesota Future Resources Fund (MFRF) to fund environmental projects throughout the state.

1977 - The Commission's first Request for Proposals (RFP) was distributed.

1963

1969

1977

1988

LCMR TIMELINE

1969 - The Legislature authorized an ADDITIONAL one cent cigarette tax into the MFRF for natural resource issues.

1988 - A constitutional amendment passed establishing the Trust Fund. Commission membership increased to 16.

HOW DOES THE PROCESS WORK?

Odd-Numbered Years:

- ◆ Summer and Fall —LCMR conducts site visits to public and private sector natural resources projects, talks with professionals, solicits input from citizens to assess the status of the state's natural resources, and identifies important issues and needs.
- ◆ Winter —the Commission adopts a comprehensive strategic plan for funding priorities and issues a Request for Proposals (RFP).

Even-Numbered Years:

- ◆ February / March —Proposals are due to the LCMR office.
- ◆ May / June —LCMR and Citizen Advisory Committee (CAC) review and evaluate all proposals, then select proposals that best fit the funding priorities.
- ◆ June / July —a select number of proposal managers are invited to present their proposals before the LCMR and CAC members at a series of public hearings.

Projects that are recommended for funding are reviewed by the Legislature in the odd-numbered legislative session for inclusion in appropriate legislation allocating the funds. Projects with LCMR approved work programs can begin work on July 1 of the odd-numbered years.

This biennium FY 06-07, the LCMR is recommending 73 projects for a total of \$39 million to the 2005 Legislature from three funding sources: Environment and Natural Resources Trust Fund; Land and Water Conservation Act (LAWCON); and Great Lakes Protection Account. The Governor vetoed 11 projects totaling \$4.126 million which included second year biennium funding for the LCMR Administrative budget. Also included in the 2005 law was funding for an Environment and Natural Resources Advisory Task Force, which charge is "to examine the process for making recommendations on expenditures from the environment and natural resources trust fund". Look for updates posted at: <http://www.lcmr.mn/taskforcemainpg.htm>

1991 - First year \$14.6 million of Trust Fund money was available for distribution along with \$20 million in other money for a total of \$34.6 million for the biennium. LCMR members received 730 proposals.

2003 - Minnesota Future Resource Fund (cigarette tax) is redirected to the General Fund and is no longer recommended for appropriations by the LCMR.

1990

1991

1998

2003

1990 - The Constitution was amended so that 40% of the net lottery proceeds were to be deposited into the Trust Fund through the year 2025.

1998 - A constitutional amendment allowed distribution of up to 5.5% of the Trust Fund account balance per year for distribution for natural resource projects. Commission membership increased to 20.

LCMR MEMBERS

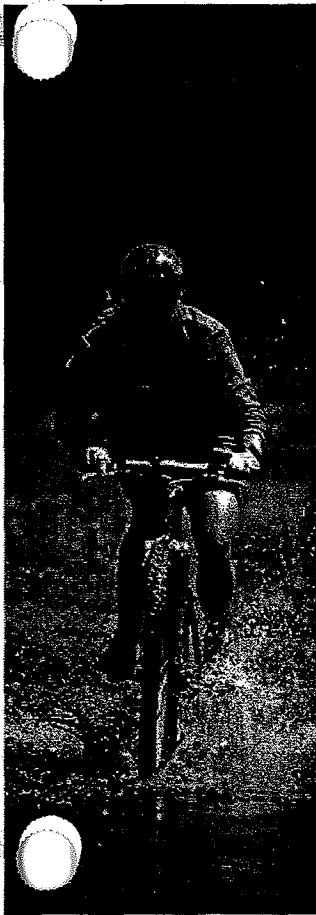
SENATORS

Ellen Anderson
D. Scott Dibble
Dennis Frederickson
Linda Higgins
Pat Pariseau
Carrie Ruud
Dallas Sams
David Tomassoni
Charles Wiger
Jim Vickerman

REPRESENTATIVES

Kathy Tingelstad, Chair
Lyndon Carlson
Dan Dorman
Tom Hackbarth
Larry Howes
Thomas Huntley
Denny McNamara
Peter Nelson
Dan Severson
Jean Wagenius

*Membership as of
Fall 2005*



**CITIZEN
ADVISORY
COMMITTEE (CAC)**

**for the Environment &
Natural Resources
Trust Fund**

Appointed by the Governor

District 1 & At Large

John Kvasnicka

District 2

Nalani McCutcheon

John Dyke

District 3

*vacant

District 4

*vacant

District 5

Nancy Gibson, Chair

James Nelson

District 5 & At Large

David Hartwell

District 6

Catherine Thayer Nicholson

District 7

*vacant

District 8

*vacant

*Vacancy

If interested in serving on the CAC, contact the Secretary of State's Office, Open Appointments, at 651-296-5845 or www.sos.state.mn.us

Membership as of
July 1, 2005

WHO RECEIVES FUNDING?

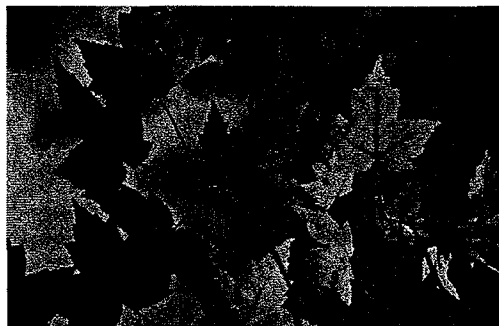
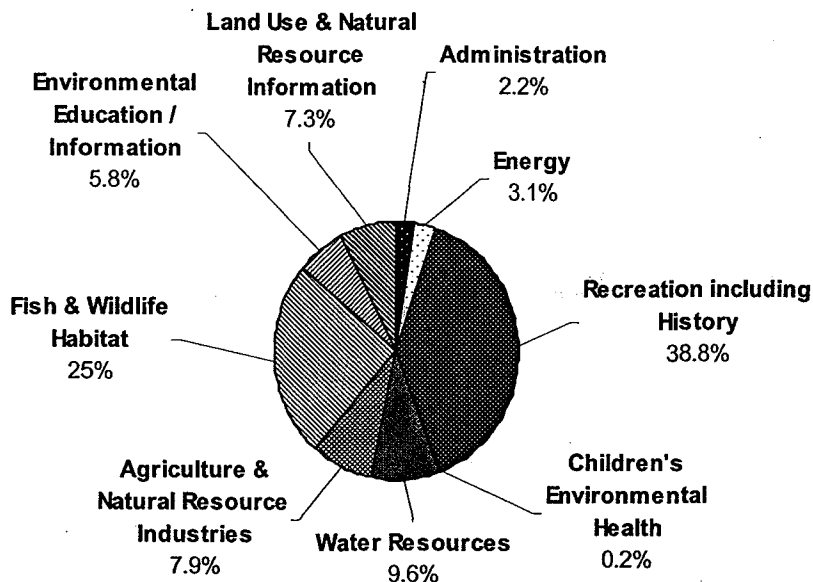
The Environment and Natural Resources Trust Fund appropriations have equaled about 1% of the total state spending on environment and natural resources biennially. The Trust Fund is appropriated by the Legislature along with the rest of the state budget for environment and natural resources spending.

Anyone may apply for funding from the Trust Fund provided that the proposal is consistent with public purposes. Past recipients include:

- ◆ state agencies
- ◆ local governments
- ◆ colleges & universities
- ◆ nonprofit organizations
- ◆ school districts
- ◆ private individuals & companies

WHAT TYPES OF PROJECTS ARE FUNDED?

ALL FUNDING SOURCES: ML 1991 - 2005 LCMR Projects
equals 100% of amount appropriated



The LCMR staff is available anytime to help with questions, specifics on projects, natural resource issues and background information. Do not hesitate to call with your questions or to set up a meeting.

LCMR Staff:

John Velin, Director
Susan Thornton, Assistant Director
Susan Von Mosch, Manager of
Research & Planning
Sandy Smith, Secretary

Phone: 651-296-2406

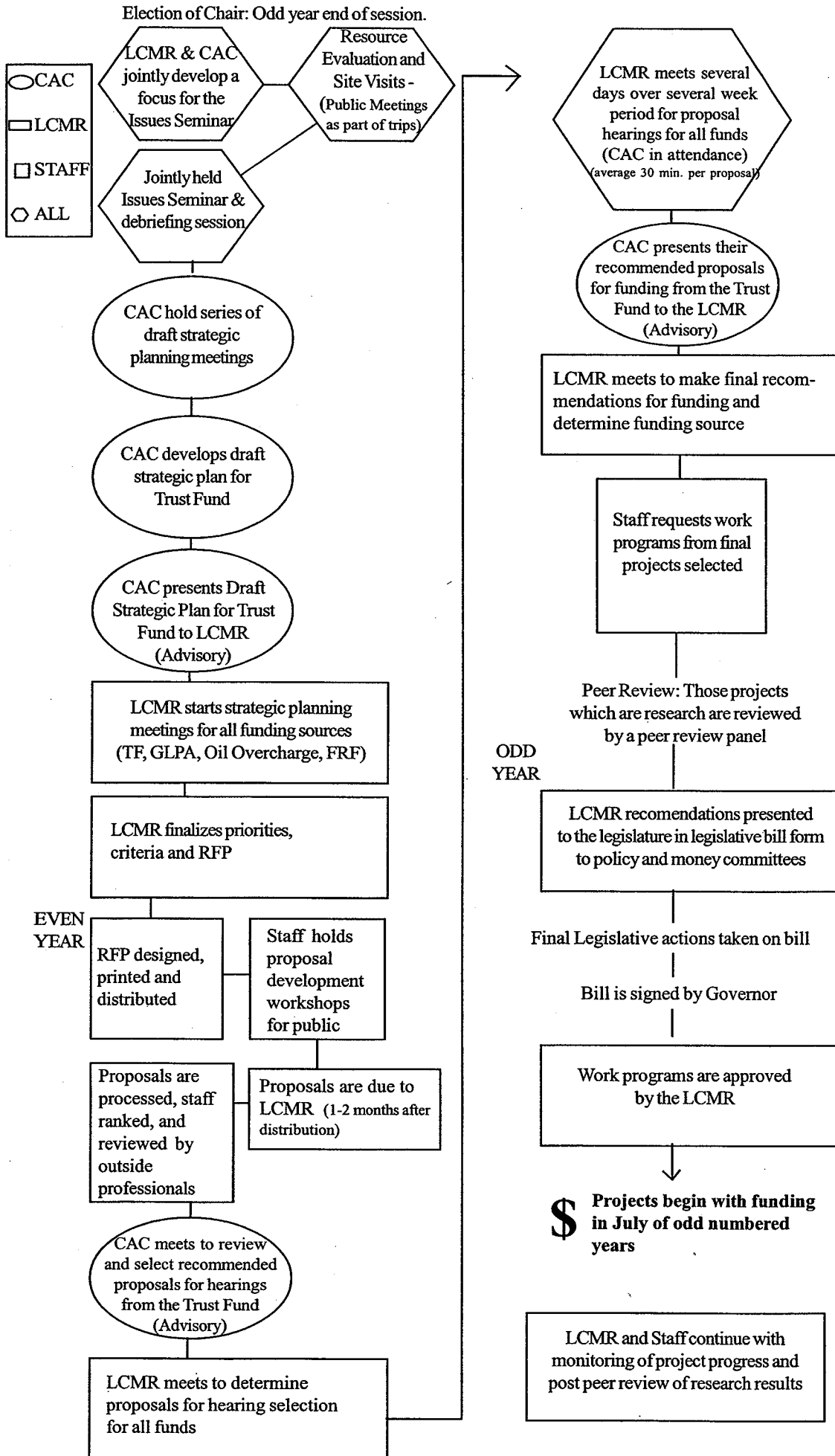
Fax: 651-296-1321

Email: lcmr@commissions.leg.state.mn.us

Web Address: www.lcmr.leg.mn.us

LCMR activities consist of factfinding and evaluation of natural resource issues, Strategic Planning, Review of Proposals and recommendations for funding primarily from the Environment and Natural Resources Trust Fund; project implementation and continued evaluation. LCMR consists of 20 members, ten from the House and ten from the Senate. A staff of 4. FTE support the activities of the Commission. In addition, a Citizen Advisory Committee is appointed by the Governor for activities related to the Environment and Natural Resources Trust Fund (CAC).		
LCMR Biennial Activities	Timetable	
Election of Chair - alternates between House and Senate	Odd yr. end of session	
I. FACTFINDING and NATURAL RESOURCE EVALUATION		
A. LCMR develop a focus for the Site Visits and Issues Seminar. CAC participates.	Odd yr. End of session	
B. Resource Evaluation and Site Visits (public meetings as part of trips) Up to 4 two day trips. CAC participates	Summer /fall odd year	
C. Issues Seminar (CAC participates)	Fall, odd year	
II. Strategic Planning		
A. LCMR starts strategic planning meetings - CAC advises on Draft Plan for TF	Fall, odd year	
B. LCMR finalizes funding priorities and criteria for RFP	End of odd year	
III. RFP and Proposal Review		
A. RFP designed, printed, and distributed	Beginning even yr	
B. Staff assists potential proposers on proposal development	Winter even yr.	
C. Proposals are due to LCMR (1-2 months after distribution)	Feb. even yr.	
D. Proposals are processed, staff ranked according to LCMR adopted Criteria, and reviewed by outside professionals	March/April even yr.	
E. LCMR meets to determine proposals for hearing selections for all funds (receives advice from CAC regarding TF proposals)	Spring even yr.	
F. LCMR meets several days over several week period for proposal hearings for all funds (average 30 minutes per proposal) 5 sets of two day hearings = 10 days	Summer even yr.	
G. LCMR meets to make final recommendations for funding and determine funding source. (2 days) LCMR receives CAC advice for TF.	Summer even yr.	
H. Staff requests work programs from final projects selected	Fall even yr.	
I. Peer Review: those projects which are research are reviewed by a peer review panel	Fall even yr.	
J. LCMR final recommendations presented to the legislature in legislative bill form to policy and money committees	Odd year session	
K. Final Legislative actions taken on bill and sent to Gov.	Spring odd yr.	
IV. Project Implementation and Evaluation		
A. Work Programs are approved by the LCMR	June odd yr.	
B. Projects begin with funding in July of odd numbered years	July 1 odd yr.	
C. LCMR and staff continue with monitoring of project progress and post peer review of research results		

LCMR Current 2 Year Proposal Process Cycle





ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

FREQUENTLY ASKED QUESTIONS

LCMR members and staff receive many phone calls and questions with regard to the Environment and Natural Resources Trust Fund and how it relates to the LCMR process. We have included these questions and answers below:

<p><u>What is the Environment and Natural Resources Trust Fund?</u></p> <ul style="list-style-type: none"> • How long has the Trust Fund been in existence? • What can it be used for? • Who qualifies for Trust Fund money? Who gets this money? • Was the Minnesota State Lottery established so the state could lower taxes for everyone? 	<p><u>What type of Projects are funded?</u></p> <ul style="list-style-type: none"> • How is the Trust Fund money spent? • How much money has been appropriated? • Where has the money been spent? • Are there projects that cannot be funded? • How can I find out more about individual projects?
<p><u>How is it Funded?</u></p> <ul style="list-style-type: none"> • What is the current value of the Trust Fund today? • Who invests the Trust Fund's principal? • During the last biennium the Lottery contributed \$48 million to the Trust Fund, but only \$27 million was appropriated. Why? 	<p><u>Who decides where the money is spent?</u></p> <ul style="list-style-type: none"> • How does the LCMR decide what to recommend? • How do I apply? • Is the Environment and Natural Resources Trust Fund the only resource for funding environmental projects?
<p><u>Where are the projects funded?</u></p> <ul style="list-style-type: none"> • My part of the state seems to get less than its "fair share" of the money. Why? • Why don't the Trust Fund expenditures occur in the same places where the lottery money is generated? 	

What is the Environment and Natural Resources Trust Fund?

The Environment and Natural Resources Trust Fund is a permanent fund established in the Minnesota Constitution.

How long has the Trust Fund been in existence?

The Environment and Natural Resources Trust Fund was established following voter approval of a constitutional amendment in November 1988. The first lottery proceeds were deposited in the fund in May 1990. In November 1990, voters approved dedication of 40 percent of net lottery proceeds to the Trust Fund through December 2000. This dedication was continued through December 2024 after passage of a constitutional amendment in November 1998.

What can it be used for?

It can only be used to fund projects of long-term benefit to Minnesota's environment and natural resources. The Trust Fund may not be used as a substitute for traditional sources of environmental or natural resource funding. It must supplement, not supplant the traditional sources of money.

Who qualifies for Trust Fund money?

Anyone may apply for an appropriation from the Environment and Natural Resources Trust Fund providing the proposal is consistent with public purposes. However, many more proposals are received than can be funded. Past recipients include state agencies, local governments, colleges and universities, school districts, and non-profit organizations.

Was the Minnesota State Lottery established so the state could lower taxes for everyone?

This was not the stated purpose of the Trust Fund. Language in the authorizing legislation, M.S. Chp. 116P.03, very clearly indicates the Trust Fund should result in a net increase in spending on environment and natural resource purposes. The state lottery is the source of the money for the Trust Fund through the year 2024. The lottery also provides about \$57 million per year into the state's general fund.

How is it funded?

The Trust Fund receives 40 percent of net Minnesota State Lottery proceeds (between 6 cents and 7 cents of each dollar wagered on the lottery.) This source of funding is guaranteed by the Minnesota Constitution through December 31, 2024. The Trust Fund may also receive contributions from other sources, such as private donations.

What is the current value of the Trust Fund today?

As of December 2003 the market value of the Trust Fund is approximately \$300 million.

Who invests the Trust Fund's principal?

The State Board of Investment, the agency charged with the administration and direction of all state funds, is responsible for the management of the Environment and Natural Resources Trust Fund.

The Lottery contributed \$21 million to the Trust Fund each year, but only \$15 million each year was appropriated. Why?

The Trust Fund is a permanent fund, similar to an endowment. By law, 5 1/2% of the market value of the fund can be utilized for projects each year. Lottery proceeds are added to the fund's principal. Over time, as the fund grows, earnings will also grow, and more projects can be funded. Eventually, the amount available for

expenditure will likely be greater than the annual lottery contribution. The value of the Trust Fund as of December 2003 is \$300 million.

What types of projects are funded?

How is the Trust Fund money spent?

Trust Fund appropriations so far have equaled around one percent of the total state spending on environment and natural resources biennially. It is appropriated by the Legislature, along with the rest of the state budget for environment and natural resources spending. The LCMR issues a Request for Proposal, open to everyone, reviews and makes recommendation on projects to be funded by the Trust Fund. This recommendation is sent to the full Legislature. Once the Legislature has approved or modified the LCMR recommendations, the appropriations are authorized. Next, a detailed workprogram must be approved by the LCMR. In many cases, the appropriation will pass through a state agency to a local government or nonprofit, a contract must also be executed laying out the specific terms of work and schedules and the requirements for receiving reimbursement through the appropriation.

How much money has been appropriated?

From 1991-2003, the legislature has appropriated \$174,090,000 million to 287 projects.

Where has the money been spent?

Funded projects fall into the following broad categories (pie chart):

- o Recreation, including parks and trails and history: \$69,899,000
- o Fish and wildlife habitat and critical lands: \$55,914,000
- o Water resources: \$14,251,000
- o Environmental education: \$8,311,000
- o Agriculture and natural resource-based industries: \$7,997,000
- o Land use and natural resource information: \$13,457,000
- o Energy: \$346,000
- o Administration: \$3,352,000
- o Children's Environmental Health: \$563,000

By law, money in the Trust Fund may be spent only on certain types of projects.

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.

Are there projects that cannot be funded?

By law, certain types of projects cannot be funded through the Environment and Natural Resources Trust Fund.

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

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.

How can I find out more about individual projects?

The LCMR's web site (<http://www.commissions.leg.state.mn.us/lcmr/projectabs.html>) includes all project abstracts from 1991, as well as contacts at organizations receiving the appropriations.

Where are the projects funded?**My part of the state seems to get less than its "fair share" of the money. Why?**

There are several reasons why it may seem that some portions of the state receive less than would be "expected" given either population or lottery sales. First, many of the approved projects are of statewide benefit and cannot easily be identified with any given locality. An example of this type of project is research into the control of pests such as Eurasian water milfoil and purple loosestrife. Second, by law, the LCMR reviews proposals based on their individual merit and consistency with the strategic plan, not with regard to any geographic quota. Third, there simply may be few or no proposals submitted from a particular area.

Why don't the Trust Fund expenditures occur in the same places where the lottery money is generated?

Many people ask this question with an assumption that the lottery dollars represent some form of investment by the players who then have standing to determine how and where the investment is handled. In fact, the lottery is not an investment. It is a recreational enterprise operated by state government. The winning players, as a group, receive back (62) cents on their dollar played. So, the trust fund is not viewed as a mechanism to pay people back in projects for their dollars spent on the lottery. Rather, it is viewed as a device to accumulate capital, invest the capital and spend the earnings on projects to enhance and protect the environment.

Who decides where the money is spent?

Applications for funding are made to the Legislative Commission on Minnesota Resources (LCMR). The LCMR makes a recommendation to the full legislature which in turn must pass a bill allocating the funds. Once passed, the bill may be signed or vetoed by the governor.

How does the LCMR decide what to recommend?

Every biennium the LCMR reviews the major environmental issues facing the state and prepares a strategic plan that identifies priority areas for funding. The commission may ask selected organizations to make presentations prior to final review and recommendations. Final recommendations are based on consistency with the strategic plan and with regard to the limited funding available.

How do I apply?

Contact the LCMR at 65 State Office Building, 100 Constitution Avenue, St. Paul, MN 55155, telephone (651) 296-2406, e-mail lcmr@commissions.leg.state.mn.us. For information on the 2005 funding cycle, visit their web page, <http://www.lcmr.leg.mn>. There is a link from the main page.

Is the Environment and Natural Resources Trust Fund the only resource for funding environmental projects?

No. Trust Fund appropriations so far have equaled around one percent of the total state spending on environment and natural resources biennially. It is appropriated by the Legislature, along with the rest of the state budget for environment and natural resources spending.

The legislature up until 2003, through the LCMR, also recommended funding of projects through the Minnesota Future Resources Fund (financed through a portion of the cigarette tax) and the Great Lakes Protection Fund. As does the Trust Fund, these funds also have restrictions on their use.

Last Updated: 03/10/05 (ss)

send comments regarding this site to:
lcmr@lcmr.leg.mn

Appropriations from Revenue Sources available to the LCMR for Funding Recommendations

Appropriation Year	Environment and Natural Resources Trust Fund	Future Resources Fund	Oil Overcharge Money	Land & Water Conservation (LAWCON)	Great Lakes Protection Account	Totals
1991 <i>Ch 254 Art. 1 Sec. 14</i>	14,960,000	16,534,000	3,500,000		0	34,994,000
1993 <i>Ch 174 Sec. 14</i>	24,600,000	14,662,000	2,012,000		0	41,274,000
1994 <i>Ch 632 Art. 2 Sec. 6</i>	1,346,000	1,404,000	0		0	2,750,000
1995 <i>Ch 229 Sec. 19, 20, 21</i>	18,019,000	15,083,000	2,055,000		130,000	35,287,000
1996 <i>Ch 407 Sec. 8</i>	1,630,000	3,258,000	0		0	4,888,000
1997 <i>Ch 216 Sec. 15</i>	22,270,000	14,668,000	150,000		120,000	37,208,000
1999 * <i>Ch 231, Sec. 16</i>	26,010,000	16,040,000	0		200,000	42,250,000
2001 <i>1st. Sp.Ses., Ch. 2, Sec. 14</i>	34,620,000	15,385,000	180,000		87,000	50,272,000
2002 <i>Ch. 220, Art. 8, Sec. 1 & 8</i>	316,000	0	0		0	316,000
2003 *** <i>Ch. 128, Art. 1, Sec. 9</i>	30,100,000	17,870,000 0 *	519,000	2,000,000 **	56,000	50,545,000 32,675,000
2005*** <i>1st. Sp.Ses., Ch. 1, Art. 2, Sec. 11</i>	33,560,000	0	0	1,600,000 **	0	35,160,000
	173,871,000	114,904,000	8,416,000	3,600,000	593,000	367,619,000

NOTE: Does not reflect vetoes below.

* 1999 Veto
 350,000 TF
 200,000 TF
1,200,000 FRF
 1,750,000

** 2001 Veto
 275,000 FRF
 455,000 TF
730,000

***2005 Veto
 4,098,000 TF
 28,000 GLPA
4,126,000

* 2003 Future Resource Fund was redirected to the General Fund, not to be recommended by the LCMR per ML 2003, Ch. 128, Art. 1, Sec. 146 & Sec. 155.

** Previous to 2003, the LAWCON money was included in the Future Resource Fund appropriation for purposes of this chart.

Appropriations for LCMR Administrative Expenses

Statutory reference MS 116P.09

The amounts shown here are part of the total appropriation above

Appropriation Year	Environment & Natural Resources Trust Fund	Carryforward	Future Resources Fund	Year Total
1991			850,000	850,000
1993	270,000		425,000	695,000
1995	394,000		308,000	702,000
1997	472,000		304,000	776,000
1999	567,000		333,000	900,000
2001	738,000		389,000	1,127,000
2003	672,000	172,000 **	428,000	1,272,000
			0 *	
2005	449,000		0	449,000 ***
Total	3,562,000		2,609,000	5,499,000

Citizen Advisory Committee (CAC) budget included in LCMR Administrative Expenses from 1991 - 2001.

In 2003, CAC had a separate appropriation of \$45,000 and was NOT included in the LCMR Administrative Expenses.

In 2005, CAC has a recommended separate appropriation of \$35,000 (\$20,000 from 06-07 and \$15,000 04-05 Carryforward)

NOTES:

* Future Resources Fund was redirected to the General Budget, not to be recommended by the LCMR per per ML 2003, Ch. 128, Art. 1, Sec. 146 & Sec. 155.

** Carryforward from 02-03 (Trust Fund)

*** This amount reflects only first biennium funding. The governor vetoed the second half of the biennium funding of the administrative budget (\$450,000).

**ENVIRONMENT AND NATURAL RESOURCES TRUST FUND
ABSTRACTS OF NOTEWORTHY PROJECTS
1991 - 2005**

Projects cited have received all or the majority of their funding through the Environment and Natural Resources Trust Fund.

FISH AND WILDLIFE HABITAT

Outstate Habitat Corridors

For 2001, 2003 and 2005 the LCMR recommended over \$20.6 million to a partnership to focus acquisition and restoration on key habitats in 63 counties within Outstate Minnesota. Accomplishments by spring 2005: 12,000 acres acquired in fee or easement, 18,000 acres restored, and 26 miles of shoreline protected. Significantly over 29,000 additional acres of wetlands were protected and restored. Additional match funding increases these totals. The projects are still active and producing additional results.

Metropolitan Wildlife Corridors

A significant counterpart project, Metro Wildlife Corridors is receiving over \$8 million in 2003 and 2005. Accomplishments in the priority areas expected by 2008 include at least 1,709 acres acquired in fee or easement and at least 2,450 acres restored.

In both of the Corridor projects, the land and water is permanently protected from urban and other human development. Both of these projects were finalists for the 2005 MEI Environmental Initiative awards

Scientific and Natural areas acquisition and development (SNA)

At the insistence of LCMR, during the 1980's the DNR established a long-term plan for preserving very selective examples of the state's natural heritage habitat. The selection of areas is based upon results of the Minnesota County Biological survey (MCBS discussed elsewhere). The areas are set aside as a research base and a source for genetics, representing the little disturbed habitat that signifies the flora and fauna species native to Minnesota. Since then the LCMR has recommended over \$1.2 million in acquisition and restoration funding for this system of scientific treasures. More Trust Fund money has gone into the SNA projects as part of the Corridors projects

Carp Control

Common carp create problems in shallow lakes by muddying the waters and uprooting aquatic plants. Starting in 2003, the Trust Fund provided support for a nationally known University of Minnesota researcher to begin laboratory work using pheromones (scents) to attract and control common carp. The LCMR recommends significantly expanded funding for this project in 2005, with funding through 2009. Expanded efforts will include collaboration with MnDNR fisheries staff on field trials and exotic species control experts from Australia.

Biological Control

European buckthorn, Eurasian water milfoil, purple loosestrife, garlic mustard are some of the non-native, invasive plants which are damaging Minnesota's native habitats in forests, lakes, and wetlands. Vast quantities of manual labor and application of chemicals was not controlling the spread of these invasives. Over the past decade, the Trust Fund has provided significant support for research on the biological control of invasive species. The biggest success story is the bio control of purple loosestrife using

beetles as safe, proven natural enemies. Research on bio control agents for buckthorn started in 2003 and will continue in 2005.

LCMR's support for bio control began in the 1980s with a research program at the University of Minnesota to reduce reliance on chemical control of certain pests in agricultural production systems by developing biologically based methods of pest control.

Prairie Chicken Population Re-established

A small but very significant project in 1991 relocated native prairie chickens from northwest to southwest Minnesota. This project was so successful that by 2004 a huntable surplus population was reproducing in the state in areas once void of the popular and traditional game bird.

Forest and Prairie Stewardship on Private Land

Since 1997 alone, the LCMR has recommended over \$1.8 million for forest and prairie plans and implementation activities on over 54,000 acres of private lands. This has generated over \$6.4 million in non-state matching money.

Lakescaping

Lakescaping for wildlife and water quality has been a Trust Fund priority for four biennia, starting in 1999. Naturalizing lake shore property with native plants both on the upland and in the water controls erosion, improves water quality, and provides habitat for aquatic and shoreland species. Workshops and demonstration sites for lakeshore owners helps accelerate public acceptance of this idea. Originally supported as a separate project, since 2001 lakescaping has received Trust Fund support as part of the Habitat Corridors Partnership.

St. Louis River Land Acquisition

\$1,000,000 was provided to a joint effort of the DNR and the St. Louis River Board to acquire 4500 acres of undeveloped lands located along the St. Louis, Cloquet and Whiteface rivers thereby protecting riparian zones and public access.

RIM projects

On a broader scale, since 1991, the LCMR recommended over 48% of all allocations from the Trust Fund to RIM projects. This totals nearly \$84 million and covers a wide range of fish and wildlife conservation enhancement activities as defined in *Minn. Statutes §84.95*

WATER

Accelerating and Enhancing Surface Water Monitoring for Lakes and Streams

A successful joint project begun in 2003 and continuing in 2005 by the MPCA, University of Minnesota, Rivers Council of Minnesota, Minnesota Lakes Association and the Minnesota Initiative Foundation provides much needed data for water quality monitoring of our lakes and streams through remote sensing technology and volunteer monitoring. Through this initiative the baseline program is accelerated to improve the state's ability to assess Minnesota streams and lakes through effective collection of water quality data. The funding helps develop tools to determine the biological condition of rivers and streams during water quality assessments.

Phosphorous

In 2003, the Trust Fund supported two projects focused on sources of phosphorous in Minnesota's surface waters. 1) A MnPCA study determined that about 69 percent of phosphorous in Minnesota's surface waters is from nonpoint sources (cropland and pasture runoff, atmospheric deposition, stream bank erosion), while 31 percent is from point sources (commercial/industrial water processes and human waste products). The study also found that up to 58 percent of the phosphorous entering municipal wastewater treatment plants is from non-ingested sources (commercial/industrial water processes and food wastes).

2) Work by Minnesota Environmental Science and Economic Review Board, an association of municipal wastewater treatment plants, reviewed plant operations and developed recommendations for phosphorous removal alternatives.

DNA Fingerprinting

Fecal coliform is one pathogen that can contaminate Minnesota's lakes and streams. In 1999 and 2001, the Trust Fund supported efforts of University of Minnesota researchers to identify and classify specific DNA fingerprints to differentiate human from animal sources of fecal pollution. E. coli bacteria originating from cattle dominate rural sites; a mix of domestic animals and wildlife affect urban sites. DNA fingerprint information also helps target remediation and abatement procedures.

Metro Area Groundwater Model

Created in order to model Superfund and tank leak sites and to serve as the main source of groundwater models for the hydrologic community, the Metro Groundwater project refined the metropolitan groundwater model. Databases and maps have been distributed through compact disks and the Internet to government scientists and private consultants since the late 1990s.

Assessing Wetland Quality with Ecological Indicators

Are we replacing and restoring wetlands so they provide wetland functions we seek? Research done at the U of M in 1995-1997 established a system of reference wetlands for comparative monitoring, developed plant and animal indicators of wetland quality, and developed guidelines for wetland assessment and monitoring to guide wetland replacement monitoring. Particular attention was given to wetlands in urban and agricultural areas of the state having the highest activity of wetland conversion and replacement.

On Site Sewage Treatment Alternatives

In the late 1990s PCA and the U of MN tested and demonstrated five different alternative septic treatment systems. They demonstrated that there are reliable alternatives to the conventional on-site septic treatment system prone to failure under variable soil conditions. The information was widely disseminated as a series of alternatives to over 1600 contractors and technical experts and the public.

NATURAL RESOURCE INFORMATION AND MAPPING

Minnesota County Biological Survey

Since 1987 and continuing for the following nine biennia, the Minnesota County Biological Survey has completed surveys in 60 of Minnesota's 87 counties. The Survey systematically collects and interprets data on the distribution and ecology of native plant communities, rare plants and rare animals. This information serves as the foundation for

the management and conservation of critical components of Minnesota's biological diversity through ecological monitoring, environmental review, planning, and critical habitat protection (SNA acquisition). Over 14,000 records have been added to the Natural Heritage Database. Recently, fourteen native plants and two amphibians not previously recorded were discovered. This effort has received over \$7.6 million through LCMR recommendations for this long-term effort. In FY 06-07 an additional \$1,000,000 is recommended.

Soil Surveys

The soil survey data layer is consistently ranked as the most important data layer by the Governor's Council on GIS. This data is used extensively in watershed planning, agricultural research, conservation planning, remote sensing studies, construction and transportation planning. Funding through LCMR recommendations has helped provide the local match to federal funds for initial soil surveys statewide. The current effort is for updating the soil survey in counties and digitizing them for placement on the Web for web based use. This data provides the base for all other natural resource mapping. Acceleration of survey funding through LCMR recommendations took place from the late 1970's to the early 1990's. Since that time, assistance has been given to the development of updates so that data conforms to present day standards, particularly for digital data compatibility. In 2005, Trust Funding dollars will initiate surveys in Crow Wing and Pine Counties.

Environmental Indicators Initiative

A three biennia project developed: (1) indicators that document natural resource status and trends; (2) indicators that link natural resource activities to natural resource outcomes; (3) developed targets for indicators to forecast and measure program results and integrated into DNR management plans and programs.; (4) scientific and comprehensive picture of the state's natural resources ; and (5) provided interagency coordination on developing common natural resource and environmental performance goals.

DNR developed their "Natural Resources Stewardship 2001; Key Indicators of Progress" as a product of this funding. In addition, the recently released DNR document titled, "A Strategic Conservation Agenda, 2003-2007" which guides the DNR's mission and its proposed FY06-07 budget is based on outcomes from the work of the Trust Fund Environmental Indicators Initiative project.

Base Maps for the 1990's

This three biennia effort received two awards, one from Governor Carlson and one from the U.S. Geologic Survey. This project was a cooperative effort with US Geological Survey and the state that produced statewide air photos, revised topographic maps, digital orthophoto quads (computer readable air photos that have been processed to minimize distortion found on traditional photos). Geospatial data are now available to the public for all 87 counties in CD ROM format. Timely funding through the Commission provided the dollars to initiate the work with USGS and helped place Minnesota ahead of many other states for this federal program.

ENVIRONMENTAL EDUCATION

Minnesota: A History of the Land

Minnesota: A History of the Land, a four-part documentary series, that vividly brings to life the epic story of the people and landscapes of Minnesota, premiered on Twin Cities

Public Television (TPT) in February 2005. A production of the College of Natural Resources, University of Minnesota, and TPT, the documentary received support from the Environment and Natural Resources Trust Fund 1999 and 2002. Additional funding was provided by the McKnight Foundation and a partnership of private and public matching funds. The series won the 2005 Environmental Initiative Award in the environmental education category from the Minnesota Environmental Initiative.

Leopold Education Project Curriculum

Pheasants Forever trained teachers on the Leopold Education Project, an innovative, interdisciplinary, conservation ethics curriculum targeted for grades 6-12. Over 230 teachers from all geographic areas of the state received training to use this curriculum in the general educational setting.

State Environmental Education Program

For the first time, a statewide plan for environmental education was developed titled, "A Greenprint for Minnesota: The State Plan for Environmental Education." This plan recommended actions, priority audiences and long term goals for environmental education in Minnesota. LCMR recommended funding for this initiative in response to receiving over 230 proposals in 1991 for environmental education funding and discovering that there was no statewide plan to inform priorities for funding decisions. This work further informed future legislative initiatives related to funding for residential environmental learning centers. The plan continues as the basis for state environmental education efforts.

RECREATION

State and Metro. Regional Parks

Since 1991, the LCMR has recommended over \$39 million for acquisition and improvement of state parks and metropolitan parks.

Accessibility to Recreation Facilities

In 2001, Wilderness Inquiry used Trust Fund moneys to assess over 100 recreation facilities to determine the accessibility of trails, picnic and camping areas, beaches, playgrounds, and visitor centers for persons with physical disabilities. Minnesota's Accessibility Guidebook and the assessment results are available on the web sites of the MnDNR and other recreation providers.

1991- 2005 LCMR TRUST FUND PROJECTS

Minnesota Environment and Natural Resources Trust Fund (M.S. 116P) (noted as TF)

The Minnesota Future Resources Fund (M.S. 116P.13) (noted as MFRF)

Great Lakes Protection Account (M.S. 116 Q.02) (noted as GLPA)

Oil Overcharge (Section 4.071, subdivision 2) (noted as OOC)

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(\$ amount does NOT include other funding sources)

Agriculture and Natural Resource Industries

YEAR: 1991

06(a)	TF	Biological Control of Pests (U of M)		650,000
06(d)	TF	Conservation Reserve Easements (BWSR)		600,000
07(h)	TF	Generic Environmental Impact Statement on Timber Harvesting (MN Planning - LMIC)		400,000
Total for 1991:				1,650,000

YEAR: 1993

03(e)	TF/MFRF	RIM -Conservation Reserve Easements - Continuation (BWSR)		500,000
Total for 1993:				500,000

YEAR: 1995

05(n)	TF	Forest Management to Maintain Structural and Species Diversity (DNR)		160,000
Total for 1995:				160,000

YEAR: 1997

06(b)	TF	Nitrate Education and Testing (Dept. of Agriculture)		150,000
07(a)	TF	Biological Control of Agricultural Pests (U of M)		200,000
07(b)	TF	Crop Management to Minimize Pesticide Inputs (U of M)		300,000
07(c)	TF	Sustainable Farming Systems (U of M)		560,000
07(d)	TF	Prairie-Grassland Landscapes (DNR)		125,000
16(a)	TF	Sand Dunes State Forest Acquisition (DNR)		400,000
19(b)	TF	Restoring White Pine in the Minnesota Landscape (U of M)		120,000
Total for 1997:				1,855,000

YEAR: 1999

07(a)	TF	Green Forest Certification Project (Institute for Agriculture and Trade Policy)		150,000
07(b)	TF	Accelerated Transfer of New Forest-Research Findings (U of M)		115,000
07(d)	TF	Integrated Prairie Management (DNR/U of M/Clay County)		350,000

Agriculture and Natural Resource Industries

YEAR: 1999

07(f)	TF	Diversifying Agriculture for Environmental, Economic, and Social Benefits (U of M)	400,000
07(g)	TF	Minnesota River Basin Initiative: Local Leadership (Minnesota River Basin Joint Powers Board)	300,000
07(r)	TF	Organic Farming Training Project (Minnesota Food Association)	350,000
10(e)	TF	Minnesota Environmentally Preferable Chemicals Project (Institute for Local Self-Reliance)	150,000
10(g)	TF	By-Products Application to Agricultural, Mineland and Forest Soils (U of M)	350,000
14(a)	TF/MFRF	Minnesota ReLeaf Matching Grant Program-Continuation (DNR)	500,000
14(d)	TF	Development and Assessment of Oak Wilt Biological Control Technologies-Continuation (U of M)	200,000
16(b)	TF	Evaluate establishment, impact of leafy spurge biocontrol agents (U of M)	140,000
Total for 1999:			3,005,000

YEAR: 2001

08b	TF	Agricultural Land Preservation (Dept. of Agriculture/Dakota County)	205,000
Total for 2001:			205,000

YEAR: 2003

09	TF	Native Plants and Alternative Crops for Water Quality (Blue Earth River Basin initiative/U of M)	622,000
Total for 2003:			622,000

YEAR: 2005

09a	TF	Completing Third-Party Certification of DNR Forest Lands (DNR)	250,000
09b	TF	Third Party Certification of Private Woodlands (U of M)	376,000
09c	TF	Sustainable Management of Private Forest Lands (DNR)	874,000
09d	TF	Evaluating Riparian Timber Harvesting Guidelines: Phase 2 (U of M)	333,000
09e	TF	3rd Crops for Water Quality - Phase 2 (Rural Advantage / U of M)	500,000
09f	TF	Bio-conversion of Potato Waste into Marketable Biopolymers (Bemidji State University)	350,000
Total for 2005:			2,683,000

Total for Agriculture and Natural Resource Industries: 10,680,000

Children's Environmental Health

YEAR: 1999

12(a)	TF	Measuring Children's Exposures to Environmental Health Hazards (U of M)	500,000
			Total for 1999: 500,000

YEAR: 2003

12a	TF	Healthy Schools: Indoor Air Quality and Asthma Management (Dept. of Health)	168,000
12b	TF	Economic-based Analysis of Children's Environmental Health Risks (Dept. of Health)	95,000
12c	TF	Continuous Indoor Air Quality Monitoring in MN Schools (Schulte Associates, LLC)	300,000
			Total for 2003: 563,000

YEAR: 2005

12a	TF	Minnesota Children's Pesticide Exposure Reduction Initiative (Dept. of Agriculture)	200,000
			Total for 2005: 200,000
			Total for Children's Environmental Health: 1,263,000

Energy

YEAR: 1999

09(c)	TF	Evaluate Biodiesel Made from Waste Fats and Oils (Minnesota Soybean Growers Association)	125,000
			Total for 1999: 125,000

YEAR: 2003

10b	TF	Advancing Utilization of Manure Methane Digester Electrical Generation (Dept. of Agriculture)	221,000
			Total for 2003: 221,000

YEAR: 2005

10a	TF	Clean Energy Resource Teams and Community Wind Energy Rebate Programs (Dept. of Commerce)	700,000
10c	TF	Manure Methane Digester Compatible Wastes and Electrical Generation (Dept. of Agriculture)	100,000
10d	TF	Dairy Farm Digesters (Minnesota Project)	336,000
10e	TF	Wind to Hydrogen Demonstration (U of M)	800,000

Energy

YEAR: 2005

10f	TF	Natural Gas Production from Agricultural Biomass (Sebesta Blomberg & Associates)		100,000
10g	TF	Biomass-Derived Oils for Generating Electricity and Reducing Emissions (U of M)		150,000
Total for 2005:				2,186,000
Total for Energy:				2,532,000

Environmental Education/Information

YEAR: 1991

05(a)	TF	Statewide Environmental Education Plan (Dept. of Education)		790,000
05(c)	TF	Video Education Research and Demonstration Project (Twin Cities Public TV)		100,000
05(d)	TF	Integrated Resource Management Education and Training Program (DNR)		300,000
05(f)	TF	Environmental Exhibits Collaborative (Science Museum of MN)		400,000
Total for 1991:				1,590,000

YEAR: 1993

07(d)	TF	The On-Line Museum: Computer And Interactive Video (Science Museum of MN)		260,000
07(h)	TF	Green Street: An Urban Environmental Awareness Project (Science Museum of MN)		550,000
07(i)	TF	Minnehaha Park Environmental Interpretive Center (Minneapolis Park & Recreation Board)		300,000
Total for 1993:				1,110,000

YEAR: 1995

06(a)	TF	Leopold Education Project Curriculum (Pheasants Forever, Inc.)		100,000
06(b)	TF	Environmental Education Teacher Training (OEA)		500,000
06(c)	TF	Sharing Environmental Education Knowledge (OEA)		200,000
06(f)	TF	Environmental Action Grants for Minnesota Schools (St. Olaf College SNAP)		200,000
Total for 1995:				1,000,000

YEAR: 1997

13(a)	TF	School Nature Area Project (SNAP) (St. Olaf College)		250,000
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Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Environmental Education/Information

YEAR: 1997

13(c)	TF	Minnesota Frog Watch (Hamline University, Center for Global Environmental Education)	300,000
13(e)	TF	Partners in Accessible Recreation & Environmental Responsibility (Wilderness Inquiry)	550,000
13(f)	TF	Environmental Service Learning (Stowe Environmental Elementary School)	100,000
13(g)	TF	State Wolf Management: Electronically Moderating the Public Discussion (International Wolf Center)	100,000
13(i)	TF	Electronic Environmental Education Raptor Network (U of M)	222,000
Total for 1997:			1,522,000

YEAR: 1999

11(a)	TF	Uncommon Ground: An Educational Television Series (U of M)	400,000
11(b)	TF	Karst Education for Southeastern Minnesota (Southeast Minnesota Water Resources Board)	120,000
11(c)	TF	Minnesota Wolf Public Education (International Wolf Center)	100,000
11(e)	TF	Accessible Outdoor Recreation (Wilderness Inquiry)	400,000
11(f)	TF	Science Outreach and Integrated Learning on Soil (Science Museum of MN)	250,000
11(g)	TF	Teacher Training in Interdisciplinary Environmental Education (Audubon Center of the North Woods)	60,000
11(j)	TF	Twin Cities Environmental Service Learning-Continuation (Eco Education)	40,000
Total for 1999:			1,370,000

YEAR: 2001

10b	TF	WaterScapes: Outdoor Non-Point Source Pollution Education (Science Museum of MN)	265,000
10c	TF	Sustainable Inner- City Communities through Environmental Literacy (Sabathani Community Center)	500,000
10e	TF	Burn, Plant and Learn: Restoring Upland Habitats (Science Museum of MN)	230,000
Total for 2001:			995,000

YEAR: 2002

Subd.	TF	Uncommon Ground: An Educational Television Series (U of M)	254,000
Total for 2002:			254,000

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Environmental Education/Information

YEAR: 2003

11a	TF	Dodge Nature Center - Restoration Plan	(Dodge Nature Center)	83,000
11b	TF	Bucks and Buckthorn: Engaging Young Hunters in Restoration	(Great River Greening / St. Croix Watershed Research Station)	255,000
11c	TF	Putting Green Environmental Adventure Park: Sustainability Education	(Putting Green Inc.)	132,000
Total for 2003:				470,000

YEAR: 2005

11b	TF	Cedar Creek Natural History Area Interpretive Center and Restoration	(U of M, Cedar Creek Natural History Area)	400,000
11d	TF	Tamarack Nature Center Exhibits	(Ramsey County Parks & Rec Dept.)	95,000
Total for 2005:				495,000
Total for Environmental Education/Information:				8,806,000

Fish and Wildlife Habitat

YEAR: 1991

09(a)	TF	Insecticide Impact on Wetland and Upland Wildlife	(DNR/U of M)	650,000
09(b)	TF	Biological Control of Eurasian Watermilfoil	(DNR/U of M)	100,000
09(d)	TF	Minnesota County Biological Survey	(DNR)	1,000,000
09(e)	TF	Computerized Data Base for the Plants of MN	(U of M)	130,000
09(f)	TF	Aquatic Invertebrate Assessment Archive	(PCA)	130,000
09(g)	TF	CANCELLED: Wetlands Forum	(DNR)	
09(h)	TF	Easement Acquisition on Restored Wetlands	(Isaak Walton League/ U.S. Fish & Wildlife)	400,000
09(n)	TF	Restore Thomas Sadler Roberts Bird Sanctuary	(Minneapolis Park & Recreation Board)	50,000
09(o)	TF	Effects/Changes in Forest Ecosystem on Biodiversity of MN Northern Forest Birds	(DNR)	300,000
Total for 1991:				2,760,000

YEAR: 1993

06(a)	TF	Minnesota County Biological Survey - Continuation	(DNR)	900,000
06(b)	TF	Minnesota's Forest Bird Diversity Initiative - Continuation	(DNR/U of M)	500,000

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Fish and Wildlife Habitat

YEAR: 1993

12(a)	TF	RIM Critical Habitat Match, Scientific & Natural Areas, Wildlife & Prairie Acquisition. (DNR)		4,000,000
12(b)	TF	RIM Wildlife Habitat Stewardship And Property Development (DNR)		900,000
12(c)	TF	RIM Statewide Fisheries Habitat Development (DNR)		687,000
12(h)	TF	RIM-Fisheries Acquisition For Angler Access And Habitat Development (DNR)		300,000
12(l)	TF	Biological Control Of Eurasian Watermilfoil, And Purple Loosestrife - Continuation (DNR)		400,000
12(o)	TF	Ecological Impacts Of Releasing Genetically Engineered Fishes (U of M)		175,000
Total for 1993:				7,862,000

YEAR: 1995

05(o)	TF	Accelerated Native Grass and Forbs on Road Rights-of-Way (Interagency Roadside Cmtte)		150,000
07(c)	TF	Minnesota County Biological Survey-Continuation (DNR)		900,000
07(d)	TF	Forest Bird Diversity Initiative - Continuation (DNR/U of M)		400,000
08(f)	TF	Wetland Restoration and Enhancement to Create Community Amenity (U of M)		200,000
09(b)	TF	RIM - Accelerate Fisheries Acquisition for Angler Access (DNR)		300,000
10(a)	TF/MFRF	RIM - Accelerate Wildlife Acquisition (DNR)		510,000
10(b)	TF	RIM - Accelerate Critical Habitat Match Program (DNR)		250,000
13(a)	TF/MFRF	Biological Control of Eurasian Watermilfoil and Purple Loose (DNR)		250,000
13(c)	TF	Beneficial Fungal Inoculum-Prairie & Wetland Reclamation (U of M)		100,000
Total for 1995:				3,060,000

YEAR: 1996

1996	TF/MFRF	RIM-Accelerate Critical Habitat Match Program (DNR)		630,000
Total for 1996:				630,000

YEAR: 1997

14(b)	TF	Minnesota's Forest Bird Diversity Initiative - Continuation (DNR/U of M)		350,000
14(d)	TF	Stream Habitat Protection - Continuation (DNR)		225,000
14(f)	TF	Loons: Indicators of Mercury in the Environment (U of M)		230,000

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Fish and Wildlife Habitat

YEAR: 1997

15(b)	TF	Minnesota Rare Mussel Conservation	(U of M)	91,000
17(d)	TF	Prairie Heritage Fund	(Pheasants Forever, Inc)	500,000
17(i)	TF	RIM - Critical Habitat Acquisition and Enhancement	(DNR)	630,000
17(j)	TF	RIM - Wildlife Habitat Stewardship	(DNR)	400,000
17(k)	TF	RIM - Scientific and Natural Area Acquisition	(DNR)	200,000
17(l)	TF	RIM - Wildlife Habitat Acquisition	(DNR)	500,000
17(m)	TF	RIM - Accelerate Fisheries Acquisition	(DNR)	567,000
17(n)	TF	Minnesota County Biological Survey- Continuation	(DNR)	1,200,000
17(q)	TF	RIM - Fisheries Statewide Hatchery Rehabilitation	(DNR)	400,000
20(b)	TF	Biological Control of Eurasian Watermilfoil and Purple Loosestrife - Continuation	(DNR)	150,000
Total for 1997:				5,443,000

YEAR: 1999

10(h)	TF	Winter Severity Index for Deer	(DNR/Minnesota Deer Hunter's Association)	60,000
12(b)	TF	Minnesota County Biological Survey -Continuation	(DNR)	1,600,000
12(h)	TF	Minnesota's Forest Bird Diversity Initiative-Continuation	(DNR/U of M)	350,000
12(i)	TF	Farm Ponds as Critical Habitats for Native Amphibians (USGS/Biological Resources Div, Upper Midwest Environmental Sciences Center)		250,000
13(a)	TF	Sustainable Woodlands and Prairies on Private Lands-Continuation (MN Forestry Association/Nature Conservancy)		450,000
13(b)	TF	National Prairie Passage-Linking Isolated Prairie Preserves	(Dept. of Transportation)	150,000
13(c)	TF	Greening the Metro Mississippi-Minnesota River Valleys	(Great River Greening)	800,000
13(d)	TF	Restoring the Greater Prairie Chicken to Southwestern Minnesota	(The Minnesota Prairie Chicken Society)	60,000
13(e)	TF	The Prairie Heritage Fund -Continuation	(Pheasants Forever, Inc.)	500,000
13(h)	TF	Native Prairie Prescribed Burns	(DNR)	400,000
13(i)	TF	Implement the Chisago and Washington Counties Green Corridor Project-Continuation	(1000 Friends of Minnesota)	400,000

Fish and Wildlife Habitat

YEAR: 1999

13(j)	TF	RIM Shoreland Stabilization (DNR)		350,000
13(l)	TF	Nongame Wildlife Match Account (DNR)		470,000
13(m)	TF	Wildlife Habitat Acquisition and Development - Chub Lake (DNR)		300,000
14(b)	TF	Landscaping for Wildlife and Nonpoint Source Pollution Prevention (St. Paul Neighborhood Energy Consortium)		150,000
14(c)	TF	Lakescaping for Wildlife and Water Quality Initiative (DNR)		140,000
14(e)	TF	Restoring Ecological Health to St. Paul's Mississippi River Bluffs (Friends of the Parks & Trails of St. Paul & Ramsey County)		200,000
15(a)	TF	Mussel Resource Survey (DNR)		400,000
15(b)	TF	Freshwater Mussel Resources in the St. Croix River (Macalester College)		58,000
16(a)	TF	Biological Control of Eurasian Watermilfoil and Purple Loosestrife-Continuation (DNR/U of M)		150,000
Total for 1999:				7,238,000

YEAR: 2001

04a	TF	Forest and Prairie Stewardship of Private Lands (DNR)		545,000
04d	TF	Biological Control of Eurasian Watermilfoil and Purple Loosestrife-Continuation (DNR)		90,000
04e	TF	Restoring Minnesota's Fish and Wildlife Habitat Corridors - Phase I (DNR/various federal & non-profit entities)		11,745,000
04g	TF	Metro Greenways (DNR)		2,730,000
04h	TF	Acquisition of Lands as Scientific and Natural Areas (DNR)		455,000
04i	TF	Big Rivers Partnership: Helping Communities to Restore Habitat (Great River Greening)		910,000
Total for 2001:				16,475,000

YEAR: 2003

05a	TF	Restoring Minnesota's Fish and Wildlife Habitat Corridors - Phase II (DNR/various federal & non-profit entities)		4,850,000
05b	TF	Metropolitan Area Wildlife Corridors (DNR/various non-profits)		4,850,000
05c	TF	Restoring RIM Match (DNR)		400,000
05d	TF	Acquisition & Development of Scientific and Natural Areas (DNR)		480,000

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Fish and Wildlife Habitat

YEAR: 2003

05e	TF	Forest and Prairie Stewardship of Public & Private Lands (DNR)		392,000
05f	TF	Local Initiative Grants (Conservation Partners and Environmental Partnerships) (DNR)		512,000
05g	TF	Minnesota ReLeaf Community Forest Development and Protection (DNR)		514,000
05h	TF	Developing Pheromones for Use in Carp Control (U of M)		100,000
05i	TF	Biological Control of European Buckthorn and Spotted Knapweed (DNR/Dept. of Agriculture)		198,000
05j	TF	Resources for Redevelopment of Brownfields to Greenspaces (Minnesota Environmental Initiative)		150,000
Total for 2003:				12,446,000

YEAR: 2005

05a	TF	Restoring Minnesota's Fish and Wildlife Habitat Corridors - Phase III (DNR/various federal & non-profit entities)		4,062,000
05b	TF	Metropolitan Area Wildlife Corridors - Phase II (DNR/various non-profits)		3,530,000
05c	TF	Development of Scientific and Natural Areas (DNR)		134,000
05d	TF	Prairie Stewardship of Private Lands (DNR)		100,000
05e	TF	Local Initiative Grants (Conservation Partners and Environmental Partnerships) (DNR)		500,000
05f	TF	Minnesota ReLeaf Community Forest Development and Protection (DNR)		500,000
05g	TF	Integrated and Pheromonal Control of Common Carp (U of M)		550,000
05h	TF	Biological Control of European Buckthorn and Garlic Mustard (DNR)		200,000
Total for 2005:				9,576,000
Total for Fish and Wildlife Habitat:				65,490,000

Land Use and Natural Resource Information

YEAR: 1991

03(f)	TF	Mississippi River Valley Blufflands Initiative (DNR)		150,000
10(a)	TF	Base Maps for the 90's (MN Planning - LMIC)		1,900,000
10(c)	TF	Statewide National Wetlands Inventory, Protected Waters Inventory, Watershed Map Digitization (DNR)		750,000
Total for 1991:				2,800,000

Land Use and Natural Resource Information

YEAR: 1993

08(a)	TF	Base Maps For 1990'S - Continuation	(MN Planning - LMIC)	710,000
Total for 1993:				710,000

YEAR: 1995

05(d)	TF/MFRF	Blufflands Landscape	(Blufflands Alliance)	450,000
05(l)	TF	Pathways to Sustainable Development	(MN Planning - LMIC/ EQB)	200,000
07(a)	TF	Environmental Indicators Initiative	(DNR)	350,000
07(e)	TF	Base Maps for 1990's - Final Phase - Continuation	(MN Planning - LMIC)	600,000
Total for 1995:				1,600,000

YEAR: 1997

05(b)	TF	Protecting Rural Historic Landscapes in High Development Areas	(MN Historical Society)	80,000
06(e)	TF	Red River Valley Planning and Management	(PCA)	375,000
08(a)	TF	Toxic Emissions from Fire Training	(FIRE/EMS Center-Metropolitan State Univ)	65,000
09(d)	TF	New Models for Land-Use Planning	(1000 Friends of Minnesota)	530,000
10(e)	TF	Land Use Development and Natural Resource Protection Model	(City of Winona)	400,000
10(g)	TF	Fillmore County Soils Survey Update	(Fillmore County)	65,000
14(a)	TF	Environmental Indicators Initiative- Continuation	(DNR)	250,000
Total for 1997:				1,765,000

YEAR: 1999

07(k)	TF	Mesabi Iron Range, Water and Mineral Resource Planning	(DNR/U of M)	650,000
08(b)	TF	Tools and Training for Community-Based Planning	(MN Planning - LMIC)	450,000
08(c)	TF	Protecting Dakota County Farmland and Natural Areas	(Dakota County)	200,000
08(e)	TF	Conservation-Based Development Program(Funds Turned Back)	(Minnesota Land Trust)	150,000
10(c)	TF	Updating Outmoded Soil Surveys-Continuation	(BWSR)	500,000
11(l)	TF	Sustainability Forums	(MN Div., Izaak Walton League of America)	200,000
12(c)	TF	Environmental Indicators Initiative-Continuation	(DNR)	400,000

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Land Use and Natural Resource Information

YEAR: 1999

12(d)	TF	Dakota County Wetland Health Monitoring Program (Dakota County)		160,000
12(e)	TF	Predicting Water and Forest Resources Health and Sustainability (U of M)		300,000
12(j)	TF	Improved Minnesota Fungus Collection and Database (U of M)		70,000
Total for 1999:				3,080,000

YEAR: 2001

07a	TF	Hydraulic Impacts of Quarries and Gravel Pits (DNR)		320,000
07c	TF	Updating Outmoded Soil Surveys-Continuation (BWSR)		500,000
07d	TF	County Biological Survey-Continuation (DNR)		800,000
Total for 2001:				1,620,000

YEAR: 2003

08a	TF	Minnesota County Biological Survey (DNR)		900,000
08b	TF	Updating Outmoded Soil Survey (BWSR)		236,000
08c1	TF	Mesabi Iron Range Geologic & Hydrologic Maps & Data Bases (DNR)		115,000
08c2	TF	Mesabi Iron Range Geologic & Hydrologic Maps & Data Bases (U of M)		131,000
Total for 2003:				1,382,000

YEAR: 2005

08a	TF	MN County Biological Survey (DNR)		1,000,000
08b	TF	Soil Survey (BWSR/Pine County/Crow Wing County)		500,000
08d	TF	Open Space Planning and Protection (Anoka Conservation District)		250,000
Total for 2005:				1,750,000

Total for Land Use and Natural Resource Information: 14,707,000

LCMR Administration

YEAR: 1993

TF/MFRF	LCMR Administration (LCMR)		270,000
Total for 1993:			270,000

YEAR: 1995

TF/MFRF	LCMR Administration (LCMR)		394,000
Total for 1995:			394,000

LCMR Administration

YEAR: 1997

TF/MFRF	LCMR Administration (LCMR)	472,000
Total for 1997:		472,000

YEAR: 1999

TF/MFRF	LCMR Administration (LCMR)	567,000
Total for 1999:		567,000

YEAR: 2001

03a	TF/MFRF	Legislative Commission on Minnesota Resources (LCMR)	676,000
03b	TF/MFRF	Pass Through Administration (DNR)	110,000
Total for 2001:			786,000

YEAR: 2003

03a	TF	Legislative Commission on Minnesota Resources (LCMR)	672,000
03b	TF	LCMR Study Commission on the Park System (LCMR)	26,000
03c	TF	Contract Administration (DNR)	120,000
04	TF	Citizen Advisory Committee for the Trust Fund (LCMR)	45,000
Total for 2003:			863,000

YEAR: 2005

03a	TF	Legislative Commission on MN Resources (LCMR)	449,000
03b	TF	Contract Administration (DNR)	150,000
04	TF	Advisory Committee (LCMR)	20,000
Total for 2005:			619,000
Total for LCMR Administration:			3,971,000

Recreation including History

YEAR: 1991

03(e)	TF	Land and Water Resource Management Lower St. Croix Riverway (MN-WI Boundary Area Commission)	360,000
03(m)	TF	Rails to Trails Acquisition and Development (DNR)	1,000,000
Total for 1991:			1,360,000

YEAR: 1993

10(a)	TF	State Park Betterment (DNR)	3,000,000
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Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Recreation including History

YEAR: 1993

10(b)	TF	Americans With Disabilities Act: Retrofitting Regional Parks (Metropolitan Council)		220,000
10(c)	TF	Trail Linkages, Metropolitan Regional Network (Metropolitan Council)		2,327,000
10(d)	TF/MFRF	Initiate Gateway Segment Of The Willard Munger State Trail Into Downtown St Paul (DNR)		200,000
10(e)	TF	Birch Lake Regional Bikeway/Walkway (City of White Bear Lake)		450,000
10(f)	TF	Cedar Lake Trail Development (Minneapolis Park & Recreation Board)		610,000
10(g)	TF	State Trail Development - Continuation (DNR)		2,327,000
10(h)	TF	Shingle Creek Trail Improvements (Minneapolis Park & Recreation Board)		130,000
10(i)	TF	Lilydale/Harriet Island Regional Park Trail (City of St. Paul)		246,000
10(j)	TF	Como Park East Lakeshore Reclamation (City of St. Paul)		163,000
10(k)	TF	Acquisition Of Palace Restaurant Site On Mississippi River (Minneapolis Park & Recreation Board)		325,000
10(l)	TF	Access To Lakes And Rivers-Continuation (DNR)		1,000,000
10(m)	TF	Saint Louis River Land Acquisition (DNR)		1,000,000
Total for 1993:				11,998,000

YEAR: 1994

1994	TF	Lake Minnetonka Water Access Acquisition (DNR)		696,000
1994	TF	State Park Betterment (DNR)		650,000
Total for 1994:				1,346,000

YEAR: 1995

04(a)	TF	Metropolitan Regional Park System (Metropolitan Council)		3,950,000
04(b)	TF	State Park and Recreation Area Acquisition(Upper Sioux) (DNR)		3,150,000
04(c)	TF	State Trail Rehabilitation and Acquisition (DNR)		250,000
04(d)	TF	Water Access (DNR)		600,000
20(a)	TF	State Park and Recreation Area Acquisition (DNR)		1,120,000
20(b)	TF	Metropolitan Regional Parks and Trails Acquisition (Metropolitan Council)		1,120,000
20sec	TF	Cannon Valley Trail Repair (Cannon Valley Trail Joint Powers Board)		175,000

Recreation including History

YEAR: 1995

Total for 1995: 10,365,000

YEAR: 1996

1996	TF	State Park and Recreation Area Acquisition (DNR)	1,000,000
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Total for 1996: 1,000,000

YEAR: 1997

04(a)	TF	State Park and Recreation Area Acquisition, Development, Betterment and Rehabilitation (DNR)	3,500,000
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04(b)	TF	Metropolitan Regional Park System (Metropolitan Council)	3,500,000
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05(d)	TF	Development of Birch Coulee State Historic Site (MN Historical Society)	253,000
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12(b)	TF/OOC	Renewable Energy Demonstration and Education in State Parks (Center for Energy & Environment)	80,000
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16(b)	TF	Arboretum Land Acquisition (Minnesota Landscape Arboretum / U of M)	450,000
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17(o)	TF	Fishing Pier and Public Shore Access (DNR)	355,000
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17(p)	TF	Public Boat Access (DNR)	350,000
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19(c)	TF	Oak Savanna Restoration in St. Paul Regional Parks (City of Saint Paul)	200,000
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Total for 1997: 8,688,000

YEAR: 1999

04(a)	TF/MFRF	Local Initiatives Grants Program (DNR)	1,680,000
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04(g)	TF	Management and Restoration of Natural Plant Communities on State Trails (DNR)	150,000
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04(h)	TF	Gitchi-Gami State Trail (DNR)	550,000
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04(i)	TF	State Park and Recreation Area Acquisition, Development, Betterment, and Rehabilitation (DNR)	1,000,000
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04(j)	TF	Ft. Snelling State Park-Upper Bluff Implementation-Continuation (DNR)	100,000
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04(k)	TF	Interpretive Boat Tours of Hill Annex Mine State Park (DNR)	60,000
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04(l)	TF	Metropolitan Regional Parks Acquisition, Rehabilitation and Development (Metropolitan Council)	2,000,000
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05(b)	TF	Historic Site Land Acquisition (MN Historical Society)	175,000
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05(d)	TF	Traverse des Sioux Site Development (MN Historical Society)	250,000
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07(c)	TF	Minnesota Wildlife Tourism Initiative (DNR)	250,000
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Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Recreation including History

YEAR: 1999

13(f)	TF/MFRF	Public Boat Access and Fishing Piers	(DNR)	1,000,000
13(g)	TF	Arboretum Land Acquisition and Wetlands Restoration-Continuation (Minnesota Landscape Arboretum / U of M)		700,000
Sec. 3	TF	FY 99 ML 1997 Subd. 4(b) Metropolitan Regional Park System (Metropolitan Council)		495,000
Sec. 3	TF	FY 99 ML 97 Subd. 4(a) State Park and Recreation Area Acquisition (DNR)		496,000
Total for 1999:				8,906,000

YEAR: 2001

05a	TF	Metropolitan Regional Parks Acquisition, Rehabilitation and Development	(Metropolitan Council)	5,645,000
05b	TF/MFRF	Local Grants Initiative Program Outdoor Recreation Grants	(DNR)	3,379,000
05d	TF	Outdoors for Everyone: Accessing Recreational Trails and Facilities (Wilderness Inquiry)		230,000
05e	TF	Water Recreation: Boat Access, Fishing Piers and Shorefishing	(DNR)	910,000
05f	TF/MFRF	Grays Bay, Lake Minnetonka Public Water Access	(DNR/City of Minnetonka)	850,000
05h	TF	Land Acquisition at the Minnesota Landscape Arboretum	(Minnesota Landscape Arboretum / U of M)	730,000
05k	TF	Gitchi Gami State Trail	(DNR)	1,000,000
Total for 2001:				12,744,000

YEAR: 2003

06a	TF	State Park and Recreation Area Land Acquisition	(DNR)	1,500,000
06c	TF	Local Initiative Grants (Parks and Natural Areas)	(DNR)	2,579,000
06d	TF	Metropolitan Regional Parks Acquisition, Rehabilitation and Development	(Metropolitan Council)	3,339,000
06e	TF	Local and Regional Trail Grant Initiative Program	(DNR)	320,000
06f	TF	Gitchi-Gami State Trail	(DNR)	1,300,000
06g	TF	Water Recreation: Boat Access, Fishing Piers & Shorefishing	(DNR)	1,150,000
06h	TF	Mesabi Trail	(St. Louis & Lake Counties Regional Rail Authority)	380,000
06i	TF	Linking Communities Design, Technology & DNR Trail Resources	(U of M)	184,000

Recreation including History

YEAR: 2003

06j	TF	Ft. Ridgely Historic Site Interpretive Trail (MN Historical Society)		150,000
06k	TF	Development and Rehabilitation of Minnesota Shooting Ranges (DNR)		240,000
06l	TF	Land Acquisition, Minnesota Landscape Arboretum - continuation (Minnesota Landscape Arboretum / U of M)		350,000
Total for 2003:				11,492,000

YEAR: 2005

06a	TF	State Park and Recreation Area Land Acquisition (DNR)		2,000,000
06d	TF	Best Management Practices for Parks and Outdoor Recreation (DNR)		200,000
06e	TF	Metropolitan Regional Parks Acquisition, Rehabilitation and Development (Metropolitan Council)		2,000,000
06f	TF	Gitchi-Gami State Trail (DNR)		500,000
06g	TF	The Casey Jones State Trail (DNR)		1,200,000
06h	TF	Paul Bunyan State Trail Connection (DNR)		400,000
06i	TF	Minnesota River Trail Planning (U of M)		200,000
06j	TF	Local Initiative Grants (Parks and Natural Areas) (DNR)		1,200,000
06k	TF	Regional Park Planning for Nonmetropolitan Urban Areas (U of M)		86,000
06l	TF	Local and Regional Trail Grant Initiative Program (DNR)		700,000
06m	TF	Mesabi Trail (St. Louis & Lake Counties Regional Rail Authority)		1,000,000
06n	TF	Cannon Valley Trail Belle Creek Bridge Replacement (Cannon Valley Trail Joint Powers Board)		300,000
06o	TF	Arrowhead Regional Bike Trail Connections Plan (Arrowhead Regional Development Commission)		83,000
06p	TF	Land Acquisition, Minnesota Landscape Arboretum (Minnesota Landscape Arboretum / U of M)		650,000
06q	TF	Development and Rehabilitation of Minnesota Shooting Ranges (DNR)		300,000
06r	TF	Birding Maps (Audubon Minnesota)		100,000
Total for 2005:				10,919,000
Total for Recreation including History:				78,818,000

Water Resources

YEAR: 1991

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Water Resources

YEAR: 1991

04(a)	TF	Stream and Watershed Information System (Dept. of Administration InterTech/LMIC)		200,000
04(b)	TF	South Central MN Surface Water Resource Atlases & Database (Mankato State University Water Resources Center)		300,000
04(c)	TF	Minnesota River Basin Water Quality Monitoring (PCA)		700,000
04(f)	TF	County Geologic Atlas and Groundwater Sensitivity Mapping (DNR/U of M)		1,400,000
04(h)	TF	Clean Water Partnership Grants to Local Units of Government (PCA)		700,000
04(i)	TF	Cannon River Watershed Grants (BWSR)		60,000
04(j)	TF	Mitigating Mercury in Northeast MN Lakes (U of M)		300,000
04(n)	TF	Ecological Evaluation of Year Round Aeration (DNR)		100,000
04(o)	TF	Erosion Control Cost-Sharing (BWSR)		250,000
04(p)	TF	Well Sealing Cost Share Grants (BWSR)		750,000
Total for 1991:				4,760,000

YEAR: 1993

11(a)	TF	Minnesota River Implementation-Continuation (PCA)		1,100,000
11(c)	TF	Mercury Reduction In Fish (U of M)		200,000
11(g)	TF	County Geologic Atlases And Regional Hydrogeologic Assessments - Continuation (DNR/U of M)		850,000
Total for 1993:				2,150,000

YEAR: 1995

05(b)	TF/MFRF	Cannon River Watershed Strategic Plan: Integrated Management (Cannon River Watershed Partnership)		245,000
07(b)	TF	Assessing Wetland Quality With Ecological Indicators (U of M)		275,000
08(e)	TF	Phalen Wetland Restoration (City of St. Paul)		115,000
08(g)	TF	Metropolitan Area Groundwater Model to Predict Contaminant Model (PCA)		250,000
Total for 1995:				885,000

YEAR: 1997

06(c)	TF	Snake River Watershed BMP's (Kanabec SWCD)		100,000
06(f)	TF	Sustainable Lake Plans (CURA / U of M)		270,000

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Water Resources

YEAR: 1997

06(g)	TF	Lakeshore Restoration-Minneapolis Chain of Lakes (Minneapolis Park & Recreation Board)		300,000
06(h)	TF	Atmospheric and Nonpoint Pollution Trends in Minnesota Lakes (PCA)		325,000
10(b)	TF	Metropolitan Area Groundwater Model (PCA)		300,000
10(d)	TF	Minnesota River Basin Natural Resource Data (Mankato State University)		250,000
14(c)	TF	Water Quality Indicators of Endocrine Disrupting Chemicals (PCA)		250,000
14(g)	TF/GLPA	Training and Research Vessel for Lake Superior (U of M)		130,000
17(e)	TF	Phalen Wetland Restoration: Phase II (City of Saint Paul)		600,000
Total for 1997:				2,525,000

YEAR: 1999

06(a)	TF	On-site Sewage Treatment Alternatives- Performance, Outreach and Demonstration -Continuation (PCA/ U of M)		550,000
06(b)	TF	Identification of Sediment Sources in Agricultural Watersheds (Science Museum of MN)		350,000
06(d)	TF	Tracking Sources of Fecal Pollution Using DNA Techniques (U of M)		300,000
06(e)	TF	Groundwater Flow in the Prairie du Chien Aquifer (U of M)		110,000
06(g)	TF	Erosion Impacts on the Cannon Valley Big Woods (U of M)		150,000
12(g)	TF/GLPA	Assessing Lake Waters Off the North Shore (U of M)		200,000
Total for 1999:				1,660,000

YEAR: 2001

06c	TF	Denitrification Strategies for Minnesota's Contaminated Aquifers (U of M)		230,000
Total for 2001:				230,000

YEAR: 2003

07a	TF/GLPA	Local Water Planning (LWP) Matching Challenge Grants (BWSR)		444,000
07b	TF	Accelerating and Enhancing Surface Water Monitoring for Lakes & Streams (PCA/Minnesota Lakes Association, Rivers Council of Minnesota, the Minnesota Initiative Foundation, and the University of Minnesota)		740,000
07c	TF	Intercommunity Groundwater Protection (Washington County)		125,000

Subd.	Funding Source	Title	(Affiliation)	Trust Fund \$ Appropriated
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(does NOT includes multiple funding sources)

Water Resources

YEAR: 2003

07d	TF	TAPwaters: Technical Assistance Program for Watersheds (Science Museum of MN)		160,000
07e1	TF	Wastewater Phosphorus Control and Reduction Initiative (Minnesota Environmental Science and Economic Review Board)		296,000
07e2	TF	Wastewater Phosphorus Control and Reduction Initiative (PCA)		244,000
07f	TF	Maintaining Zooplankton (Daphnia) for Water Quality: Square Lake (Marine On St. Croix Water Management Organization)		32,000
Total for 2003:				2,041,000

YEAR: 2005

07a	TF	Local Water Management Matching Challenge Grants (BWSR)		1,000,000
07b	TF	Accelerating and Enhancing Surface Water Monitoring for Lakes and Streams (PCA/Minnesota Lakes Association, Rivers Council of Minnesota, and the University of Minnesota)		600,000
07c	TF	Effects of Land Retirements on the Minnesota River (BWSR/US Geological Survey)		300,000
07d	TF	Recycling Treated Municipal Wastewater for Industrial Water Use (Metropolitan Council)		300,000
07e	TF	Unwanted Hormone Therapy: Protecting Water and Public Health (U of M)		300,000
07h	TF	Woodchip Biofilter Treatment of Feedlot Runoff (Stearns County SWCD/U of M)		270,000
07i	TF	Improving Water Quality on the Central Sands (U of M/Central Lakes College Agricultural Center)		587,000
07j	TF	Improving Impaired Watersheds: Conservation Drainage Research (Dept. of Agriculture)		300,000
07k	TF	Hydrology, Habitat and Energy Potential of Mine Lakes (DNR/Architectural Resources, Inc. / Northeast Technical Services)		500,000
07l	TF	Hennepin County Beach Water Quality Monitoring Project (Hennepin County)		100,000
07m	TF	SW Minnesota Floodwater Retention Projects (Area II MN River Basin Projects, Inc.)		500,000
07o	TF	Bassett Creek Valley Channel Restoration (City of Minneapolis)		175,000
07p	TF	Restoration of Indian Lake (Indian Lake Improvement District/Bemidji State University)		200,000
Total for 2005:				5,132,000

Subd. Funding Source Title (Affiliation) Trust Fund \$ Appropriated
(does NOT includes multiple funding sources)

Water Resources

Total for Water Resources: 19,383,000

Total : 205,650,000

LCMR

Legislative Commission on Minnesota Resources

December 2003

REQUEST FOR PROPOSALS

FUNDING BEGINNING: JULY 1, 2005

DEADLINE TO SUBMIT: FEBRUARY 20, 2004

FIRM DEADLINE: POSTMARKED BY OR RECEIVED AT THE LCMR OFFICE BY 4:30 P.M.



The LCMR has identified the following funding priorities for the 2006-2007 biennium.

- ◆ Water
- ◆ Habitat
- ◆ Energy
- ◆ State Parks, Recreation Areas, Trails and other enhancements to the State Outdoor Recreation System
- ◆ Matching Grant Programs
- ◆ Continuation Projects

Background Information.....	Pg. 2
2005 Funding Priorities.....	Pg. 3
Matching Grant Programs.....	Pg. 4-5
Continuation Projects.....	Pg. 5
Evaluation Criteria.....	Pg. 6
Submission Requirements.....	Pg. 7
Proposal Format.....	Pg. 8-9
Eligible & Non-eligible Costs.....	Pg. 10
Process Timeline.....	Pg. 11
MS 116P Trust Fund Expenditures.....	Pg. 12



FUNDING SOURCES:

MN Environment & Natural Resources Trust Fund - \$30 million

Great Lakes Protection Account—to be determined

Land & Water Conservation Fund (LAWCON) - \$1.6 million

all dollar amounts are estimates

BACKGROUND INFORMATION



LCMR MEMBERS

SENATORS

Jim Vickerman, Chair
 Ellen Anderson
 D. Scott Dibble
 Dennis Frederickson
 Linda Higgins
 Pat Pariseau
 Carrie Ruud
 Dallas Sams
 David Tomassoni
 Charles Wiger

REPRESENTATIVES

Lyndon Carlson
 Doug Fuller
 Tom Hackbarth
 Larry Howes
 Phyllis Kahn
 Jim Knoblach
 Mark Olson
 Joe Opatz
 Dennis Ozment
 Kathy Tinglestad

*Membership as of
 December 2003*

DEADLINE FOR SUBMISSION:

February 20, 2004 at 4:30 p.m.

This is a firm deadline. Hard copies must be postmarked by or received at the LCMR office by 4:30 p.m.

FINAL PROPOSALS MUST BE SUBMITTED IN HARD COPY.

Final proposals sent by e-mail or fax cannot be accepted.

SUBMIT PROPOSALS TO:

Legislative Commission on MN Resources
 Room 65, State Office Building
 100 Rev. Dr. Martin Luther King Jr. Blvd.
 St. Paul, MN 55155

ELIGIBILITY—OPEN TO EVERYONE:

Application is open to everyone, as long as there is a demonstrated public benefit. The LCMR is an ADA/equal opportunity employer.

The spirit and intent of the LCMR is to provide access to EVERYONE who has innovative ideas for environmental and natural resource projects with a distinct public benefit which reflect the Commission's adopted Funding Priorities. No grant-making or lobbying assistance is necessary for success. The LCMR staff will assist in proposal development.

For a complete list of eligible and non-eligible costs see page 10.

PROJECT IMPLEMENTATION:

Projects are intended for a two-year duration (July 2005 to June 2007), however, LCMR will consider requests for multiple biennium funding.

PROPOSAL ASSISTANCE:

LCMR staff are available to assist proposers and answer questions or review draft proposals. If you would like proposal development assistance, staff can assist you by phone, e-mail, fax or by appointment.

Phone: (651) 296-2406

Fax: (651) 296-1321

e-mail: lcmr@commissions.leg.state.mn.us

FUNDING BACKGROUND:

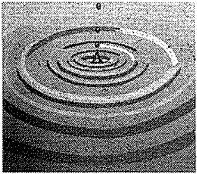
Funding Priorities are reviewed and adopted every two years. The priorities are for projects to begin July 2005. **The order of the Funding Priorities does not reflect any prioritization.** Although other proposals may be considered, adopted priorities will be given first consideration. The priorities apply to all funding sources. Proposers are requested to respond to a funding priority not a funding source.

Reinvest in Minnesota: RIM related activities are eligible and may be recommended for funding by the LCMR. (M.S. 84.95)

If land acquisition is part of the priority it includes both conservation easements and purchase of development rights.

2005 FUNDING PRIORITIES

The LCMR has identified the following funding priorities for seeking proposals for the 2006-2007 biennium.



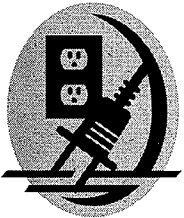
WATER

Improve the quality and/or quantity of ground and surface waters.



HABITAT

Acquire, restore or protect fish, wildlife and native plant habitat.

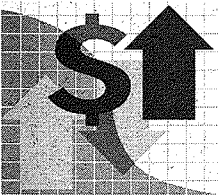


ENERGY

Develop and promote efficient energy resources which are clean, renewable and/or innovative.



STATE PARKS, RECREATION AREAS, TRAILS AND OTHER ENHANCEMENTS TO THE STATE OUTDOOR RECREATION SYSTEM (AS DEFINED IN MS 86A.04)



MATCHING GRANT PROGRAMS

The LCMR intends to recommend money to support the four matching grant programs: 1) Local Initiative Grants Program, 2) Local & Regional Trails, 3) Metropolitan Regional Parks & Trails, and 4) Local Water Management Matching Challenge Grants, listed on page 4 & 5. Submit to the identified program, not the LCMR.



CONTINUATION PROJECTS

In an effort to continue the work started by LCMR funding, consideration will be given to the list of projects listed on pg. 5.

CITIZEN ADVISORY COMMITTEE (CAC) for the Trust Fund

Appointed by the Governor

District 1 & At Large

John Kvasnicka

District 2

Nalani McCutcheon

District 3

Janet McMillan

District 4

Greta Hesse Gauthier

District 5

Nancy Gibson, Chair

James Nelson

District 5 & At Large

David Hartwell

District 6

Catherine Thayer Nicholson

District 7

Kristin Eggerling

District 8

Ann Glumac

Vacancy

If interested in serving on the CAC contact the Secretary of State's Office, Open Appointments, at 651-296-5845 or www.sos.state.mn.us/

*Membership as of
December 2003*

MATCHING GRANT PROGRAMS

If your proposal fits one of the grant programs listed, **DO NOT** submit a proposal to the LCMR. The LCMR intends to recommend money to these programs. Directly contact the individuals listed for grant proposal format and information. The format on pages 8 & 9 is not applicable to these programs.

1) LOCAL INITIATIVES GRANTS PROGRAM

The LCMR intends to recommend money to support the matching grants program in the Department of Natural Resources (DNR) for Local Initiative Grants for the following types of projects:

Outdoor Recreation Matching Grant Program (for counties, cities and townships) for acquisition, development and/or redevelopment costs of local parks and recreation areas.

Regional Park Matching Grant Program (for cities, counties, townships located outside the seven county metropolitan area) for acquisition, development and/or redevelopment 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 (up to \$500,000).

Conservation Partners Matching Grant Program (for private/nonprofit organizations and local governments, including cooperative projects involving local governments) provides assistance (up to \$20,000) 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) to help carry out a variety of projects to help protect and enhance our natural environment (up to \$20,000).

For further information about the Local Initiative Grants Program and submitting a proposal contact: Wayne Sames, (651) 296-1567, or e-mail: wayne.sames@dnr.state.mn.us

Do not submit proposals to the LCMR, submit directly to the Local Initiative Grants Program.

2) LOCAL AND REGIONAL TRAILS

The LCMR intends to recommend money to support the Local and Regional Trails program during the biennium beginning July 2005.

Local Trail Connections Matching Grant Program (for cities, counties and townships) to develop trail connections between communities and existing park and trail facilities (up to \$100,000).

Regional Trail Matching Grant Program (for cities, counties and townships) to develop new long distance trails of regional significance (up to \$250,000).

For further information about the Local and Regional Trails Grants and submitting a proposal contact: Tim Mitchell, (651) 297-1718, or e-mail: tim.mitchell@dnr.state.mn.us

Do not submit proposals to the LCMR, submit directly to the Local and Regional Trails program.

3) METROPOLITAN REGIONAL PARKS AND TRAILS

The LCMR intends to recommend money to support Metropolitan Parks and Trails programs during the biennium beginning July 2005.

Projects eligible for funding through the Metropolitan Parks and Open Space program will only be considered as part of the Metropolitan Council's 2004—2009 Regional Parks Capital Improvement Program (CIP).

For information about the 2004—2009 Regional Parks Capital Improvement Program, please contact: Arne Stefferud, (651) 602-1360 or e-mail: arne.stefferud@metc.state.mn.us

Do not submit proposals to the LCMR, submit directly to the Metropolitan Council and Parks Open Space Commission Capital Improvement (CIP) Program.

4) LOCAL WATER MANAGEMENT MATCHING CHALLENGE GRANT

The LCMR intends to recommend money to support the implementation of priority activities identified in state approved local water management plans via the Board of Water and Soil Resources Local Water Management Challenge Grant Program during the biennium beginning July 2005.

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 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.

For further information about the Local Water Management Challenge Grant Program and submitting a proposal contact: Marybeth Block, (651) 297-7965, or e-mail: marybeth.block@bwsr.state.mn.us

Do not submit proposals to the LCMR, submit directly to the Local Water Planning Challenge Grant Program.

CONTINUATION PROJECTS

Continued from page 3 . . .



To be considered, the following Continuation Projects proposals must be submitted and meet all application requirements. The continuation project proposals will be evaluated according to the same criteria as all other proposal submissions. These projects include:

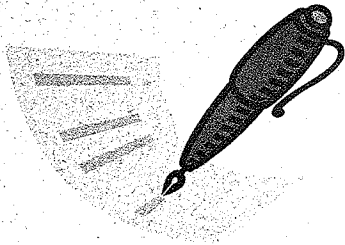
ML 2003, Ch. 128, Art. 1, Sec. 9, Subd.

- 5(h) Developing Pheromones for Use in Carp Control
- 5(i) Biological Control of European Buckthorn & Spotted Knapweed
- 6(f) Gitchi-Gami State Trail
- 6(h) Mesabi Trail
- 7(b) Accelerating & Enhancing Surface Water Monitoring for Lakes & Streams- Results 1 & 2
- 8(a) Minnesota County Biological Survey
- 8(b) Updating Outmoded Soil Survey

ML 2001, 1st Special Session, Ch. 2, Sec. 14, Subd.

- 8(a) Evaluating Timber Harvesting and Forest Management Guidelines

EVALUATION CRITERIA



- LCMR members will review ALL of the proposals for consideration.
- No proposals will be eliminated by the LCMR staff or the Citizen Advisory Committee (CAC).
- LCMR staff will sort all proposals by Funding Priorities and rank them according to the Criteria for use by the LCMR & CAC members during their initial selection process.
- Trust Fund expenditures must conform to the Trust Fund law (MS 116P.08—see back page)
- All projects are subject to additional proposal requirements: accessibility, data availability, land acquisition, and recyclable material requirements. Information located at www.lcmr.leg.mn

Project Managers and partners must be accountable and able to complete project objectives.

The criteria will be applied as one part of the proposal evaluation and recommendation process. The total potential score for each criterion is written in parentheses. All points will be awarded on a sliding scale. (up to 50 points total)

- **Long-term Impact** (up to 10 pts)
- **Demonstrated Outcomes** (up to 10 pts)
- **Project Readiness** (up to 7.5 pts)
- **Innovation** (up to 7.5 pts)
- **Statewide/Regional Significance** (up to 5 pts)
- **Partnerships** (up to 5 pts)
- **Leverage Other Funds & Resources** (up to 5 pts)

Total possible points (up to 50 pts)

SUBMISSION REQUIREMENTS

Please Submit :

4 Items - 3 Copies of Each

- 1) Proposal - 3 page limit.
- 2) Map - showing project site(s) - 1 page limit, black & white.
- 3) Project Manager Qualifications and Organization Description - 1 page limit.
- 4) Letter or Resolution - For non-profits and local units of government (state/federal agencies and universities are excluded) submit a letter or resolution authorizing proposal submission.



"The format is designed to be simple and does not require professional grantsmaking."

1) Proposal—3 page limit

- Send 3 copies of proposal (maximum of three 8 1/2 x 11 sheets - single sided).
- Leave a blank one inch margin at the bottom.
- The proposal must be in the format explained on pages 8-9 and is limited to three single sided pages.
- Minimum font-type size is 12. This page is typeset on 12 points.
- Project title should be clearly marked on the top of each page.
- Plastic covers, plastic bindings, and staples will NOT be accepted.
- The proposal format is designed to provide concise information. It begins with a brief project summary of intended results, followed by a description of specific project results and budgets associated with completion of the activities of the project.
- **Proposal Template:** A template of the proposal format is available on the LCMR web page at: <http://www.lcmr.leg.mn>

2) Map

Send 3 copies of a map (maximum of one 8 1/2 x 11 sheet - single sided). Should be easy to duplicate. NO COLOR MAPS.

Be site specific to the project. Maps should be clearly legible, with enough orientation to bring a reader to a quick understanding of the location of the project within the city, county, region and/or state.

3) Project Manager Qualifications & Organization Description

Send 3 copies of Project Manager Qualifications and Organization Description (maximum of one 8 1/2 x 11 sheet - single sided).

In this document include the project manager description of qualifications and responsibilities pertaining to this specific project proposal. It does not need to be a complete resume.

The organization description should be a simple, brief explanation of the organization and its mission. One to two sentences. e.g. Local Government Unit, 501 (c)(3) etc.

4) Letter or Resolution (if applicable)

Send 3 copies of the letter or resolution. For non-profits and local units of government send a letter or resolution authorizing proposal submission from their governing board. State / federal agencies and universities are excluded from submitting this.

LCMR staff are available to assist proposers, answer questions and review draft proposals.

PROPOSAL FORMAT (3 PAGE LIMIT)

LCMR Proposal 2005 *(repeat this phrase in the upper left hand corner)*

Title: *(limit 8 words) - repeat on the top of each page submitted, including submissions of map and of project manager qualifications and organization description.*

Total Biennial Project Budget: *(requested from LCMR) \$*

Other Funds *(explain in IV. B.)*

Funding Priority: *(state the title of the funding priority responding to, e.g. Water)*

Project Manager: *(One name only. Note: list team members under IV. A. Project Partners)*

Affiliation:

Mailing Address:

Telephone Number: *(be sure to provide a reliable phone number in case of questions)*

E-Mail: *(if available)*

Fax: *(if available)*

Web Address: *(if available)*

Location: *(Where will the work impact? Be as specific as possible e.g. county, city, township, stream or lake name, and map coordinates.)*

I. PROJECT SUMMARY AND RESULTS: *The summary is LIMITED TO 30 WORDS and must be a free standing summation of the project. Be specific. Provide a clear, concise summary of the proposed project and its results. It is important that the summary be able to stand on its own as a description of the proposal because it will be used with the project title as the project description during the proposal review.*

II. DESCRIPTION OF PROJECT RESULTS: *Begin this section with a brief explanation as to WHY this project needs to be done and the specific outcomes of the project.*

Break the project into specific results. Indicate the budget for each result. FOR EXAMPLE:

Result 1 “ Title of Activity” Budget: \$ *Assign a lump sum cost (budget) to each discrete result.*

Give a detailed description of the activity you are proposing to do and the outcomes. Be specific. For example, indicate miles of trail acquired and developed, acres impacted, number of people reached.

Further break down the Result budget dollar amount into these categories. ONLY LIST THE CATEGORIES THAT APPLY TO THE RESULT LISTED:

Personnel: \$

Equipment: \$

Development : \$

Acquisition : \$

Other (Specify): \$

PROPOSAL FORMAT

Result 2 “*Title of Activity*” Budget: \$ Assign a lump sum cost (budget) to each discrete result.

Give a detailed description of the activity you are proposing to do and the outcomes. Be specific. For example, indicate miles of trail acquired and developed, acres impacted, number of people reached.

Further break down the Result budget dollar amount into these categories. **ONLY LIST THE CATEGORIES THAT APPLY TO THE RESULT LISTED:**

Personnel : \$

Equipment : \$

Development : \$

Acquisition : \$

Other: (Specify) \$

ADD ADDITIONAL RESULTS AS NEEDED: SAME FORMAT AS ABOVE

III. TOTAL PROJECT REQUEST BUDGET: *(In this section describe the details of your budget. The budget for each result above will be a summary.)*

All Results: Personnel: \$ *(who is getting paid to do what, their % of full time employment for the project period)*

All Results: Equipment: \$ *(what equipment, to be rented or purchased – a general description and cost)*

All Results: Development: \$ *(improvement to land or building)*

All Results: Acquisition: \$ *(how many acres, also who will hold the title to the land)*

All Results: Other: \$ *(Describe the specific activity and cost):*

TOTAL BUDGET: \$ *(requested from LCMR)*

IV. OTHER FUNDS & PARTNERS:

A. Project Partners: *If the project has cooperators (project team), list names and agency/entity affiliate. Specifically state the dollar amount each cooperator will receive from the dollars requested in this proposal.*

B. Other Funds being Spent during the Project Period: *What additional money will be spent on the project during the funding period, cash or inkind? State the source of the other funds.*

C. Past Spending: *List the money spent or to be spent on this specific project, cash or inkind for the 2-year time frame prior to July 1, 2005.*

D. Time: *If the proposed project will exceed two years, explain completely the additional time and funding requirements.*

ELIGIBLE & NON-ELIGIBLE COSTS

ELIGIBLE COSTS

Eligible costs are those costs directly incurred through Project activities that are solely related to and necessary for producing the work products described in the approved Work Program during the appropriation period. All dollars are awarded on a reimbursement basis, unless specifically authorized.

Eligible costs may include the following and are eligible only if specified in the approved Attachment A of the Work Program. Eligible costs must be documented as specified in the Reimbursement Manual available from the authorized contract person for the State:

- a. Expenditures incurred only after the effective date in the approved Work Program. No expenditures will be allowed after June 30, 2007 unless approved by specific law;
- b. Capital expenditures for facilities, equipment & other capital assets as expressly approved in the Work Program. For expenditures greater than \$3,500, the Recipient must include in the Work Program an explanation as to how all the equipment purchased with the appropriation will continue to be used for the same program through its useful life, or, if the use changes, a commitment to pay back to the Environment & Natural Resources Trust Fund an amount equal to either the cash value received or a residual value approved by the director of the LCMR if it is not sold;
- c. Computers, if unique to the project and specifically approved in the work program;
- d. Materials and supplies specific to the project and incoming freight charges for them;
- e. Publication & printing costs (including the process of composition, plate-making, press work, & binding & the end products produced) necessary for contract administration; work products production; & biennial reports relating to work program accomplishments;
- f. Transportation & travel expenses such as lodging, meals, & mileage of personnel involved in the Project in the same manner and in no greater amount than provided for in the current "Commissioner's Plan" promulgated by the Commissioner of Employee Relations and as provided by LCMR or, for University of Minnesota (U of M) projects, the University of Minnesota plan found at <http://www.fpd.finop.umn.edu/groups/ppd/documents/policy/travel.cfm>. Allowable meal & lodging expenses are for employees only. Purchasing meals for others is not an allowable expense. All out of state travel must be explicitly approved in the Work Program;
- g. Wages & expenses of salaried Recipient employees if specified and documented in the Work Program. For State Agencies: use of unclassified staff only OR request approval for the use of

classified staff accompanied by an explanation of how the agency will backfill that part of the classified staff salary proposed to be paid for with this appropriation. This is subject to specific discussion and approval by LCMR;

- h. Fringe benefit costs limited to salary, FICA/Medicare, retirement, and health insurance of Recipient's employees if specified in the Work Program;
- i. Professional services specified in the approved Work Program that are rendered by individuals or organizations not a part of the Recipient;
- j. Eligible expenditures incurred after the effective date of the approved Work Program and before the effective date of their Agreement.

NON-ELIGIBLE COSTS

Non-eligible costs for reimbursement mean all costs not defined as eligible costs, including but not limited to the following:

- a. Any costs incurred before the project is authorized, July 1, 2005 or Work Program approval; whichever is later;
- b. Fund raising;
- c. Taxes, except sales tax on goods and services;
- d. Insurance, except title insurance;
- e. Attorney fees, except for acquisition and clearing title to land;
- f. Loans, grants, or subsidies to persons or entities for development;
- g. Bad debts, late payment fees, finance charges or contingency funds; Interest, Investment management fees;
- h. Lobbyists, Political contributions;
- i. Memberships (including subscriptions and dues);
- j. Indirect costs, such as office maintenance, office utility costs, refreshments for staff, decorations, office material & supplies;
- k. Directors or officers salary;
- l. Office rental fees (including storage space rental);
- m. Publications & periodicals;
- n. Merit awards and bonuses;
- o. Employee worksite parking;
- p. Entertainment; Gifts and prizes; Food and refreshments;
- q. Audio visual equipment;
- r. Advertising costs;
- s. Communication costs incurred for telephone calls, postage, and similar services. Purchase of communication devices such as pagers, cell phones, personal data assistants (PDAs);
- t. Computers (unless unique to the project & specifically approved in the work program).

2003AUGUST - OCTOBER

- Resource Evaluation and state-wide site visits.
- Citizen Input Forum on Natural Resource funding priorities on web site. Over 475 responses were received.
- LCMR Commission & Citizen Advisory Committee joint Strategic Planning Seminar on priorities & criteria for Trust Fund expenditures
- Citizen Advisory Committee develop a draft strategic plan for the Trust Fund as advice to the LCMR.

NOVEMBER

- The CAC presented recommended draft Strategic Plan for the Trust Fund to the LCMR Commission

DECEMBER

- LCMR adopted Strategic Plan & RFP for the Trust Fund
- The Request for Proposals (RFP) is issued electronically mid-December. RFP mailed end of December.

2004FEBRUARY

February 20, 2004 at 4:30 p.m.

This is a firm deadline. Hard copies must be postmarked by or received at the LCMR office by 4:30 p.m. Faxed or e-mailed proposal will not be accepted.

MARCH—APRIL

- Staff and outside review of proposals—criteria applied and proposals scored and ranked.

PROCESS TIMELINEMAY

- The CAC determine advice to the LCMR for proposals to be asked in for a presentation.
- LCMR initial review of proposals received.
- LCMR selects proposals for further review to be asked in for presentations. All proposers will be notified (first cut) whether or not they have been selected for further review.

JUNE - JULY

- Presentations on proposals selected for further review
- After presentations, CAC meets to determine advice to the LCMR for Trust Fund funding.
- LCMR meets to determine final recommendations to the 2005 Legislature.

SEPTEMBER

- Revised proposals are due to the LCMR on recommended projects.

OCTOBER—NOVEMBER

- Research projects are reviewed by an outside scientific peer review panel.

2005JANUARY

- LCMR recommendations presented to the Legislature

FEBRUARY - APRIL

- Legislative review and appropriation.

MAY—JUNE

- Final legislative actions on proposals, signed by governor
- LCMR meets to adopt work programs

JULY

- July 2005—June 2007: Project Implementation.

LCMR Staff:

John Velin, Director
Susan Thornton
Susan Von Mosch
Sandy Smith

Information from this document may be copied and distributed to others. This publication can be made available in alternate formats, such as large print or cassette tape, upon request.

Any suggestions or questions can be sent to the address below.

Phone: 651-296-2406

TTY: 651-296-9896 OR
1-800-657-3550

Fax: 651-296-1321

Email:
lcmr@commissions.leg.state.mn.us

Web Address: www.lcmr.leg.mn

MS 116P.08 TRUST FUND EXPENDITURES; EXCEPTIONS. . .

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.

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

- (1) purposes of environmental compensation and liability under chapter 115B and response action 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.

Legislative Commission on Minnesota Resources
100 Rev. Dr. Martin Luther King Jr. Blvd.
Rm. 65 - State Office Building
St. Paul, MN 55155



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Environmental Trust Fund

through sector, security and yield curve decisions and its performance is measured against the Lehman Brothers Aggregate Bond Index.

Investment Performance

During the Fiscal Year, the *stock* segment exceeded the S&P 500 benchmark, returning 0.1 percentage point more than the S&P 500. By investing in all of the stocks in the benchmark at their index weighting, the segment attempts to track the benchmark return on a monthly and annual basis. The portfolio is periodically rebalanced to maintain an acceptable tracking error relative to the benchmark subject to keeping trading costs at a minimum.

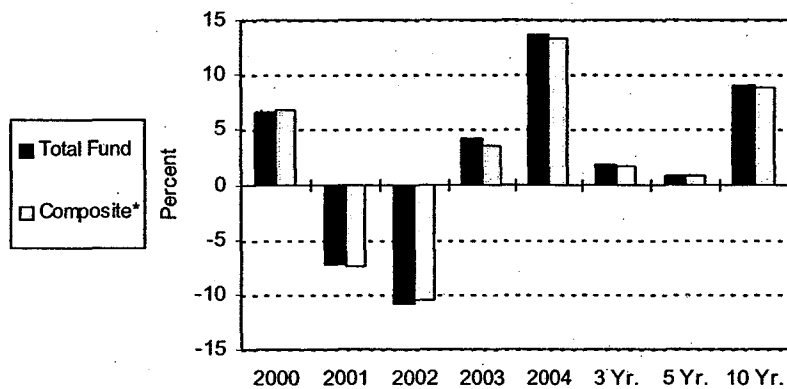
The *bond* segment outperformed its benchmark by 1.2 percentage points during the fiscal year.

Overall, the Environmental Trust Fund provided a return of 13.7% for fiscal year 2004, outperforming its composite index by 0.4 percentage point. For the most recent three-year period, the fund exceeded its composite benchmark by 0.2 percentage point. The fund experienced modest outperformance over the last five and ten years due to the incremental value added by both the stock and bond segments. Performance results are presented in Figure 39.

Spendable income generated by the Fund follows:

Fiscal Year	Millions
2000	\$13
2001	\$13
2002	\$17
2003	\$17
2004	\$15

Figure 39. Environmental Trust Fund Performance FY 2000-2004



	2000	2001	2002	2003	2004	3 Yr.	5 Yr.	10 Yr.
Total Fund	6.6%	-7.3%	-10.9%	4.2%	13.7%	1.8%	0.8%	9.0%
Composite*	6.7	-7.4	-10.5	3.6	13.3	1.6	0.7	8.9
Stock Segment	7.4	-14.6	-18.2	0.7	19.2	-0.6	-2.1	11.9
S&P 500	7.2	-14.8	-18.0	0.3	19.1	-0.7	-2.2	11.8
Bond Segment	4.7	11.2	7.0	11.9	1.5	6.7	7.2	7.8
Lehman Aggregate	4.6	11.2	8.6	10.4	0.3	6.4	6.9	7.4

* Weighted 50% S&P 500/ 48% Lehman Aggregate, and 2% 3 Month T-Bills through June 1999. Weighted 70% S&P 500/ 28% Lehman Aggregate/ and 2% 3 month T-Bill beginning July 1, 1999.

Environmental Trust Fund

The Environmental Trust Fund was established in 1988 by the Minnesota Legislature to provide a long-term, consistent and stable source of funding for activities that protect and enhance the environment. On June 30, 2004, the market value of the Fund was \$342 million.

By statute, the State Board of Investment (SBI) invests the assets of the Environmental Trust Fund. The Legislature funds environmental projects from a portion of the market value of the Fund.

Investment Objective

The Environmental Trust Fund's investment objective is long-term growth in order to produce a growing level of spending within the constraints of maintaining adequate portfolio quality and liquidity.

Investment Constraints

In November 1998, Minnesota voters passed a constitutional amendment to continue the mandate that 40 percent of the net proceeds from the state lottery be credited to the Fund through 2025.

The amendment also provides for spending 5.5 percent of the Fund's market value annually, since fiscal year 2000. The amendment eliminates the accounting restrictions on capital gains and losses and the provision that the principal must remain inviolate.

Asset Allocation

After the constitutional amendment was adopted in November 1998, SBI staff worked with the Legislative Commission on Minnesota Resources to establish an asset allocation policy that is consistent with the Commission's goals for spending and growth of the Fund.

The SBI approved a 70% stock and 30% fixed income asset allocation which was implemented July 1, 1999. The allocation positions the Fund for the best long-term growth potential while meeting the objective of the Fund to produce a growing level of spending.

Figure 38 presents the actual asset mix of the Environmental Trust Fund at the end of fiscal year 2004. The current long term asset allocation targets for the Fund are:

Domestic Stocks	70%
Domestic Bonds	28
Cash	2

Investment Management

SBI staff manage all assets of the Environmental Trust Fund. Given the unique constraints of the Fund, management by SBI staff is considered to be the most cost effective at this time.

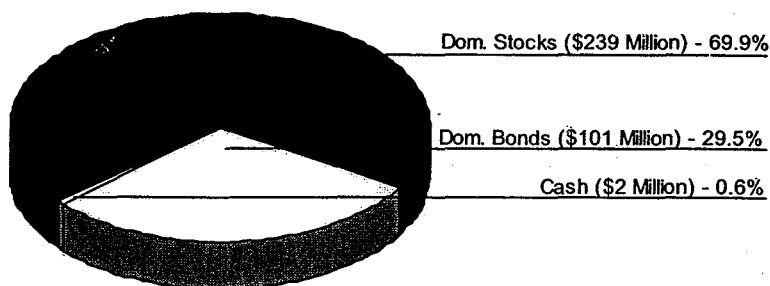
Stock Segment

The stock segment of the Fund is passively managed to track the performance of the S&P 500.

Bond Segment

The bond segment is actively managed to add incremental value

Figure 38. Environmental Trust Fund Asset Mix as of June 30, 2004



Note: Percentages may differ slightly due to rounding of values.

INFORMATION BRIEF
Minnesota House of Representatives
Research Department
600 State Office Building
St. Paul, MN 55155

John Helland, Legislative Analyst
651-296-5039

October 2002

Natural Resources Trust Funds and their Citizen Committees

This information brief provides background on Minnesota's citizen advisory committee on natural resources. It also describes how similar citizen committees operate in seven other states.

Introduction

Advisory committees are often created by the legislature for citizen input into governmental bodies, for representation of certain diverse viewpoints, and sometimes for specialized advice on certain decision making. Some advisory committees become permanent or multi-year in their duties, others are only short-term. Some have major decision-making responsibility and are not advisory at all.

Minnesota has a long-standing citizen advisory committee (CAC) on the Environment and Natural Resources Trust Fund. It was created in 1989 to advise the Legislative Commission on Minnesota Resources (LCMR) on project expenditures from the trust fund that the full legislature has to make.

The governor appoints eleven members, one of which must reside in each of the state's eight congressional districts. The chair is elected by the CAC members.

The trust (fund) created in the Minnesota Constitution (article 11, section 14) is funded by a percentage of the lottery (almost 7 cents of each dollar after expenses). Over the 12-year history of the trust fund, almost \$142 million has been spent on 241 projects. The LCMR is

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Many House Research Department publications are also available on the Internet at: www.house.leg.state.mn.us/hrd/hrd.htm.

recommending to the 2003 Legislature that \$30 million in trust fund dollars be spent for the biennium.

Certain CAC members have requested more input in the LCMR decision-making process on trust fund expenditures. As a result, a 2001 law was enacted for a task force composed of equal membership of the LCMR and CAC. The task force was to explore options to better integrate the CAC in the process of making expenditures from the trust fund. The task force met four times and then submitted its recommendations to the LCMR chair.

As a result, a new LCMR/CAC trust fund process, with added opportunities for CAC members, was put into place; some statutory changes were made to conform to recommendations for public input; and a larger CAC budget was approved to better integrate new CAC duties.

This information brief is intended to inform about other states' natural resources and/or environment trust funds, along with their citizen committee duties. It includes the states of Arizona, Colorado, Michigan, Nebraska, New Jersey, North Carolina, and Virginia, all of which have strong committees that play a part in natural resource funding decisions. Of the seven states, only Michigan and New Jersey require legislative approval of the committee's funding decisions.

Arizona

Fund Establishment and Revenue

The **Heritage Fund** is funded by lottery proceeds. The fund was established in 1990 by a ballot initiative. The act establishing the Heritage Fund allows for up to \$20 million to be spent annually, divided equally between the state parks and the Game and Fish Department. Beginning with fiscal year 1999, the fund has not realized its full funding potential as state lottery revenues have decreased and the agencies have received less than \$10 million. The interest is contained in a special account allocated only to the Heritage Fund.

Fund Expenditures

Money is allocated to projects by the Arizona Parks Board according to the following percentages:

Percent	Selected Projects for Spending
35%	Local, regional, and state parks
17	Historic preservation
17	Acquisition and development
17	Natural areas acquisition
5	Trails
5	Environmental education
4	Natural areas operation and management

Board Members and the Decision-Making Process

Three advisory boards are associated with the State Parks Board in awarding Heritage Fund revenues:

- Arizona Outdoor Recreation Coordinating Commission (AORCC) – AORCC recommends criteria and policies for both the Trails and Local, Regional and State Parks grant programs. This board is composed of seven members, one the Director of Arizona Game and Fish and one the Director of Arizona State Parks, and the remaining five members appointed by the governor. Three of these members must be professional full-time parks and recreation department directors of a county, city, or town, and two must be members of the general public with experience in outdoor recreation.
- Arizona State Committee on Trails (ASCOT) – This group provides technical advice to AORCC on trails grant criteria and project requests.
- Historic Preservation Advisory Committee (HPAC) – HPAC recommends criteria and policies for the Historic Preservation grant program and provides funding recommendations to the Arizona State Parks Board. The committee is composed of seven members; one must be a member of a nonprofit preservation program, two must be preservation professionals, one must be a representative of a local government preservation program, and three must be citizens-at-large who are active in or familiar with historic preservation.

The State Parks Board consists of seven members. One member is the state land commissioner and the remaining members are appointed by the governor (citizens-at-large). While there are no exact requirements, members are selected because of their knowledge of and interest in outdoor activities, multiple uses of lands, archaeology, natural resources, and the value of the historical aspects of Arizona and conservation of natural resources.

The trails, historic preservation, and parks components of the Heritage Fund (57 percent) are distributed through competitive grants. The remainder of the funding is allocated to the four other components in conjunction with the state parks in general. Recommendations for funding and grants are made to the State Parks Board, which makes the final decision. **The funding decisions are not subject to appropriations or legislative approval.**

While the funds are not subject to legislative approval, a Capitol Improvement Plan is used for the development projects, and the legislature matches the board's funding decisions with general fund appropriations.

Colorado

Fund Establishment and Revenue

Article XXVII of the Colorado Constitution passed as a constitutional amendment in 1980 and again in 1992. The amendment allots 50 percent of lottery proceeds (capped at \$35 million, adjusted annually for inflation) to the Great Outdoors Colorado Trust Fund (GOCO). In fiscal

year 2000-2001, GOCO is projected to receive approximately \$40 million. Under the 1992 amendment, the lottery proceeds are distributed as follows: 40 percent of proceeds go to the Conservation Trust Fund for allocation to local governments and park and recreation districts for parks, recreation, and open space purposes; 10 percent of proceeds are distributed directly to Colorado State Parks for state parks and outdoor recreation projects; 50 percent of proceeds are deposited in the GOCO Trust Fund.

GOCO offers grant opportunities in the four major categories outlined in the Colorado Constitution, which are **outdoor recreation, wildlife, open space, and local government**. There are five competitive grant cycles:

- Open space and natural areas – projects in urban, suburban, and rural areas.
- Local government – awarded to local governments to acquire, establish, expand, and enhance park and outdoor recreation facilities including environmental education.
- Legacy – these major regional or statewide projects combine two or more of the board's four funding categories.
- Trails – includes construction of new trails, trail renovations, acquisition of land or permanent easements essential to trail access, and trailhead development.
- Planning and capacity – seed grants to local governments and nonprofit organizations primarily for land conservation planning.

Grants are also awarded through the Division of Wildlife and Colorado State Parks.

The board is composed of 15 members. The State Board of the Great Outdoors Colorado Trust Fund is appointed by the governor and subject to confirmation by the Colorado State Senate. There must be two members from each congressional district (six total districts) and these two members must each be associated with a different political party. The Executive Director of the Colorado Department of Natural Resources, a representative from the Colorado State Parks Board, and a representative from the Wildlife Commission are also members of the board, in addition to the 12 citizen members.

The board organizes its grant activities into three core programs:

- Land, water, and wildlife protection – 71.5 percent of total funds, composed of five initiatives:
 1. Protecting important river corridors
 2. Protecting Colorado's unique natural areas and wildlife habitats
 3. Protecting community separators
 4. Protecting land for future parks and outdoor recreation
 5. Protecting strategic agricultural lands
- Outdoor recreation facilities – 23 percent of total funds: to target the establishment of new facilities for parks and the establishment and development of trails.
- Youth, environmental education, and interpretation – 5.5 percent of total fund. Will focus on engaging youth through youth corps programs.

A project subcommittee of the GOCO board reviews the ranking of the grant applicants based on the scores and recommendations and selects the projects that will receive funding. **The entire board gives final approval to the selected grants.**

Michigan

Fund Establishment and Revenue

The Michigan Natural Resources Trust Fund (MNRTF) began as the Michigan Land Trust Fund in 1976 by P.A. 204 of 1976. The act created the trust fund to provide funding for the public acquisition of lands for resource protection and public outdoor recreation. Funding was derived from royalties on the sale and lease of state-owned mineral rights. In 1984, voters approved Proposal B, which amended the state constitution and created the MNRTF. The amendment required that oil, gas, and other mineral lease and royalty payments be placed in the trust fund and used to acquire and develop public recreation lands. The legislature passed the MNRTF Act of 1985 to implement the amendment (P.A. 101 of 1985, act 101). The act required that in a fiscal year, up to one-third of all mineral lease revenues plus the interest and earnings of the trust fund could be used to both purchase land for resource protection and public outdoor recreation *and* develop outdoor recreation facilities. In 1994, voters approved Proposal P, which further amended the constitution to disallow diversion of the trust fund revenue to the Michigan Strategic Fund and established the State Park Endowment Fund. The proposal provided for \$10 million annually to the endowment fund from the trust fund. This amendment also raised the maximum amount that can accumulate in the trust fund to \$400 million.

Fund Expenditures

Legislative Act 101 specifies that no less than 25 percent of total expenditures in a fiscal year shall be expended for land acquisition and rights in land and that no more than 25 percent shall be expended for development of public recreation facilities. Act 101 also authorizes use of the trust fund to make annual payments to local units of government when the state acquires property with trust fund assistance. These local payments help offset the loss in tax revenue when the property becomes public.

Board Members and the Decision-Making Process

The board is composed of five members, including the Director of the Department of Natural Resources or a member of the Natural Resources Commission, and four state residents appointed by the governor.

According to section 1907(1) of Part 19, P.A. 451 of 1994, each January the board submits to the legislature a priority list of lands recommended for acquisition and/or development. One criterion requires that a grant applicant get public input regarding the project through public meetings prior to granting of funds.

The five goals identified by the board are:

- Resource protection – To protect Michigan’s natural resources, and provide for their access, public use, and enjoyment.
- Water access – To provide public access to Michigan’s water bodies, particularly the Great Lakes, and to facilitate their recreational use.
- Community recreation – To meet regional, county, and community needs for outdoor recreation opportunities.
- Urban recreation – To improve the opportunity for outdoor recreation in Michigan’s urban areas.
- Economic development – To stimulate Michigan’s economy through recreation-related tourism and community revitalization.

The board makes final grant recommendations based on the staff scores and recommendations and other appropriate factors, and submits its recommendations to the legislature for approval and appropriation of funds and signature by the governor.

Nebraska

Fund Establishment and Revenue

The Nebraska Environmental Trust Fund receives 49.5 percent of lottery proceeds.

Fund Expenditures

The entire fund is spent each year and is not subject to legislative approval. The trust fund is currently focusing on four priorities:

- The preservation and restoration of critical habitat areas
- Surface and ground water quality
- Development of recycling markets and reduction of solid waste volume and toxicity
- Carbon management

To address these priorities the trust fund will assist in the:

- Preservation and restoration of wetlands and other areas critical to rare or endangered species
- Protection of Nebraska lakes and streams from deterioration due to pollution
- Fostering of good management practices and action to preserve ground water from degradation, and clean-up of soils and ground water
- Development of recycling markets and reduction of the volume and toxicity of solid waste
- Strategies to manage carbon in the atmosphere, and sequester carbon in the soil

Board and the Decision-Making Process

The 14-member board is composed of nine Nebraska citizens (three from each of three congressional districts) appointed by the governor and approved by the majority of the legislature, and five members of state agencies. The citizen members shall represent the general public and shall have demonstrated competence, experience, and interest in the environment of the state, according to the Nebraska Trust Act, section 81-15, 170. Two of the citizen appointees shall also have experience with private financing of public-purpose projects. The board elects a chairperson annually from among the citizen members.

The proposed projects for the trust fund grants must meet criteria for eligibility and must fit the trust fund's priorities (established pursuant to section 81-15, 176 of the Nebraska Trust Act). The trust fund board uses a rating system to select projects for grant awards. Some of the criteria used for evaluation are required by the act, but the results of the rating system serve only as a guide for the board's fund allocation. The act also requires that the priorities that the board sets be those environmental goals which most affect the natural physical and biological environment in Nebraska, and that the board allow opportunity for public comment regarding the priorities. The priorities are set for five-year periods (the initial priorities were set by the act itself), and the process must include public meetings in each of the three congressional districts.

The evaluation of projects is performed by the Eligibility and Rating/Ranking Subcommittee Board appointed by the chairperson of the board, as well as any technical advisory committee(s) established by the board. The subcommittee makes the following recommendations to the trust board: a recommendation of approval or rejection of the project; a recommended degree of assistance for the project if it is found eligible and receives a sufficient ranking; and any conditions the subcommittee recommends to be placed on the project. In addition, the subcommittee provides the trust board with a preliminary ranking of the projects. After receiving the subcommittee report and conducting a board meeting regarding the report, the chairperson shall schedule a public hearing on the proposed funding list. **After this meeting the trust board may take action on actual funding and the board makes the final decision regarding funding.**

New Jersey

Fund Establishment and Revenue

On June 30, 1999, the governor signed the Garden State Preservation Trust Act into law, which allowed New Jersey to preserve one million acres over the next ten years and established a stable source of funding for preservation efforts. The plan was approved by a margin of two-to-one by New Jersey citizens in 1998. The vote amended the constitution to provide a source of funding to acquire and preserve open space, farmland, and historic sites around the state. The amendment dedicates \$98 million annually for ten years to preservation efforts and authorizes the issuance of up to \$1 billion in revenue bonds.

Fund Expenditures and Revenue

The Garden State Preservation Trust (GSPT) is distributed to three major areas, **Green Acres**, **Historic Preservation**, and **Farmland Preservation**.

- The Historic Preservation Trust Fund will receive \$6 million annually for ten years to fund historic preservation projects including matching grant awards.
- Sixty percent of the remaining annual funds, after the \$6 million is deposited with the Historic Preservation Trust Fund, will be used for Green Acres and Green Trust projects in cooperation with the Department of Environmental Protection.
 - Half of this funding (30 percent of remaining funds) will be used for state acquisition and development projects. Of this portion, 20 percent is designated for highly populated counties.
 - Forty percent of these funds will be allocated for local acquisition and development projects (to municipal and county governments).
 - Ten percent of these funds will be allocated for nonprofit acquisition.
 - In addition, payment in lieu of taxes (PILOT) will provide money for municipalities out of the general fund to reimburse them for lost taxes on state acquired lands.
- The Garden State Farmland Preservation Trust Program will work with the State Agriculture Development Committee to provide grants for local government units to fund acquisition and development easements or fee simple titles.

Board Members and the Decision-Making Process

The legislation established a nine-member board that receives and approves projects submitted by the Department of Environmental Protection and the State Agriculture Development Committee. **Twice a year the board reviews projects and submits at least two appropriation bills each year to fund the projects. The board is appointed by the governor and the legislature.**

The trust seeks to protect one million additional acres of open space and farmland and is charged with reviewing and recommending to the legislature and the governor preservation projects submitted to each of the three trust fund programs. The policy objectives that guide the GSPT include protection of the state's water supplies, preservation of the state's agricultural land base, protection of contiguous and diverse wildlife habitats and greenways, and provision of a broad array of recreational opportunities for all New Jersey residents in all regions of the state. The GSPT has additional historic preservation policy goals.

The Green Acres program comprises four program areas:

- State park and open space acquisition – State acquisition program (land preservation initiated by the state). Green Acres works with the Department of Environmental Protection's divisions of Parks and Forestry, Fish and Wildlife, and the New Jersey Natural Lands Trust to determine which lands should be preserved. Green Acres also distributes other funds that are not part of the Garden State Preservation Trust.

- Local governments and nonprofit funding – Grants/loans to municipal and county governments (to assist in specific land preservation and outdoor recreational development projects) and nonprofit matching grants program (Green Acres provides nonprofit organizations with a matching grant to help fund fee simple, easement purchases, or recreational development). The Planning Incentive Program provides grant and loan funding to local governments that have enacted an open space tax and have adopted an open space and recreation plan.
- Planning and technical assistance – Planning Incentive Grants program to provide open space and recreation planning and technical assistance for county, municipal, nonprofit, and state open space acquisition and recreation development efforts.
- Stewardship – Keeping It Green Program. The Bureau of Legal Services and Stewardship monitors municipal, county, and nonprofit sites acquired and developed with Green Acres funds and ensures that they are used solely for recreation and conservation purposes.

Grant applications are ranked according to points based on criteria that reflect open space values, such as public access, suitability for wildlife habitat, recreational opportunities, and protection of environmental resources. **The legislature reviews the project recommendations from the GSPT and forwards its recommendations to the governor for consideration in his or her biennial budget.**

North Carolina

Fund Establishment and Revenue

North Carolina has several conservation trust funds, including an income tax credit. **Legislators are on all the fund boards described here and assist in making expenditure recommendations.** The following funds are related to conservation or natural resources:

- *Conservation Income Tax Credit* – Established in 1983. Managed by the Department of Environment and Natural Resources and provides a 25 percent income tax credit for donations of land or easements for conservation purposes.
- *Natural Heritage Trust Fund* – Established in 1987 by the General Assembly (Statute 113, Article 5A (113-77.6.9)). It was provided with a continuing funding source by the General Assembly in 1989 and an additional source in 1991. Funded by 25 percent of state deed excise stamp revenues and a portion of vanity license plate sales and managed by the Board of Trustees and the Natural Heritage Program in the Division of Parks and Recreation in the Department of Environment and Natural Resources (DENR). Approximately \$10 million was available to the fund in fiscal year 2000-2001.
- *Parks and Recreation Trust Fund* – Established in 1993. Funded by 75 percent of state deed excise stamp tax revenues and managed by the Board of the Parks and Recreation Authority and the Division of Parks and Recreation in DENR.
- *Public Beach and Coastal Waterfront Fund* – Established in 1981. Funded by state deed excise stamp tax revenues and managed by the Division of Coastal Management in

DENR. This fund was initially funded by appropriations and is now funded by 5 percent of the Parks and Recreation Trust.

- *Clean Water Management Trust Fund* – Established in 1996. Funded by appropriations from the General Assembly and managed by an 18-member board of trustees and staff.

Fund Expenditures and Programs

- *Conservation Income Tax Credit* – As of August 15, 2000 (end of 1999 tax year), about 300 individual and corporate property owners had donated 68,500 acres of land or conservation easements worth an estimated \$121.2 million at a cost to the state of \$16.7 million.
- *Natural Heritage Trust Fund* – \$80.6 million has been awarded for 231 projects to help protect 145,000 acres of land since 1987. In the last cycle, the Natural Heritage Fund funded six applications for a total of \$4.6 million. NHTF grants have leveraged at least \$40 million in private and other public funds.
- *Parks and Recreation Trust Fund* – Since 1995, the Parks and Recreation Authority has approved 210 projects for a total of \$31.8 million. Over 1,300 acres have been added to local parks. The Parks and Recreation Authority has approved 138 state park land acquisition and facility projects for a total of \$71.4 million. PARTF has funded the addition of 7861 acres to the State Park System.
- *Clean Water Management Trust Fund* – The board of trustees has approved 258 grants for a total of \$220.4 million as of June 1, 2001. CWMTF grants have leveraged at least \$60 million in private and other public funds. The 2000 General Assembly committed to increase appropriations to CWMTF to \$40 million in fiscal year 2001-02, \$70 million in fiscal year 2002-03, and \$100 million per year in fiscal year 2003-04 and future fiscal years.

Board Members and the Decision-Making Process

- *Conservation Income Tax Credit* – Managed by the Department of Environment and Natural Resources. Not run by a citizen board.
- *Natural Heritage Trust Fund*
 - Managed by the board of trustees and the Natural Heritage Program in the Division of Parks & Recreation in the Department of Environment & Natural Resources. The nine-member board of trustees is appointed by the General Assembly at the recommendation of the Speaker of the House and President Pro-Tempore of the Senate (three from each) and by the governor (three more). Persons appointed shall be knowledgeable in the acquisition and management of natural areas.
 - Grant applications are accepted from state agencies, including the Department of Environment and Natural Resources, Wildlife Resources Commission, Department of Cultural Resources, and Department of Agriculture and Consumer Services). The grants applications are for acquiring natural lands in three main areas, according to statute:
 - land that represents the ecological diversity of North Carolina,
 - land as additions to the system of state parks and other natural areas for public use, and

- land that contributes to the development of historic properties.

Funding priorities are given to projects which will protect areas of state or national ecological significance or outstanding cultural significance. Trustees may also fund inventories by the Natural Heritage Program, conservation and protection planning, and information programs for owners of natural areas. The trustees are also guided by priorities established by the state agencies listed in this paragraph.

- *Parks and Recreation Trust Fund*

- The 11-member Parks and Recreation Authority, meeting quarterly, makes decisions about the allocation of the trust fund. The governor appoints the chairperson of the authority, the General Assembly upon recommendation of the President Pro-Tempore of the Senate appoints four members, and the General Assembly upon recommendation by the Speaker of the House appoints four members.
- The trust fund is allocated in three ways:
 - 65 percent to the state parks through the North Carolina Division of Parks and Recreation.
 - 30 percent as matching grants to local governments for park and recreation purposes.
 - 5 percent for the Coastal and Estuarine Water Access Program.

- *Clean Water Management Trust Fund*

- Managed by an 18-member board of trustees and staff. Six members shall be appointed by the governor, six by the General Assembly at the recommendation of the Speaker of the House, and six by the General Assembly at the recommendation of the President Pro Tempore of the Senate. Persons appointed shall be knowledgeable in one of the following areas
 - Acquisition and management of natural areas
 - Conservation and restoration of water quality
 - Wildlife and fisheries habitats and resources
 - Environmental management

The advisory council advises the trustees regarding allocations from the fund and includes the Commissioner of Agriculture, the Chair of the Wildlife Resources Commission, the Secretary of the Department of Environment and Natural Resources, and the Secretary of the Department of Commerce.

- Grants go to help projects that specifically address water pollution problems. CWMTF will fund projects that:
 - Enhance or restore degraded waters,
 - Protect unpolluted waters, and/or
 - Contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits.

Grants are distributed to state agencies, local governments, or nonprofit conservation corporations. The board of trustees may require a 20 percent matching requirement from recipients.

Virginia

Fund Establishment

Virginia Land Conservation Foundation – In 1999, the General Assembly and Governor Gilmore established the foundation to fund the protection of Virginia's natural resources. These acts and recent amendments are codified at sections 10.1-1017 through 10.1-1026 of the Code of Virginia.

Fund Expenditures and Programs

Virginia Land Conservation Foundation – Used to establish permanent conservation easements and to purchase open spaces and parklands, lands of historic or cultural significance, farmlands and forests, and natural areas. State agencies, local governments, public bodies, and registered (tax-exempt) nonprofit groups are eligible to receive matching grants from the foundation.

Board Members and the Decision-Making Process

Virginia Land Conservation Foundation – The purpose of the foundation is to provide state funding used to conserve certain categories of special land, including **open spaces and parks, natural areas, historic areas, and farmland and forest preservation**. The foundation manages the funds and the Department of Conservation and Recreation provides staff and administrative support. An Interagency Taskforce reviews and recommends grant applications to the Virginia Land Conservation Foundation. Grant awards are based on applications for 50 percent or less of total project costs pursuant to specific criteria defined in each category. The criteria are different for each of the four categories. The Secretary of Natural Resources is the Chairman of the VLCF Board of Trustees. The Director of the Department of Conservation and Recreation is the Secretary of the Board. The governor appoints one board member from each of the 11 congressional districts. The Senate Committee on Privileges and Elections appoints four more Board members. **No legislative approval is required.**

For more information about natural resources, visit the environment and natural resources area of our web site, www.house.mn/hrd/issinfo/enviro.htm.

INFORMATION BRIEF
Minnesota House of Representatives
Research Department
600 State Office Building
St. Paul, MN 55155

January 2000

John Helland, Legislative Analyst
651-296-5039

Natural Resources Policy Commissions in Selected Other States

This information brief reviews natural resources commissions in six selected states, and specifically describes their membership, powers and duties, cost and staffing. These states were selected as representative of the varying responsibilities of natural resources policy commissions. The information is listed for each state in Part I.

Part II lists the conditions of membership on natural resources commissions around the country.

Overview

Bills that establish policy commissions for the Department of Natural Resources (DNR) have been introduced quite often during recent years. The bills generally have not received hearings, but it is likely that similar bills will be introduced in the future.

A 1999 bill (H.F. 253) that would create a Board of Natural Resources was introduced by Representative Westfall. The board would consist of the commissioner of Natural Resources and eight citizens appointed by the governor, one from each congressional district. The board members would be "broadly representative" to effectuate natural resources policy; one must be knowledgeable in agriculture. Duties and powers of the proposed board include:

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Many House Research Department publications are also available on the Internet at: www.house.leg.state.mn.us/hrd/hrd.htm.

- a) Acquisition of land for outdoor recreation and management purposes
 - b) Promulgation of necessary rules
 - c) Natural resources planning responsibilities
 - d) Forest management policy and fire protection
 - e) Mining regulation
 - f) Wetland acquisition and drainage interactions
 - g) Fish stocking and flood protection
 - h) Wild and scenic view designation
 - i) Acquisition by eminent domain

These authorities are now vested in the commissioner of Natural Resources.

Approximately 33 states have natural resources commissions with some responsibility for the policies of their respective state departments. The types of commissions generally fall into three categories:

- (1) a purely advisory commission on natural resources matters to the executive agency;
- (2) an independent commission that establishes general policy for its department and may adopt rules and issue permits (Indiana, Washington, and Wisconsin); or
- (3) an independent commission with the power to hire and fire the department director and one that establishes hunting and fishing regulations (Michigan and Missouri).

The governor typically appoints the members in states with a commission, with the advice and consent of the state senate. Some states differ. In Kentucky the governor appoints one person from a list of five people elected by sportsmen in each of the states' nine wildlife districts. The governor of New Jersey appoints six sportsmen recommended by the State Federation of Sportsmen's Clubs and three farmers recommended by the agricultural convention.

I. Profiles of Natural Resources Commissions by State

Indiana

Membership

Five lay members appointed by the governor and seven ex-officio members that represent various areas of state government.

Powers and Duties

- Sets policy and promulgates rules on a variety of resource matters.
- Approves the acquisition of new lands and the disposal/sale of surplus lands.
- Exercises regulatory authority in the form of permits for water, oil and gas, coal mine reclamation, parks, forests, fish and wildlife, and reservoirs.
- Exercises employment authority for property managers and assistant property managers at state parks, forests, fish and wildlife areas, reservoirs, and for oil and gas inspectors.
- May merge, consolidate, or abolish any agent or division, other than the division of law enforcement, with the approval of the governor.

Cost

- Annual commission expenses are approximately \$25,000 and are included in the Executive Office budget.
- Members are reimbursed \$50 per day spent on commission activities and paid travel and lodging expenses.
- Only the expenses of the five lay members are included in the Executive Office budget; the expenses of the seven ex-officio members are covered by the department they represent.

Staffing

Commission uses existing DNR staff.

Michigan

Membership

Seven members appointed by the governor with the advise and consent of the Senate.

Powers and Duties

- Appoints the director of the department.
- Approves land acquisition and sales.
- Regulates the leasing of minerals.
- Sets seasons for game and fish.
- Promulgates rules.

Cost

- Commission annual budget is \$75,000.
- Members receive \$75 per day spent on commission business, subject to a limit of 50 days per year (55 days for the chair) regardless of the number of days worked. They are also reimbursed for documented travel and lodging expenses and other actual expenses related to commission business.

Staffing

Commission uses existing DNR staff, except for having its own executive secretary (who sets up meetings, handles correspondence and travel arrangements, etc.).

Missouri

Membership

Four members appointed by the governor with the advice and consent of the Senate.

Powers and Duties

- Appoints the director of the Department of Conservation.
- Responsible for the control, management, restoration, conservation, and regulation of the bird, fish, game, forestry, and all wildlife resources of the state, including hatcheries, sanctuaries, refuges, reservations, and all other property owned, acquired, or used for such purposes.
- Responsible for the acquisition and establishment of such property as mentioned above and the administration of all laws pertaining to such property.
- May acquire by purchase, gift, eminent domain, or otherwise, all property necessary, useful, or convenient for its purposes.

Cost

- Annual budget for the commission is \$25,000, although actual expenses in recent years have been less than this amount.
- Members are reimbursed only for actual expenses incurred while carrying out commission business.

Staffing

Commission uses a secretary and existing Department of Conservation staff.

Oregon

Oregon has citizen-based natural resources commissions for fish and wildlife, environmental quality, and land conservation and development. This describes the fish and wildlife commission.

Membership

Seven members appointed by the governor for staggered four-year terms.

Powers and Duties

- Sets policy regarding the management of fish and wildlife resources.
- Establishes seasons for and methods of taking of fish and wildlife resources.
- Adopts necessary rules and standards it deems appropriate.
- Holds public hearings on proposals for planned expenditures and finding needs for inclusion in the governor's budget.

Cost

- The annual budget is \$65,000, which includes the cost of monthly meetings around the state.
- Commissioners receive \$30 per day and travel expenses.

Staffing

- Existing department staff is used for support.

Washington

Membership

Five members, including the governor or the governor's designee, the superintendent of public instruction, the commissioner of public lands, the dean of the college of forest resources of the University of Washington, and the dean of the College of Agriculture of Washington State University.

Powers and Duties

- Establishes broad policies for the department.
- Performs all duties relating to appraisal, appeal, approval, and hearing functions of the department.
- Constitutes the board of appraisers and the commissioner on harbor lines.
- Approves lease and sale proposals submitted by the department regarding state-owned grant and forest board lands.
- Fixes the value of public lands and gives authority to the commissioner to inspect, appraise, and offer state lands for sale.
- Reviews the department's administration of the Surface Mine Reclamation Act.

Costs

- Annual costs for the board are approximately \$6,000.
- Members receive no compensation for attending meetings, but out-of-town members are reimbursed for travel expenses.

Staffing

Board uses existing DNR staff.

Wisconsin

Membership

Seven members appointed by the governor with the advice and consent of the Senate.

Powers and Duties

- Directs and supervises the Department of Natural Resources, and acts as a formal point of contact for citizens.
- May sell, at public or private sale, lands and structures owned by the state under the jurisdiction of the DNR when the board determines that they are no longer necessary for the state's use for conservation purposes.
- Acts as a coordinating body for all governmental and nongovernmental agencies with regard to policies, plans, and activities related to Wisconsin outdoor recreation resources.
- Recommends to the governor and legislature broad policies and standards to guide the comprehensive development of all outdoor recreation resources in Wisconsin, and recommends to the legislature outdoor recreation program appropriations and allocations.

Cost

- Annual budget for the board is \$25,000.
- Members receive reimbursement for travel, meals, and lodging expenses, but no per diem.

Staffing

Board uses existing DNR staff.

II. Membership Restrictions for Natural Resources Commissions*

A variety of conditions are placed on membership in natural resources commissions. In some cases, a state may have more than one condition or qualification. The following conditions and qualifications are grouped by category.

Appointment By Region, Without Regard To Population

Idaho	One commissioner from each specified group of counties
Kentucky	By wildlife district
Nevada	No two of the seven commissioners from the same county
New Hampshire	One of the 11 commissioners must be from one of seven specified coastal towns
Pennsylvania	Eight of ten commissioners from each specified group of counties
South Dakota	Three west and five east of the Missouri River
Utah	The five commissioners must be from the five groups of specified counties
Washington	Three commissioners must be from west of the Cascades and three from the east; no two commissioners from the same county
Wyoming	By "appointment district"

By Region, By Population

Oregon	Of the seven commissioners, one from each of the five congressional districts, plus one each from east and west of Cascade Mountains
South Carolina	One for each congressional district plus one at large
Virginia	One for each congressional district

* This information comes from a Wildlife Management Institute report, *Organization, Authority and Programs of State Fish and Wildlife Agencies* (1997), and a 1997 survey conducted by the California Assembly Office of Research.

By Political Party, Not More Than Half From The Same Party

Ohio

By Political Party, Not More Than Half Plus One From The Same Party

Idaho	South Dakota
Kansas	Utah
Kentucky	Wyoming
Michigan	

By Occupation

Ohio	Two of the eight commissioners must be farmers and one must be a biologist
Oregon	Commissioners may not have a financial interest in a fish processing business
Nevada	One of the seven commissioners must be a farmer
New Jersey	Three of the 11 commissioners must be farmers recommended by the agricultural convention
South Dakota	At least four of the eight commissioners must be farmers

By Office

Idaho	Commissioners may not be elected members of any state or local office and may not be an officer in any political party organization
New Jersey	The chairman of the Non-Game Advisory Committee is one of the 11 commissioners
Oregon	Commissioners may not be an officer in a sport or commercial fishing organization
Tennessee	The commissioner of Conservation, not the director of the department, is one of the 11 commissioners

By Violation Of Law

New Hampshire Commissioners must not have been convicted of a fish and game offense in any state in the last five years

By Avocation

Nevada One member of seven must be actively involved in the conservation of wildlife

As Hunters And Fishermen

Nevada Two of the seven commissioners must be sportsmen

New Hampshire Commissioners must have been licensed hunters and fishermen for five of the last ten years

New Jersey Six of the 11 commissioners must be sportsmen recommended by the state organization of sports clubs

Other

Illinois At least one of the 11 commissioners must be a senior citizen, age 60 or older

Montana One of the five commission members, each representing a region, must also be experienced in the breeding and management of domestic livestock

Nevada Two of the seven commissioners are to represent the interest of the general public

New Hampshire Each commissioner shall have at least five years experience in one or more of the following: forestry, agriculture, management of wild lands soil conservation, conservation of water resources, fish and game management or propagation, conservation engineering, conservation law, wildlife education, or active membership in a conservation or sportsman's organization in New Hampshire

North Carolina Must be a hunter, fisherman, farmer, or biologist

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

REVISED Agenda

Environment and Natural Resources Advisory Task Force

September 27, 2005

Time: 2:00 – 5:00 p.m.

**Location: PERA Building, 60 Empire Drive, Training Room
St. Paul, MN**

Note: Order of the agenda has been modified and election of leadership is removed pending adoption of election procedures by the Advisory Task Force.

Facilitator: Ryan Church, Department of Administration

1. WELCOME

Rep. Kathy Tingelstad, LCMR Chair

Loren Solberg & Dave Zentner (initial meeting co-conveners designated by the LCMR Chair and Governor's office)

2. INTRODUCTIONS

3. "MINNESOTA: A HISTORY OF THE LAND" (Overview of the people and landscapes of Minnesota, a 4 minute video)

4. MINNESOTA'S NATURAL RESOURCES: TASK FORCE MEMBER DISCUSSION
"What natural resources issues do members consider to be of most importance for the future of Minnesota?"

BREAK

5. PRESENTATION: PERSPECTIVES ON "HOW WE GOT HERE"

Bob Schroeder, Governor's Office and Rep. Kathy Tingelstad, LCMR Chair

6. TASK FORCE CHARGE

- a. Authorizing Legislation of the Advisory Task Force
- b. Member Discussion of the Purpose of the Advisory Task Force

7. ORGANIZATION

- a. Task Force Operating Procedures
 - Procedures for Election of Leadership
 - Motions and Voting
 - Other

Page One of Two

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, David Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

- b. Overview of Background Materials
- c. Discussion of Information and Testimony Requested for Future Meetings
- d. Proposed Meeting Schedule: Dates, Times, Location, Per diem, Expenses and Related Forms
- e. Other Organization Issues

8. OTHER

9. CONFIRM NEXT MEETING: DATE, PURPOSE & FOCUS

10. ADJOURNMENT

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger,
Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig,
Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, David Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

FUTURE MEETING IDEAS

1. Presentation by conference committee chairs, House and Senate Environment –
(Sen. Dallas Sams and Rep. Dennis Ozment on perspectives)
2. Overview of current and past LCMR processes
3. Current and past CAC member testimony (invite members since 1989)
4. Representative from Colorado Environmental Trust Fund
5. Representative from Missouri regarding the “Missouri Model” and dedicated funding
6. MN State Arts Board
7. Foundations
8. Public Testimony



MINNESOTA

A History of the Land

TAKE A JOURNEY THROUGH TIME ACROSS MINNESOTA'S CHANGING LANDSCAPES

Minnesota: A History of the Land vividly brings to life the epic story of the people and landscapes of Minnesota. From the retreat of the last ice sheets to the growth of today's suburbs — the series seeks to entertain as it enriches our understanding of Minnesota's past, present and future. A visually stunning and groundbreaking four-part documentary series... featuring nature videography from across the state, never-before-seen historic images, state-of-the-art animations, and historic re-creations.

Produced by the University of Minnesota,
College of Natural Resources and Twin Cities
Public Television

Executive Producer Barbara Coffin
Series Director/Editor/Writer John Whitehead
Series Producer/Writer/Researcher Polly Fry
Concept Development/Narrator Lausning Shepard
Soundtrack by Peter Ostroushko
Photographs by Richard Hamilton Smith
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The Minnesota Environment and Natural
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College of
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UNIVERSITY OF MINNESOTA

TWIN CITIES PUBLIC TELEVISION
tpt

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AVAILABLE ON THE
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- In-depth descriptions of each episode and interactive features
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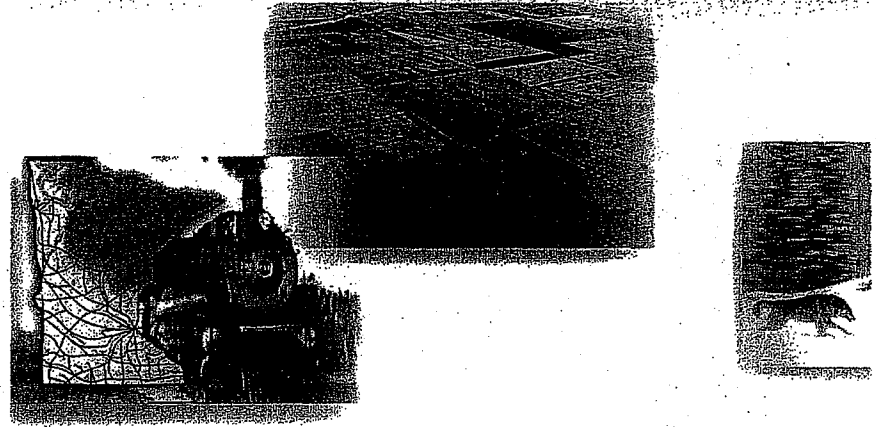
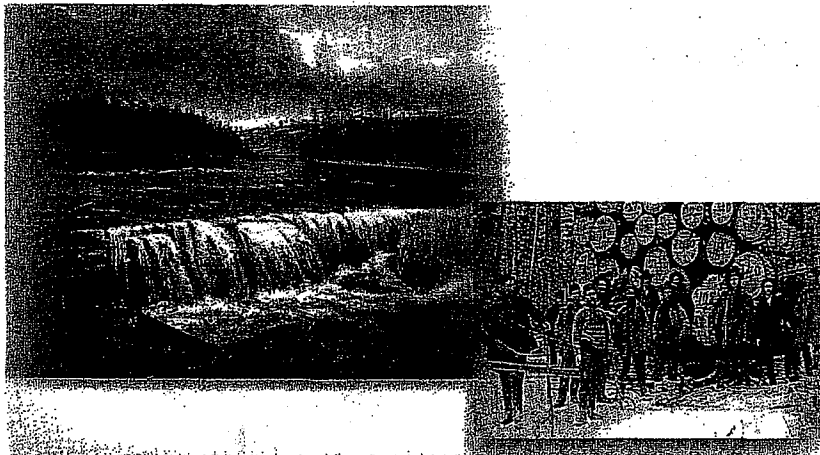
EPISODE I:

ORDERING THE LAND (16,000 B.P. – 1870s)

Witness 16,000 years of Minnesota's fascinating early history. Its unique place in North America is revealed through state-of-the-art animations and graphics. Members of Minnesota's Native American community describe their long relationship with the land. With the arrival of Europeans comes a new way of looking at the land, one that will change the region forever. See how this is expressed in the land survey, which carves the natural world into squares that can be bought and sold. The fur trade era and early lumbering are brought to life with historic re-creations and photographs. Discover what happens when early entrepreneurs fail to understand the geology of St. Anthony Falls.

"Landscapes really do have a history. They change all the time. As humans we're always intervening in that process with an outcome that we can't actually know..."

Elizabeth Raymond, Historian



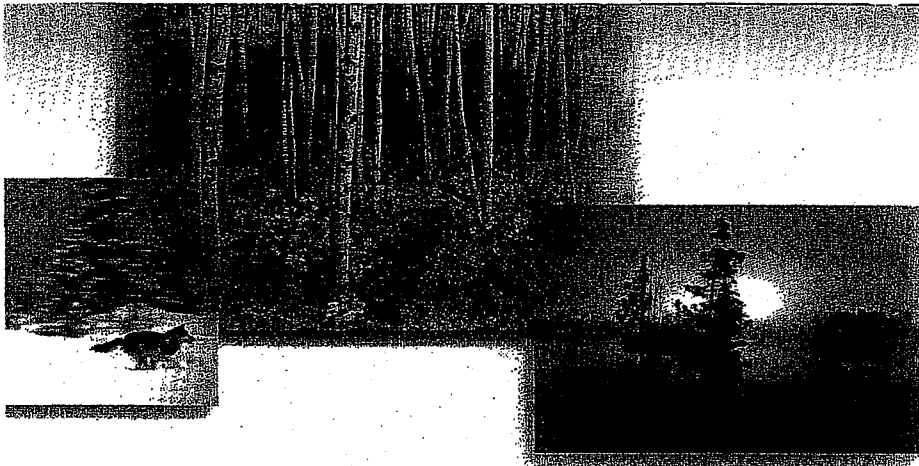
EPISODE II:

CHANGES IN THE LAND (1870s – 1900)

Voices from the past and stunning nature videography re-create the natural world Euro-Americans first encountered. Find out what happens to North America's most abundant species as commercial hunters and the railroad arrive in Minnesota. The majestic Big Woods are cut down to make room for farms and villages. Visit one of the little known crown jewels of Minnesota, the Bluestem Prairie. Find out why Minnesota has some of the richest soils in the world and how Minneapolis becomes the flour milling capital of the world. Historic re-creations bring to life the bonanza era of wheat farming. And experience the catastrophic forest fire that ushers in a new way of looking at the land.

"A world of grass and flowers stretched around me, rising and falling in gentle undulations, ... full acres of blossoms, all bearing one hue, purple perhaps, or masses of yellow or rose. And then again a carpet of every color intermixed or narrow bands as if a rainbow had fallen among the verdant slopes."

Eliza Steel, June 1, 1840



"This is one of the rarest regions on the continent, if not the world. No where else is to be found so precious and picturesque a combination of water, rock and forest, all linked together in a single maze of bewildering beauty."

Ernest Oberholtzer, ca. 1920s

EPISODE III:

OUT OF THE ASHES (1900 – 1940s)

Never-before-seen historic footage brings to life the beginnings of conservation in Minnesota. Discover why Minnesota is at the forefront of conservation in the United States and the key role that women play. See what happens to the Mississippi River as the population of the Twin Cities explodes. Graphic animations help viewers imagine the results of one man's plan to flood the boundary waters region. Then, get to know the fascinating character who helps to save the region from destruction. In the series' most ambitious historic re-creation, find out which prominent Minnesota conservationist begins his career promoting the destruction of wolves.

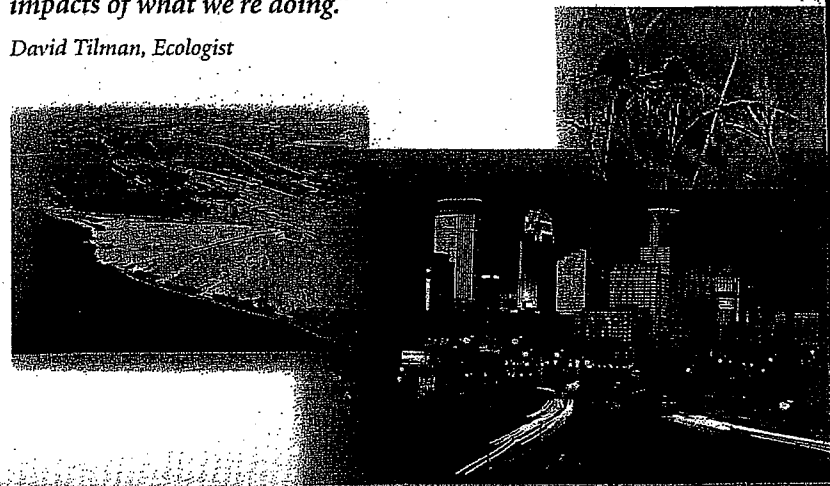
EPISODE IV:

SECOND NATURE (1940s AND BEYOND)

Momentous changes are brought to Minnesota by WWII. A vivid re-creation brings to life the revolutionary work of a University of Minnesota graduate student. Simple inventions like nylon nets and the introduction of an exotic species bring the fishery of Lake Superior to the brink of collapse. Through rarely seen footage, experience the extensive pollution of Lake Superior caused by the disposal of over 60,000 tons of waste a day. Then, hear firsthand how a group of citizens plays a central role in stopping this pollution. Discover the ways in which our own homes and businesses result in changes in the land as far away as the rain forests of South America. Consider how the stories of Minnesota's past can inform our choices for the future.

"You have to pull yourself out of the immediate moment. You have to look across a broad sweep of time to be able to have a sense of where we are, what we are, and the impacts of what we're doing."

David Tilman, Ecologist



**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65
ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 **FAX:** 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

**Environment and Natural Resources Trust Fund Advisory Task Force
October 18, 2005**

Time: 1:00 – 4:00 p.m.

**Location: Room 5, State Office Building
St. Paul, MN**

Co-Chairs: Loren Solberg and Dave Zentner

Meeting objectives:

- Review current situation (constitutional amendments, statute, Trust Fund, and LCMR process),
- Complete the discussion; "How we got here"
- Plan the future sequence of meeting topics and objectives

Meeting Agenda

1. Welcome and introductions
2. Review meeting objectives and agenda
3. Review and approve minutes of Sept. 27, 2005
4. Review draft meeting schedule
5. Establish procedures for motions and voting
6. Overview of Environment and Natural Resources Constitutional Amendments and MS 116P – Greg Knopff, Senate Research
7. Environment and Natural Resources Trust Fund
 - Lottery Receipts
 - History of dollars available for expenditure (Trust Fund and Future Resources Fund (FRF))
 - Projected Trust Fund Growth and dollars available for expenditure (5.5% each year available from the Trust Fund market value)

Continued on Page Two

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger,
Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig,
Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, Dave Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

8. Review Current LCMR Process for Environment and Natural Resources Trust Fund Expenditure Recommendations – LCMR staff (John Velin, Susan Thornton, Susan Von Mosch)
 - Citizen Advisory Committee for the Trust Fund (CAC) – past advice and recommendations on Strategic Plans and Project Funding.
 - Past LCMR Strategic Plans and Request for Proposals
9. Discussion of Strengths and Weaknesses of the current LCMR process
10. PRESENTATION: PERSPECTIVES ON “HOW WE GOT HERE”
Representative Dennis Ozment, Senator Dallas Sams and Senator Tom Bakk, Co-chairs, 2005 Legislation Agriculture and Environment Finance Conference Committee. (invited)
11. Confirm future schedule of meeting topics and objectives
12. Adjournment

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, Dave Zentner
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TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

MINUTES

September 27, 2005

Time: 2:00 – 5:00 p.m.

**Location: PERA Building, 60 Empire Drive, Training Room
St. Paul, MN**

Members Present:

Dave Bishop -

Karen Bowen

Jeff Broberg

Joe Duggan

Wayne Enger

Ron Erhardt -

Ryan Heiniger

Jane Krentz -

Gary Laidig -

Pam Landers

Earl Renneke

Craig Shaver -

Loren Solberg -

Dave Zentner

Ex Officio: Kathy Tingelstad and Bob Schroeder

Members Absent:

Phyllis Kahn -

Steve Morse -

Other LCMR members present: Senators J. Vickerman, C. Wiger, Rep. T. Hackbarth

Meeting called to order:

Facilitator: Ryan Church, Department of Administration

1. WELCOME

Rep. Kathy Tingelstad, LCMR Chair

Loren Solberg & Dave Zentner (initial meeting co-conveners designated by the LCMR Chair and Governor's office)

The meeting objectives were outlined as follows:

- Introduce members and generate a preliminary list of key issues
- Hear perspectives on and discuss the purpose of the Advisory Task Force
- Discuss the organization and future operation of the Advisory Task Force

2. INTRODUCTIONS - Ryan Church led the introduction process and asked members to relay, "one experience that inspired your passion for MN's natural resources" .

3. "MINNESOTA: A HISTORY OF THE LAND" (A summary of a 4 part, 4 hours series on the people and landscapes of Minnesota - a 4 minute video) This 4 part video series is available in the Legislative Reference Library and also for purchase.

Audio tape was paused during the playing of this video.

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger,

Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig,

Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, Dave Zentner

Ex-Officio: Kathy Tingelstad and Bob Schroeder

4. MINNESOTA'S NATURAL RESOURCES: TASK FORCE MEMBER DISCUSSION.

Ryan Church reviewed the ground rules for the meetings and the following discussion:

1. Contribute your ideas
2. Listen to Understand
3. Disagree by stating your ideas

Members were asked to brainstorm and focus on their top 1-3 responses that come to mind when answering the question: "What natural resources issues do members consider to be of most importance for the future of Minnesota?"

Ideas put forth were:

- Intensified use of land and space and the expanding human use
- Water quality and availability
- Opportunities for future generations – Ensure ability to enjoy our natural resources and have clean water for future generations
- Use of resources for economic livelihood - recognize the forest has to have multiple economic and recreational use
- Educated citizens
- Appropriate level of funding – ensure citizens have interest and are actively engaged in funding discussions
- Failure to make use of information we already know about ecosystem structure and function
- Balance of recreation use while maintaining stewardship
- Patience and will to stick to long term strategies
- Legal structure that maintains the environmental trust fund. The process, as well as the legalities for procedures/structure
- Policies today that allow for the sustainable use of our natural resources so that future generations have the same chances that we have
- Where should we place the next 1.0 million people in MN? We must blend the resources with our economy
- Who decides which natural resources are important and who decides the method and amount of funding for those resources
- How our current tax system interferes with highest and best use of the land: losing farm land, forests, and soil to development
- Importance of public and private partnerships
- Diverse interests in best use (economic) and need to be accountable
- Relationship between agriculture production and ecology
- Need for continued cutting edge research and outside the box thinking; i.e. invasive species, lake clean up, carp
- Understand the human impact on the water cycle – climate, surface water, ground water
- Energy development use and issues
- Need for dialogue on natural resources is critical
- Soil conservation: land stewardship is the crux of everything (erosion issues)

Themes were summarized as follows:

1. Human systems and natural systems interact
2. Specific resource issues AND how to deal with them
3. Call out the need for strategies to deal with pressures on natural resources
4. How to govern the issues

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, Dave Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

BREAK

5. PRESENTATION: PERSPECTIVES ON "HOW WE GOT HERE"

Bob Schroeder, Governor's Office and Rep. Kathy Tingelstad, LCMR Chair

Discussion began with Kathy Tingelstad

Rep. Tingelstad indicated that she would like to see the group strive for consensus.

LCMR projects are innovative and the only place in state government where we are allowed to take risks to resolve natural resource issues. The project funding from the Trust Fund is not supposed to supplant other state funding. The Future Resources Fund (FRF) was an additional source of natural resource funding that was eliminated two years ago (2003 legislation session). The LCMR strategic planning was for both the Trust Fund and the FRF. There was more flexibility in the types of natural resource projects that could be funded by the FRF. The Trust Fund needs to adhere to the Constitution and Statute (116P). While there are fewer dollars from which the LCMR can make recommendation the demand for projects and funding is just as great.

On the Process:

The Governor had an initiative for a citizens Heritage Council to make expenditures from the Trust Fund and other state funds. The legislation only received one hearing in the Senate. In the House, the legislation went through several committees and proposed amendments, including amendments related to proposing a mix of citizens and legislators recommending the funding of projects from the Trust Fund. The proposal to have a blended group failed on the House floor by only one vote. This issue was one of the major things that held up final adoption of the environment finance appropriations bill. The final provision in the conference committee report setting up the Advisory Task Force was done quickly and at the last minute.

Dave Bishop asked the question as to what was unresolved in the Conference Committee. The discussion was that the Task Force was set up to review the unresolved question about the structure and recommendations.

Bob Schroeder spoke to the Task Force.

He suggested that the Task Force step back from this legislation and reflect on how the Constitution had been amended over 200 times. The Trust Fund amendments and the right to hunt and fish had some of the highest percentages of passage, indicating that Minnesotans want to protect and enjoy the natural resources. The threats are serious and many. Population growth is the real significant threat. He spoke about the recent report on the reform of the state lottery (July 2004) recommending the adoption of accountability and measurability procedures. He spoke to a survey conducted by the Department of Administration with 225 responses (2004 Minnesota Conservation, Natural Resource and Environmental Management Stakeholder Questionnaire Findings, February 9, 2005). He stated that the responses indicated support for a citizen panel of experts and more focused funding from the Trust Fund. He stated that the LCMR authority over the Trust Fund sunsets on June 30, 2006. A proposal to take out the sunset provision was considered and failed. He suggested the task force consider the many different models that are out there – Colorado, South Carolina, Missouri. One of the critical elements should be for a long-term strategic approach. Politics have played a role in the process in the past. A long-term view, faithful to the constitution is needed. Consider the strength of the MN citizens and take advantage of those people. There are models of citizen involvement. Look at State Board of Investment (SBI), a citizen board that invests the state money. The SBI effectively uses experts outside of the political arena. Review the State Arts Board. Think about a different approach, a new approach for Minnesota.

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger,
Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig,
Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, Dave Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

Dave Bishop requested copies of the survey (handed out) and the lottery report.

Susan Thornton (LCMR staff) reviewed the background notebook provided to task force members.

Questions were asked regarding the CAC and their role as it appears to be in 116P. In addition, it was questioned why the CAC appointments were vacant.

Earl Renneke asked if the concern was about what the structure is or what is funded?

It was requested that the strategic plans over time be provided to members as well as the CAC project recommendations and the final LCMR recommendations.

6. TASK FORCE CHARGE

- a. Authorizing Legislation of the Advisory Task Force
- b. Member Discussion of the Purpose of the Advisory Task Force

What are the questions you need answered to deal with the charge?

1. What does "process" mean?
2. What do we mean by "environment and natural resources" (broad or narrow) – Natural resources referenced in 116P, Sec. 5, Subd 5. Environment defined in 116B.02 – the environmental policy act.
3. What happens if LCMR sunsets? What is the default of the money? Is it all 116P or just the LCMR portion of 116P.05 eliminated?
4. What is the status of the CAC and how is it tied to the LCMR sunset?
5. Applications or the approval of applications process? Or both? Or more?

What are the most import aspects of the charge?

1. Assets "appropriated" for natural resources (MN Constitution)
2. Look at "process" broadly - allow it all to come out.
3. Look afresh at other states –
 - Trust Funds
 - Citizen involvement

What do you need to do to complete the charge?

1. Clarify how we will arrive to the recommendations?
 - Consensus, equal votes, minority reports,
2. Review past experience and identify problems. What is broken?
3. Review process and recommend changes
4. Decide if the LCMR should be replaced
5. Produce recommendations – agreeable to legislators and Governors office
6. Review: Grant administration and perceived lack of focus, lack of results, ability to follow strategic plan, concerns of Citizen Advisory Committee (CAC) and role of citizens.

7. ORGANIZATION

- a. Task Force Operating Procedures
 - Procedures for Election of Leadership
 - Motions and Voting
 - Other
- b. Overview of Background Materials
- c. Discussion of Information and Testimony Requested for Future Meetings
- d. Proposed Meeting Schedule: Dates, Times, Location, Per diem, Expenses and Related Forms
- e. Other Organization Issues

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, Dave Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

Rep. Tingelstad called to members' attention the previously discussed Department of Administration stakeholder questionnaire that Bob Schroeder handed out to members. She relayed to members that there were other opinions and concerns about the lack of scientific validity of this document, its administration and compilation. She indicated that members might wish to discuss it at a future meeting.

There was discussion of the role of the co-conveners. Additional discussion related to the election of a chair or co-chairs. Jane Krentz stated that she felt any of the appointed members would be excellent chairs or co-chairs.

Motion by Wayne Enger to approve Dave Zentner as Co-chair from the governor's citizen appointees. Seconded by Craig Shaver. Motion passed.

Motion by Jane Krentz to approve Loren Solberg as Co-chair from the legislative member appointees. Seconded by Dave Bishop. Motion passed.

Ryan Heininger questioned the wording of "a chair" in the legislation, not Co-chairs. Rep. Tingelstad clarified that she had spoken with the conference committee chairs and it was the legislative intent to allow for either chairs or co chairs.

Proposed future meeting dates as previously provided to members were handed out and members were asked to add or strike dates from that list. Meeting times and the numbers of meetings to be held were discussed.

There was discussion as to the meeting location. It was suggested that the State Office Building should be considered. The sound and recording system record are better, there is better access for public testimony and staff is there. Parking passes can be provided to Task Force members.

It was suggested that meeting times for public testimony include evenings in addition to day time to enable average citizens to testify. It was preferred to keep the meeting to a half-day time frame.

The next meeting was set for Oct. 18 from 1-4 p.m. in the State Office Building. Members will be asked to confirm additional meeting date availability from which the meeting schedule will be set (6-8 meetings during Sept. 27, 2005 – Feb. 16, 2006)

A "List of Possible Future Meeting Topics" was handed out for discussion (see attached). Ryan Church asked if other items should be added. Other items requested during the meeting included; copies of past strategic plans and the comparison of the Citizen Advisory Committee project recommendations and those adopted by the LCMR. In addition, the CAC recommended strategic plans and the plans adopted by the LCMR were requested. Staff indicated that those would be provided as available.

8. ADJOURNMENT

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, Dave Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

November 2005

Sun	Mon	Tue	Wed	Thu	Fri	Sat
30	31	Possible ATF 1—no 12—yes	2	Possible ATF 1—no 12—yes	4	5
6	7	8 Election Day	9	10	11 Veterans Day Holiday	12
13	14	15	16 LCMR Resource Overview	17	18	19
20	21	22	23	24 Thanksgiving Holiday	25 Thanksgiving Holiday	26
27	28	29 Scheduled ATF Meeting	30			

December 2005

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15 Scheduled ATF Meeting	16	17
18	19	20	21	22	23	24 Christmas Eve
25 Christmas	26 Holiday	27	28	29	30	31

January 2006

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 New Years Holiday	3	4	5	6	7
8	9	10 Scheduled ATF Meeting	11	12	13	14
15	16 MLK Holiday	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31 Scheduled ATF Meeting				

February 2006

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7 Scheduled ATF Meeting	8	9	10	11
12	13	14	15 ATF Report due to Legislature	16	17	18
19	20	21	22	23	24	25
26	27	28				

Q: Where does the Lottery money go? What specific projects does it fund?

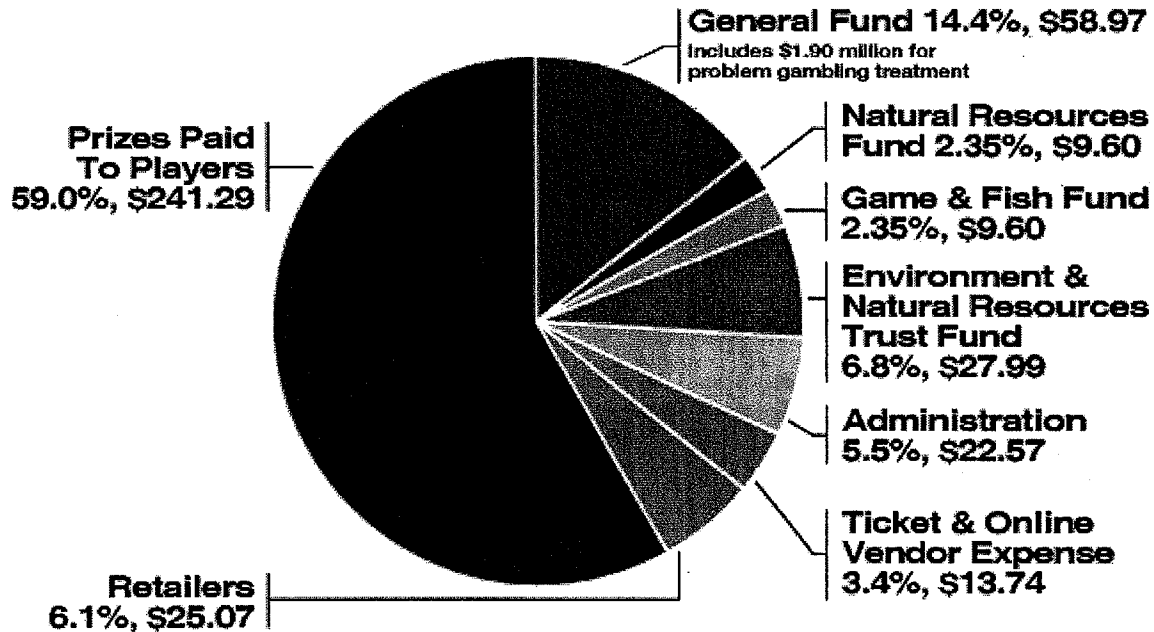
A: Sixty percent of the net proceeds goes into the state General Fund. The General Fund is the money that the state Legislature uses to appropriate money for the operation of all state government and the funding of education.

The other 40 percent of net proceeds goes to the Environment and Natural Resources Trust Fund, which finances environmental and natural resources projects across the entire state. For more information on specific projects, see our [ETF section](#) on this Web site.

A 6.5 percent in-lieu-of-sales tax is used for a variety of natural resources programs including fish and game, parks, trails, and zoos. The General Fund also receives a portion of this money.

MINNESOTA STATE LOTTERY

Where the Money Goes



Dollar Distribution Fiscal Year 2005

Dollar Amounts in Millions
*All Figures are Rounded

FISCAL YEAR 2005 REVENUE DISTRIBUTION

Total Revenue: \$408.84 million
Total Sales: \$408.01 million

For every dollar spent on Lottery tickets in Fiscal Year 2005:

- 59.1 cents went to pay prizes to winning players
- 8.9 cents was used to pay ticket, online vendor and administrative costs
- 6.1 cents was paid to retailers in the form of commission and incentives

The remaining 26 cents went to the state:

- 14.5 cents to the state General Fund to support services such as K-12 education,

health care, aid to local governments and public safety. Of this amount, \$1.90 million was set aside to help combat problem gambling. The Lottery is currently the sole source of funding for state-provided services for problem gamblers. Since the Lottery started, \$741.6 million has gone to the General Fund.

- **6.9 cents** to the Environment and Natural Resources Trust Fund to finance projects that preserve, restore and enhance our state's natural resources. The Trust Fund is financing 39 projects, totaling \$30 million, this biennium (2003-2005). Since the Lottery started, the Trust Fund has received more than \$338.5 million.
- **4.7 cents** more to the state's environment which received a boost when the 2000 Legislature reallocated the in-lieu-of-sales tax. This money which was previously allocated to the General Fund now goes to fish and game, parks, trails and zoos.
 - 2.35 cents to the Game and Fish Fund
 - 2.35 cents to the Natural Resources Fun



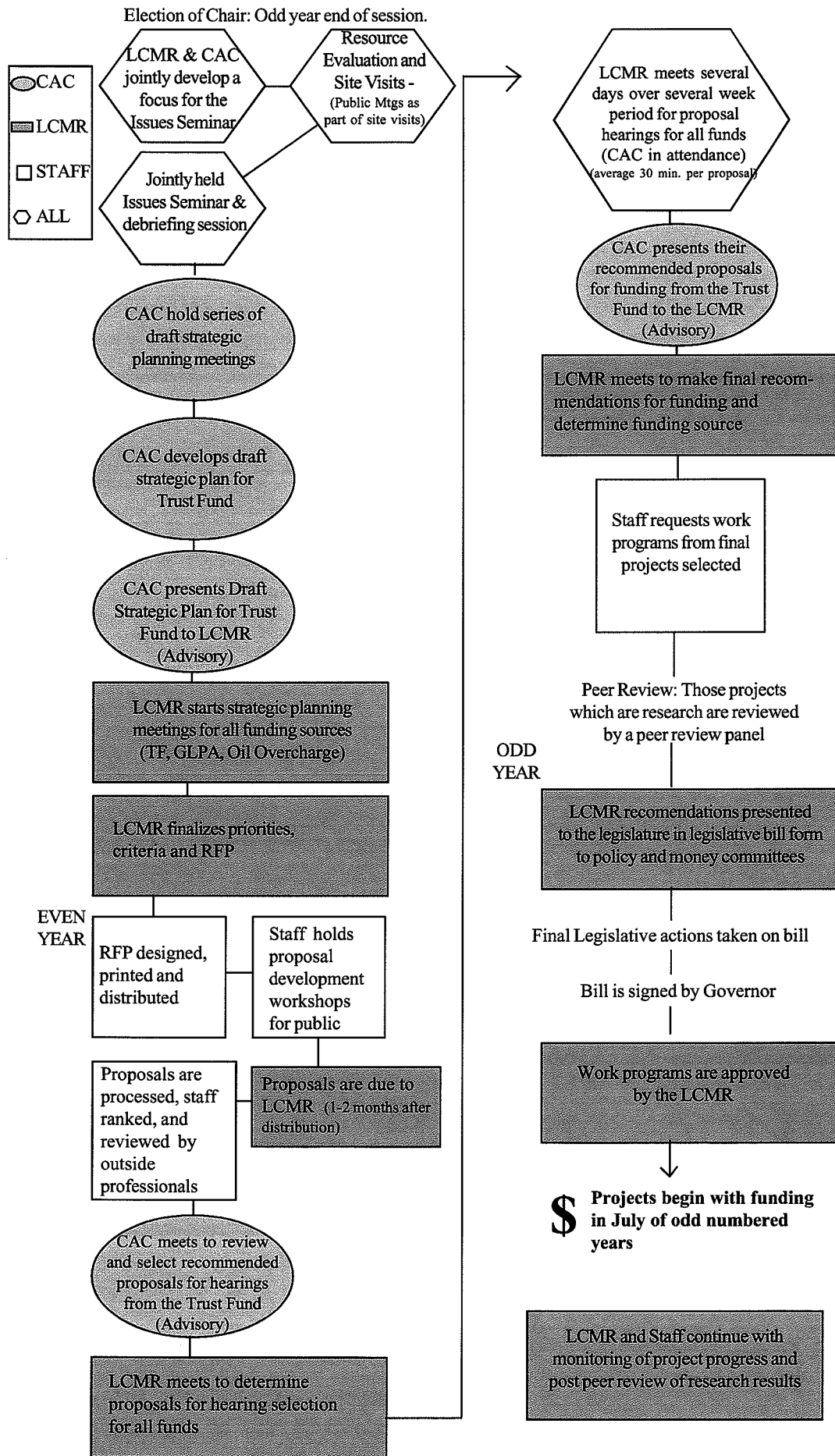
Minnesota: A History of the Land

Take a journey through time across Minnesota's changing landscapes. Minnesota: A History of the Land is a 4-part documentary series seen on Twin Cities Public Television. It was produced in part with the support of the Environment and Natural Resources Trust Fund.

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LCMR Current 2 Year Proposal Process Cycle, as of October 2005



Comparison of LCMR Project Recommendations - all funding sources

With the exception of the 2003 and 2005 Final Leg. Action column, the final legislative action/vetoes are not reflected in this chart

	1989	1991 (1)	1993	1995	1997	1999	2001	2003	LCMR Rec. 12/2002	Final Leg. Action May 2003	LCMR Rec. 12/2004	Final Leg. Action June 2005
Requests												
#	233	730	810	473	441	464	402	261	261	261	221	221
\$	66,400,000	266,300,000	379,400,000	170,315,445	189,753,719	196,313,869	424,298,116	296,442,095	296,442,095	296,442,095	240,180,629	240,180,629
Hearings												
#	233	200	183	174	157	173	107	99	99	99	93	93
Funded												
#	79	97	96	97	101	112	56	46	43 (3)	43	69	58 (5)
\$	18,590,000	32,994,000	43,735,000	35,287,000	37,208,000	40,500,000	50,272,000	48,545,000	32,675,000	32,675,000	39,286,000	35,160,000
Average \$\$ per project	235,316	340,144	455,573	363,784	368,396	361,607	897,714	1,055,326	759,884 (4)	759,884	530,892	606,206 (4)(6)

NOTES:

- (1) First year of the Trust Fund
- (2) All Funding sources except the Future Resources Fund which was eliminated.
- (3) For 2003, there are 43 project appropriations. However, there are 87 work programs managed due to multiple partners per each project appropriation.
- (4) For 2003 and 2005, Includes CAC and DNR Contract Admin. as a "project". LCMR Admin. is not included in the project count
- (5) For 2005, there are 58 project appropriations. However, there are 100 work programs managed due to multiple partners per each project appropriation.
- (6) This reflected a governor veto of 11 projects plus the second biennium of LCMR Administrative budget (FY 07).

**Trust Fund
Funding
Priorities from
the Strategic
Plans**

1989 - 2005

**For Funding
Beginning
July**

2005

LCMR

Legislative Commission on Minnesota Resources

December 2003

REQUEST FOR PROPOSALS

FUNDING BEGINNING: JULY 1, 2005

DEADLINE TO SUBMIT: FEBRUARY 20, 2004

FIRM DEADLINE: POSTMARKED BY OR RECEIVED AT THE LCMR OFFICE BY 4:30 P.M.



The LCMR has identified the following funding priorities for the 2006-2007 biennium.

- ♦ Water
- ♦ Habitat
- ♦ Energy
- ♦ State Parks, Recreation Areas, Trails and other enhancements to the State Outdoor Recreation System
- ♦ Matching Grant Programs
- ♦ Continuation Projects

Background Information.....	Pg. 2
2005 Funding Priorities.....	Pg. 3
Matching Grant Programs.....	Pg. 4-5
Continuation Projects.....	Pg. 5
Evaluation Criteria.....	Pg. 6
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Proposal Format.....	Pg. 8-9
Eligible & Non-eligible Costs.....	Pg. 10
Process Timeline.....	Pg. 11
MS 116P Trust Fund Expenditures.....	Pg. 12



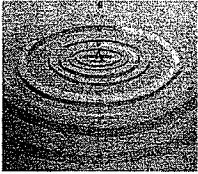
FUNDING SOURCES:

MN Environment & Natural Resources Trust Fund - \$30 million
Great Lakes Protection Account—to be determined
Land & Water Conservation Fund (LAWCON) - \$1.6 million

all dollar amounts are estimates

2005 FUNDING PRIORITIES

The LCMR has identified the following funding priorities for seeking proposals for the 2006-2007 biennium.



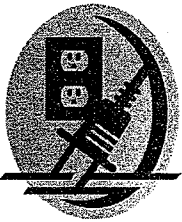
WATER

Improve the quality and/or quantity of ground and surface waters.



HABITAT

Acquire, restore or protect fish, wildlife and native plant habitat.

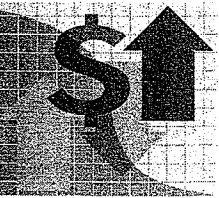


ENERGY

Develop and promote efficient energy resources which are clean, renewable and/or innovative.



STATE PARKS, RECREATION AREAS, TRAILS AND OTHER ENHANCEMENTS TO THE STATE OUTDOOR RECREATION SYSTEM (AS DEFINED IN MS 86A.04)



MATCHING GRANT PROGRAMS

The LCMR intends to recommend money to support the four matching grant programs: 1) Local Initiative Grants Program, 2) Local & Regional Trails, 3) Metropolitan Regional Parks & Trails, and 4) Local Water Management Matching Challenge Grants, listed on page 4 & 5. Submit to the identified program, not the LCMR.



CONTINUATION PROJECTS

In an effort to continue the work started by LCMR funding, consideration will be given to the list of projects listed on pg. 5.

CITIZEN ADVISORY COMMITTEE (CAC) for the Trust Fund

Appointed by the Governor

District 1 & At Large

John Kvasnicka

District 2

Nalani McCutcheon

District 3

Janet McMillan

District 4

Greta Hesse Gauthier

District 5

Nancy Gibson, Chair

James Nelson

District 5 & At Large

David Hartwell

District 6

Catherine Thayer Nicholson

District 7

Kristin Eggerling

District 8

Ann Glumac

Vacancy

If interested in serving on the CAC contact the Secretary of State's Office, Open Appointments, at 651-296-5845 or www.sos.state.mn.us/

*Membership as of
December 2003*

MATCHING GRANT PROGRAMS

If your proposal fits one of the grant programs listed, **DO NOT** submit a proposal to the LCMR. The LCMR intends to recommend money to these programs. Directly contact the individuals listed for grant proposal format and information. The format on pages 8 & 9 is not applicable to these programs.

1) LOCAL INITIATIVES GRANTS PROGRAM

The LCMR intends to recommend money to support the matching grants program in the Department of Natural Resources (DNR) for Local Initiative Grants for the following types of projects:

Outdoor Recreation Matching Grant Program (for counties, cities and townships) for acquisition, development and/or redevelopment costs of local parks and recreation areas.

Regional Park Matching Grant Program (for cities, counties, townships located outside the seven county metropolitan area) for acquisition, development and/or redevelopment 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 (up to \$500,000).

Conservation Partners Matching Grant Program (for private/nonprofit organizations and local governments, including cooperative projects involving local governments) provides assistance (up to \$20,000) 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) to help carry out a variety of projects to help protect and enhance our natural environment (up to \$20,000).

For further information about the Local Initiative Grants Program and submitting a proposal contact: Wayne Sames, (651) 296-1567, or e-mail: wayne.sames@dnr.state.mn.us.

Do not submit proposals to the LCMR, submit directly to the Local Initiative Grants Program.

2) LOCAL AND REGIONAL TRAILS

The LCMR intends to recommend money to support the Local and Regional Trails program during the biennium beginning July 2005.

Local Trail Connections Matching Grant Program (for cities, counties and townships) to develop trail connections between communities and existing park and trail facilities (up to \$100,000).

Regional Trail Matching Grant Program (for cities, counties and townships) to develop new long distance trails of regional significance (up to \$250,000).

For further information about the Local and Regional Trails Grants and submitting a proposal contact: Tim Mitchell, (651) 297-1718, or e-mail: tim.mitchell@dnr.state.mn.us

Do not submit proposals to the LCMR, submit directly to the Local and Regional Trails program.

3) METROPOLITAN REGIONAL PARKS AND TRAILS

The LCMR intends to recommend money to support Metropolitan Parks and Trails programs during the biennium beginning July 2005.

Projects eligible for funding through the Metropolitan Parks and Open Space program will only be considered as part of the Metropolitan Council's 2004—2009 Regional Parks Capital Improvement Program (CIP).

For information about the 2004—2009 Regional Parks Capital Improvement Program, please contact: Arne Stefferud, (651) 602-1360 or e-mail: arne.stefferud@metc.state.mn.us

Do not submit proposals to the LCMR, submit directly to the Metropolitan Council and Parks Open Space Commission Capital Improvement (CIP) Program.

4) LOCAL WATER MANAGEMENT MATCHING CHALLENGE GRANT

The LCMR intends to recommend money to support the implementation of priority activities identified in state approved local water management plans via the Board of Water and Soil Resources Local Water Management Challenge Grant Program during the biennium beginning July 2005.

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 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.

For further information about the Local Water Management Challenge Grant Program and submitting a proposal contact: Marybeth Block, (651) 297-7965, or e-mail: marybeth.block@bwsr.state.mn.us

Do not submit proposals to the LCMR, submit directly to the Local Water Planning Challenge Grant Program.

CONTINUATION PROJECTS

Continued from page 3 . . .



To be considered, the following Continuation Projects proposals must be submitted and meet all application requirements. The continuation project proposals will be evaluated according to the same criteria as all other proposal submissions. These projects include:

ML 2003, Ch. 128, Art. 1, Sec. 9, Subd.

- 5(h) Developing Pheromones for Use in Carp Control
- 5(i) Biological Control of European Buckthorn & Spotted Knapweed
- 6(f) Gitchi-Gami State Trail
- 6(h) Mesabi Trail
- 7(b) Accelerating & Enhancing Surface Water Monitoring for Lakes & Streams- Results 1 & 2
- 8(a) Minnesota County Biological Survey
- 8(b) Updating Outmoded Soil Survey

ML 2001, 1st Special Session, Ch. 2, Sec. 14, Subd.

- 8(a) Evaluating Timber Harvesting and Forest Management Guidelines

**For Funding
Beginning
July**

2003

Legislative Commission on Minnesota Resources

**Request for Proposals
Open to Everyone
Deadline March 28, 2002**

February 2002

IN THIS RFP

- Proposal Details.....2
- LCMR Commission Members and CAC Members3
- Funding Background, including Funding Sources, and Issues.....4-5
- Funding Priorities.....6
- Funding Priorities Notes...7
- Grant Programs8-9
- Evaluation Criteria.....10
- Proposal Submission Requirements.....11
- Proposal Format.....12-13
- Evaluation and Recommendation Process.....14
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- Contact Information.....16

The LCMR will be accepting proposals for projects in the issue areas of:

- Fish, Wildlife and Native Plant Habitat
- Recreational and Natural Systems
- Water
- Children's Environmental Health

**FUNDING
BEGINNING
JULY 1, 2003.**

Applications must be received at the LCMR office or postmarked by March, 28, 2002.

ISSUES

The LCMR has identified the following issues and as a result is seeking proposals in the 11 funding priorities listed on pages 6-7.

Fish, Wildlife and Native Plant Habitat

Issue: The health, diversity, and survivability of our fish, wildlife and native plant species are threatened by landscape fragmentation, indifferent land use policies, pollution, and exotic species.

Recreational and Natural Systems

Issue: Increased demand on our parks and trails is jeopardizing the integrity of natural systems and recreational facilities.

Water

Issue: The quality and quantity of ground and surface waters are threatened by pollution, poor land use practices, and inadequate understanding of watersheds.

Children's Environmental Health

Issue: Children, because of their small body size, are impacted more by air and water pollution than adults.

FUNDING PRIORITIES

The proposal should address one or more of the 11 funding priorities within the Issue Areas of Fish, Wildlife and Native Plant Habitat, Recreational and Natural Systems, Water, and Children's Environmental Health.

The funding priority number, e.g. A-2, does not reflect a priority rank – all priorities are equal.

Issue Area: Fish, Wildlife and Native Plant Habitat

Funding Priorities: Conserve and enhance fish, wildlife and native plant habitat and corridors by:

- (A-1) Identifying, acquiring, restoring, or protecting habitat and corridors of sufficient quantity and quality to enhance survival of fish, wildlife and native plants.
- (A-2) Providing assistance to public and private landowners to accelerate farming, forestry, tourism, and mining practices that protect the environment, human health, and area economic vitality, and that enhance fish, and wildlife, and native plant habitat.
- (A-3) Educating local land use decision-makers on protection and improvement of fish, wildlife, and native plant habitat.
- (A-4) Research or implementation of research of toxic substances adversely affecting fish, wildlife or native plants.

Issue Area: Recreational and Natural Systems

Funding Priority: Improve Recreation and natural systems by:

- (B-1) Restoring, developing or acquiring State, regional, metro, or local parks, recreation areas and trails with an emphasis on connecting recreational systems.

Issue Area: Water

Funding Priorities: Conserve and promote healthy waters by:

- (C-1) Accelerating the implementation of best management practices through delivery of technical information/resources at the local level.
- (C-2) Collecting, evaluating and disseminating natural resource data on a watershed basis to increase awareness of watersheds and how land use affects water quality and quantity.
- (C-3) Encouraging control of erosion and reduction of pollutants on riparian areas and bluffslands.
- (C-4) Identifying and reducing pollution impacts on humans, fish, wildlife and native plants through research on known and emerging contaminant sources.
- (C-5) Accelerating farming, forestry, tourism, energy and mining practices that protect the environment, human health, and area economic vitality, and that enhance fish, wildlife, and native plant habitat.

Issue Area: Children's Environmental Health

Funding Priority: Address health concerns in children by:

- (D-1) Increasing the implementation of research relating to air and water, in order to address children's health concerns such as asthma, allergies, endocrine disrupters, lead and susceptibility to pesticides.

FUNDING PRIORITIES NOTES

The LCMR intends to recommend money to support the matching grant programs listed on pages 8-9 during the biennium beginning July 2003. Read below before submitting a proposal to the LCMR.

For those projects responding to the Issue Area: Fish, Wildlife, and Native Plant Habitat

- Conservation Partners and Environmental Partners Programs: Projects qualifying for the small grants for conservation and environmental projects **MUST APPLY** to those programs.

The programs are for matching grants through the Local Initiative Grants Program at the Department of Natural Resources. See page 8 for details and contact information.

For those projects responding to the Issue Area: Recreational and Natural Systems

- Local Initiative Grants Program: Projects qualifying for the Local Initiative Grants Program and the Local and Regional Trails Grant Program **MUST APPLY** to those programs.

The programs are matching grant programs through the Department of Natural Resources. See pages 8 and 9 for details and contact information.

- State and Metropolitan Parks and Trails: Projects qualifying for the State and Metropolitan Parks, Recreation Areas and Trails **MUST APPLY** to those programs. See page 9 for details and contact information.

For those responding to the Issue Area: Water

- Local Water Planning Matching Challenge Grant: Projects qualifying for the Local Water Planning Matching Challenge Grant program **MUST APPLY** to that program.

The program is a matching grant program through the Board of Water and Soil Resources. See page 8 for details and contact information.

For those responding to the Issue Area: Water

- Conservation Partners and Environmental Partners Programs: Projects qualifying for the small grants for conservation and environmental projects **MUST APPLY** to those programs.

The programs are for matching grants through the Local Initiative Grants Program at the Department of Natural Resources. See page 8 for details and contact information.

**For Funding
Beginning
July**

2001

Legislative Commission on Minnesota Resources

Request for Proposal
for Funding Beginning
July 2001

Open to Everyone

Project Implementation

Projects are intended for a two-year duration (July 2001 to June 2003), however, LCMR will consider requests for multiple biennium funding.

Funding Sources:

Minnesota Environment and
Natural Resource Trust Fund
(Trust Fund)

Minnesota Future Resources Fund

Great Lakes Protection Account

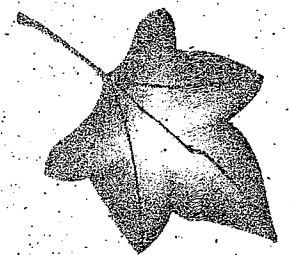
Total Amount Available
\$44 Million

Applications must be received at the LCMR
office or postmarked by February 1, 2000.

The LCMR will be accepting proposals for
projects in 5 priority areas:

- Improvement or Development of
Recreational and Natural Systems
- Ecological Management
- Implementation of Research
- Protection and Restoration of Critical
Habitat
- Environmental Education

November, 1999



FUNDING PRIORITIES

THE PROPOSAL SHOULD ADDRESS ONE OR MORE OF THE FIVE PRIORITIES:

IMPROVEMENT OR DEVELOPMENT OF RECREATIONAL AND NATURAL SYSTEMS:

Issue: Increased demand on our parks and trails is jeopardizing the integrity of natural systems and recreational facilities.

Funding Priority: Improve, develop or acquire* state, regional, metro, local parks, recreation areas and trails with an emphasis on connecting recreational systems.

Projects qualifying for the Local Grants Initiative Program, State and Metro Parks, Recreation Areas and Trails MUST apply to those programs. See page 5 for details.

ECOLOGICAL MANAGEMENT :

Issue: Minnesota's natural resources are threatened by inappropriate and unsustainable use.

Funding Priority: Accelerate farming, forestry, tourism, and mining practices that protect the environment, human health and area economic vitality, and that enhance fish and wildlife habitat.

IMPLEMENTATION OF RESEARCH:

Issue: The environment is not benefiting fully from the existing wealth of research and information, resulting in inefficient use of funds and expertise.

Funding Priority: Increase utilization and application of environmental and/or natural resource research and information to address natural resource or human health concerns.

PROTECTION AND RESTORATION OF CRITICAL HABITAT:

Issue: The health, diversity and survivability of our native fish, animals, insects, and plant species are threatened by landscape fragmentation, indifferent land use policies, and pollution.

Funding Priority: Identify, acquire*, protect, and restore habitat corridors and other critical habitat of sufficient quality and quantity to promote the survival of plants and wildlife. This includes the enhancement of hunting and fishing.

ENVIRONMENTAL EDUCATION:

Issue: Understanding of and appreciation for the environment needs to be developed through lifelong learning.

Funding Priority: Implement environmental education activities consistent with the Greenprint Statewide Plan for Environmental Education in Minnesota, with an emphasis on local government officials and community groups. The priority is for implementation of noncapital programmatic activities carried out through partnerships. This includes hunting and fishing interests.

***Acquisition may include conservation easements and purchase/transfer of development rights for all priorities stated above**

LOCAL GRANTS INITIATIVE PROGRAM:

The LCMR is recommending at least \$8.5 million to the matching grants program in the Department of Natural Resources (DNR) for Local Grants Initiatives for the following types of projects:

- NATURAL AND SCENIC AREA GRANT PROGRAM
- OUTDOOR RECREATION GRANT PROGRAM
- LOCAL TRAIL CONNECTIONS GRANT PROGRAM
- REGIONAL TRAIL GRANT PROGRAM
- ENVIRONMENTAL PARTNERSHIPS PROGRAM
- CONSERVATION PARTNERS PROGRAM

Proposals eligible for funding through the Local Grants Initiative Program will not be considered directly by the LCMR.

DO NOT SUBMIT PROPOSALS TO THE LCMR, SUBMIT DIRECTLY TO THE LOCAL GRANTS INITIATIVE PROGRAM.

For further information about the Local Grants Initiative Program and submitting a proposal contact :

Local Grants Initiative Program, DNR
Office of Management and Budget Services
500 Lafayette Road, Box 10
St. Paul, MN 55155-4010
Phone: (651)296-1567
e-mail: wayne.sames@dnr.state.mn.us

STATE AND METRO PARKS, RECREATION AREAS AND TRAILS:

State and Metro regional park, recreation area and trail needs for acceleration of acquisition, development, rehabilitation and enhancement as described in MS 116P.02, Subd. 5 (includes in the definition of natural resources, the state recreation system and the metro regional recreation system).

Projects eligible for funding through the Metro Parks and Open Space program will only be considered as part of the Metro Council and Parks Open Space Commission Capital Improvement Program. The LCMR intends to recommend money to support the State and Metro Parks, Recreation Areas and Trails program during the biennium beginning July 2001.

Funding Priorities are reviewed and adopted every two years.

The priorities are for projects to begin July 2001.

PRIORITY:

The order of the Funding Priorities does not reflect any other prioritization.

Although other proposals may be considered, adopted priorities will be given first consideration.

FUNDING SOURCE:

\$44 Million Available

The priorities apply to all funding sources.

Proposers are requested to respond to a funding priority area not a funding source.

REINVEST

IN MINNESOTA:

RIM related activities are eligible and may be recommended for funding by the LCMR.

**For Funding
Beginning
July**

1999

LCMR Request for Proposal for funding beginning July 1999

Newsletter No. 10

December 1997

OPEN TO EVERYONE

The LCMR will be accepting proposals for projects designed to help sustain and enhance environmental and natural resources.

Applications must be received at the LCMR office or postmarked by February 13, 1998.

ENHANCING AND PROTECTING MINNESOTA RESOURCES

Legislative Commission on Minnesota Resources

REPRESENTATIVES: Loren Solberg, CHAIR; Ron Erhardt; Alice Hausman; Phyllis Kahn; Willard Munger; Tom Osthoff
Dennis Ozment; Tom Rukavina.

SENATORS: Dennis Frederickson; Jerry Janezich; Janet Johnson; Gary Laidig; Bob Lessard; James Metzen; Steve Morse; Leonard Price;
Martha Robertson; Jim Vickerman.

This publication is available in alternate formats, such as large print or cassette tape, upon request.

A. PRIORITY STRATEGIES FOR FUNDING

- **FOR ALL PROJECTS:** LCMR is interested in projects that promote a sustainable approach. To be sustainable, a project should be compatible with the natural system and balance the benefits to the environment, the community and the economy.
- LCMR will seek opportunities to coordinate state staff with community-based projects to improve long term coordination and resource sharing.
 - **PRIORITY:** All strategies are priorities for funding. The order does not reflect any other prioritization. Although other proposals may be considered, stated strategies will receive priority.
 - **FUNDING SOURCE:** The strategies apply to all funding sources. Proposers are requested to respond to a strategy not a funding source.
 - **REINVESTMENT IN MINNESOTA:** RIM related activities may be recommended for funding by the LCMR under many of the strategies. The choice of strategy will depend on the activity proposed.

RESPOND TO ONE, OR PART OF ONE, OF THE FOLLOWING STRATEGIES:

- **LOCAL INITIATIVES GRANTS PROGRAM:** The LCMR intends to recommend a matching grants program in the Department of Natural Resources (DNR) for local initiatives for the following types of projects:

In order to simplify and streamline the application process for local projects that fit the categories directly below, we suggest you send those applications directly to: DNR Local Grants Program; 500 Lafayette Rd; St. Paul, MN 55155-4010. They will be reviewed by the DNR in the spring of 1999. For information and applications on these grants contact the Local Grants Unit at DNR, PHONE: 612-296-0565 FAX: 612-296-6047. The LCMR intends to recommend money to support the Local Initiatives Grants Program during the biennium beginning July 1999.

- **LOCAL AND REGIONAL PARKS:** Matching grants for acquisition and development of local and regional park and recreation areas.
 - **REGIONAL TRAIL AND TRAIL LINKAGES GRANTS:** Matching grants to local governments for development of trail linkages between communities, trails and parks and for local trails of regional significance.
 - **NATURAL OR SCENIC AREAS:** For acquisition of land or scenic easements. Pursuant to M.S.85.019.
 - **COMMUNITY ENVIRONMENTAL PARTNERSHIPS:** Up to \$10,000 matching grants for private/public partnerships for environmental service projects and related education activities.
 - **CONSERVATION PARTNERS PROGRAM:** Up to \$10,000 matching grants for private/public partnerships for enhancement, research, surveys and for related education on fish, wildlife, and native plant habitats.
- **STATE AND METRO PARKS, RECREATION AREAS AND TRAILS:** State and Metro regional park, recreation area and trail needs for acceleration of acquisition, development, rehabilitation and enhancement as described in MS 116P.02, Subd. 5 (includes in the definition of natural resources, the state recreation system and the metro regional recreation system).

Projects eligible for funding through the Metro Parks and Open Space program will only be considered as part of the Metro Council and Parks Open Space Commission Capital Improvement Program. The LCMR intends to recommend money to support the State and Metro Parks, Recreation Areas and Trails program during the biennium beginning July 1999.

- **HISTORIC SITES:** Protect, enhance, reuse or interpret historic sites. Priority will be given to projects designated as local, state or federal historic sites.
- **WATER QUALITY:** Improve and protect water quality on a watershed(s) basis through research and implementation of processes to reduce nonpoint source pollution.
- **AGRICULTURAL AND NATURAL RESOURCE BASED INDUSTRIES:** Accelerate the use of farming, forestry, tourism or mineral use practices that enhance wildlife habitat and provide protection of the environment and human health through research, implementation, or analysis of improved management techniques.
- **URBANIZATION IMPACTS ON NATURAL RESOURCES:** Evaluate, develop, and analyze urbanization and sprawl impacts on Minnesota's natural resources and implement mitigation strategies.
- **INNOVATIONS IN ENERGY AND TRANSPORTATION:** Advance the use of renewable and alternative energy that reduces damage from energy generation, consumption and promotes conservation and efficiency.
- **DECISIONMAKING TOOLS:** Facilitate natural resource decision-making through:
 - utilization of Geographic Information Systems (GIS).
 - comparative risk assessment or economic and externality analyses.
 - evaluation of the cumulative environmental impacts of individual land use activities.
 - flood mitigation strategies.
- **ENVIRONMENTAL EDUCATION:** Accelerate the implementation of environmental education activities consistent with the Greenprint Statewide Plan for Environmental Education in Minnesota, with an emphasis on local government official and teacher training. The priority is for implementation of noncapital programmatic activities carried out through partnerships. This includes hunting and sportfishing interests.
- **BENCHMARKS AND INDICATORS:** Create benchmarks, including biological indicators, for key natural resources to permit effective monitoring and assessment of environmental trends and environmental factors affecting human health.
- **CRITICAL LANDS OR HABITATS:** (also see Local Initiatives Grants Program on previous page) Land acquisition (fee or other interest), restoration or enhancements that protect critical habitats, such as: wetlands, native prairies, unique and/or sensitive areas, scenic bluffs, old-growth forests, greenway corridors, projects that connect or reconnect fragmented habitat area, sport-fishing habitat, and lakes and rivers. Public water access for boating and non-boating is included.
- **NATIVE SPECIES PLANTING:** Expand rural and urban revegetation with native species consistent with underlying natural ecosystems. This strategy includes the demonstration of planting and protection of native species on private and public lands.
- **NATIVE FISH SPECIES:** Research and development to enhance native fish and mollusk populations in their natural communities. Expand ecosystem knowledge and classification to guide enhancement.
- **EXOTIC SPECIES:** Research and demonstrate ecologically sound methods to control or eradicate exotic species of plants or animals that are or may become a threat to the environment.

SIX-YEAR STRATEGIC PLAN FOR 1998-2004

FOR GUIDING RECOMMENDED EXPENDITURES FROM:

MINNESOTA ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

MINNESOTA FUTURE RESOURCES FUND

GREAT LAKES PROTECTION ACCOUNT

Adopted November 18, 1997

Pursuant to Minnesota Statutes 116P.08 this plan incorporates the fourth revision to the first Six Year Strategic Plan for 1990-1996 and is based on a draft submitted by the Citizen Advisory Committee for the Environment and Natural Resources Trust Fund as advisory to the Legislative Commission on Minnesota Resources.

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES

100 CONSTITUTION AVENUE/ROOM 65/SAINT PAUL, MINNESOTA 55155-1201

PHONE: 612/296-2406 TDD: 612/296-8896 OR 1-800-657-3550 RELAY: 612/297-5350 OR 1-800-627-3529

FAX: 612/296-1321 EMAIL: lcmr@commissions.leg.state.mn.us

This publication can be made available in alternate formats, such as large print or cassette tape, upon request

III. PRIORITY FUNDING STRATEGIES

The Commission seeks proposals based on strategies that are developed through fact-finding, public input, the results of previous projects, and Natural Resource Forums. In 1997, there were three regional Natural Resource Forums. Strategies are modified on a two-year time frame.

For the biennium beginning July 1999, the strategies are listed in the 1999 Request for Proposals (RFP) adopted December 1997. See page 4.

IV. CRITERIA FOR EVALUATION OF PROPOSALS

For the biennium beginning July 1999, the criteria are listed in the 1999 Request for Proposals (RFP) adopted December 1997. See page 6.

V. BACKGROUND AND PROPOSAL REVIEW PROCESS

For the biennium beginning July 1999, the process is listed in the 1999 Request for Proposals (RFP) adopted December 1997. See page 13.

VI. TRUST FUND LAW HIGHLIGHTS AND CONSTITUTIONAL AMENDMENT

A. THE TRUST FUND LAW ALLOWS FUNDING IN THE FOLLOWING AREAS:

1. the Reinvest in Minnesota program as provided in section 84.95, subd. 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.
- The state recreation system and the metro regional recreation system are included in the definition of natural resources and therefore are eligible for funding.

B. ACTIVITIES INELIGIBLE FOR FUNDING FROM THE TRUST FUND ARE:

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, including combined sewer overflow under Section 116.162;
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.

**For Funding
Beginning
July**

1997

Legislative Commission on Minnesota Resources

LCMR

1997

Request for Proposals

Newsletter No. 9

December 1995

The LCMR will be accepting proposals for projects designed to help maintain and enhance Minnesota's environment and natural resources.

Applications must be received at the LCMR office or postmarked by 4:30 P.M., February 23, 1996.

Open to everyone.

SENATORS: Steven Morse, CHAIR; Dennis Frederickson; Janet Johnson; Gary Laidig; Bob Lessard; Gene Merriam; James Metzen; Leonard Price.

REPRESENTATIVES: Chuck Brown; Ron Erhardt; Phyllis Kahn; Willard Munger; Dennis Ozment; James Rice; Tom Rukavina; Loren Solberg.

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Enhancing and Protecting Minnesota Resources

PROJECT FUNDING INTENTIONS

The LCMR intends to recommend money for a Local Initiatives Grants Program and for State and Metro Parks, Recreation Areas and Trails.

■ **LOCAL INITIATIVES GRANTS PROGRAM:** The LCMR intends to recommend approximately \$2.5 million for a matching grants program in the Department of Natural Resources (DNR) for local initiatives for the following types of projects: local parks and trails; natural or scenic areas; community environmental partnerships, and the Conservation Partners Program (for enhancement, research, surveys and for related education on fish, wildlife, and native plant habitats). This is intended to simplify and streamline the application process for local initiatives of this nature. It is anticipated that application for these funds from the DNR would begin in the spring of 1997.

■ **STATE AND METRO PARKS, RECREATION AREA AND TRAILS:** The LCMR intends to recommend approximately \$6.0 million after review and evaluation of State and Metro regional park, recreation area and trail needs for acceleration of acquisition, development, rehabilitation and enhancement as described in MS 116P.02, Subd. 5 (includes in the definition of natural resources, the state recreation system and the metro regional recreation system).

STRATEGIES FOR FUNDING

■ **PRIORITY:** All strategies are priorities for funding. The order does not reflect any other prioritization. Although other proposals may be considered, stated strategies will receive priority.

■ **FUNDING SOURCE:** The strategies apply to all three funding sources. Proposers are requested to respond to a strategy not a funding source.

■ **REINVESTMENT IN MINNESOTA :** RIM related activities may be recommended for funding by the LCMR under strategies labeled as: b,c,i, j,k,l,m,n,o, and p. The funding strategy will depend on the activity proposed.

■ **RESPOND TO ONE, OR PART OF ONE, OF THE FOLLOWING STRATEGIES:**

A. **HISTORIC SITES:** Protect, enhance, reuse or interpret historic sites.

B. **WATER QUALITY:** Improve and protect water quality on a watershed(s) basis through research and implementation of processes to reduce nonpoint source pollution.

C. **AGRICULTURAL PRACTICES:** Accelerate use of farming practices that enhance wildlife habitat and provide protection of the environment and human health through research, implementation or analysis of improved management techniques.

D. **POLLUTION PREVENTION:** Develop multi-jurisdictional collaborative, nontoxic training efforts to reduce toxic pollution due to fire or other hazardous catastrophes.

E. **IMPACTS ON NATURAL RESOURCES:** Evaluate, develop, and analyze urbanization impacts on Minnesota's natural resources and implement strategies to mitigate urbanization impacts on natural resources through the year 2015.

F. **DECISIONMAKING TOOLS:** Facilitate natural resource decisionmaking through utilization of Geographic Information Systems (GIS), comparative risk assessment or economic and externality analyses.

G. **PUBLIC ACCESS TO NATURAL RESOURCE DATA:** Design, develop, or implement systems to provide free citizen Internet access to state agency natural resource information

H. SUSTAINABLE DEVELOPMENT ACTIVITIES: Advance the use of sustainable development incentives and practices including, but not limited to, the use of renewable energy

I. ENVIRONMENTAL EDUCATION: Accelerate the implementation of environmental education activities consistent with the Greenprint, Statewide Plan for Environmental Education in Minnesota. This includes hunting and sportfishing activities. The priority is for implementation of noncapitol programmatic activities carried out through partnerships.

J. BENCHMARKS AND INDICATORS: Create benchmarks, including biological indicators, for key natural resources to permit effective monitoring and assessment of environmental trends.

K. NATIVE FISH SPECIES: Research and development to enhance native fish and mollusk populations in their natural communities. Expand ecosystem knowledge and classification to guide enhancement.

L. LAND ACQUISITION IN HIGH GROWTH AREAS: Using the body of natural resource information already available for protection of natural resources, acquire land, or an interest in land, to mitigate the impacts of urbanization on biodiversity, wildlife and other natural resources in projected high growth areas, or develop plans to create a fund for such land acquisition.

M. CRITICAL LANDS OR HABITATS: Acquire, protect and enhance critical habitats, such as wetlands, native prairies, unique and or sensitive areas, scenic bluffs, sportfishing habitat and aquatic resources, and old-growth forests. Public water access is included.

N. WILDLIFE OR TRAIL CORRIDORS: Acquire, develop or establish corridor connections for wildlife or trails between existing public natural areas in order to protect or enhance biodiversity.

O. NATIVE SPECIES PLANTING: Expand rural and urban revegetation with native species consistent with underlying natural ecosystems. This strategy includes the demonstration of planting and protection of native species on private and public lands.

P. EXOTIC SPECIES: Research and demonstrate ecologically sound methods to control or eradicate exotic species of plants or animals that are or may become a threat to the environment.

1997

SIX-YEAR STRATEGIC PLAN FOR 1996-2002
FOR GUIDING RECOMMENDED EXPENDITURES FROM
MINNESOTA FUTURE RESOURCES FUND
MINNESOTA ENVIRONMENT AND NATURAL
RESOURCES TRUST FUND
GREAT LAKES PROTECTION ACCOUNT

Adopted December 7, 1995
Pursuant to Minnesota Statutes 116P.08

This plan incorporates revisions to the Six Year Strategic Plans for 1990-1996, 1992-1998 and 1994-2000 and is based on drafts submitted by the Citizen Advisory Committee for the Environment and Natural Resources Trust Fund as advisory to the

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES
65 State Office Building
St. Paul, MN 55155
(612) 296-2406

TDD: (612) 296-9896 or 1-800-657-3550
Relay: (612) 297-5353 or 1-800-627-3529

This publication can be made available in alternate formats, such as large print or cassette tape, upon request.

II. FUNDING SOURCES

The Strategic Plan guides expenditure recommendations from the Legislative Commission on Minnesota Resources to the Minnesota Legislature for natural resource projects. Funding recommendations will be from three sources for the biennium beginning July 1997.

FUNDING SOURCES:

- **Minnesota Future Resources Fund (MS 116P.13)** estimated amount available \$14.5 million for July 1997- June 1999 biennium funding. This funding is from a portion of the cigarette tax:

For new, innovative or accelerative natural resource projects designed to help maintain and enhance Minnesota's natural resources.

- **Minnesota Environment and Natural Resource Trust Fund (Trust Fund) (MS 116P.08)** estimated amount available \$14 million for July 1997- June 1999 biennium funding. The state lottery contributes approximately 7 cents per dollar of sales to the Trust Fund. The amount estimated is from earnings of the Trust Fund:

For the management, preservation and enhancement of Minnesota's environment and natural resources. Trust Fund expenditures must conform to the Strategic Plan and Trust Fund law.

A. Trust Fund Vision

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.

B. Trust Fund Mission

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

- **Great Lakes Protection Account (MS 116Q.02)** estimated amount available \$40,000 for July 1997- June 1999. This funding is from Minnesota's contribution to the Great Lakes Protection Fund:

For protecting water quality in the Great Lakes. Including supplementing Great Lakes water quality programs and advancing the goals of the regional Great Lakes Toxic Substances Control Agreement and the Binational Great Lakes Water Quality Agreement.

- **Oil Overcharge Money (MS 4.071)** There are no funds expected to be available for July 1997- June 1999 biennium funding. This funding was from a federal court case settlement apportioned among the states:

For projects resulting in decreased dependence on fossil fuels and for technology transfer with the same purpose.

III. PRIORITY FUNDING STRATEGIES

The Commission seeks proposals based on strategies that are developed through fact-finding, public input, the results of previous projects, and Natural Resource Forums. In 1995, there were three regional Natural Resource Forums. Strategies are modified on a two-year time frame.

For the biennium beginning July 1997, the strategies are listed in the 1997 Request for Proposals (RFP) adopted December 1995.

IV. CRITERIA FOR EVALUATION OF PROPOSALS

For the biennium beginning July 1997, the criteria are listed in the 1997 Request for Proposals (RFP) adopted December 1995.

V. BACKGROUND AND PROPOSAL REVIEW PROCESS

For the biennium beginning July 1997, the process is listed in the 1997 Request for Proposals (RFP) adopted December 1995.

**For Funding
Beginning
July**

1995

1995310127

STRATEGIC PLAN

**SIX-YEAR STRATEGIC PLAN FOR 1994-2000
FOR GUIDING RECOMMENDED EXPENDITURES
FROM**

MINNESOTA FUTURE RESOURCES FUND

**MINNESOTA ENVIRONMENT AND NATURAL
RESOURCES TRUST FUND**

OIL OVERCHARGE MONEY

GREAT LAKES PROTECTION ACCOUNT

**Adopted October 19, 1993
SECOND BIENNIAL REVISION**

*This plan incorporates the Revision to the July 1992- July 1998
Strategic Plan for the Trust Fund
and is based on a draft
submitted by the Citizen Advisory Committee as advisory to the*

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES
65 State Office Building
St. Paul MN 55155
(612) 296-2406

**TDD: (612) 296-9896 or 1-800-657-3550
Relay: (612) 297-5353 or 1-800-627-3529**

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large print or cassette tape, upon request.*

This document is printed with soy-based ink on 100% recycled paper, all post-consumer fiber.

K. Develop research or a research program to collect human health data and correlate how environmental factors affect health risks.

L. Establish or expand the delivery systems for environmental education programs to local government officials to assist environmentally sound decision making.

M. Accelerate implementation of the Minnesota Environmental Education Plan especially by:
(1) providing teacher training of post-secondary students and K-12 teachers to integrate environmental education topics into curricula; (2) establishing an environmental education clearinghouse for ongoing assessment, evaluation, and dissemination of environmental education resources and information; and
(3) providing for student access to out-of-classroom environmental education experiences.

N. Enhance natural resource programs to meet the needs of culturally diverse groups.

O. Stimulate application of renewable, nonfossil fuel energy sources and strategies that have a high probability for successful demonstration and transfer.

P. Implement applications of renewable fuels and energy conservation efficiencies in public facilities and enterprises.

Q. Accelerate the development and use of waste materials as a substitute for natural resources. This strategy includes enhancing the marketability of products produced from waste materials.

R. Accelerate research and utilization of life-cycle cost/benefit analysis for the use of secondary materials as substitutes for virgin materials in new products.

III. PRIORITY FUNDING STRATEGIES

The Commission seeks proposals based on priority strategies that are developed through fact-finding, public input, the results of previous projects, and Natural Resource Congresses. In 1993, the statewide Natural Resource Congress was expanded to three regional Natural Resource Congresses. Priority strategies are modified on a two-year time frame.

For the biennium ending June 1997, the priority strategies are listed below. These strategies are included in the Request for Proposals issued in December 1993. Projects selected from among the proposals submitted in response to the RFP will receive funding beginning July 1995 (two year duration) if approved by the Legislature.

NOTES ON STRATEGIES:

- **All strategies are priorities for funding. The order does not reflect any other prioritization. Although other proposals may be considered, stated strategies will receive priority.**
- **The strategies apply to all four funding sources.**

PRIORITY STRATEGIES

- A. Rehabilitate state and regional parks and trails (as described in MS 116P.02, Subd. 5).
- B. Acquire and develop state and regional parks and trails (as described in MS 116P.02, Subd. 5).
- C. Acquire, protect, and enhance critical habitat, native prairies, unique and or sensitive areas, scenic bluffs, aquatic resources, old-growth forests, and historic sites.
- D. Expand rural and urban revegetation with native species, including community shade tree programs. Implement native species tree planting for energy conservation, CO₂ abatement, erosion control, wildlife habitat and other benefits. This strategy includes the demonstration of planting and protection of native species on public and private land and roadways without continuous cutting.
- E. Research and demonstrate ecologically sound methods to control or eradicate exotic species of plants or animals which are or may become a threat to the environment.
- F. Accelerate the implementation of measures to reduce nonpoint source pollution.
- G. Provide for all types of wetland purchase, restoration and easement acquisition to enhance wildlife habitat, erosion control, water storage, flood control, and water quality.
- H. Accelerate use of farming practices consistent with wildlife habitat and environmental and human health protection through the development of improved management techniques, incentives and other programs.
- I. Create qualitative and quantitative benchmarks, including biological indicators, for key natural resources to permit effective monitoring and assessment of environmental trends.
- J. Enhance intellectual infrastructure in natural resource decisions through geographic information systems (GIS), comparative risk assessment, economic and externality analyses, and research that facilitates ecosystem-based management.

**For Funding
Beginning
July**

1993

1993 Strategic Plan

**LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES
FIRST BIENNIAL REVISION**

**SIX-YEAR STRATEGIC PLAN
FOR GUIDING RECOMMENDED EXPENDITURES**

FROM

MINNESOTA FUTURE RESOURCES FUND

**MINNESOTA ENVIRONMENT AND
NATURAL RESOURCES TRUST FUND**

OIL OVERCHARGE MONEY

**This plan incorporates the Revision to the July 1990-July 1996
Strategic Plan for the Trust Fund
and is based on a draft
submitted by the Citizen Advisory Committee as advisory to the
LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES**

**65 State Office Building
St. Paul MN 55155
(612) 296-2406**



III. PRIORITY FUNDING STRATEGIES

The Commission seeks proposals based on priority strategies that are developed through fact-finding, public input and results of previous projects. Priority strategies are modified on a two-year time frame.

For the biennium ending June 1995, the priority strategies are listed below. These strategies are included in the Request for Proposals issued in December 1991. Projects selected from among the proposals submitted in response to the RFP will receive funding beginning July 1993 (two year duration).

NOTES ON STRATEGIES:

- All strategies are priorities for funding. The order does not reflect any other prioritization.
- All or part of the strategies marked with (R) could include or accomplish section 84.95, subd.2 of the Reinvest in Minnesota program (RIM).
- Strategies marked with a (C) are capital improvement projects.
- Strategies marked with ♦ are strategies recommended by the Citizen Advisory Committee for Trust Fund expenditure.
- Unless indicated, the strategies apply to all three funding sources.

PRIORITY STRATEGIES

GENERAL

- G.1 - Create qualitative and quantitative benchmarks for key natural resources to permit effective monitoring and assessment of environmental trends. ♦
- G.2 - Develop/expand techniques utilizing biological indicators in diagnosing environmental conditions.
- G.3 - Implement a generalist approach to natural resource management.

AGRICULTURE

- A.1 - Encourage the adoption of integrated pest management techniques through demonstration, technical assistance and new research. (R)
- A.2 - Increase low-input/sustainable management of agricultural land through education, incentives and research regarding management practices such as erosion reduction, biological pest control, and environmentally safe (friendly) agricultural inputs and practices. (R) ♦
- A.3 - Establish incentive programs to encourage farming practices that are consistent with protection and enhancement of wildlife habitat. (R)
- A.4 - Implement resource management practices which address agricultural non-point source and point source water pollution (e.g. feedlot waste). (R)
- A.5 - Increase production and marketing of native plants as specialty crops; encourage cooperation between private sectors and agencies. (R)
- A.6 - Research genetic engineering of plants for disease and pest resistance, nitrogen fixing and other environmental benefits.

ENERGY

E.1 - Reduce emissions and increase energy efficiency through use of alternative fuels, innovative transportation programs (e.g. bicycle commuter corridors) and technologies.

E.2 - Develop and implement energy efficiencies that address all phases of energy use and waste generation from production through disposal (e.g. fluorescent light bulbs). Note: the goal is to reduce energy use and increase efficiency without shifting the environmental burden.

E.3 - Increase energy efficiency in the commercial sector through research and technology transfer.

E.4 - Stimulate application of alternative energy sources and strategies that have a high probability for successful demonstration and transfer.

E.5 - Develop and implement building designs that incorporate waste reduction, recycling and energy efficiencies in building materials, construction and operation.

FORESTRY

F.1 - Expand rural and urban reforestation including community shade tree programs. Implement tree planting for energy conservation, CO2 abatement, erosion control, wildlife, and other benefits. (R) ♦

F.2 - Broaden and increase the understanding of managing forest ecosystems. (R)

F.3 - Research the sustainability of the land after repeated harvest and removal of mature timber. (R) ♦

F.4 - Reduce potential impacts of tree diseases (e.g. oak wilt, Dutch elm disease).

F.5 - Develop a strategy for reforestation and afforestation and evaluate the feasibility of utilizing fast growing trees in that strategy.

F.6 - Research and implement more efficient resource extraction and processing to achieve added-value of wood products. (MN Future Resources Fund)

F.7 - Acquire land for state forests.

INFORMATION AND EDUCATION

IE.1 - Research and promote education on reduced water consumption and on the consequences of and alternatives to urban-suburban use of fertilizers and pesticides. (R) ♦

IE.2 - Stimulate the integration of environmental education topics into curricula, e.g. math and english, for K-12 and post-secondary (including associated teacher training) with an inclusion on measured outcomes. (R) ♦

IE.3 - Encourage interest in science and math through new or modified environmental education programs in order to meet projected demands for environmental professionals with an inclusion on measured outcomes.

IE.4 - Incorporate environmental topics into preparatory professional training and education, highlighting linkages between the professional fields and environmental concerns (e.g. MBA programs, vocational and trade schools, engineering programs).

IE.5 - Establish environmental education delivery systems for local government officials (e.g. county board, SWCD, township and municipal officials) to aid local officials in making environmentally sound decisions. (R)

IE.6 - Implement and apply proposed or existing Geographic Information Systems (GIS) into programs or activities.

LAND

L.1 - Coordinate and expand (a) inventory activities which will provide base maps on a bioregional basis or on a watershed basis incorporating both ground and surface water and (b) inventory and monitoring activities which will provide mapping layers. (R) ♦

L.2 - Establish priorities for coordination/digitization of collected data on a watershed basis. ♦

L.3 - Identify the long-term impacts of urban growth to create plans for and implement environmentally sensitive development. ♦

L.4 - Identify and evaluate which natural resources in urban areas are being overused. ♦

MINERALS

M.1 - Determine new mineral resource and technology potential
(Minnesota Future Resources Fund)

RECREATION

R.1 - Develop, improve and rehabilitate state and regional parks. (C)

R.2 - Acquire land for river easements, and public access for lakes and rivers. (R) (C) ♦

R.3 - Acquire trails for general use, including biking and for persons with disabilities. (R) (C) ♦

R.4 - Enhance recreational resources in urban areas with a focus on the diverse recreational needs of seniors, ethnic communities, and people with disabilities.

R.5 - Develop a network of recreational and commuter bicycle trails. (C)

R.6 - Improve fishing and hunting opportunities through targeted access, acquisition, and habitat management. (R) (C)

R.7 - Build additional fishing piers in urban areas. (R) (C)

R.8 - Provide natural and historic resource preservation and interpretation.

R.9 - Analyze trends of recreational use rates and conflicts. Assess the economic and environmental impacts of recreational activities. ♦

WASTE

WAS.1 - Stimulate market development for recycled goods. (Minnesota Future Resources Fund)

WATER

W.1 - Provide for urban and rural wetland restoration, information, education and easement acquisition to enhance wildlife, control erosion, provide water storage, and improve water quality. (R) ♦

W.2 - Implement education, technical assistance and incentive programs for prevention of nonpoint source pollution on a watershed basis. (R) ♦

W.3 - Investigate and implement effective, coordinated methods of protecting, monitoring and improving lake and river quality (e.g. broaden the base of water monitoring activities through citizen and local government partners). (R) ♦

W.4 - Research the hydrologic interaction of surface and groundwater. ♦

W.5 - Continue county geologic atlas and groundwater sensitivity mapping. ♦

WILDLIFE, FISHERIES, PLANTS

WFP.1 - Acquire and protect critical habitat, native prairies, unique and/or sensitive areas and scenic bluffs. (R) (C) ♦

WFP.2 - Develop and implement methods to protect, restore, or establish publicly accessible fish and wildlife habitat (game and nongame). (R) (C) ♦

WFP.3 - Assess predator control strategies to enhance fish and wildlife. (R)

WFP.4 - Increase the planting of native species (e.g. native prairie) on public and private land (e.g. on highways, or in lieu of lawns). (R)

WFP.5 - Research ecologically sound methods to control or eradicate exotic species of plants or animals which are or may become a threat to the environment. (R) ♦

WFP.6 - Research the impacts (risks and/or benefits) of releases of genetically engineered organism.

**For Funding
Beginning
July**

1991

PRIORITIES AND CRITERIA

The Commission has adopted priorities and criteria as follows:

- **I. MINNESOTA FUTURE RESOURCES FUND (MS 116 P.13).** The issue areas and activities within each issue area are in order of priority.

ISSUE AREA/ACTIVITY PRIORITIES

#1 – Recreation (Including associated hunting and fishing activities)

Management/Planning - Development - Acquisition - Preservation - Inventory - Restoration - Information - Education - Regulation (Example-All Terrain Vehicles)

#2 – Water (Including both surface and groundwater)

Research - Coordination - Inventory/Monitoring/Education/Information - Preservation/Restoration/Maintenance - Lake Superior/Wetlands Preservation - Management/Planning

#3 – Education

Coordination - Development - Marketing - Management

#4 – Agriculture (as it relates to impacts on natural resources)

Research - Preservation - Education - Information - Modification of current practices

#5 – Forestry

Management - Research - Inventory - Monitoring - Information - Planning - Preservation - Restoration - Development - Urban Forestry - Value Added

#6 – Fisheries

Research - Preservation - Restoration - Development - Aquaculture - Exotic and Non-Traditional Species - Marketing

#7 – Wildlife

Research - Preservation - Restoration - Development - Education - Management - Modification

#8 – Land

Management - Research - Preservation - Restoration - Regulation (submerged lands) - Education - Coordination

#9 – Minerals

Management - Research - Preservation - Reclamation - Regulation - Inventory - Development - Marketing - Value Added

#10– Air (Includes Indoor)

Research (alternative protection techniques) - Restoration - Education

#11– Waste

Research - Education/Information - (reduction and abatement) - Management - Planning - Marketing - Reduction

Proposal Evaluation Criteria

These criteria appear in order of priority.

Accountability - credibility of project manager; Innovation; Information Base; New Activities; Acceleration; Other Legislative Analysis; Short Duration (one biennium); Leveraged Funding (non-state); Statewide Significance

● **2. MINNESOTA ENVIRONMENT AND NATURAL RESOURCE TRUST FUND
(MS 116P.08)**

The LCMR adopted a Strategic Plan (copy attached) for making expenditures from the Trust Fund which establishes the following priorities:

For the 1992-93 biennium priorities are limited to the issue areas of education, research and collection and analysis of information in the identified major natural resource issues of air, education, energy, forestry, land use, minerals, recreation, waste, water and wildlife/fisheries/native plants. These activities do not have a priority order for funding decisions.

Proposal Evaluation Criteria

The review and evaluation of projects will be based on the following:

The Trust Fund Law
(copy attached as part of the strategic plan)

The Trust Fund Vision

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.

The Criteria for guiding allocations from the Trust Fund

Successful programs:

1. Address significant environmental problems and opportunities with multi-resource implications.
2. Design solutions using a coordinated, multi-disciplinary approach.
3. Encourage innovative and/or interdisciplinary management.
4. Generate significant results.
5. Effectively address problems and opportunities that are consistent with the Vision and have identifiable outcomes.
6. Support deserving programs which lack adequate resources.
7. Support activities whose benefits become available only over an extended period of time.
8. Leverage financial, policy, material or program commitments from private and public entities.
9. Expand on programs by adding value and creating appropriate new programs, but not by supplanting existing funding.
10. Address underlying causes, stress prevention of environmental degradation and emphasize wise stewardship.
11. Demonstrate accountability.

● 3. OIL OVERCHARGE MONEY (MS 4.071)

For projects resulting in decreased dependency on fossil fuels and for technology transfer projects with the same purpose. The priority activities are: Research; Planning; Development; Education; Modification; Marketing; Information

Proposal Evaluation Criteria

Accountability; Innovation; Information Base; New Activities; Acceleration; Other Legislative Analysis; Short Duration (one biennium); Leveraged Funding (non-state); Statewide Significance

1991 3/2/89

STRATEGIC PLAN

July 1990 - July 1996

MINNESOTA'S ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

**This is the First Strategic Plan
Recommended by the
Citizen Advisory Committee
to the**

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES

Preamble to the Trust Fund Law

The legislature finds that all Minnesotans share the responsibility to ensure wise stewardship of the state's environmental and natural resources for the benefit of current citizens and future generations. Proper management of the state's environment and natural resources includes and requires foresight, planning and long-term activities that allow the state to preserve its high quality environment and provides for wise use of its natural resources. The legislature also finds that to undertake such activities properly, a long-term consistent and stable source of funding must be provided.

Adopted December 11, 1989

I. 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.

II. TRUST FUND MISSION STATEMENT

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

IV. STRATEGIES AND ACTIVITIES TO GUIDE TRUST FUND EXPENDITURES

A. Priorities And Guidelines For Trust Fund Expenditure

1. Criteria Based Evaluation of Proposals

- a. The review and evaluation of proposals to the Trust Fund will be based on the guiding criteria identified in III.
- b. The Citizen Advisory Committee (CAC) will review funding proposals received and recommend proposals to the Legislative Commission on Minnesota Resources (LCMR) that meet the Trust Fund criteria and conform to the priority activities listed in IV A(2) and the Trust Fund law.
- c. Prior to CAC review, there will be review by the established Coordinating Committees in the areas of water, education, fisheries, wildlife, forestry, outdoor recreation, minerals, energy and waste. The committees will focus on technical improvement and proposal coordination. A separate peer review process will also be conducted on research proposals recommended by the LCMR.

2. Initial Priority Activities for Funding Projects are: Education, Research and Collection and Analysis of Information

The funding priority for the Trust Fund in the initial two years is limited to education, research and information. The collection and analysis of information should be designed to assist in the development of natural resource policies. The initial limited scope of priorities is due to funding limitations. The initial Trust Fund projects will be used to further refine and prioritize criteria and resource issue needs in the biennial review of the Strategic Plan.

B. Implementation Of The Trust Fund Strategic Plan

The following activities will assist in the implementation of the Strategic Plan for the Trust Fund.

1. Development of Trust Fund Principal

Ensure allocations to the Trust Fund from the Lottery proceeds for the first five years and beyond, as stated in M.S. 116P.04 (Subd. 2). Maximize the Trust Fund principal in the shortest time frame possible and ensure that funding for the Trust Fund is not diverted. Additional funding should be sought through private contributions and legislative appropriations.

2. Citizen Review of Trust Fund Activities

A well-defined process should enable residents of Minnesota to express their views on natural resource needs and related Trust Fund expenditure recommendations through:

- a. Regional forums on Trust Fund priorities and expenditures.
- b. A biennial Natural Resource Congress on the natural resource needs of the State and the progress of Trust Fund projects. In addition, the Congress will review the Reinvest in Minnesota (RIM) program and proposed revisions to the Strategic Plan. The focus of the agenda and date of the Natural Resource Congress will be separate from the Environmental Quality Board's (EQB) Environmental Congress.

3. Coordination of the Strategic Plan Revision Process

To provide for a coordinated, interdisciplinary approach to natural resource management, the CAC revision of the Strategic Plan will consider the ongoing strategic and operational planning efforts of State Agencies engaged in the management of the environment and natural resources through the following activities:

- a. Agencies will be actively encouraged to consider the Strategic Plan for the Trust Fund in their planning efforts.
- b. EQB's coordination with agencies will be used to assist the agencies in their planning activities related to the Trust Fund.

4. Recognition of the Role of the Trust Fund for Minnesota's Environment and Natural Resources

Develop awareness and recognition of the impacts of Trust Fund expenditures for environment and natural resource programs and projects through:

- a. Public information programs about the Trust Fund and its visible projects.
- b. Identification of projects (e.g. signage) developed from Trust Fund expenditures.

V. MAJOR NATURAL RESOURCE ISSUE AREAS

After review of Minnesota's natural resource conditions, the following statements about problems and needs were developed for each major natural resource area. The resource issue areas are: Air, Education, Energy, Forestry, Land Use, Minerals, Recreation, Waste, Water and Wildlife/Fisheries/Native Plants. These are the identified priority natural resource issue areas for funding for the next six years, as required by M.S. 116P.08 Subd. 3(a). These issue areas are listed in alphabetical order.

These natural resource issues are interdisciplinary in nature and priority should be given to a coordinated, multi-disciplinary management approach. (The "Groundwater and Land Use in the Water Cycle" poster [Appendix E] demonstrates the interrelationships of our natural resource management).

RIM program activities are interrelated topics within each of the major resource issue areas addressed.

A. AIR

PROBLEM STATEMENT: Air pollution from various waste sources including automobile exhaust, waste incinerators, coal fired electrical production and general factory exhaust concerns many citizens. Acid precipitation can cause significant long-term effects in lakes with low natural buffering capacity. Nearly 25% of our lakes are sensitive to acid deposition. Because of the mobility of pollution across political boundaries, control over the levels of pollution is frustrating. There are growing concerns that significant global climatic changes are taking place. Carbon dioxide and monoxide levels continue to create problems. Toxic and heavy metal contamination is showing up in many areas.

LONG-TERM NEEDS: Clean air must be ensured throughout Minnesota. There should be determination as to the effects of air quality on natural resources and the environment as well as assessment and coordination of management practices. Activities affecting regional and global air quality should be considered.

B. EDUCATION

PROBLEM STATEMENT: Minnesota lacks adequate techniques and procedures for effective lifelong delivery of environmental education to all citizens. There is limited effort toward coordinated, interdisciplinary approaches in professional education curricula, and in the training of both resource and education professionals.

LONG-TERM NEEDS: A coordinated statewide education plan for lifelong learning should be developed and implemented. Existing programs need to be identified and coordinated.

C. ENERGY

PROBLEM STATEMENT: Both energy generation and consumption damage the environment. Energy conservation and the use of renewable energy resources as methods to meet our energy needs have not been fully realized.

LONG-TERM NEEDS: Increased energy efficiency and conservation measures should be implemented. The negative environmental impacts of energy generation and consumption must be reduced and the effects on land, air and water should be assessed. Indoor air quality should be considered in energy conservation techniques.

D. FORESTRY

PROBLEM STATEMENT: The total wood harvest could potentially increase from about 3 million to over 4.9 million cords annually over the next decade, excluding the use of residue for energy. There is concern for biodiversity and age-class distribution. There is concern for the increasing intensity of harvests and the impacts on the higher grades of various species from forest harvest. The benefits of urban forest management are not well understood.

LONG-TERM NEEDS: Forestry management should provide sustained yields to suit industry, scientific, recreational and habitat needs in urban and rural settings. An up-to-date forest inventory needs to be maintained. The impact of forestry management practices on other natural resources should be assessed. The appropriate research on and use of recycled material instead of virgin material should be encouraged. Increased productivity research should be encouraged.

E. LAND USE

PROBLEM STATEMENT: Improper land use practices, rural and urban, negatively affect the environment. Special concerns include intensive agricultural practices, mining, construction practices, shoreland development and urban development which damage the land base and contribute to erosion, pollution and accelerated water runoff.

LONG-TERM NEEDS: A continuation of improved land use planning and integrated management practices is needed. A land stewardship ethic must be developed. Education, research and data collection are needed.

F. MINERALS

PROBLEM STATEMENT: Mineral exploration, mining, processing and waste disposal can damage the environment. Mining activities in environmentally sensitive areas pose a special concern.

LONG-TERM NEEDS: Potential negative environmental impacts of mining should be identified, especially in sensitive areas. Negative impacts should be mitigated. Management of minerals should be assessed for balance between economic development with an emphasis on an economic return to the state of Minnesota, and environmental protection. Issues of waste management, recycling, processing and reclamation should be addressed at the time of exploration and throughout the mining process.

G. RECREATION

PROBLEM STATEMENT: Increased recreational use of natural resources has created significant stress on those resources. Recreational areas projected to receive the highest level of increased use are currently the most intensely used. Conflicts exist between incompatible recreation activities. Public recreation facilities, both state and local, have deteriorated in part because of heavy use but also due to lack of reinvestment.

LONG-TERM NEEDS: The natural resource user should receive a meaningful experience which has a minimum negative impact on the resource and fosters stewardship. An information base for users, planners and recreational managers regarding recreation areas and/or activities should be developed. Public/private cooperation for recreational management should be encouraged. A level of accessibility for all potential users should be ensured.

H. WASTE

PROBLEM STATEMENT: Waste reduction, reuse and recycling are not being fully utilized. The markets, transportation networks and educational efforts for recycling are inadequate.

LONG-TERM NEEDS: The implementation of waste management priorities of reduction, reuse and recycling for solid, hazardous and industrial wastes must be ensured. The reduction of toxics and problem materials and the treatment of end products for reuse and recycling should be management priorities. There needs to be the development of a comparative risk assessment among disposal methods, assessment of the effects on land, air and water and development of standardized criteria and baseline data.

WATER

PROBLEM STATEMENT: Both surface and groundwater supplies are threatened by human activities. Water quality suffers from point and non-point pollution, both urban and rural. Certain areas are markedly more susceptible to groundwater pollution. While the overall quantity is large, the distribution of water creates significant problems for some areas and significant advantages for other areas. Statewide, 72% of our wetlands have been lost. The vital role of wetlands in flood control, water quality improvement and habitat is not well appreciated. There is a lack of available data at appropriate levels for both surface and groundwater. At current rates of increase, water usage will meet or exceed availability in thirty years. The profligate use of groundwater is increasing. Surveys in sensitive areas show chemicals in some drinking water wells.

LONG-TERM NEEDS: Both high quality and a sufficient supply of water must be ensured through restoration and non-degradation. Usable, comprehensive, compatible and accessible data are needed. There should be integrated systems management.

J. WILDLIFE/FISHERIES/NATIVE PLANTS

PROBLEM STATEMENT: Human activities have caused reductions in habitats. Loss and degradation continue. About 99% of the original prairie has been converted. As also stated in the "Water" problem statement, 72% of our wetlands have been lost statewide. Lakes, streams and rivers are under increasing pressure from human activities.

LONG-TERM NEEDS: Interdisciplinary management practices need to be applied to increase and enhance all habitats for the maintenance of diverse and healthy populations. Optimum carrying capacity for diverse species must be ensured. Usable, comprehensive, compatible and accessible data are required.

**ROLE OF THE CITIZENS ADVISORY COMMITTEE
FOR THE
ENVIRONMENT AND NATURAL RESOURCES TRUST FUND**

The role of the Citizen Advisory Committee is articulated in *Minn. Stat.* Chapter 116P and in the diagram that explains the LCMR's proposal process cycle.

Minnesota Statutes (attached):

- *Minn. Stat.* §116P.02, subd. 2, definition
 - *Minn. Stat.* §116P.06, advisory committee,
 - *Minn. Stat.* §116P.09, subd. 6, conflict of interest
-
- The CAC consists of 11 citizen members.
 - CAC members are appointed by the Governor with the advice and consent of the Senate. At least one member is appointed from each of the eight Congressional District. (MS 116P.06, subd. 1. (a).)
 - CAC "advises" the LCMR on project proposals to receive funding from the trust fund and the development of project funding and strategic plans. (MS 116P.06, subd. 1. (b).)
 - CAC member are subject to conflict of interest provisions in *Minn. Stat.* 116P.09, subd. 6. [Note: In 2002, the CAC adopted conflict of interest language.]

Under *Minn. Stat.* 116P.06, subd. 2, (a) the CAC shall: (emphasis added)

- (1) prepare and submit to the commission a draft strategic plan to guide expenditures from the trust fund;
- (2) review the reinvest in Minnesota program during development of the draft strategic plan;
- (3) gather public input during development of the draft strategic plan;
- (4) advise the commission on project proposals to receive funding from the trust fund; and
- (5) advise the commission on development of the budget plan.

Under *Minn. Stat.* 116P.06, subd. 2, (b) The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether the projects: (emphasis added)

- (1) meet the standards and funding categories set forth in sections 116P.01 to 116P.12;
- (2) duplicate existing federal, state, or local projects being conducted within the state; and
- (3) are consistent with the most recent strategic plan adopted by the commission.

How the LCMR process has worked (see the attached process flow chart):

LCMR and CAC jointly participate in site visits and resource evaluations (yellow)	Summer and fall of odd numbered year
LCMR and CAC jointly develop a focus for the Issues Seminar (yellow)	Fall of odd numbered year
LCMR and CAC jointly hold Issues Seminar (yellow)	
CAC holds series of meetings to develop a draft strategic plan for the Trust Fund. The plan includes funding priorities and criteria for evaluating proposals. (blue)	
CAC presents draft strategic plan to LCMR. (blue)	Late fall
CAC meets to review and select recommended proposal to call in for hearings for the Trust Fund (blue)	Spring of even numbered year
LCMR and CAC meet several days each week for several weeks for proposal hearings for all funding sources (yellow)	Early summer of even numbered year
CAC presents their recommended proposals to the LCMR for funding from the Trust fund (blue)	

==116P.02

116P.02 Definitions.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Advisory committee.** "Advisory committee" means the advisory committee created in section 116P.06.

Subd. 3. **Board.** "Board" means the state Board of Investment.

Subd. 4. **Commission.** "Commission" means the Legislative Commission on Minnesota Resources.

Subd. 5. **Natural resources.** "Natural resources" includes the outdoor recreation system under section 86A.04 and regional recreation open space systems as defined under section 473.351, subdivision 1.

Subd. 6. **Trust fund.** "Trust fund" means the Minnesota environment and natural resources trust fund established under Minnesota Constitution, article XI, section 14.

HIST: 1988 c 690 art 1 s 6; 1989 c 335 art 1 s 269; 2003 c 128 art 1 s 146

Minnesota Statutes 2004, Table of ChaptersTable of contents for Chapter 116P**116P.06 Advisory committee.**

Subdivision 1. **Membership.** (a) An advisory committee of 11 citizen members shall be appointed by the governor to advise the Legislative Commission on Minnesota Resources on project proposals to receive funding from the trust fund and the development of budget and strategic plans. The governor shall appoint at least one member from each congressional district. The members shall elect the chair.

(b) The governor's appointees must be confirmed with the advice and consent of the senate. The membership terms, compensation, removal, and filling of vacancies for citizen members of the advisory committee are governed by section 15.0575. Notwithstanding section 15.059, subdivision 5, or other law to the contrary, the advisory committee does not expire.

Subd. 2. **Duties.** (a) The advisory committee shall:

(1) prepare and submit to the commission a draft strategic plan to guide expenditures from the trust fund;

(2) review the reinvest in Minnesota program during development of the draft strategic plan;

(3) gather public input during development of the draft strategic plan;

(4) advise the commission on project proposals to receive funding from the trust fund; and

(5) advise the commission on development of the budget plan.

(b) The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether the projects:

(1) meet the standards and funding categories set forth in sections 116P.01 to 116P.12;

(2) duplicate existing federal, state, or local projects being conducted within the state; and

(3) are consistent with the most recent strategic plan adopted by the commission.

HIST: 1988 c 690 art 1 s 10; 1989 c 335 art 1 s 269; 1991 c 254 art 2 s 40; 1991 c 343 s 3; 2001 c 161 s 18; 2002 c 225 s 1

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Subd. 6. **Conflict of interest.** A commission member, advisory committee member, peer review panelist, or an employee of the commission may not participate in or vote on a decision of the commission, advisory committee, or peer review panel relating to an organization in which the member, panelist, or employee has either a direct or indirect personal financial interest. While serving on the legislative commission, advisory committee, or peer review panel, or being an employee of the commission, a person shall avoid any potential conflict of interest.

**MINNESOTA ENVIRONMENT AND NATURAL RESOURCES TRUST FUND
COMPARISON OF CITIZEN ADVISORY COMMITTEE (CAC) AND
LCMR RECOMMENDATIONS**

Overview for 2003 and 2005

In 2003, following a six-month task force study, the role of the Citizens Advisory Committee was expanded. In addition to making recommendations on proposals to call in for a hearing (or presentation), CAC members also attended the hearings and made recommendations to the LCMR on what proposals should receive funding from the Environment and Natural Resources Trust Fund.

2005 - see attached detail

The CAC recommended to LCMR that 30 proposals be called in for presentation. The LCMR called in all (100%) of the CAC recommended proposals for presentations.

Following the presentations, the CAC recommend 33 proposals be funded for \$33 million. The LCMR recommended 29 (88%) of the CAC recommended proposals be funded for \$20.8 million (63%).

The final 2005 LCMR recommendations - 70 proposals funded for a total of \$39.3 million. (The Governor vetoed 11 projects and the second biennium of the LCMR administrative budget totaling \$4.126 million, including one CAC-recommended project.)

2003 - see attached detail

The CAC recommended to LCMR that 30 proposals be called in for presentation. The LCMR called in 26 (87%) of those projects for a hearing/presentation.

The CAC recommended funding 17 proposals for \$30,000,000. In December 2002, the LCMR recommended 14 (88%) of these proposals be funded for \$12,234,000 (41%).

During the 2003 legislative session, LCMR funding from the Minnesota Future Resources Fund was eliminated. This reduced total funding available to LCMR by one-third, from approximately \$48.5 million to \$32.7 million. As a result of this reduction in funding, the LCMR reduced its funding recommendations for all projects. The LCMR recommended funding for the 14 CAC proposals was reduced to \$8,845,000 (or 29% of the CAC recommended funding level).

The final 2003 LCMR recommendations - 43 proposals for \$32.7 million.

#8-CAC-2

Overview for 1991 to 2001

Between 1991 and 2001 the Citizen Advisory Committee made recommendations on what proposals should be called in for hearings and did not make separate, subsequent recommendations on what proposals should be funded for how much.

2001

The CAC recommended 19 proposals be called in for hearings before the LCMR. The LCMR called in 18 (95%) of those proposals for hearings.

1999

The CAC recommended 21 proposals be called in for hearings. The LCMR called in 21 (100%) of those proposals.

1997

The CAC recommended 23 proposals be called in for hearings. The LCMR called in 22 (96%) of those proposals.

1995

The CAC recommended 19 proposals be called in for hearings. The LCMR called in 13 (68%) of those proposals.

1993

The CAC recommended 52 proposals be called in for hearings. The LCMR called in 22 (42%) of those proposals.

1991

The CAC recommended 16 proposals be called in for hearings. The LCMR called in 8 (50%) of those proposals.

Overview of CAC Recommendations from 1991 to 2001

Year	# of Proposals CAC Recommended be Called in for Hearings	# of Proposal LCMR Called in for Hearings	LCMR Recs. as Percent of CAC Recs.
2001	19	18	95%
1999	21	21	100%
1997	23	22	96%
1995	19	13	68%
1993	52	22	42%
1991	16	8	50%

MINNESOTA ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

Overview of CAC Recommendations and LCMR Recommendations

2005 CAC RECOMMENDATIONS

CAC Presentation Recommendations:

The CAC recommended 30 proposals for \$77.9 million to LCMR for presentation.

The LCMR called in all of the CAC recommended proposals for presentations.

CAC and LCMR Funding Recommendations:

The CAC recommended 33 proposals be funded for \$33 million.

The LCMR recommended 29 (88 percent) of the CAC recommended proposals be funded for \$20.8 million (63 percent).

The CAC recommended funding the following four proposals that the LCMR did not recommend for funding:

- W-09 Antibiotic Resistant Bacteria & Antibiotics in Minnesota Waters
- H-09 Dwarf Mistletoe: Endangering Minnesota's Spruce Ecosystems
- H-35 Rehabilitation of Public Lands and Convicted Felons
- E-15 Cuphea: A Crop Oil Replacement for Petroleum Products

The final 2005 LCMR recommendations - 70 proposals for \$39.3 million.

On June 30, 2005, the Governor vetoed 11 LCMR-recommended projects and the second biennium of the LCMR administrative budget totaling \$4.126 million. This included the veto of one CAC recommended project.

COMPARISON OF 2005 CAC AND LCMR FUNDING RECOMMENDATIONS

Minn.Laws 2005, 1st Special Session, Ch. 1, Art. 2, Sec. 11

Subd. / Proposal #	Title	Affiliation	LCMR \$ Request	CAC Funding Recommendations	LCMR Funding Recommendations	LCMR Rec. as Percent of CAC Rec.
Subd. 4. Advisory Committee						
4 / A-02	Citizen Advisory Committee (CAC) Budget - The CAC reduced its original recommendation from \$45,000 to \$35,000	CAC		35,000	35,000	
		Advisory Comm. Subtotal		35,000	35,000	100.0%
Subd. 5. Fish and Wildlife Habitat						
5(a) / H-08	Habitat Corridors Partnership - Phase 3	Pheasants Forever	22,524,000	12,000,000	4,062,000	
5(b) / H-07	Metro Wildlife Corridors - Phase 2	DNR	17,714,900	5,000,000	3,530,000	
5(c) / H-16	Acquisition & Enhancement of Scientific & Natural Areas	DNR	750,000	500,000	134,000	
5(e) / H-13	Local Initiative Grants (Conservation Partners & Environmental Partnerships)	DNR	600,000	300,000	500,000	
5(g) / H-01	Integrated & Pheromonal Control of Carp - Continuation	U of M	1,541,000	1,220,000	550,000	
5(h) / H-02	Biological Control of European Buckthorn & Garlic Mustard - Continuation	DNR	200,000	175,000	200,000	
** / H-09	Dwarf Mistletoe: Endangering Minnesota's Spruce Ecosystems	U of M - Forest Resources	142,371	55,000	0	
** / H-35	Rehabilitation of Public Lands & Convicted Felons	Dept of Corrections	722,000	311,000	0	
		Fish and Wildlife Habitat Subtotal	44,194,271	19,561,000	8,976,000	45.9%
Subd. 6. Recreation						
6(e) / R-05	Metropolitan Regional Parks Acquisition, Rehabilitation & Development	Metropolitan Council	17,541,000	3,000,000	2,000,000	
6(j) / R-02	Local Initiative Grants (Parks & Natural Areas)	DNR	3,120,000	1,000,000	1,200,000	

Subd. / Proposal #	Title	Affiliation	LCMR \$ Request	CAC Funding Recommendations	LCMR Funding Recommendations	LCMR Rec. as Percent of CAC Rec.
6(l) / R-03	Local & Regional Trail Grant Initiative Program	DNR	750,000	250,000	700,000	
		Recreation Subtotal	21,411,000	4,250,000	3,900,000	91.8%
Subd. 7. Water Resources						
7(a) / W-02	Local Water Management (LWM) Matching Challenge Grants	BWSR	2,500,000	1,000,000	1,000,000	
7(b) / W-08	Accelerating & Enhancing Surface Water Monitoring - Continuation	PCA	3,808,824	1,000,000	600,000	
7(c) / W-01	Effects of Land Retirements on the Minnesota River	BWSR	415,050	300,000	300,000	
7(d) / W-04	Recycling Treated Municipal Wastewater for Industrial Water Use	Metropolitan Council - Environmental Services	300,000	200,000	300,000	
7(e) / W-05	Unwanted Hormone Therapy: Protecting Water & Public Health	U of M - Dept of Civil Engineering	335,360	275,000	300,000	
7(j) / W-20	Improving Impaired Watersheds: Conservation Drainage Research & Demonstrations	Dept of Agriculture	600,000	300,000	300,000	
** / W-09	Antibiotic Resistant Bacteria & Antibiotics in MN Waters	U of M - Dept of Civil Engineering	263,648	225,000	0	
		Water Resources Subtotal	8,222,882	3,300,000	2,800,000	84.8%
Subd. 8. Land Use and Natural Resource Information						
8(a) / H-05	MN County Biological Survey - Continuation	DNR	1,900,000	1,000,000	1,000,000	
		Land Use & NR Info. Subtotal	1,900,000	1,000,000	1,000,000	100.0%
Subd. 9. Agricultural and Natural Resource Industries						
9(a) / H-03	Completing Third-Party Certification of DNR Forest Lands	DNR	250,000	500,000 Combine H-03, H-10, H-17, and H-21. Fund H-03, H-10, H-21 at \$500,000. Fund Forest Legacy under H-17 at \$1.5 million.	250,000	

Subd. / Proposal #	Title	Affiliation	LCMR Request	CAC Funding Recommendations	LCMR Funding Recommendations	LCMR as Percent of CAC Rec.
9(b) / H-10	Third Party Certification of Private Woodlands	U of M - Cloquet Forestry Center	376,900	##	376,000	
withdrawn / H-21	Forestry GEIS Implementation Progress, Accuracy & Update	DNR	170,500	##	withdrawn	
9(c) / H-17	Sustainable Management of Private Forest Lands	DNR	3,900,000	1,500,000	874,000	
Ag. & NR Industries Subtotal			4,697,400	2,000,000	1,500,000	75.0%
Subd. 10. Energy						
10(a) / E-07&E-03	Clean Energy Resource Teams (CERTs) and Community Wind Energy Rebate Program	Dept of Commerce - State Energy Office	1,742,400	700,000	700,000	
10(c) / E-09	Manure Digester Compatible Wastes & Multiple-Farm Partnerships	Dept of Agriculture	300,000	275,000	100,000	
10(d) / E-20	Energizing Agriculture-Dairy Farm Digesters	The Minnesota Project	583,598	267,000	336,000	
10(e) / E-02	Wind to Hydrogen Demonstration & 100% Biodiesel Evaluation	U of M - W. Central Research & Outreach Ctr.	1,685,200	800,000	800,000	
10(g) / E-06	Biomass-Derived Oils for Generating Electricity & Reducing Emissions	U of M - 1100 Mechanical Engineering	161,082	160,000	150,000	
** / E-15	Cuphea: A Crop Oil Replacement for Petroleum Products	US Department of Agriculture - Research Service	524,773	380,000	0	
Energy Subtotal			4,997,053	2,582,000	2,086,000	80.8%
Subd. 11. Environmental Education						
11(b) / H-20	Cedar Creek Savanna & Prairie Restoration & Interpretation	U of M - Cedar Creek Natural History Area	633,000	222,000	400,000	
11(c) / O-10	Environmental Problem-Solving Model for Twin Cities Schools	Eco-Education	400,000	50,000	75,000	VETOED
Env. Ed. Subtotal			733,000	272,000	475,000	174.6%
Total Amount Recommended				33,000,000	20,772,000	62.9%
Estimated ETF Available (as of April 30, 2004)			36,000,000			
Estimated LAWCON Available			1,600,000			
Total Estimated Available			37,600,000			

MINNESOTA ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

Overview of CAC Recommendations and LCMR Recommendations

2003 CAC RECOMMENDATIONS

CAC Recommendations for hearings:

The CAC recommended that 30 proposals for \$64,925,173 be called in for a hearing before the LCMR.

The LCMR called in for hearing 26 (87%) of these proposals.

- No hearings for:
- 1) MN Mapping System – U of M;
 - 2) Understanding and Applying Data for MN River Watersheds – MnSU Mankato;
 - 3) Glacial Ridge Wetland Restoration – Red Lake Watershed Board;
 - 4) Malformation and Other Emerging Diseases in MN's Amphibians – U of M.

CAC and LCMR Recommendations for funding:

The CAC recommended that 17 proposals for \$30,000,000 be funded

The LCMR recommended 14 (82%) of these proposals for \$12,234,000 (41%).

LCMR did not recommend funding for:

- 1) CREP and Tile Drains – USGS;
- 2) Environmental Fate of Emerging Contaminants in MN Waters – U of M;
- 3) CAC Citizen Input – proposal to conduct a state-wide survey.

During the 2003 legislative session, LCMR funding from the Minnesota Future Resources Fund was eliminated, reducing total funding available to LCMR from \$48.5 million to 32.7 million. As a result, the LCMR reduced its funding recommendations for all proposals. The LCMR funding recommendations for the 14 CAC proposals was reduced to \$8,845,000 (29%).

The final 2003 LCMR recommendations - 43 proposals for \$32.7 million.

COMPARISON OF CAC AND LCMR 2005 STRATEGIC PLAN

CAC Recommended Funding Priorities	LCMR Adopted Funding Priorities
<p>Water Resources Improve the quality, quantity of ground and surface waters</p>	<p>Water Improve the quality and/or quantity of ground and surface waters.</p>
<p>Wildlife Habitat Conserve, acquire, restore fish, wildlife and native plant habitat</p>	<p>Habitat Acquire, restore or protect fish, wildlife and native plant habitat.</p>
<p>Energy Develop and promote clean, renewable, efficient energy resources</p>	<p>Energy Develop and promote efficient energy resources which are clean, renewable and/or innovative.</p>
<p>Matching grants for parks, trails, local water plan implementation</p>	<p>Matching Grant Programs LCMR intends to recommend money to support the four matching grant programs: 1) Local Initiative Grants Program, 2) Local and Regional Trails, 3) Metropolitan Regional Parks and Trails, 4) Local Water Management Matching Challenge Grants</p>
	<p>State parks, recreation areas, trails and other enhancements to the State Outdoor Recreation System (as defined in <i>Minn. Stat.</i> §86A.04)</p>
	<p>Continuation Projects In an effort to continue the work started by LCMR funding, consideration will be given to the following:</p> <p><i>Minn. Laws</i> 2003, Ch. 128, Art. 1, Sec. 9, Subd.</p> <ul style="list-style-type: none"> • 5(h) Developing Pheromones for Use in Carp Control • 5(i) Biological Control of European Buckthorn and Spotted Knapweed • 6(f) Gitchi-Gami State Trail • 6(h) Mesabi Trail • 7(b) Accelerating and Enhancing Surface water Monitoring for Lakes and Streams – Results 1 and 2 • 8(a) Minnesota County Biological Survey • 8(b) Updating Outmoded Soil Surveys <p><i>Minn. Law</i> 2001, 1st Special Session, Ch. 2, Sec. 14, Subd.</p> <ul style="list-style-type: none"> • 8(a) Evaluating Timber Harvesting and Forest Management Guidelines

#8-CAC-3

COMPARISON OF CAC AND LCMR 2005 STRATEGIC PLAN
continued

CAC Recommended Evaluation Criteria and Points	LCMR Adopted Evaluation Criteria and Points
Long-term impact 10 points	Long-term impact Up to 10 points
Demonstrated outcomes 10 points	Demonstrated outcomes Up to 10 points
Project readiness 10 points	Project readiness Up to 7.5 points
Innovation 5 points	Innovation Up to 7.5 points
Statewide / regional significance 5 points	Statewide / regional significance Up to 5 points
Partnerships 5 points	Partnerships Up to 5 points
Leverage other funds and resources 5 points	Leverage other funds and resources Up to 5 points
Total Points = 50	Total possible points = up to 50

COMPARISON OF CAC AND LCMR 2003 STRATEGIC PLAN

CAC Recommended Funding Priorities	LCMR Adopted Funding Priorities
<p>Wildlife Habitat <u>Issue:</u> The health, diversity, and survivability of our native wildlife and plant species are threatened by landscape fragmentation, indifferent land use policies, pollution, and exotic species.</p> <p><u>Funding Strategy:</u> Conserve and enhance wildlife habitat and corridors by:</p> <ul style="list-style-type: none"> • Identifying wildlife habitat and potential corridors. • Acquiring, restoring, or protecting wildlife habitat and corridors of sufficient quantity and quality to ensure survival of native wildlife and plants. • Providing assistance to private landowners in improving wildlife habitat. • Educating local land use decision-makers on protection and improvement of wildlife habitat. 	<p>Fish, Wildlife and Native Plant Habitat <u>Issue:</u> The health, diversity, and survivability of our fish, wildlife, and native plant species are threatened by landscape fragmentation, indifferent land use policies, pollution, and exotic species.</p> <p><u>Funding Priority:</u> Conserve and enhance wildlife habitat and corridors by:</p> <p>(A-1)* Identifying, acquiring, restoring, or protecting habitat and corridors of sufficient quantity and quality to enhance survival of fish, wildlife and native plants.</p> <p>(A-2) Providing assistance to public and private to accelerate farming, forestry, tourism, and mining practices that protect the environment, human health, and area economic vitality, and that enhance fish, wildlife and native plant habitat.</p> <p>(A-3) Educating local land use decision-makers on protection and improvement of fish, wildlife and native plant habitat.</p> <p>(A-4) Research or implementation of research of toxic substances adversely affecting fish, wildlife or native plants.</p>

* Note: (A-1), (B-1), etc. represented funding priorities. The request for proposal asked applicants to state the funding priority they were responding to, e.g., Water (C-1).

COMPARISON OF CAC AND LCMR 2003 STRATEGIC PLAN

Continued

CAC Recommended Funding Priorities	LCMR Adopted Funding Priorities
<p>Water <u>Issue:</u> The quality and quantity of ground and surface waters are threatened by pollution, poor land use practices, and inadequate understanding of watersheds.</p> <p><u>Funding Strategy:</u> Conserve and promote healthy waters by:</p> <ul style="list-style-type: none"> • Accelerating the implementation of best management practices through delivery of technical information/resources at the local level. • Collecting, evaluating and disseminating data on a watershed basis. • Encouraging acquisition, conservation easements, control of erosion and reduction of pollutants on riparian areas and blufflands. • Addressing and reducing pollution impacts on humans and wildlife through research on known and emerging contaminant sources. • Increasing awareness of watersheds and how land use affects water quality and quantity. 	<p>Water <u>Issue:</u> The quality and quantity of ground and surface waters are threatened by pollution, poor land use practices, and inadequate understanding of watersheds.</p> <p><u>Funding Priority:</u> Conserve and promote healthy waters by:</p> <p>(C-1) Accelerating the implementation of best management practices through delivery of technical information/resources at the local level.</p> <p>(C-2) Collecting, evaluating and disseminating natural resources data on a watershed basis increasing awareness of watersheds and how land use affects water quality and quantity.</p> <p>(C-3) Encouraging control of erosion and reduction of pollutants on riparian areas and blufflands.</p> <p>(C-4) Identifying and reducing pollution impacts on humans, fish, wildlife and native plants through research on known and emerging contaminant sources.</p> <p>(C-5) Accelerating farming, forestry, tourism, energy and mining practices that protect the environment, human health and area economic vitality, and that enhance fish, wildlife and native plant habitat.</p>
<p>Energy <u>Issue:</u> Minnesota's natural resources are threatened by our predominate use of fossil fuels and lack of awareness of alternatives.</p> <p><u>Funding Strategy:</u> Encourage alternative energy and conservation by:</p> <ul style="list-style-type: none"> • Educating citizens to understand and participate in energy conservation and alternative energy sources. • Demonstrating alternatives to fossil fuels that could viably be used in Minnesota. • Creating regional energy plans, so that the unique capacities of various areas of Minnesota can be best utilized. 	

COMPARISON OF CAC AND LCMR 2003 STRATEGIC PLAN
continued

CAC Recommended Funding Priorities	LCMR Adopted Funding Priorities
	<p>Recreational and Natural Systems <u>Issue:</u> Increased demand on our parks and trails is jeopardizing the integrity of natural systems and recreational facilities.</p> <p><u>Funding Priorities:</u> Improve recreation and natural systems by: (B-1) Restoring, developing or acquiring State, regional, metro, or local parks, recreation areas and trails with an emphasis on connecting recreational systems.</p>
	<p>Children's Environmental Health <u>Issue:</u> Children, because of their small body size, are impacted more by air and water pollution than adults.</p> <p><u>Funding Priorities:</u> Protect health concerns in children by: (D-1) Increasing the application of research relating to air and water, in order to address children's health concerns such as asthma, endocrine disrupters, lead and susceptibility to pesticides.</p>

COMPARISON OF CAC AND LCMR 2003 STRATEGIC PLAN
Continued

CAC Recommended Evaluation Criteria and Points	LCMR Adopted Evaluation Criteria and Points
<p>Addresses Funding Priority 15 points</p>	<p>Addresses Funding Priority Up to 15 points</p>
<p>Focus of Sustainability 10 points</p> <p>Promotes a sustainable approach defined as one that protects the ecosystem and balances the benefits to the environment with the community and economy.</p>	<p>Focus of Sustainability Up to 10 points.</p> <p>The LCMR is interested in projects that promote a sustainable approach.</p> <p>To be sustainable, a project should protect the ecosystem and balance the benefits to the environment with the community and economy.</p>
<p>Results 10 points</p> <p>Provide for a critical assessment of the project and clear, demonstrated results.</p>	<p>Results Up to 10 points</p> <p>Provide for a critical assessment of the project and clear, demonstrated results.</p>
<p>Partnerships 10 points</p> <p>Demonstrates a cooperative and coordinated approach including sharing of costs and/or workload.</p>	<p>Partnerships Up to 10 points</p> <p>Demonstrates a cooperative and coordinated approach including the sharing of costs and/or workload.</p>
<p>Information Base and Dissemination 5 points</p> <p>Provides data, reports, materials, etc. to the public and other potential users in a readily useable form. Provides a significant, demonstrated addition to the public environmental and natural resource information base.</p>	<p>Information Base and Dissemination Up to 5 points</p> <p>Provides data, reports, materials, etc. to the public and other potential users in a readily useable form.</p> <p>Provides a significant, demonstrated addition to the public environmental and natural resource information base.</p>

COMPARISON OF CAC AND LCMR 2003 STRATEGIC PLAN
continued

CAC Recommended Funding Priorities	LCMR Adopted Funding Priorities
<p>The CAC also recommends adhering to the previous RFP as follows:</p> <p>In addition to the scored criteria, consideration will be given to proposals demonstrating an ability to meet more than one priority and leveraging non-state money toward project implementation.</p> <p><u>Multiple Strategies:</u> Meeting multiple strategies is encouraged and will be considered in evaluating proposals.</p> <p><u>Leveraging:</u> Leveraging is encouraged and will be reviewed as part of the Present and Future Spending section of the proposals.</p>	<p>The request for proposal, on the evaluation criteria for proposals page, also stated:</p> <p><u>Leveraging:</u> Leveraging is encouraged and will be reviewed as part of the Past and Concurrent Spending section of the proposals.</p> <p><u>Multiple Priorities:</u> Meeting multiple priorities is encouraged and will be considered in evaluating proposals.</p>

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 **FAX:** 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

Environment and Natural Resources Trust Fund Advisory Task Force

November 17, 2005

Time: 4:00 – 8:30 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Agenda

4:00 – 5:30 p.m.

1. Review and Approve Minutes of October 18, 2005
2. Task Force Discussion
 - a. Clarify what is meant by “consensus” and discuss a possible approach.
 - b. Share perceptions of the strengths and weaknesses of the current LCMR process.
 - c. Identify key focus areas to explore during testimony and future task force discussions.

5:30 p.m.

3. Dinner Break

6:00 p.m.

4. Perspectives from former and current Citizen Advisory Committee for the Environment and Natural Resources Trust Fund (CAC)

6:30 p.m.

5. Other Public Testimony

8:30 p.m. Adjourn

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver,
Ex-Officio: Kathy Tingelstad and Bob Schroeder

Environment and Natural Resources Advisory Task Force Membership List

Dave Bishop
1185 Plummer Circle
Rochester, MN 55902
507-288-7733 (home)

Karen Bowen
12940 Overlook Road
Dayton, MN 55327
763-576-1325 (home)

Jeff Broberg
1648 - 3rd Ave. SE
Rochester, MN 55904
507-932-4672 (home)

Joe Duggan
1783 Buerkle Circle
St. Paul, MN 55110
651-773-2000 (work)

Wayne Enger
404 Mohr Lane
Perham, MN 56573
218-346-4260, x-102 (work)

Ron Erhardt
4214 Sunnyside Rd
Edina, MN 55424
952-927-9437 (home)
651-296-4363 (office)

Ryan Heiniger
5744 Cedarwood Street NE
Prior Lake, MN 55372
952-403-6271 (work)

Phyllis Kahn
255 State Office Bld
St. Paul, MN 55155
651-296-4257 (office)

Jane Krentz
14177 Paris Ave. North
May Township, MN 55082
651-430-2983 (home)

Gary Laidig
10202 Country Club Curve
Woodbury, MN 55129
651-775-5336 (cell)

Pam Landers
26587 Edna Lake Rd
Nisswa, MN 56486
218-568-5016 (home)

Steve Morse
PO Box 175
Dakota, MN 55925
507-643-6226 (home)

Earl Renneke
42750 - 330th Street
Le Sueur, MN 56058
507-237-2613 (home)

Craig Shaver
800 Nicollet Mail Station #J06S01
Minneapolis, MN 55402
612-303-5852 (work)

Loren Solberg
2114 SW - 3rd Ave.
Grand Rapids, MN 55744
218-327-1292 (home)

Dave Zentner
2116 Columbus Ave.
Duluth, MN 55803
218-724-3926 (home)

Ex-Officio Members

Rep. Kathy Tingelstad
LCMR Chair
13636 Marigold St. NW
Andover, MN 55304
763-421-2000 (home)
651-296-5369 (office)
763-439-5212 (cell)

Bob Schroeder
Office of the Governor
130 State Capitol
St. Paul, MN 55155
651-297-7028 (office)

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EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

MINUTES

October 18, 2005

Time: 1:00 – 4:00 p.m.

Location: Room 5, State Office Building

St. Paul, MN

Members Present:

Dave Bishop	Ryan Heiniger	Earl Renneke
Karen Bowen	Phyllis Kahn	Craig Shaver
Jeff Broberg	Jane Krentz	Loren Solberg
Joe Duggan	Gary Laidig	Dave Zentner
Wayne Enger (phone)	Pam Landers	
Ron Erhardt	Steve Morse	

Members Absent: none

LCMR members present: Rep. Kathy Tingelstad, Sen. Dallas Sams, Rep. Pete Nelson, Sen. Ellen Anderson, Sen. David Tomassoni,

Other Legislators Present: Rep. Dennis Ozment, Sen. Tom Bakk

Meeting called to order: 1:11 p.m.

1. Welcome and introductions

Dave Zentner welcomed Steve Morse and asked him to introduce himself.

Wayne Enger joined the group by phone.

2. Review meeting objectives and agenda

Ryan Church reviewed the agenda and meeting objectives.

Objectives stated were: complete the review of the current situation; presentations followed by discussion; review of meeting schedule and sequence; discuss strengths/weaknesses of the current LCMR process, and discuss the qualities they want to see in a process. A worksheet was handed out for Task Force member's notes. He asked members if they had any changes or additions. No changes or additions were noted.

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3. Review and approve minutes of Sept. 27, 2005

Motion by Craig Shaver to approve the 9/27/2005 Advisory Task Force minutes as presented. Motion passed.

4. Review draft meeting schedule

Dave Zentner commented that November 29 is the only date with a meeting scheduled for that month. He suggested a meeting date the week of November 14th, and suggested Friday the 18th. Loren Solberg suggested Thursday might be better than Friday and suggested the 17th. In addition, he suggested that this meeting might be a good time to schedule an evening meeting for public testimony. Dave Zentner thought that was a good idea as there was a fair amount of interest from people who wanted to speak before the task force. After member discussion, it was decided to schedule a public testimony meeting the evening of November 17th.

Ryan Church, facilitator, passed out a tentative meeting work schedule. Dave Zentner asked for input into the list – additions or changes.

The task force decided to send out and publicize an open invitation for those who wanted to speak before the task force. Task Force members indicated they wanted to hear from the CAC, grant recipients and the public.

Steve Morse asked that the task force look into how different entities manage processes such as: State Arts Board and other existing models already in the existence within the state. He thought it was a good way to see how these things actually work in state government. Once that information has been reviewed, the group should circle back and question how the information may or may not change the process the group has envisioned.

5. Establish procedures for motions and voting

Dave Zentner confirmed that at the Sept. 27th meeting the group agreed that seconds to motions are not required. From his memory, the task force wanted to keep ideas open and flowing and that a requirement for a second to a motion could stifle the open process. Members agreed. He confirmed again for the record that the task force agreed, seconds are not required to carry motions.

Dave Zentner brought up the issue of how the group wants to operate, issues of democracy – options, building a consensus document, simple majority.

Members discussed how the group should operate.

Craig Shaver moved that the advisory Task Force should operate in the format of a conference committee; majority votes on each side.

Dave Bishop said that he was suspicious of this idea, not of motives but of the potential deadlocks this could cause. He asked Craig Shaver to rationalize why the group should operate in this manner.

Shaver responded that the only way to get consensus is to get a majority on both sides, the conference committee model is well established and seems to work well.

Dave Bishop moved to lay the motion on the table. He stated that this was too important of an idea to decide that day and that members should take the time to think about it before voting. Motion to lay the Craig Shaver motion on the table passed.

Loren Solberg stated that the idea had some merit, but he did not want to divide along appointment lines and they should work to build consensus.

Jane Krentz questioned what happens if the advisory task force cannot come to an agreement – does the trust fund money go to enhance the committee budgets? She said this would not be what the citizens of MN had wished.

Loren Solberg responded that they will get to that discussion later in the agenda.

Steve Morse stressed that the group should think of themselves as one task force, with two different appointing bodies. He stated, “we are still ONE committee and should work to reach consensus”. He was appointed by the legislative body but he is a citizen. Wayne Enger stated that consensus is slow and tedious process, and that a democratic process has proven to work. He gave the example of the difficulties there were with the Wolf Management Plan roundtable.

Dave Zentner stated that he has had good experiences when a strong majority is required. He gave examples and stated that the key is how we deal, with and respect each other. He stated, “Let’s not jump to conclusions, but open our minds when reviewing alternatives”.

Jane Krentz stated that it makes some sense to come to unanimity on the final report.

Ryan Church said there are several models to use to achieve consensus in a less formal way and he would bring those models of different processes to the next meeting for member consideration.

Members agreed to bring this up again at the next meeting.

6. Overview of Environment and Natural Resources Constitutional Amendments and MS 116P – Greg Knopff, Senate Research

Greg Knopff, went through MS 116P and the constitutional amendments for the Environment and Natural Resources Trust Fund. He indicated that the word “process” in the Advisory Task Force legislation was meant to be a broad term. He began by clarifying some earlier discussion by the Task Force regarding MS 116P. The duties of the LCMR to recommend expenditures from the Trust Fund are sunset. Other duties, such as work program approval for Trust Fund projects, remain. All of MS 116P is not repealed on July 1.

For the constitutional provisions, the key is the third sentence of the constitution. “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”. This is very broad as to the purpose of the fund. In addition, the change in 1998 to the 5.5% available for appropriation is important.

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He pointed out that in the findings of 116P "other natural resources" is defined to include the state outdoor recreation system and MPOSC (Metropolitan Parks System). This has been a provision of the statutes since 1988 when the first of the constitutional amendments went to the voters.

Mr. Knopff proceeded to walk through 116P. In particular he noted the following sections:

- 116P.03 not to supplant existing funding. Benefits to be over an extended period of time.
- 116P.05, Established the LCMR. The important part is Subd 2. This part expires July 1, 2006, unless changed legislatively.
- Condition of the acceptance of the work program and progress report duties will still exist as well as the land acquisition provisions. The Peer Review panel and CAC will remain after July 1, 2006.
- 116P.08 Items for expenditure, RIM is but one of the items. Subd. 2 is exceptions. All of the above were part of the original 1988 legislation.
- 116P.12 was part of the original legislation (Water system loans) and has not been used.
- 116P.13, Future Resources Fund, This was transferred to the general fund in 2003.
- 116P.15, was added and amended in 2005 session with the addition of 116P.16 regarding the transfer of property purchased with the Trust Fund.

Loren Solberg -116P.09, Subd. 7. One of the criticisms is responsiveness. Could the cycle be done on an annual basis without a change in the law?

Greg Knopff responded that they could do an annual cycle. The biannual cycle has been used because it lines up with the budget process.

Phyllis Kahn – 116P.12, Water system improvement loan program. They should figure out something useful that could fit into that line of the Constitution. Maybe the clean water legacy bill. Long term, low interest loans might be of interest as part of that discussion.

Jeff Broberg asked about the definition for environment and natural resources. Common terms but undefined.

Greg Knopff responded that with the exception of the definition of natural resources to include the outdoor recreation system, it is assumed to be defined in an expansive way.

Loren Solberg requested the Greg Knopff delineate in writing the other duties of the LCMR. Mr. Knopff responded that he would provide that to the Task Force.

Bishop asked about the CAC and its duties. He expressed concern about the CAC not being appointed so it is not able to advise the LCMR. Is this one more way to undermine the LCMR responsibilities?

Greg Knopff replied that they may want to ask the Governor's office. The CAC threatened to resign so the Governor is reluctant to make new appointments.

There was further discussion about the appointments of the CAC.

Dave Zentner stated that the CAC is not functioning while legislature is deliberating different models.

7. Environment and Natural Resources Trust Fund

- **Lottery Receipts**
- **History of dollars available for expenditure (Trust Fund and Future Resources Fund (FRF))**
- **Projected Trust Fund Growth and dollars available for expenditure (5.5% each year available from the Trust Fund market value)**

Susan Thornton, went through the above handouts. \$100 million is the annual lottery's contribution to the state, not just the trust fund. The Trust Fund receives \$20-\$26 million per year which is invested in the endowment. The unclaimed prize fund (approx. \$2-3 million per year) changed in 2003. Trust Fund used to get the money and now it goes to the general fund.

Phyllis Kahn stated she felt what happened to the unclaimed prize money in 2003 was in violation of the Constitution.

Susan Thornton pointed out on the Lottery Financial spreadsheet the lines indicating the lottery in lieu sales tax which does not go to the Trust fund but to the Game and Fish Fund and Natural Resources Fund (about \$20 million per year). She also pointed out that 59 cents of each dollar spent goes to prizes.

She has requested an update from the State Board of Investment on the projected Trust Fund growth and will provide that to the Task Force at an upcoming meeting. The most recent growth projection is from 1998. There have been a variety of dollar figures spoken about (ranging from \$70 to \$250 million) being available for expenditure. The Task Force should have the growth projections clarified for them as they continue their discussions.

Dave Zentner agreed, because he has heard a wide variation in the dollars projected for expenditure.

8. Review Current LCMR Process for Environment and Natural Resources Trust Fund Expenditure Recommendations

- **Citizen Advisory Committee for the Trust Fund (CAC) – past advice and recommendations on Strategic Plans and Project Funding.**
- **Past LCMR Strategic Plans and Request for Proposals**

John Velin reviewed the documents in their packet related to the process and the role of the LCMR and the CAC.

John focused on the one page color-coded chart under tab 10 in the notebooks. The six-sided figures emphasize how the CAC is integrated into the overall process. Outside experts are consulted at the beginning, middle and end of the process, in both formal and informal settings. This includes the site visits and evaluations, resources forums, again while proposals are reviewed and finally a formal peer review process for research proposals. The MN process from application to notice of funding is 4 months. The Nebraska process is 8 months from application to notice. But Nebraska also releases

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the money after the notice. MN waits for the regular budget cycle of the legislature in the odd numbered years. This could be adjusted to annual cycles, but obviously there is no additional money and this would require a mechanism to limit the range and number of proposals accepted. The whole process is also explained in the Request for Proposals newsletters in more narrative form as well as a sequence chart, both of which are found in the material under tab #3. He also commented that most projects are not ready to implement when they receive their notice of approval and most are still not ready on July 1 of the odd numbered years. One such example is the Habitat Corridors project where the first phase from 2001 had spent less than half their money in 2 years and did not complete their spending until almost 2005. The LCMR staff follows the projects closely and is both very responsive and flexible in approving adjustments over time to the detailed project work programs. All the Trust Fund projects including final results have been displayed on the LCMR website and have been since the early 1990's.

Steve Morse asked about the strategic plan. John Velin responded that when the strategic plan is adopted, the RFP is adopted. There used to be a series of different documents. This caused confusion and it evolved that the strategic plan for expenditures is embedded in the adopted RFP.

Steve Morse asked about the six year plan relationship to a 2 year RFP. John Velin responded that it is a plan which is reviewed and revised every 2 years. However, it essentially has remained the same with long term priorities of habitat, water, recreation and energy.

Susan Von Mosch reviewed three handouts related to the Citizen Advisory Committee. The first handout focused on the role of the CAC and reiterated information presented by Greg Knopff, Senate Research, and John Velin. The second handout presented a comparison of CAC and LCMR recommendations from 1991 to 2005 on what proposals to call in for a hearing and what proposals to fund. For example, for projects funded starting July 1, 2005, the CAC recommended that 30 proposal be called in for presentation and the LCMR called in all of these proposals. Then the CAC recommended that 33 proposals be funded for \$33 million. The LCMR recommended that 29 (or 88 percent) of these proposals be funded for \$20.8 million, or 63 percent of the CAC funding level. The final 2005 LCMR recommendations consisted of 70 proposals funded for a total of \$39.3 million. Generally, the LCMR packet of recommendations contain more projects funded at lesser amounts than the CAC funding recommendations.

The third handout compared the CAC 2003 and 2005 recommendations for a strategic plan with the final LCMR adopted strategic plans for the same years. For example, in 2005, the LCMR adopted the CAC's recommended strategic plan and added two funding priorities for "state parks, recreation areas, trails, and other enhancements to the State Outdoor Recreation System" and "continuation projects," which involved two trail projects and various research projects.

BREAK

9. Discussion of Strengths and Weaknesses of the current LCMR process

This topic was not discussed and agreed to be included on the next meeting agenda.

10. PRESENTATION: PERSPECTIVES ON "HOW WE GOT HERE"

Representative Dennis Ozment, Senator Dallas Sams and Senator Tom Bakk, Co-chairs, 2005 Agriculture and Environment Finance Conference Committee.

Representative Dennis Ozment:

He is no longer a member of the LCMR even though he is a designee by statute. He asked the speaker of House to designate someone for his place. There was a Task Force in 2001 and 2002 with a facilitator to review what should be the function and roles of the CAC and the LCMR. There was a series of meetings and there was consensus on an enhanced role for the CAC. It appears this agreement didn't last very long. The LCMR had worked hard to bring fairness to the process. He was very offended by the resignation letter offered by the CAC. They have tried hard to find common ground. During the negotiations during the conference committee last year he was pushing for some kind of resolution to this issue to address legitimate issues that had been raised. LCMR first had the dollars from the cigarette tax (a source of funding with no direct connection to the environment). The cigarette tax was taken away and LCMR was primary manager of the Trust Fund dollars. So a legitimate concern was brought forward to review how the decisions are matching up with the Constitution. Minnesota needs to be confident that the dollars being spent are being spent wisely.

They should look at the vision of Willard Munger for the Trust Fund. It will be a tremendous challenge to change the pork barrel traditions of the past and even find citizen without biases and conflicts of interest. There needs to be accountability to the people overall.

Step back and look at the big picture and make the Trust Fund all that it can be. It can provide a tremendous enhancement for wildlife and natural resources in general. Regarding energy issues; some people perceive it as high priority and it is up to interpretation. Politics will always play a part. Everyone has their own opinions, biases based on philosophies and values. It will be interesting to see what they can come up with.

Senator Dallas Sams:

He wished to echo fact that he appreciates the Advisory Task Force members time and input. This issue is fairly new for him. It is his third year on the LCMR and the third year chairing the senate environment finance division. It was a big surprise to him that there were some issues and that there was a Governor's initiative. He thought things were going very well, very non-partisan and he has never seem a system work as well in the legislative process. Apparently there were problems with the CAC. However, they seemed to interact well with the LCMR. It takes a lot of time, travel, and hundreds of hours of testimony of projects. There needs some sort of commission to look at these projects and issues and the governor's office doesn't have the time to do that either. The LCMR looks across the state, evaluates the past projects and commitments to ensure they have been carried positively. One of the big problems is not near enough money appropriated for the environment. The \$15 million from the Future Resource Fund was lost, and the state's environment funding went from 2 percent to 1 percent of the appropriations. Some people think the Trust Fund money is going to replace this loss of funding to their areas of interest.

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He authored the 3/16 initiative for water, wildlife and parks. So far it has not passed the finance committee in the House. There is not enough money for the environment and not enough through bonding.

A negative survey was sent out about how the LCMR is doing their job. There are 100s of projects that were not funded and this is a problem. It is a biased survey – send out a negative survey and negative replies will be received.

There was no support in the Senate and there were arms twisted on the House floor to sunset the LCMR. So, there is not a lot of support from the Legislature for such a change as the Governor proposed.

To reform the process they need to ask where is the problem; is it focus, annual cycles? A few hours before state parks were to shut down for the fourth of July there was a third vote on the conference committee report. He was the third vote to say o.k. let's do the advisory task force. Let's see what is good for the whole state and then see what the problem is. The governor signed the conference committee report and vetoed the administrative budget (staff). The staff knows exactly what they are doing and it is an excellent job. Without the LCMR this (the Trust Fund expenditures) will land in the governors appropriation bill and then we (the legislature) will have to make the determination and it will become political. There are usually no changes to the LCMR recommendations and it is ready to come to the committees. It is a bill that is not touched and makes life a lot easier for all because of the extra work and hours that have gone into the preparation.

This task force needs to come to a strong consensus as to what to do. He said, are willing to go with some changes and need to ensure a better life for MN. More dollars are needed into the natural resources of the State. He thanked the Task Force for their help and time.

Senator Tom Bakk:

He thanked the task force for their time. He asked if they were thinking; is it really going to make a difference? He understands their apprehension. The Governor was wrong. He proposed a wholesale overhaul of the Commission. Much good work has been done. He has never served on the LCMR but has reviewed the projects and visited with staff about the continuity of the projects and the system. The current process does not need to be totally abandoned. It took the Governor several months to find an author for the bill in the Senate. This is a large policy initiative and is too big to do on the back side of a napkin. It was not the year to do it. Everyone was consumed with the budget. A more thoughtful deliberate process will produce a better outcome. He asked the members of the Senate into a meeting to see what the Senate LCMR members thought about the process. Some members expressed some interest in some change. Some of the feedback included, concern about too many members, and the process takes too long. These are both o.k. criticisms. There is a desire of the people who serve on it to make the process smoother and ensure the outcomes that people expect. There is interest in putting the FRF back in place for environmental funding. It is easy to criticize, but hard to identify meaningful solutions. There is an interest in a longer vision to ensure a statewide benefit. This is something that the LCMR can do. They need to point to something in 20 years and say, "see, this is what we did" and show that everyone in the state benefited.

He stated his concern about forestry issues. Every month more pulpwood comes from Canada. Minnesota has timber, but is not managing it as intensively as it could. A serious concern is a stronger wood products industry and more wildlife to hunt. Forest fragmentation is something LCMR could take a look at. There is no turning back. Other issues are clean water. The TMDL development will take a great deal of money.

There is a need to take a longer vision. That is a valid criticism for this group to consider. However, the governor's proposal has no legislative oversight and this is not right. It is public money and there needs to be oversight among the people and the people who represent them.

Rep. Dennis Ozment;

They all agree the need to see long term vision and planning. One of the ideas to surface when they looked at LCMR is to have it move toward a policy setting visions; This is hard for the committees to do. How the money is actually spent, how are they selected, was it in the overall vision? There is room for creative thinking. The LCMR could assign money going to different resource categories, not projects. Projects would then be selected by a different group. This is how we deal with the departments. Name the umbrella activity, but don't select the project, let the bureaucrats select those. There is room for all of us to work together and still have accountability.

Loren Solberg asked if LCMR could set aside dollars for bonds – revenue bonds to create additional funds. Discussion continued about the need to ask if this could be done and how it could leverage dollars by paying the debt service. There was also discussion about the focus of the Trust Fund language on only preservation and not utilization and the possibility of another constitutional amendment.

Dave Bishop stated that he needed the information presented today. They need more positive suggestions and proposals on what incremental changes would be beneficial, The legislative members are very qualified to make such suggestions to the panel. LCMR provides an extra service of legislators. The actions and tone of the LCMR meetings are substantially different from others in the legislature. There is a sense of collaboration that exists in the LCMR. This is the best way.

Senator Sams responded that he will follow through. In addition, regarding the Task Force's early discussion of operating like a conference committee, he thinks this would be a mistake. He hoped they will strive for consensus.

Rep. Ozment: He will provide more detail to the task force in the form of draft legislation. He suggested they look at the process used by the "rump" group in the legislature. There was agreement among the group to identify the problem, listen to the positive ideas and they were not allowed to criticize ideas. They also agreed to avoid stonewalls and concentrate on positive results.

Senator Bakk: The senate members thought that the LCMR was too big. There are many applicants for the money and the process takes too long. He has also heard suggestions about term limits and rotation.

Joe Duggan indicated that if the 3/16 was adopted they would be done on this topic.

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Phyllis Kahn gave a history of the number of LCMR members appointed and that the goal was to have a political balance, but the dedicated seats upset that goal.

Dave Zentner asked if there was a chance for reform and asked for their support. He said they will check back with the legislature and executive branch. Loren Solberg suggested that they need to review other models, not to emulate them, but to glean ideas. A hybrid might work or it might not.

Rep. Ozment. It was contentious to get this group here so they will look to them for direction.

11. Confirm future schedule of meeting topics and objectives

Ryan Church did a wrap up. He pointed out the blue sheets he handed out earlier in the meeting and indicated that this was their homework. What things stood out in the discussion today? Strengths? What is not working? At the next meeting they will talk about the qualities and characteristics in a process for the future. He indicated that members could keep these notes for the next discussion or send them to him.

Next meeting – Thursday, November 17, 2005 for public testimony at 7 p.m.

Meeting adjourned: 4:17 p.m.

Group Consensus Decision-Making

Consensus can be defined as “the sense of the group.” Unanimous agreement is not necessary, but the group strives for a decision that all members can support even though they may not agree 100%. (70% comfortable, but can “live with the decision” and willing to support 100%).

It is important for any opposition to be fully expressed so that all members have the opportunity to truly understand the opposition view.

There are many ways to test for consensus (such as show of hands and voting) but is usually not necessary if communications have been open, the group climate has been supportive, and everyone has felt that he or she has had their chance to influence the decision.

Participation Guidelines

- Be prompt and flexible.
- Contribute your ideas.
- Listen respectfully and to understand.
- Disagree by stating your idea.
- Work on behalf of the group, as a whole.
- Focus on positive results and build on any and all points of agreement.

Steps to consensus

1. Start with the end in mind.
2. Craft a framework agreement.
3. Pursue your interests but don't be rigid in pursuing any particular solution – avoid the “take it or leave it” proposal.
4. Move toward commitment gradually.
5. Be generous at the end – help all parties leave the deliberations feeling satisfied.

**Environment and Natural Resources Trust Fund
Advisory Committee**

Focus Questions

October 18, 2005

The following focus questions are provided to help you prepare for discussions that will follow today's presentations. Please feel free to make notes to yourself throughout the afternoon.

1. What statements or points would you like clarified?
2. What statements or points struck you as particularly important and useful in the Task Force's deliberations?
3. What do you see as strengths of the current process?

4. What is not working as well as it should? What or where are the main weaknesses?

5. Ultimately, what qualities or characteristics should Minnesotans expect from the process?

**Report of the Advisory Task Force for the Environment and Natural Resources
Trust Fund to the Legislature and the office of the Governor**

Date: February 15, 2006

Outline of Report

- I. Purpose Statement
- II. Background
- III. Conclusions
- IV. Recommendations

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E-mail:
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www.sbi.state.mn.us

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DATE: November 14, 2005

TO: Susan Thornton, LCMR

FROM: Jim Heidelberg, State Board of Investment

SUBJECT: Projections of Assets in the Environmental Trust Fund

Enclosed are a new projection of the growth of assets and available withdrawals from the Environmental Trust Fund (through 2025) and a copy of a September 1998 projection the SBI provided the LCMR (shown through 2035).

The new projection differs from the seven year old projection you currently have. In the 1998 document, the ETF is projected to grow to \$2,068,355, 044 by the end of 2025. In the new projection, the ETF is projected to grow to \$1,262,324,921 by the end of 2025. The differences in asset totals and withdrawal amounts in the two projections arise from the following:

- **The starting point for the 2005 projection is lower than the amount projected for FY2006 in the 1998 projection.** Beginning total market value for the Fund for FY2006 in the 2005 projection is \$377,512,976, which is the actual Fund balance as of June 30, 2005. Beginning total market value for the Fund for FY2006 in the 1998 projection is a projected \$525,724,190. During fiscal years 1999 through 2005, the fund did not grow at the rate projected in the 1998 projection.
- **Rates of return assumptions are lower in the 2005 projection.** In 1998, the SBI used an annual rate of return of 11.0% for stocks and 8.0% return for bonds. In the 2005 projection, the SBI used the return assumptions of 9.25% for stocks and 6.5% for bonds, which are the return assumptions the SBI used in its 2003 asset allocation study for pension fund assets. The ETF is projected to grow at a slower rate in the 2005 projection than in the 1998 projection.

For these reasons, withdrawal amounts in future years are also projected to be lower in the 2005 projection.

Note that the estimate of the amount of contributions placed in the Fund each year through 2025 is assumed to be the same \$24 million as used in the 1998 projection. This amount is confirmed by information about lottery proceeds provided to the SBI by the LCMR.

70% Stocks/30%Bonds
 5.5% Spending Rule
 Withdrawal is at FY beginning
 Contribution is at FY end

ENVIRONMENTAL TRUST FUND
 Projections of Annual Growth
 (Contributions Through 2025)

11/14/2005

Fiscal Year	Stock Beginning Mkt Value	Rate of Return	Withdrawal	Stock Ending Mkt Value	Bond Beginning Mkt Value	Rate of Return	Withdrawal	Bond Ending Mkt Value	5.5% Total Withdrawal	Contributions Stocks&Bonds	Total Mkt Value
2006	264,025,356	0.0925	13,212,954	274,012,549	113,487,620	0.065	5,662,695	114,833,546	18,875,649	24,000,000	377,512,976
2007	288,992,266	0.0925	13,212,954	301,288,898	123,853,828	0.065	5,662,695	125,873,557	18,875,649	24,000,000	412,846,095
2008	315,813,719	0.0925	17,369,755	326,050,031	135,348,737	0.065	7,444,181	136,218,352	24,813,935	24,000,000	486,268,384
2009	340,387,869	0.0925	17,369,755	352,897,289	145,880,515	0.065	7,444,181	147,434,696	24,813,935	24,000,000	524,331,986
2010	367,032,390	0.0925	20,186,781	378,928,827	157,299,596	0.065	8,651,478	158,310,246	28,838,259	24,000,000	561,239,073
2011	392,867,351	0.0925	20,186,781	407,153,522	168,371,722	0.065	8,651,478	170,102,060	28,838,259	24,000,000	601,255,582
2012	420,878,908	0.0925	23,148,340	434,520,645	180,376,675	0.065	9,920,717	181,535,595	33,069,057	24,000,000	640,056,240
2013	448,039,368	0.0925	23,148,340	464,193,448	192,016,872	0.065	9,920,717	193,932,405	33,069,057	24,000,000	682,125,853
2014	477,488,097	0.0925	26,261,845	492,964,680	204,637,756	0.065	11,255,077	205,952,554	37,516,922	24,000,000	722,917,234
2015	506,042,064	0.0925	26,261,845	524,159,888	216,875,170	0.065	11,255,077	218,985,400	37,516,922	24,000,000	767,145,288
2016	537,001,702	0.0925	29,535,094	554,407,269	230,143,586	0.065	12,657,897	231,622,259	42,192,991	24,000,000	810,029,528
2017	567,020,670	0.0925	29,535,094	587,202,992	243,008,859	0.065	12,657,897	245,323,774	42,192,991	24,000,000	856,526,766
2018	599,568,736	0.0925	32,976,280	619,002,258	256,958,030	0.065	14,132,692	258,608,985	47,108,972	24,000,000	901,611,243
2019	631,127,870	0.0925	32,976,280	653,480,611	270,483,373	0.065	14,132,692	273,013,475	47,108,972	24,000,000	950,494,087
2020	665,345,861	0.0925	36,594,022	686,911,384	285,148,226	0.065	15,683,152	286,980,303	52,277,175	24,000,000	997,891,687
2021	698,524,181	0.0925	36,594,022	723,158,698	299,367,506	0.065	15,683,152	302,123,837	52,277,175	24,000,000	1,049,282,535
2022	734,497,774	0.0925	40,397,378	758,304,684	314,784,760	0.065	17,313,162	316,807,253	57,710,539	24,000,000	1,099,111,936
2023	769,378,355	0.0925	40,397,378	796,411,718	329,733,581	0.065	17,313,162	332,727,746	57,710,539	24,000,000	1,153,139,464
2024	807,197,625	0.0925	44,395,869	833,360,918	345,941,839	0.065	19,026,801	348,164,516	63,422,671	24,000,000	1,205,525,434
2025	843,867,804	0.0925	44,395,869	873,423,088	361,657,830	0.065	19,026,801	364,901,833	63,422,671	24,000,000	1,262,324,921

70% Stocks/30% Bonds
 5.5% Spending Rule
 Withdrawal is at FYBeg
 Contribution is at FYE

ENVIRONMENTAL TRUST FUND
 PROJECTIONS OF ANNUAL GROWTH
 (Contributions Continue Through 2025)

Fiscal Year	Stock Beginning Mkt Value	Rate of Return	Withdrawal	Stock Ending Mkt Value	Stock Income	Bond Beginning Mkt Value	Rate of Return	Withdrawal	Bond Ending Mkt Value	Bond Income	5.50% Total Withdrawal	Contributions Stocks&Bonds	Total Mkt Value	Total Income
													236,462,942	
1999	118,231,471	11.00%		131,236,933	3,937,108	118,231,471	8.00%		127,689,989	8,938,299		24,000,000	270,051,514	12,875,407
2000	189,036,060	11.00%	9,103,823	199,724,783		81,015,454	8.00%	3,901,639	83,282,921		13,005,462	24,000,000	307,007,704	
2001	214,905,393	11.00%	9,103,823	228,439,742		92,102,311	8.00%	3,901,639	95,256,726		13,005,462	24,000,000	347,696,468	
2002	243,387,528	11.00%	11,819,797	257,040,182		104,308,941	8.00%	5,065,627	107,182,778		16,885,424	24,000,000	388,222,960	
2003	271,756,072	11.00%	11,819,797	288,529,266		116,466,888	8.00%	5,065,627	120,313,362		16,885,424	24,000,000	432,842,628	
2004	302,989,839	11.00%	14,946,584	319,728,014		129,852,788	8.00%	6,405,679	133,322,878		21,352,263	24,000,000	477,050,892	
2005	333,935,624	11.00%	14,946,584	354,077,835		143,115,268	8.00%	6,405,679	147,646,356		21,352,263	24,000,000	525,724,190	
2006	368,006,933	11.00%	18,366,459	388,100,926		157,717,257	8.00%	7,871,340	161,833,591		26,237,799	24,000,000	573,934,517	
2007	401,754,162	11.00%	18,366,459	425,560,350		172,180,355	8.00%	7,871,340	177,453,737		26,237,799	24,000,000	627,014,086	
2008	438,909,860	11.00%	22,096,479	462,662,854		188,104,226	8.00%	9,469,920	192,925,051		31,566,398	24,000,000	679,587,904	
2009	475,711,533	11.00%	22,096,479	503,512,710		203,876,371	8.00%	9,469,920	209,958,968		31,566,398	24,000,000	737,471,678	
2010	516,230,175	11.00%	26,164,134	543,973,305		221,241,503	8.00%	11,213,200	226,830,567		37,377,335	24,000,000	794,803,872	
2011	556,362,710	11.00%	26,164,134	588,520,420		238,441,162	8.00%	11,213,200	245,406,198		37,377,335	24,000,000	857,926,618	
2012	600,548,832	11.00%	30,599,949	632,643,038		257,377,985	8.00%	13,114,264	263,804,819		43,714,213	24,000,000	920,447,858	
2013	644,313,500	11.00%	30,599,949	681,222,042		276,134,357	8.00%	13,114,264	284,061,701		43,714,213	24,000,000	989,283,743	
2014	692,498,620	11.00%	35,437,243	729,338,129		296,785,123	8.00%	15,187,390	304,125,552		50,624,632	24,000,000	1,057,463,681	
2015	740,224,576	11.00%	35,437,243	782,313,941		317,239,104	8.00%	15,187,390	326,215,852		50,624,632	24,000,000	1,132,529,792	
2016	792,770,855	11.00%	40,712,352	834,784,938		339,758,938	8.00%	17,448,151	348,095,650		58,160,502	24,000,000	1,206,880,588	
2017	844,816,412	11.00%	40,712,352	892,555,507		362,064,176	8.00%	17,448,151	372,185,308		58,160,502	24,000,000	1,288,740,814	
2018	902,118,570	11.00%	46,464,903	949,775,571		386,622,244	8.00%	19,913,530	396,045,412		66,378,432	24,000,000	1,369,820,983	
2019	958,874,688	11.00%	46,464,903	1,012,774,862		410,946,295	8.00%	19,913,530	422,315,386		66,378,432	24,000,000	1,459,090,248	
2020	1,021,363,174	11.00%	52,738,108	1,075,173,823		437,727,074	8.00%	22,602,046	448,335,030		75,340,154	24,000,000	1,547,508,853	
2021	1,083,256,197	11.00%	52,738,108	1,143,875,079		464,252,656	8.00%	22,602,046	476,982,659		75,340,154	24,000,000	1,644,857,738	
2022	1,151,400,417	11.00%	59,579,091	1,211,921,672		493,457,321	8.00%	25,533,896	505,357,299		85,112,987	24,000,000	1,741,278,971	
2023	1,218,895,280	11.00%	59,579,091	1,286,840,969		522,383,691	8.00%	25,533,896	536,597,779		85,112,987	24,000,000	1,847,438,748	
2024	1,293,207,124	11.00%	67,039,240	1,361,046,351		554,231,624	8.00%	28,731,103	567,540,563		95,770,343	24,000,000	1,952,586,914	
2025	1,366,810,840	11.00%	67,039,240	1,442,746,475		585,776,074	8.00%	28,731,103	601,608,569		95,770,343	24,000,000	2,068,355,044	
2026	1,447,848,531	11.00%	75,174,596	1,523,668,067		620,506,513	8.00%	32,217,684	635,351,935		107,392,280	0	2,159,020,003	
2027	1,511,314,002	11.00%	75,174,596	1,594,114,740		647,706,001	8.00%	32,217,684	664,727,382		107,392,280	0	2,258,842,123	
2028	1,581,189,486	11.00%	83,122,270	1,662,854,609		677,652,637	8.00%	35,623,830	693,391,111		118,746,100	0	2,356,245,721	
2029	1,649,372,004	11.00%	83,122,270	1,738,537,205		706,873,716	8.00%	35,623,830	724,949,877		118,746,100	0	2,463,487,082	
2030	1,724,440,958	11.00%	90,715,460	1,813,435,302		739,046,125	8.00%	38,878,054	756,181,516		129,593,515	0	2,569,616,818	
2031	1,798,731,773	11.00%	90,715,460	1,895,898,107		770,885,045	8.00%	38,878,054	790,567,550		129,593,515	0	2,686,465,657	
2032	1,880,525,960	11.00%	98,930,247	1,977,571,241		805,939,697	8.00%	42,398,677	824,624,301		141,328,925	0	2,802,195,542	
2033	1,961,536,879	11.00%	98,930,247	2,067,493,361		840,658,663	8.00%	42,398,677	862,120,784		141,328,925	0	2,929,614,145	
2034	2,050,729,902	11.00%	107,884,528	2,156,558,364		878,884,244	8.00%	46,236,226	899,259,858		154,120,755	0	3,055,818,223	
2035	2,139,072,756	11.00%	107,884,528	2,254,618,933		916,745,467	8.00%	46,236,226	940,149,980		154,120,755	0	3,194,768,912	

Advisory Task Force Review of Other Programs

1. Nov. 29 scheduled

Other States

Missouri – Missouri Dept. of Conservation, John Hoskins and Dan Zekor

Colorado – Great Outdoors Colorado, John Swartout or Diane Gansauer

Nebraska – Nebraska Environmental Trust, Mary Harding

2. Other Suggested Presenters from Task Force:

(summary materials with a ** are in the Nov. 17 meeting packet)

MN State Arts Board**

IRRRB**

Coastal Zone Management Program**

National Fish and Wildlife Foundation**

Great Lakes Protection Fund**

North Carolina Trust Fund**

Blandin Foundation**

McKnight Foundation**

11/8/2005

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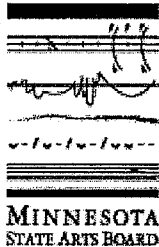
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 General agency e-mail: msab@arts.state.mn.us

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Robert C. Booker	Executive Director (651) 215-1600 robert.booker@arts.state.mn.us
Gail Burke	Executive Aide/Human Resources Manager/Accessibility Coordinator (651) 215-1610 gail.burke@arts.state.mn.us
James A. Dusso	Assistant Director (651) 215-1622 james.dusso@arts.state.mn.us
Arlene Solum	Program Secretary (651) 215-1601 arlene.solum@arts.state.mn.us
Program Officers	
Amy Frimpong	Program Officer: Artist Assistance, Arts in Education (651) 215-1607 amy.frimpong@arts.state.mn.us
Tracey Goodrich	Program Assistant: Minnesota Percent for Art in Public (651) 215-1600 tracey.goodrich@arts.state.mn.us
Debra Hunt	Program Officer: Institutional Support / Statewide Audio Development Initiative (651) 215-1600 debra.hunt@arts.state.mn.us
Kathleen Maloney	Program Officer: Minnesota Percent for Art in Public PI (651) 215-1617



kathleen.maloney@arts.state.mn.us	
Grants Office	
Kimberly Travis Hocker	Information Systems Administrator (651) 215-1616 kimberly.hocker@arts.state.mn.us
Pam Todora	Program Secretary (651) 215-1618 pam.todora@arts.state.mn.us
Communications, Public Relations, Publications	
Sue Gens	Communications Director (651) 215-1604 sue.gens@arts.state.mn.us
Paul Metzger	Communications Assistant / Webmaster (651) 215-1606 paul.metzger@arts.state.mn.us



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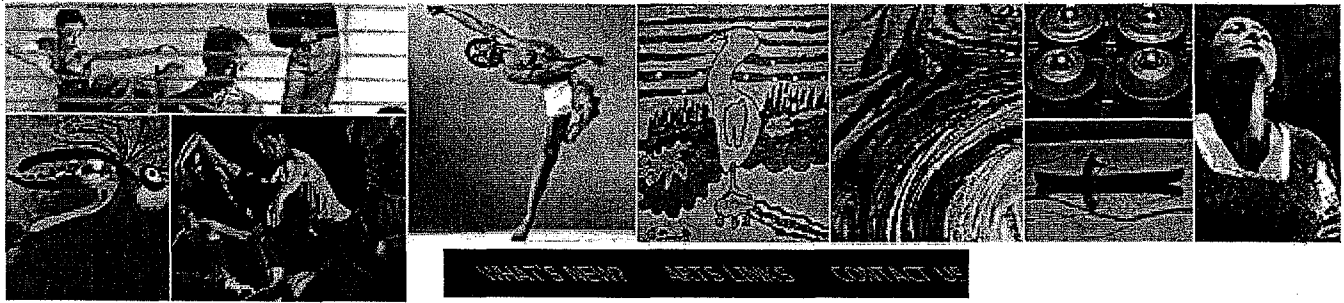
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Officers for FY 2006 (July 2005– June 2006)

Chair	Matthew Anderson
Vice Chair	Corey Elmer
Secretary	Ellen McInnis
Treasurer	Edward Oliver
Officer at Large	Jane Belau



MATTHEW ANDERSON

White Bear Lake
 Congressional district 4, Legislative district 54B, Arts region 11
 Term: October 2002 - January 2006

Matt Anderson is assistant general counsel for Minnesota State Colleges and Universities. Anderson's previous experience includes serving as assistant Her County attorney (2000-2004); assistant attorney general in the Minnesota Attorney General's Office (1997-1999); judicial law clerk for the Honorable Myron H. Brigg Eighth U. S. Circuit Court of Appeals (1996-1997); and principal assistant in Re Associates, Inc. (1992-1993 and 1995-1996).

He serves on the Ramsey County Library Board of Trustees, and is a former member of the Little Canada City Council. He also has been involved in the National League of Cities Finance, Administration, and Intergovernmental Relations Committee, and Page Education Foundation.

Anderson holds a J. D. from the University of Minnesota Law School, and a B.S. from St. John's University (Collegeville, MN).

JANE BELAU

Rochester
 Congressional district 1, Legislative district 30B, Arts region 10



Term: April 2004 - January 2008

Jane Belau is a government affairs and public relations consultant and an artist has worked as a consultant for both The McKnight Foundation and Ceridian Corporation, and as a vice president of Control Data Corporation.

An accomplished artist herself, she is a member of the Southeastern Minnesota Artists organization and has contributed art and music to many charitable organizations. Her community arts background began with service on boards a committees for the Rochester Art Center, the Rochester Committee for the Min Orchestra, the Rochester Chorale, and the Oudal Chorale.

Belau currently is chair of the Government Forums Committee for the Rochester Chamber of Commerce and is a volunteer pianist for her church, the Mayo Clinic, other community service events.



JUDSON (KIM) BEMIS, JR.,

Minneapolis

Congressional district 5, Legislative district 60A, Arts region 11

Term: July 2005 - January 2009

Kim Bemis is the interim managing director of the Saint Paul Conservatory of Music. His previous experience includes serving as founder and CEO of Solv Technology (1992-2004); and sales and marketing director of Bemis Company, Inc. (1985-1992). He was a professional actor in New York City from 1979 to 1985.

He currently serves on the Minneapolis Arts Commission, and on the boards of Guthrie Theater, MacPhail Center for Music, and the Minneapolis Club. He also served on the boards of Theatre Communications Group, the Minnesota Orchestra, the Playwrights' Center, and Theatre de la Jeune Lune.

Bemis received a B. A. in English from Colorado College (Colorado Springs, CO) and studied in a professional actor training program at Circle in the Square in New York City.



ANDREW BERRYHILL

Duluth

Congressional district 8, Legislative district 7A, Arts region 3

Term: July 2005 - January 2009

Andrew Berryhill has been the executive director of the Duluth Superior Orchestras since 2002. His past experience includes: assistant director of programming for Chicago Symphony Orchestra (1996-2002); operations manager for Jonathon Wentworth Associates in New York (1994-1996); and principal on-site representer for all classical music performances at the 1996 Atlanta Olympic games.

He has served board of the Arrowhead Regional Arts Council, the Northwoods Nonprofits Business Collaborative, and the Twin Ports Area Nonprofit Coalition has served as the American Symphony Orchestra League group vice president and was a Depot Foundation Arts Initiative award winner.

Berryhill received a B. A. from the University of Michigan (Ann Arbor, MI).



SARAH CARUSO

Hopkins
Congressional district 5, Legislative district 44A; Arts region 11
Term: June 2003 - January 2007

Sarah Caruso is president of the Minnesota Children's Museum. Previously, she was a strategic planning and marketing consultant at Northampton Partners, a firm she founded in 1999. She was employed at General Mills in Golden Valley from 1994 to 1999, where she managed large consumer brands, including Wheaties and Chex.

She previously served on the board of the Children's Theatre Company, and was a member of the board of the PACER Center, a nonprofit organization serving the needs of children and families with disabilities.

Caruso received a B. A. in economics from Smith College (Northampton, MA) and a M. B. A. from Stanford University (Stanford, CA).



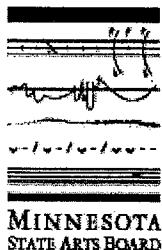
COREY ELMER

Moorhead
Congressional district 7, Legislative district 9A, Arts region 4
Term: April 2004 - January 2008

Corey Elmer is a business and corporate attorney in private practice in Moorhead.

He serves on the Moorhead Economic Development Authority, the University of Minnesota Regent Candidate Advisory Council, and chairs the President's Advisory Council at Minnesota State University Moorhead.

Elmer holds a J. D. from William Mitchell College of Law (Saint Paul, MN); a B. A. in American studies from the University of Canterbury (New Zealand); and a B. A. in political science and American studies from Minnesota State University Moorhead (Moorhead, MN).





DIANA LEWIS

Sunfish Lake
Congressional district 2, Legislative district 39B; Arts region 11
Term: June 2003 - January 2007

Diana Lewis has been employed at Ecolab, Inc. in Saint Paul since 1988, and currently serves as Ecolab's senior vice president for human resources. From 1988, Lewis was employed at the Pillsbury Corporation in Minneapolis.

She has served on the board of directors for the Saint Paul Chamber Orchestra, MacPhail Center for Music, the Metropolitan State University Foundation, and the Minneapolis YWCA.

Lewis received a B. A. in math and business from the University of Minnesota.



ELLEN McINNIS

Robbinsdale
Congressional district 5, Legislative district 45B, Arts region 11
Term: April 2004 - January 2008

Ellen McInnis is director of Minnesota government relations at Wells Fargo & Co. Her previous experience includes serving as director of Twin Cities governmental relations for Norwest Corporation (1988-1994); and executive director of Minnesota Citizens for the Arts (1984-1988).

She has served on numerous boards, including the Hennepin County Library Board, the Minneapolis Chamber of Commerce Executive Committee, the Hennepin County Board of Equalization, and the Minneapolis Foundation Board.

McInnis holds a B. A. in political science from the University of Minnesota.



EDWARD OLIVER

Deephaven
Congressional district 3, Legislative district 33B, Arts region 11
Term: June 2003 - January 2007

Ed Oliver owns and is CEO of Oliver Financial. He served in the Minnesota State Senate from 1993-2003, representing the Lake Minnetonka area.

He and his wife Charty have been active members and participants in several community art organizations. Their community involvement includes work with...

Minnesota Opera, Art on the Lake, the United Way, and the Boys and Girls Club Twin Cities. Oliver was instrumental in the cooperative effort to create the Minn Center for the Arts. In April 2003, Governor Pawlenty appointed Oliver to represent Minnesota on the Great Lakes Commission.

Oliver received a B. A. in economics from the University of Minnesota. He also is a veteran of the United States Air Force.



MARGARET RAPP

Woodbury
Congressional district 6, Legislative district 56B, Arts region 11
Term: July 2005 - January 2009

Maggie Rapp has been a teacher of American history, geography, early world and modern world history, and human sexuality at the Saint Paul Academy and Summit School (1991-2000); production manager of the jewelry company Claret by Shelley Holl (1990-1991); national sales manager for Claret by Shelley Holl (1990); and national marketing coordinator and national sales manager for M. E. Design, Inc. (1986-1989).

She received a B. A. in economics from Carleton College (Northfield, MN) and a M. Ed. from the University of Minnesota.



PAMELA PERRI WEAVER

Anoka
Congressional district 6, Legislative district 48B, Arts region 11
Term: March 2002 - January 2006

Pam Perri Weaver is executive vice president of the Builders Association of Minnesota, an organization of home builders, remodelers, and related industry professionals. Her previous positions include: public policy manager for the Vermont administration (1999-2001) executive director of the National Association of Fundraising Ticket Manufacturers (1995-1999); and executive director of Minnesota Citizens for the Arts (1987-1995).

She has served as a volunteer with a number of cultural and education organizations including the Minnesota Film Board, the University of Minnesota Early Childhood Family Learning Advisory Committee, and the University of Minnesota Mentor Program.

Weaver holds a B. A. in communications from the University of Minnesota.



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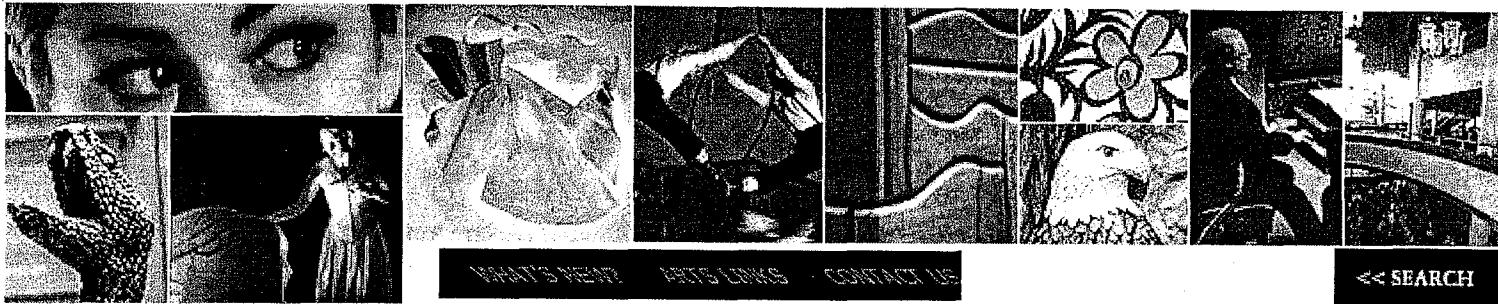
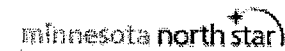
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Regional Arts Councils | Regional Forum

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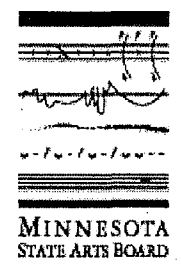
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Arts Board Strategic Plan

The Minnesota State Arts Board recently approved a new strategic plan that will determine the agency's directions and priorities for 2004 – 2007.

View pdf of the new strategic plan [here>>](#)

We want to thank Himle Horner, Inc., a Twin Cities-based public affairs consulting firm, for facilitating the planning process, and the hundreds of stakeholders who offered their input through open forums in each of Minnesota's eleven regions, through interviews, and through the Arts Board's online planning survey.



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2004 – 2007 Strategic Plan Vision, Mission, Values, Goals, Strategies

Vision

All Minnesotans have the opportunity to participate in the arts.

Mission

The Minnesota State Arts Board will:

- ◆ Serve as a leading catalyst for creating a healthy environment for the arts that fosters broad public participation in, and support for, the arts in Minnesota.
- ◆ Promote artistic excellence and preserve the diverse cultural heritage of the people of Minnesota through its support of artists and organizations.
- ◆ Act as a responsible steward of the public trust.
- ◆ Work with the statewide network of regional arts councils to ensure accessibility to arts activities for all Minnesotans.

Values

The Minnesota State Arts Board values the arts as a vital element in the life of our community. The arts, in their many forms, provide a vehicle for developing and expressing creativity, a tool for growth, and a means of connecting people across cultural boundaries.

- ◆ **Artistic Quality** The Board values artistic excellence both in the work we do and as a prime criterion for our support to artists and organizations.
- ◆ **Integrity/Accountability** The Board is a responsible steward of the public trust, committed to distributing public resources fairly and efficiently through a grantmaking system that is based on high ethical and legal standards and a peer review process open to the public.
- ◆ **Artists/Institutions** The Board values artists and arts organizations as the central forces in the creation and presentation of all artistic disciplines.
- ◆ **Education** The Board values arts in education and views these opportunities as essential to the intellectual and creative development of every Minnesotan.

- ♦ **Diversity** The Board recognizes that the many cultures represented in our state are an essential source of vitality and believes that funding diverse artistic traditions encourages intercultural respect and understanding.
- ♦ **Partnership** The Board is committed to nurturing current partnerships and creating new alliances to strengthen the health of the arts in Minnesota.
- ♦ **Public Value** The Board works in partnership with the arts community to build and demonstrate the public value of the arts in Minnesota.
- ♦ **Economic Impact** The Board recognizes that a strong artistic community has a positive and measurable impact on the economy of our state.
- ♦ **Innovation** The Board values innovation in the arts and freedom of artistic expression.
- ♦ **Respect** The Board values and respects its employees and volunteers and the contributions they make.

Goals

The Minnesota State Arts Board will:

I Increase the level of support needed to sustain and grow a healthy arts community

I-A Financially support artists and organizations throughout Minnesota

- ♦ Help provide financial stability and flexibility for Minnesota's premier producing and presenting organizations through unrestricted operating grants
- ♦ Provide financial support for artists that enhances their artistic and career development
- ♦ Seek ways to develop and grow support for touring and festivals across Minnesota

I-B Seek additional public and private financial support for artists and organizations throughout Minnesota

- ♦ Take advantage of all possible federal funding opportunities that do not compete with constituents' fundraising.
- ♦ Work toward returning the Minnesota State Arts Board's state funding to the level that was received prior to the 2003-2004 state fiscal crisis.
- ♦ Maximize other state funding for the arts
- ♦ Work to generate increased local, city, county support for the arts
- ♦ Pursue fundraising opportunities with national private and corporate foundations, that do not compete with constituents' fundraising
- ♦ Motivate Minnesota foundations/corporations that have not traditionally funded the arts to do so

I-C Develop and expand the significant nonfinancial contributions individuals and organizations make to the arts

- ♦ Work with organizations that encourage or facilitate volunteerism to expand the number of arts volunteers, and nonprofit arts organizations that use these services to promote arts volunteer opportunities
- ♦ Seek additional nonfinancial ways to support individual artists.
- ♦ Work to support passage of the Artists' Fair Market Deduction bill.

II Ensure that public services and grants are delivered effectively throughout the statewide arts system

II-A Carefully examine how resources are allocated in the following areas: formula-based funding; financial and technical support for smaller, community-based arts organizations; and requirements related to education, outreach, and touring

- ◆ Create an ad hoc board/staff committee to evaluate the strengths and weaknesses of formula based and merit based funding as a distribution method
- ◆ Increase community-based arts activities in communities and counties through targeted support and technical assistance
- ◆ Use Arts Board grant requirements for producing and presenting organizations to spur increased education, outreach, and touring activities throughout the state

II-B Assure that Arts Board resources provide the best return on investment in the arts for the people of Minnesota

- ◆ Analyze the Arts Board's process of allocating available grant dollars across its various granting categories. Determine if current process and distribution are appropriate to enable the Arts Board to achieve the vision of fostering participation opportunities for all Minnesotans
- ◆ Analyze current Arts Board grant making processes to determine if there are ways to improve the impact and efficiency of those efforts

II-C Review Arts Board programs each year to assess their progress in meeting the board's vision and goals

- ◆ Define intended outcomes for each program and conduct an annual analysis of whether those results have been achieved

II-D Work collaboratively with the regional arts councils to examine the existing model to ensure effective delivery of grants and technical assistance services to artists and organizations throughout the state

- ◆ Use Arts Board/regional arts council liaison committee, with input from external stakeholders, to analyze the effectiveness of current statewide grants and services delivery model

II-E Work in concert with the regional arts councils to evaluate the statewide network and determine whether any changes would better meet the needs of artists, organizations, and audiences today and in the future

- ◆ Consider whether current fund distribution mechanisms and Arts Board/ regional arts council fiscal agent agreement needs updating

II-F Solicit advice from arts funders, institutions, artists, and other stakeholders about how to better meet the needs of the arts community

- ◆ Ensure active involvement of stakeholders in the Arts Board/regional arts council liaison committee and the assessment processes described in goals II-A, II-B, II-D, and II-E

III Serve as a leader, promoting the value of the arts to Minnesota's quality of life

III-A Communicate the importance of public and private investment in the arts by: Acknowledging private and public sector leaders who support the arts in their communities in order to reinvigorate support for the arts; Increasing public communication about the arts in Minnesota, emphasizing local leadership in the arts and arts in education

- ◆ Work with regional arts councils, Minnesota Citizens for the Arts, Minnesota Alliance for Arts in Education, and Perpich Center to expand and/or create ways to recognize arts leadership and volunteerism
- ◆ Connect arts issues with issues of other state agencies

III-B Hold regional meetings with members of the arts community, business and opinion leaders, key public officials, and the media to communicate the Board's vision and goals, and to advocate on behalf of public and private investment in the arts

- ◆ Collaborate with regional arts councils to communicate Arts Board vision/goals and advocate for investment throughout the state
- ◆ Use technical assistance workshops both as training opportunities, and as vehicles to communicate key agency messages and goals

III-C Continue to build partnerships within the leadership of the arts community

- ◆ Engage stakeholders and partners in creating a unified vision for the arts in Minnesota
- ◆ Engage arts leaders throughout the state more fully in day-to-day Arts Board activities
- ◆ Use visit of the National Endowment for the Arts chairman to foster partnerships
- ◆ Continue to support the work of the Minnesota Presenters Network

III-D Achieve and maintain recognition locally, regionally, and nationally as a leader in the arts community

- ◆ Maximize executive director's National Assembly of State Arts Agencies leadership position to bring visibility to the Arts Board and Minnesota arts community
- ◆ Seek out and secure regional and national boards or service opportunities for Arts Board members, staff, and RAC directors

IV Support increased access and opportunities in arts education

IV-A Continue to emphasize arts in education as a primary component in all Arts Board grant programs

- ◆ Demonstrate the benefit that arts in education grants to arts organizations produce for students, schools, and communities
- ◆ Highlight the benefit of the arts education activities of Institutional Support and Institutional Presenter Support grantees

IV-B Support in-school residencies with professional teaching artists

- ◆ Continue to improve the educational experience of students who participate in school residencies
- ◆ Use School Support grants as a tool to expand or stimulate new arts activity in Minnesota schools

IV-C Continue partnership with the Perpich Center for Arts Education

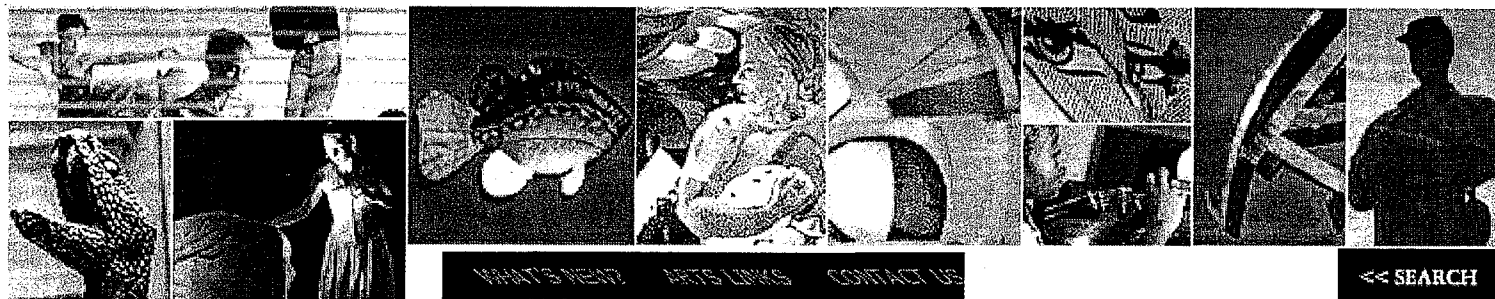
- ◆ Work with the Perpich Center and the Minnesota Alliance for Arts in Education to improve arts education in Minnesota

IV-D Support the activities of the Comprehensive Arts Planning Program

- ◆ Use the success of CAPP to grow arts activities in communities throughout the state

MINNESOTA STATE ARTS BOARD

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Arts Board Rules

What are rules?

The Arts Board is authorized by the Minnesota State Legislature to make rules that govern:

- procedures and criteria for receiving, considering, and reviewing requests for, and distribution of, grants and other forms of assistance; and
- procedures and criteria to conduct a decentralized system of providing grants and other forms of assistance at the grass roots level.

Each time the Arts Board makes revisions or additions to the rules, the public will have an opportunity to comment about the proposed changes.

What are the current rules of the Arts Board?

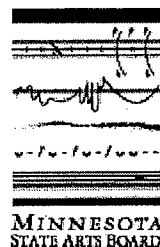
The Arts Board's existing rules—Minnesota Rules, Chapter 1900—are available on the Web site of the [Office of the Revisor of Statutes](#).

About the rule making process and current rules changes

There currently are no rules changes in process.

Agency rulemaking contact person

Questions or concerns about existing Arts Board rules, suggestions for new rules, requests to be added to the Arts Board's rulemaking mailing list, or requests to receive information in an alternate format should be directed to the Arts Board [communications director](#)





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Arts Board Calendar (July 1, 2005 - June 30, 2006)

Grant Application Deadlines

Thursday	September 1, 2005	<u>Cultural Community Partnership</u>
Thursday	September 15, 2005	<u>Artist Initiative</u>
Tuesday	November 15, 2005	<u>Percent for Art Slide Registry</u>
Friday	December 30, 2005	<u>K - 12 Arts Challenge Minnesota</u> <i>Applications may be submitted at any time before the deadline</i>
Wednesday	February 1, 2006	<u>Institutional Support *</u>
Wednesday	February 1, 2006	<u>Institutional Presenter Support *</u>
Wednesday	March 15, 2006	<u>Series Presenter</u>
Monday	April 3, 2006	<u>Arts in Education Organizational Support *</u>
Monday	April 3, 2006	<u>Arts in Education School Support</u>
Monday	May 15, 2006	<u>Percent for Art Slide Registry</u>
Thursday	June 15, 2006	<u>Arts in Education Roster of Artists</u>

* = interim year application

Panel Meetings

Wednesday - Thursday	October 26-27, 2005	<u>Cultural Community Partnership</u>
Wednesday - Thursday	November 16-17, 2005	<u>Artist Initiative / photography</u>
Tuesday - Wednesday	November 29-30, 2005	<u>Artist Initiative / poetry</u>
Wednesday - Thursday	December 14-15, 2005	<u>Artist Initiative / music</u>
Wednesday - Thursday	January 11-12, 2006	<u>Artist Initiative / prose</u>
Tuesday - Wednesday	January 24-25, 2006	<u>Artist Initiative / new media</u>
Tuesday	May 9, 2006	<u>Series Presenters</u>
Wednesday - Thursday	June 28-29, 2006	<u>Arts in Education School Support</u>

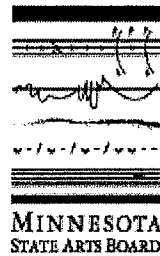
Board Meetings

Thursday	July 28, 2005	Annual meeting & retreat <i>Click here to review the meeting agenda</i>
Wednesday	September 28, 2005	Board meeting <i>Click here to review the meeting agenda</i> <i>Click here to review the executive meeting agenda</i>
Wednesday	October 12, 2005	Executive committee meeting <i>Click here to review the agenda</i>
Thursday	October 27, 2005 4:00 p.m.	Board meeting <i>Click here to review the agenda</i>
Thursday	December 1, 2005	
Thursday	January 26, 2006	
Wednesday	March 22, 2006	
Wednesday	May 24, 2006	
Wednesday	July 26, 2006	

All board meetings are open to the public, in accordance with the guidelines of Minnesota's Open Meeting Law. Generally, meetings begin at 12:00 p.m. and are held in the Arts Board office. Any change in time or venue will be announced in advance.

Holidays (The Arts Board office will be closed on the following days)

Monday	July 4, 2005	Independence Day
Monday	September 5, 2005	Labor Day
Friday	November 11, 2005	Veterans' Day
Thursday - Friday	November 24-25, 2005	Thanksgiving
Monday	December 26, 2005	Christmas Day (observed)
Monday	January 2, 2006	New Year's Day (observed)
Monday	January 16, 2006	Martin Luther King Jr Day
Monday	February 20, 2006	Presidents' Day
Monday	May 29, 2006	Memorial Day



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Requests and Grants

In fiscal year 2003, the Minnesota State Arts Board granted nearly \$11.7 million—in block grants to the state's eleven regional arts councils, and as project and operating grants to artists, arts organizations, schools, and other nonprofits throughout the state. These funds produced significant and positive benefits for the individuals, organizations, and communities touched by them.

Minnesota State Arts Board Application and Grant Summary

Grant Program	Total Applications	Amount Requested	Total Grants	Amount Granted
Artist Assistance				
Career Opportunity Grant	78	\$106,950	20	\$26,700
Cultural Collaborations	14	81,100	7	42,000
Fellowship	535	4,280,000	48	292,000
Arts Across Minnesota				
Festivals	25	325,190	21	271,110
Host Community	13	227,903	13	227,903
Arts in Education				
CAPP School Support	9	18,000	9	18,000
K-12 Arts Challenge	20	45,312	20	45,312
Organizational Support	17	188,000	17	180,500
School Support	45	203,538	41	193,156
Folk Arts				
Apprenticeship	24	82,090	6	19,108
Sponsorship	16	70,544	5	22,708
Institutional/Presenter Support				
Institutional Support	100	6,190,300	99	5,941,931
Institutional Presenter	13	946,700	13	909,920
Series Presenter	12	147,975	11	72,000
Wells Fargo Foundation Minnesota, Group II	24	30,000	24	30,000
Total	945	\$12,943,602	354	\$8,292,348

A complete list of all FY2003 Arts Board and regional arts council grants is available in the "Grants" section of the Arts Board Web site: www.arts.state.mn.us

Requests and Grants continued

Minnesota State Arts Board Block Grants to Regional Arts Councils

Regional Arts Councils		2003 Block Grant
Region 1	Northwest Regional Arts Council, Warren	\$123,988
Region 2	Region 2 Arts Council, Bemidji	114,963
Region 3	Arrowhead Regional Arts Council, Duluth	280,562
Region 4	Lake Region Arts Council, Fergus Falls	198,456
Region 5	Five Wings Arts Council, Staples	153,785
Region 6E, 6W, 8	Southwest Minnesota Arts and Humanities Council, Marshall	240,710
Region 7E	East Central Arts Council, Mora	142,938
Region 7W	Central Minnesota Arts Board, Elk River	269,864
Region 9	Prairie Lakes Regional Arts Council, Waseca	199,844
Region 10	Southeastern Minnesota Arts Council, Rochester	317,631
Region 11	Metropolitan Regional Arts Council, Saint Paul	1,351,259
Total		\$3,394,000

A complete list of all FY2003 Arts Board and regional arts council grants is available in the "Grants" section of the Arts Board Web site: www.arts.state.mn.us



FY2003 Financial Statement

Revenue

State		\$12,909,046
Legislative appropriation	12,217,756	
Perpich Center for Arts Education	75,000	
Percent for Art in Public Places	616,290	
Federal		776,466
National Endowment for the Arts	776,466	
Private		347,837
The Wallace Foundation	282,795	
Wells Fargo Minnesota Foundation	30,000	
Strategic reserve funds	35,042	
Miscellaneous receipts	810	810
TOTAL REVENUE		14,034,159

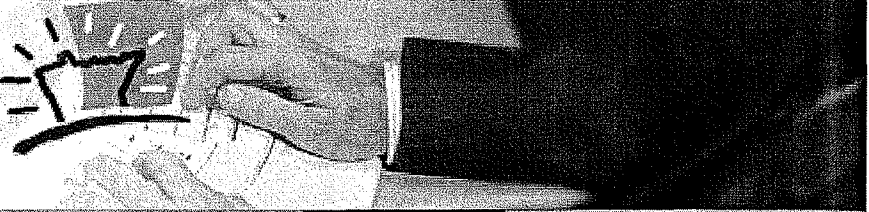
Expenses

Grants (*)		11,679,356
Regional Arts Councils	3,394,000	
Artist Assistance	316,563	
Arts Across Minnesota	494,479	
Arts in Education	434,840	
Cultural Collaboration	42,000	
Folk Arts	43,683	
Institutional / Presenter Support	6,953,791	
Partnerships		943,308
Percent for Art in Public Places	616,290	
Statewide Audience Development Initiative	282,973	
Arts Midwest	34,045	
Cultural Pluralism	10,000	
Operations & Services	1,411,495	1,411,495
TOTAL EXPENSES		\$14,034,159

(*) Slight variations in the grant funds expended versus awarded (see page 10) are due to the return of some unspent grant funds. Unspent state dollars were returned to the State's General Fund.

IRON RANGE Resources

Advancing regional growth.



Agency Resources Business Resources Regional Resources Natural Resources Tourism Resources

Financial tools, JOBZ zones, regional strengths, work force profiles

Welcome

As Commissioner of Iron Range Resources, a state agency with a regional economic development focus, I am pleased to welcome you to our website.



Whether you are a resident of this beautiful region, thinking about visiting, or are interested in growing your business here, we hope you will find this site a useful tool.

When it comes to northeastern Minnesota, it is all about resources, including:

- **Agency resources** that are structured to advance the growth of our region;
- **Business resources** involving grants, loans and equity investments as well as human resources and a variety of programs designed to support business development;
- **Regional resources** including a variety of business locations that offer exemptions from state and local taxes;
- **Natural resources** from timber to taconite and value-added opportunities in between; and,
- **Tourism resources** that highlight the rugged beauty of the region and the beckoning facilities that add to an excellent quality of life.

So, please take a look at what we have to offer and allow us to put the financial, human and natural resources of our region to work for you.

Sincerely,

Sandy Layman, Commissioner
Iron Range Resources

Ironworld Development Corporation Board Application

Iron Range Resources Success

Navigant has no reservations about Iron Range location

What does Ely, Minn., have in common with Seattle, W. Va.? Each city is home to a customer-service center for Services, a company that manages the travel needs of companies. It's a subsidiary of Navigant International, a business with 5,000 employees worldwide and \$350 mi 2001.

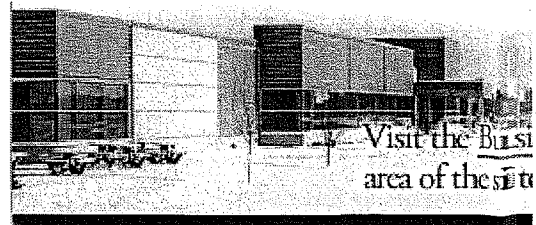
[Read the rest »](#)

Did you know?

Iron Range Resources is one of the largest and most lenders in northeastern Minnesota.

Today's Feature

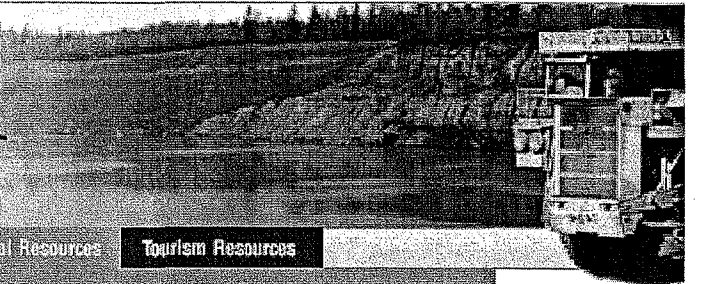
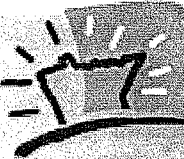
A new edition of "The Old Country Cookbook" featuring the Iron Range is now available. Enjoy the tastes and fl so fondly. For more information, visit the Iron Range R website at www.ironrangeresearchcenter.org.



Click here to visit the GOV
DEPARTMENT RI
Home Page

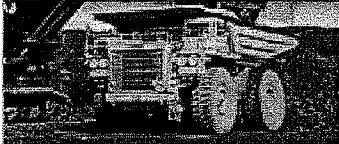
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- Agency Resources
- Business Resources
- Regional Resources
- Natural Resources
- Tourism Resources

Mines, forests and more!



Mining Programs

- » Taconite Economic Dev. Fund
- » Drilling Incentive Grant
- » Mining Tax Study Advisory Committee
- » Mineland Reclamation
- » Related Links

Forest Products

- » Jaakko Pöyry Report
- » Blandin Vital Forests
- » More Forestry Information
- » Goods from the Woods

New Energy Initiatives



[Home](#) » [Natural Resources](#)

Natural Resources

Leveraging Natural Resources

Iron Range Resources Commissioner to Join Trade Mission to China. [Link to news release.](#)

Incentive programs are available through Iron Range Resources to support continued development of the region's natural resources.

Mining

For over a century, northeastern Minnesota's iron ore mining has provided thousands of good paying jobs for people directly employed at the mines and for those employed in its satellite industries. Today, innovative technologies promise to extend the life of the iron mining industry in northeastern Minnesota by producing steel nuggets and direct reduced iron — products that can be used in new markets such as electric furnaces and foundries not served by current Iron Range technology.

Other minerals also are now being actively explored for commercialization. In recent years, deposits of copper, nickel, and precious metals have been found in sufficient quantities to spark the interest of developers. At least two major companies are considering significant mining operations in the area to develop these deposits.

Forest Products

Northeastern Minnesota's thriving timber industry also continues to contribute to the regional economy. Iron Range Resources commissioned Jaakko Poyry, a global consulting group for the timber industry, to assess the area's wood products capabilities. The study concluded that the area could support increased manufacturing in this sector of the economy, particularly in the area of value-added wood products.

New resources

The agency is also encouraging new initiatives such as wind energy and a revolutionary clean coal gasification technology that can produce electricity in a manner that both decreases air polluting emissions and increases plant efficiency. These innovations have huge implications for the northeastern Minnesota and the entire state.

Did You Know?

The Taconite Economic Development Fund includes 50 counties in northeastern Minnesota.

Visit Agency

Iron Range Resources is the largest and most successful lender in the region.

Visit Business

Northeastern Minnesota has low absenteeism and high productivity. It is accustomed to a week in a week.

Visit Regional

Minnesota's taconite goods and services exceed over 200 counties.

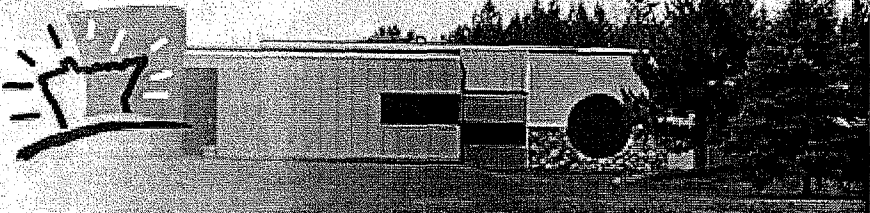
Visit National

At Ironworld, you can climb aboard the world's largest and most authentic around the globe location. Get a mining settlement glimpse of Iron Range's mini.

Visit Tourism

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Agency Resources Business Resources Regional Resources Natural Resources Tourism Resources

FAQs, key contacts, history and service area



Ironworld Development Corporation Board Application

Office of the Commissioner

Board Members

Current Activities

» Giants Ridge Task Force

» Ironworld Task Force

» Mining Tax Study Advisory Committee

» Governor's Committee on Minnesota's Mining Future

Agency History

FAQs

Organization Chart

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Taconite Assistance Area Map

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RangeView

Biennial Report

Home » Agency Resources » FAQs

FAQs

Frequently Asked Questions

1. [Do the state taxes I pay fund Iron Range Resources?](#)
2. [What is your service area?](#)
3. [What financial or technical resources are available in the area?](#)
4. [How do I get more information about a business loan?](#)
5. [Who can I contact regarding the Job Opportunity Building Zone \(JOBZ\) program?](#)
6. [Is Ironworld Discovery Center in Chisholm, MN part of your agency? Is Giants Ridge Golf and Ski Resort in Biwabik, MN part of your agency?](#)
7. [I've seen your agency named several ways. Which is the proper one?](#)
8. [Where are you located?](#)
9. [How are the members of the Iron Range Resources and Rehabilitation Board selected?](#)
10. [Who do I talk to about available workforce in the area and available skills?](#)

Do the state taxes I pay fund Iron Range Resources?

No, the agency is funded by taxes levied on the region's taconite mining companies. No money comes from the state's general fund. Approximately half of the agency's annual revenue comes from taconite production taxes levied in lieu of local property taxes on iron mining companies located within the Taconite Assistance Area. The other half of the agency's annual revenue comes from interest income, loan repayments and receipts from agency facilities, Giants Ridge Golf & Ski Resort and Ironworld Discovery Center.

[return to top](#)

What is your service area?

Our service area is called the [Taconite Assistance Area](#). It is approximately 13,000 square miles in northeastern Minnesota encompassing 15 school districts.

[return to top](#)

What financial or technical resources are available in the area?

Iron Range Resources, in combination with its regional development and private sector partners, will assist your qualified business in putting together a flexible financial package that addresses your capital needs. Examples of possible incentives from the agency and its partners can include - low cost debt with favorable repayment terms for capital expenditures, "built-to-suit" production space with favorable lease terms,

Did you

Iron Range Resources agency in 1998 receive funding

[Visit Agency](#)

In 2002, more free calls and handled by centers, including Delta Dental Shield and Services. Info transferred on

[Visit Bureau](#)

Northeastern workforce of people. Underemployment indicated the better

[Visit Region](#)

Minnesota taconite goods and services over 2000

[Visit North](#)

Minnesota's 100 million in gross and is a key economy, contributing

[Visit Tourism](#)





equity capital and, in limited cases, grants to assist your growth needs. The area also offers a wide variety of technical assistance from the preparation of your business plan to process engineering issues.

[return to top](#)

How do I get more information about a business loan?

Contact Development Strategies Division at Iron Range Resources for more information. 1-877-TAX-EXEMPT (1-877-829-3639) or 218-744-7400 or E-mail: DevelopmentStrategies@IronRangeResources.org

Who can I contact regarding the Job Opportunity Building Zone (JOBZ) program?

Contact Development Strategies Division at Iron Range Resources for more information. 1-877-TAX-EXEMPT (1-877-829-3639) or 218-744-7400 or E-mail: DevelopmentStrategies@IronRangeResources.org

Is Ironworld Discovery Center in Chisholm, MN part of your agency? Is Giants Ridge Golf and Ski Resort in Biwabik, MN part of your agency?

Yes, in addition to assisting existing businesses and communities, as well as providing incentives for business relocation and enhancement of tourism to the region, the agency owns and operates Ironworld Discovery Center in Chisholm and Giants Ridge Golf and Ski Resort near Biwabik.

Visit their websites at ironworld.com or giantsridge.com for more information.

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I've seen your agency named several ways. Which is the proper one?

Iron Range Resources

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Where are you located?

Our agency office is located along Highway 53 just south of Eveleth, Minnesota. The address is:

Iron Range Resources 4261 Hwy 53 South, P.O. Box 441 Eveleth, MN 55734-0441

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How are the members of the Iron Range Resources and Rehabilitation Board selected?

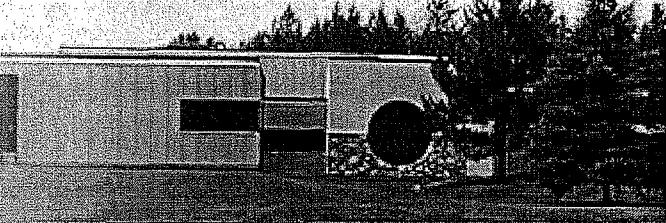
The Iron Range Resources and Rehabilitation Board, consists of 13 members, five of whom are state senators appointed by the Subcommittee on Committees of the Rules Committee of the senate, and five of whom are representatives, appointed by the speaker of the house of representatives. The remaining three members are appointed one each by the senate majority leader, the speaker of the House of Representatives, and the governor and must be nonlegislators who reside in the Taconite Assistance Area. The members are appointed in January of every odd-numbered year and serve until January of the next odd-numbered year.

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Who do I talk to about available workforce in the area and available skills?

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Agency Resources Business Resources Regional Resources Natural Resources Tourism Resources

FAQs, key contacts, history and service area



Ironworld Development Corporation Board Application

Office of the Commissioner

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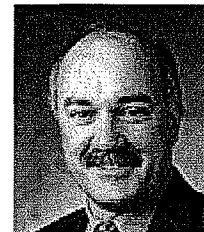
Biennial Report

[Home](#) » [Agency Resources](#) » Board Members

Board Members

Tomassoni, David (DFL) Senator, District 5 - Majority Whip, Chair, Iron Range Resources Board

111 State Capitol
St. Paul, MN 55155
(651) 296-8017



412 N.W. Second St.
Chisholm, MN 55719
(218) 254-3430

sen.david.tomassoni@senate.mn

Elected to House: 1992, 1994, 1996, 1998

Elected to Senate: 2000, 2002

Term: 2nd

Committees: Taxes, vice chair; Education; Finance Committee, Higher Education Budget Division; State and Local Government Operations

Bakk, Thomas (DFL) Senator, District 6A

Room 226, Capitol
St. Paul, MN 55155
(651) 296-5537



2361 Retreat Road
Cook, MN 55723
(218) 666-5041

sen.tom.bakk@senate.mn

Elected to House: 1994, 1996, 1998, 2000

Elected to Senate: 2002

Term: 1st

Committees: Jobs, Energy and Community Development, vice chair; Environment and Natural Resources; Finance Committee; Agriculture and Economic Development Budget Division; Taxes

Begich, Joe - Citizen

1001 West Second Street
Eveleth, MN 55734
(218) 744-2512



Citizen appointed by Senate Majority Leader.

Dill, David (DFL) Representative 6A

315 State Office Building
St. Paul, MN 55155
(651)296-2190

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423 Bear Island
Crane Lake, MN 55725
(218)993-2252

rep.david.dill@house.mn



Elected: 2002
Term: 2nd
Committees: Agriculture, Environment and Natural Resources Finance, vice chair;
Environment and Natural Resources; Taxes

Henning, Bill - Citizen
1743 Lookout Ridge Road
Ely, MN 55731
(218) 365-3407
whenning@frontiernet.net



Citizen appointed by Governor Pawlenty.

Lourey, Becky (DFL) Senator, District 8
G-24 State Capital
St. Paul, MN 55155
(651) 296-0293



51752 Oak Leaf Road
Kerrick, MN 55756
(218) 496-5528

sen.becky.lourey@senate.mn

Elected to House: 1990, 1992, 1994
Elected to Senate: 1996, 2000, 2002
Term: 3rd
Committees: Health and Family Security, chair; Agriculture, Veterans and Gaming;
Commerce; Finance Committee, Health and Human Services Budget Division

Matasich, Matt - Citizen
Virginia, MN 55792
(218)-741-1162



Citizen appointed by Speaker of the House.

Penas, Maxine (R) Representative 1A
579 State Office Building
St. Paul, MN 55155
(651)296-9635



310th Ave.
Badger, MN 56714
(218)528-3278

rep.maxine.penas@house.mn

Elected: 2000, 2002
Term: 3rd
Committees: Agriculture and Rural Development; Agriculture Environment and
Natural Resources Finance; Environment and Natural Resources

Rukavina, Tom (DFL) Representative 5A
279 State Office Bldg.
St. Paul, MN 55155
(651) 296-0170

6930 Highway 169
Virginia, MN 55792
(218) 749-5690
rep.tom.rukavina@house.mn



Elected: 1986
Term: 10th
Committees: Commerce and Financial Institutions; Property and Local Tax Division; Taxes; Ways and Means

Saxhaug, Tom (DFL) Senator, District 3

124 State Capital
St. Paul, MN 55155
(651) 296-4136

1032 1st Ave NW
Grand Rapids, MN 55744
(218) 326-8163

sen.tom.saxhaug@senate.mn



Elected: 2002
Term: 1st
Committees: Environment and Natural Resources, vice chair; Education; Finance Committee, K-12 Education Budget Division; Jobs, Energy and Community Development

**Sertich, Anthony (DFL) Representative 5B,
Minority Whip**

273 State Office Building
St. Paul, MN 55155
(651) 296-0172

P.O. Box 3
Chisholm, MN 55719
(218)254-1936

rep.tony.sertich@house.mn



Elected: 2000
Term: 3rd
Committees: Commerce and Financial Institutions; Jobs and Economic Opportunity Policy and Finance; Rules and Legislative Administration

**Solberg, Loren (DFL) Representative 3B -
Assistant Minority Leader Vice-chair, Iron Range
Resources Board**

349 State Office Building
St. Paul, MN 55155
(651) 296-2365

115-5th Ave. Box 61
Bovey, MN 55709
(218) 245-1602

rep.loren.solberg@house.mn



Elected: 1982
Term: 12th
Committees: Capital Investment; State Government Finance; Ways and Means

Solon, Yvonne Prettner (DFL) Senator, District 7

303 State Capital
St. Paul, MN 55155
(651)296-4188

3800 London Road #409
Duluth, MN 55804

(218)727-3997

sen.yvonne.prettner.solon@senate.mn



Elected: special election 2002, 2002

Term: 2nd

Committees: Finance Committee, Health and Human Services Budget Division, vice chair; Finance Committee, Higher Education Budget Division, vice chair; Agriculture, Veterans and Gaming; State and Local Government Operations

▲ RETURN TO TOP ▲



Iron Range Resources - info@IronRangeResources.org
P.O. Box 441 • 4261 Hwy 53 South
Eveleth, MN 55734-0441
218-744-7400 • 800-765-5043

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Minnesota's Lake Superior Coastal Program

Program Details

The MLSCP is a networked program that uses existing state policies and authorities that are implemented by a number of different state agencies and local units of government. MLSCP does not create any new permits nor does it require any new regulations, zoning ordinances or enforceable mechanisms. Instead, it relies on the combined resources, organization, and implementation abilities of federal, state, and local governments that manage land and water resources in the state. This approach encourages greater cooperation and encourages simplification of governmental processes within Minnesota's coastal area.

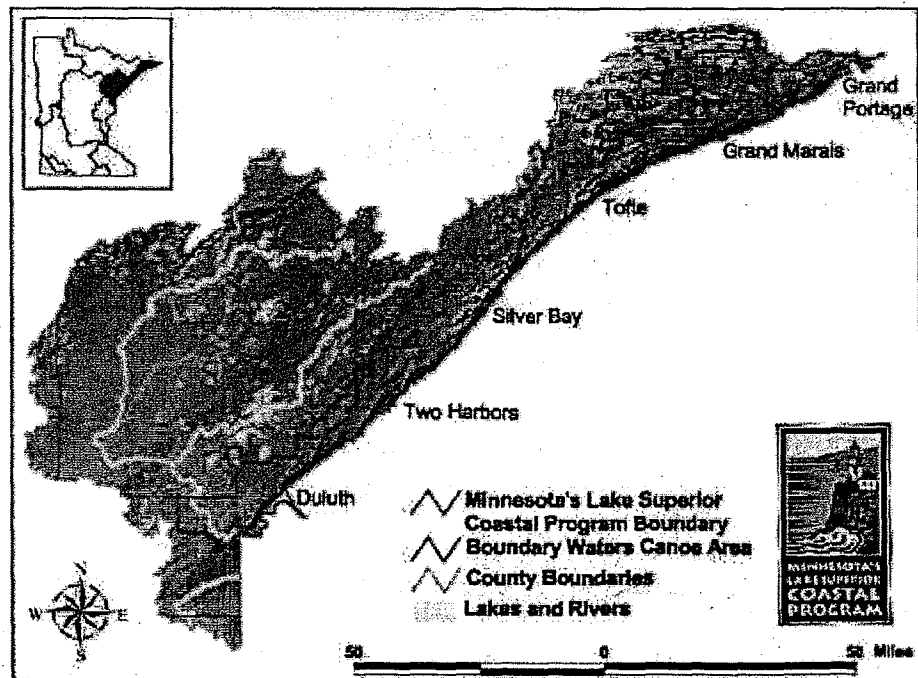
The Minnesota Department of Natural Resources (DNR) administers the program out of an office on the North Shore of Lake Superior at Two Harbors. With the management aspect of the program already administered through the existing network of state agencies and local units of government, the primary role of the MLSCP is to administer the grants program and perform consistency reviews.

Minnesota's Lake Superior Coastal Program is *not* another plan to implement. It is instead, a new tool to implement existing programs and to provide funding for unique or under-funded opportunities.

Governor's Council on Minnesota's Coastal Program

A key component of the MLSCP is the Governor's Council on Minnesota's Coastal Program (the Coastal Council). The Coastal Council is the decision-making mechanism through which the MLSCP implements the grant program. The Coastal Council establishes the program priorities, selects projects for funding, reviews the budget, and conducts a biennial review of the Coastal Program.

The Coastal Council consists of fifteen members, with three persons representing each of the four counties that are located within the coastal boundary, and the remaining three members selected from an At-Large pool. The Governor appoints all Council members after their nomination by the 31 eligible local units of government within the coastal boundary or in the case of the three unaffiliated members, the public at-large.



Helping Support the North Shore

Grant Program Structure

The Coastal Zone Management Program, administered by NOAA, offers \$68 million annually in federal matching funds to eligible states for coastal projects. NOAA uses a funding formula based on shoreline miles and coastal population to allocate each state's share of the available federal funds. With its 190 miles of Lake Superior shoreline and 220,000 residents, the Coastal Program receives about \$1.2 million annually in federal funding.

The Coastal Program offers grants on a competitive basis, and participation in the program has been high. In the first five years, the MLSCP has made grants totaling \$4.86 million, including \$3.06 million in the annual grants program and \$1.8 million through the one time appropriation for the Great Lakes Coastal Restoration Grants program.

MLSCP grants have been an important source of funding for a variety of North Shore projects, helping to increase the availability of GIS data and imagery for use in future planning and development projects. Work has been undertaken to restore and rehabilitate valuable natural resources, and water resources education has been added to school curriculums. These are just a few of the results of Coastal Program funding.

Who is eligible?

Local units of government, state and regional agencies, educational institutions and school districts, conservation districts and port authorities, sanitary sewer districts,

tribal governments, joint power boards and nonprofit organizations located within the Coastal Program boundary may apply for a grant. The Coastal Council has established a list of focus areas for the grant program. These priority categories are:

- Coastal Outreach and Education
- Coastal Land Use, Planning, and Development
- Public Access and Recreation
- Enhancement, Protection, and Management of Natural Resources
- Protection, Preservation, and Enhancement of Cultural and Historic Coastal Resources
- Economic Implications of Managing Coastal Resources
- Coastal Partnerships, Collaboration, and Inter-Organizational Cooperation

Projects that include large-scale, hard structure erosion control, large-scale beach renourishment, infrastructure projects related to water, and sewer line and road construction, and improvements to private property or for other private enterprises are ineligible for funding.

Grant proposal guidelines are available at www.dnr.state.mn.us/waters/lakesuperior or by calling 218-834-6625.



National Fish and Wildlife Foundation

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About the National Fish and Wildlife Foundation

Who We Are

The National Fish and Wildlife Foundation is a private, non-profit, 501(c)(3) tax-exempt organization, established by Congress dedicated to the conservation of fish, wildlife, and plants, and the habitat on which they depend. Our goals are to promote populations of fish, wildlife, and plants by generating new commerce for conservation. The Foundation meets these goals through partnerships between the public and private sectors and strategically invests in conservation and sustainable use of natural resources. The Foundation does not support lobbying, political advocacy, or litigation.

What We Do

Matching Grants The Foundation identifies conservation needs, reviews proposed projects, fosters cooperative partnerships, and commits a combination of federal and non-federal funds to on-the-ground conservation projects. The Foundation commensurates the value of matching grants, ensuring that the Foundation's funds are leveraged.

Building Partnerships The Foundation creates partnerships among federal, state, and local governments, corporations, foundations, individuals, and non-profit organizations. Creating partnerships facilitates strategic identification of conservation opportunities, promotes efficiency and cooperation in the delivery of solutions through matching grants.

Leveraging Funds Matching grants are partially supported by Congressionally appropriated dollars that must be matched by the recipient. However, the Foundation strives to maximize dollars invested in conservation and currently average more than 3:1. For every dollar that Congress provides to the Foundation, nearly \$3 in on-the-ground conservation takes place. Since our founding in 1984, we have supported over 6,400 grants and leveraged \$261 million in federal funds and \$786 million in on-the-ground conservation. This has resulted in:

- 27 million acres of protected, restored, and managed wildlife habitat
- New hope for countless species under stress
- New models of private land stewardship
- Stronger educational programs in schools and local communities

Delivering Revenue The Congressionally appropriated funds entrusted to the Foundation are multiplied and delivered to conservation projects; none are used for operating expenses. The Foundation depends upon private contributions for its operating expenses and is recognized for its ability to stretch contributions. Our results are at net asset value; we do not take a "sales charge" for contributions, and we reinvest interest. More than 96% of combined National Fish and Wildlife Foundation revenue goes to support conservation projects.

We make conservation your best business decision - Partnerships that work - Solutions that last

National Fish and Wildlife Foundation National Office

1120 Connecticut Ave., NW Suite 900, Washington, DC 20036

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Corporate Partners

Federal Partners

Federal Partnerships

The Foundation's investments in innovative, collaborative solutions to conservation challenges are made possible with support of our partners. Our Federal partners work with the Foundation to secure funds for our grant programs, identify funding consideration, assist the Foundation in assessing project proposals, and act as the Foundation's eyes and ears project site visits and evaluating project success.



U.S. Fish and Wildlife Service

The U.S. Fish and Wildlife Service is the Foundation's primary federal agency partner. The Foundation's Congressional support to "encourage, accept and administer private gifts and property for the benefit of, or in connection with, the activities of the U.S. Fish and Wildlife Service" (P.L. 98-244, as amended, 16 U.S.C. 3701 et seq.). To date, 538 grants have been awarded in all 50 states with more than 77% of these grants going towards on-the-ground conservation.



National Oceanic and Atmospheric Administration

The National Oceanic and Atmospheric Administration (NOAA) and the Foundation partnership began with an agreement to provide funding assistance to fishermen in the Northeast. Since that time, the partnership has solidified through our statutory authority that names the National Fish and Wildlife Foundation as the NOAA/NFWF foundation. For the period, 1994-2001, the NOAA/NFWF partnership provided 329 grants to marine cross-boundary projects in 26 states. The \$13.67 million in NOAA/NFWF funds awarded during that period was matched with over \$23.02 million in non-federal funding raised by the Foundation and its conservation partners. This was further enhanced with over \$3.91 million in other federal agency funding where opportunities for coordination and collaboration existed. Engaging a multitude of conservation partners is part of our effort to increase resources for coastal and marine conservation.



Forest Service

The Foundation began its relationship with the U.S. Department of Agriculture's Forest Service in 1991 with a \$30,000 challenge grant to restore trout habitat ravaged by flooding in the Monongahela National Forest. The Forest Service directed funds to the Foundation for the first time. To date, the Foundation has funded 490 projects in partnership with the Forest Service and has grown roughly \$12 million in Forest Service grants to more than \$46 million for on-the-ground conservation. Foundation grants have been made to more than 100 National Forests and Research stations in all nine regions of the Forest Service.



Bureau of Land Management

The Foundation began its relationship with the Bureau of Land Management (BLM) in 1991. Between 1991 and 2001, the Foundation collaborated with BLM on 46 conservation projects, matching nearly \$850,000 in federal funds with more than \$1 million in non-federal funds. The partnership was strengthened in 1995, when the Foundation received its first direct Congressional appropriation through the BLM's challenge cost-share program. During that period, the Foundation collaborated with BLM on more than 350 projects and helped leverage \$13.9 million in federal funds into more than \$40 million into on-the-ground conservation.



Natural Resources Conservation Service

In fiscal year 2000, the National Fish and Wildlife Foundation and the Natural Resources Conservation Service entered into a new partnership to support agricultural conservation on private lands. In the first two years of the partnership, 123 on-the-ground conservation projects were funded in 28 states involving more than 100 organizations, conservation districts, and Resource, Conservation and Development Councils (RC&D). In the first two years, the Foundation received \$1.5 million in federal funds to match \$1.5 million in non-federal funds.

Foundation leveraged \$6 million of NRCS funds into more than \$23 million for conservation projects. The program pror projects that maximize the benefits of the Conservation Title of the Farm Bill by enhancing water quality, wildlife habitat management on a watershed scale. In fiscal year 2002, the Foundation received additional funds from NRCS to contin program.

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General Matching Grant Programs

Due to our recent service outage, the October 31, 2005, full proposal deadline has been extended to Friday, November 4, 2005. We apologize for the inconvenience.

The National Fish and Wildlife Foundation offers two types of grant programs.

Special Grant Programs

General Matching Grant Program

The National Fish and Wildlife Foundation funds projects to conserve and restore fish, wildlife, and native plants through various programs. The Foundation awards matching grants to projects that address priority actions promoting fish and wildlife habitats on which they depend, work proactively to involve other conservation and community interests, leverage Foundation funding, and evaluate project outcomes. Federal, state, and local governments, educational institutions, and nonprofit organizations are welcomed to apply for a general matching grant throughout the year, using the [General Matching Grant Guidelines](#).

Funded Projects

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Special Grant Programs

In addition to the general matching grant and small grant programs, the Foundation administers a number of special grant programs with specific guidelines and time-lines. If your project does not meet the criteria of any program described below, please contact us under the general matching grant program. Also, please note, if your project is not funded under the grant program for which it was submitted, Foundation staff may move your project to the general matching grant program or a different special grant program if there is potential of being funded under it. Program deadlines are listed for the most recent grant cycle and are updated when a new grant cycle proposals is released.

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Grant Application

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Special Grant Programs

General Matching Grants Program

The National Fish and Wildlife Foundation operates a conservation grants program that awards matching grants, on a eligible grant recipients, including federal, tribal, state, and local governments, educational institutions, and non-profit organizations. Project proposals are received on a year-round, revolving basis with two decision cycles per year. Grant from \$10,000-\$150,000, based upon need.

What Is The Foundation?

The National Fish and Wildlife Foundation is a private, non-profit, 501(c)(3) tax-exempt organization established by Congress. The Foundation fosters cooperative partnerships to conserve fish, wildlife, plants, and the habitats on which they depend. The Foundation works with its grantees and conservation partners to stimulate private, state, and local funding for conservation through

What Does the Foundation Fund?

Matching grants are awarded to projects that:

- Address priority actions promoting fish and wildlife conservation and the habitats on which they depend;
- Work proactively to involve other conservation and community interests;
- Leverage available funding; and
- Evaluate project outcomes.

What Doesn't the Foundation Fund?

- Political advocacy or litigation of any kind;
- Shortfalls in government agency budgets;
- General administrative overhead or indirect costs;
- Multi-year grants (recipients may reapply);
- Basic research (including graduate research).

Where Does the Foundation Fund Projects?

The Foundation funds projects throughout the United States and its territories. Projects in Canada, Mexico, and other countries that host migratory wildlife and other U.S. trust resources (marine mammals, threatened and endangered species, and fish) are also considered.

Where Do Funds Come From?

The Foundation awards matching grants utilizing federal funds provided by annual Congressional appropriations and a number of federal agencies including the U.S. Fish and Wildlife Service, Agency for International Development, Bureau of Land Management, National Oceanic and Atmospheric Administration, and USDA-Forest Service. The Foundation also receives contributions from select foundations, corporations, and other non-federal entities.

What Are Matching Grants?

The Foundation is mandated by Congress to ensure that each federal dollar awarded is leveraged with a non-federal dollar in goods and services. The Foundation refers to these funds as "matching funds." As a policy, the Foundation seeks to attract a return on its project portfolio -- \$2 raised in matching funds to every federal dollar awarded. To be eligible, matching funds

- Non-federal in origin (federally appropriated or managed funds are ineligible; e.g., Pittman-Robertson, Dingell Intermodal Surface Transportation Efficiency Act);
- Raised and dedicated specifically for the project;
- Voluntary in nature (mitigation, restitution, or other permit or court-ordered settlements are ineligible); and
- Applied only to the Foundation grant and not to any other federal matching programs.

How Do I Apply for a General Matching Grant?

Submit a pre-proposal via [this website](#). Upon receipt and evaluation of the pre-proposal, the Foundation will invite successful applicants to submit a full proposal. Access to the Foundation's general matching grant application form will be provided to successful applicants at that time.

Project pre-proposals are accepted throughout the year and slated for review and action within the following cycles:

**Project Pre-Proposal
Received By:***
September 15, 2005

**Project Full Proposal
Due:***
October 31, 2005

**Board of Directors
Decision:**
April 30, 2006

**If a deadline falls during a weekend or holiday, then the proposal is due on the next business day. Proposals received after the deadline may be postponed to the next decision cycle at the Foundation's discretion. The Foundation's Board of Directors may also postpone, or decline funding for any proposal.*

What Makes a Good Pre-Proposal?

A successful pre-proposal is brief, to-the-point, and descriptive. Ensure that the pre-proposal addresses:

- Conservation need and benefit of proposed action(s);
- Opportunities for substantive multi-sector involvement and coordination;
- Staff qualifications and organization's track record;
- Integration of program monitoring and evaluation; and
- Ability to use Foundation grant to leverage additional non-federal resources.

Additional Questions

If, after careful review of these guidelines, you have additional questions, please [contact](#) the appropriate regional office.

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Frequently Asked Questions about National Fish and Wildlife Foundation Grants

Apply for a Grant

Grantee Information

Funded Projects

What is the average size of a Foundation grant?

While each grant program has a different amount of funding available, grants typically fall in the \$25,000 to \$75,000 range for small grants and some over \$150,000.

Do proposals need to be postmarked or received by the due date?

Unless otherwise stated, proposals are due at the Foundation by close-of-business on the due date. If the due date falls on a holiday, then proposals are due on the next business day.

What is the status of my proposal?

The Foundation's Board of Directors reviews proposals on numerous occasions throughout the year, and the Foundation notifies you once the Board has decided on your proposal. Each grant program has different notification dates; please note the dates and request for proposals for your particular program. In addition to Foundation review, all proposals are required to undergo Congressional review, and some grant programs require review by program steering committees comprised of federal and private entities. The time between application submission and notification varies.

I missed the due date for submitting a proposal; what should I do now?

A number of funding opportunities exist at the Foundation throughout the year. Please contact the project officer for information on which you are interested. He or she may be able to consider your proposal for remaining funds available under that program or to another appropriate program, such as the Foundation's general challenge grant program.

Is this eligible as Matching Funds?

Matching Funds must be non-federal in origin; raised and dedicated specifically for the project; and voluntary in nature. Please discuss potential sources of Matching Funds with your project officer prior to submitting a proposal to determine eligibility. You should have your Matching Funds secured prior to receiving a Foundation grant, but you should have some ideas of possible sources.

Why is my ratio of Matching to NFWF Federal Funds so high?

The ratio is based on information that you provide during the application process; while a higher ratio may make your proposal more competitive, you should be realistic in how much Matching Funds you need to complete the project and will be able to provide. The minimum ratio is 1:1, the Foundation strives to achieve a 2:1. In Fiscal Year 2000, the average ratio was 2.22:1.

Where can I get Matching Funds?

The [Foundation Center](#) collects and disseminates information on other foundations, corporate giving, and related subjects.

When do I get my money?

After the Board of Directors approves a project, the Foundation will contact you for any additional information needed to execute the agreement. Upon execution of the grant agreement, you may submit an invoice for grant funds. The Foundation generally issues funds on a reimbursement basis to the extent of Challenge Funds documented, based on the grant ratio. Please see [Info for Grantees](#) for information on invoicing for funds.

What are OMB Circulars and their relevance to my grant?

The federal [Office of Management and Budget](#) develops government-wide policy to assure that grants are managed so that federal dollars are spent in accordance with applicable laws and regulations. These laws and regulations apply to those organizations that receive federal funds, including the Foundation. If you are awarded NFWF Federal Funds, your financial officer should review the requirements of circulars in order to determine if your organization is capable of meeting them.

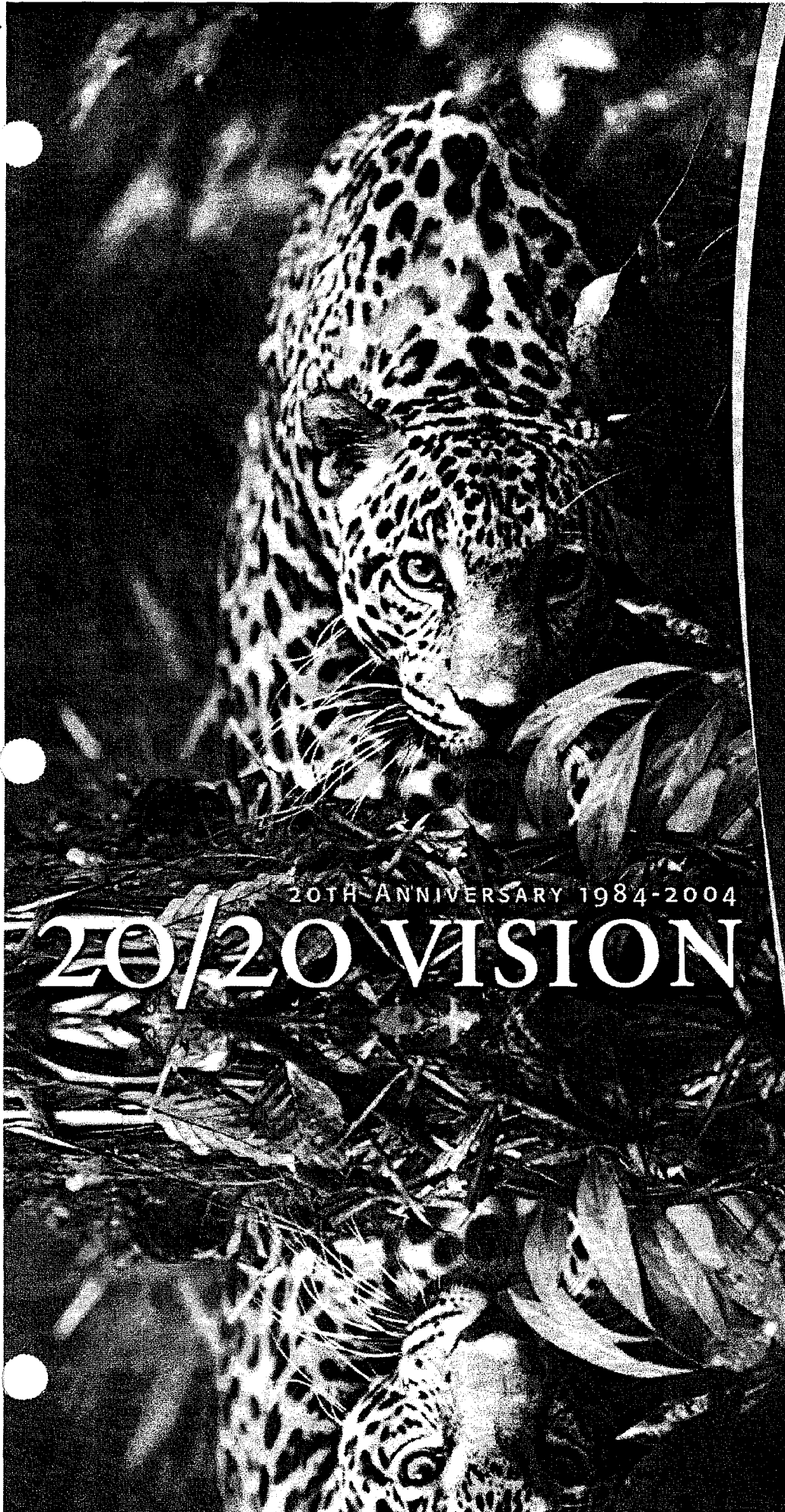
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National
Fish and Wildlife
Foundation

2004 Annual Report

20TH ANNIVERSARY 1984-2004

20/20 VISION



*“Thought is the blossom;
language the bud;*

jaguar

Pacific tree frog

Yellowstone cutthroat trout

whooping

tiger

North Atlantic right whale

action the fruit behind it."

— RALPH WALDO EMERSON

bald eagle

California condor

green sea turtle



crane

black-tailed prairie dog

Letter from the

CHAIRMAN AND EXECUTIVE DIRECTOR

Dear Friends of the Foundation,

The theme for our 2004 annual report is "20/20 Vision" — a celebration of our long service in conservation, as well as our view of the conservation world today and tomorrow. More than 20 years have passed since the U.S. Congress created the National Fish and Wildlife Foundation. We continue to work diligently to apply knowledge gained and lessons learned as we wisely invest in conservation that will affect the future of fish, wildlife and the habitat on which they depend. These natural resource treasures are a legacy that will benefit current and future generations.

On the cover and inside of this annual report are a jaguar and a black-tailed prairie dog. They represent the Foundation's on-going journey to conserve wildlife and their habitats, and how the projects to protect them are all part of the bigger conservation picture.

The first project supported by the Foundation was to determine the status of endangered jaguars in South America, Central America, Mexico and the southwestern United States (see page 10 for more information). Today, we continue to learn more about jaguars and their habitat needs as we work toward the ultimate goal — the removal of the big cat from the endangered species list.

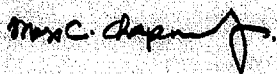
Nearly 20 years later, we celebrate the black-tailed prairie dog as a real success story (see page 9 for more information). Last year, the U.S. Fish and Wildlife Service removed the black-tailed prairie dog as a candidate for listing under the Endangered Species Act. We're proud to report that the Foundation has supported more than a dozen projects that have helped in its comeback. From jaguars to black-tailed prairie dogs, the Foundation remains the nation's champion of fish, wildlife and habitat conservation.

In 2004, the Foundation supported more than 700 conservation projects valued at \$72.7 million. With these projects, the Foundation continued to serve as a unique model for conservation programs, bringing together local, state and federal partners. Each partner contributed to the process of leveraging our dollars three times. Following are some totals for 2004 and the past 20 years:

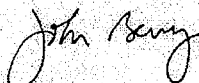
PROJECT ELEMENTS	FISCAL YEAR 2004	FISCAL YEARS 1984-2004
Federal funds leveraged by the Foundation	\$26.9 million	\$305.1 million
Corporate, foundation and individual contributions, and nonfederal and matching funds contributed by partners	\$45.8 million	\$613.7 million
Total investment	\$72.7 million	\$918.8 million
Acres managed, restored or acquired by federal and nonfederal partners	195,843	17.4 million

In addition to these successes, we continue to strengthen long-time partnerships with corporate, Federal, state and local agencies and international, national, regional and local nonprofit partners. We formed new ties with corporations, including BP America, MBNA and Nestlé Purina. The Foundation's accomplishments have been made possible by visionary corporate, foundation and Federal partners, a committed board, the Foundation's regional councils and committed staff.

Partnerships, leveraging, creativity and accountability are keys to our decades-old organization and will have long-lasting impacts on the fish, wildlife and habitats which we work to conserve. As the National Fish and Wildlife Foundation moves into the next 20 years of conservation, we pledge to protect the vital fish, wildlife and habitats that will ensure sustainable wildlife populations for generations to come. With your continued confidence and support, we will act to address the nation's most pressing conservation issues of our day — and we thank you.



Max C. Chapman, Jr.
Chairman

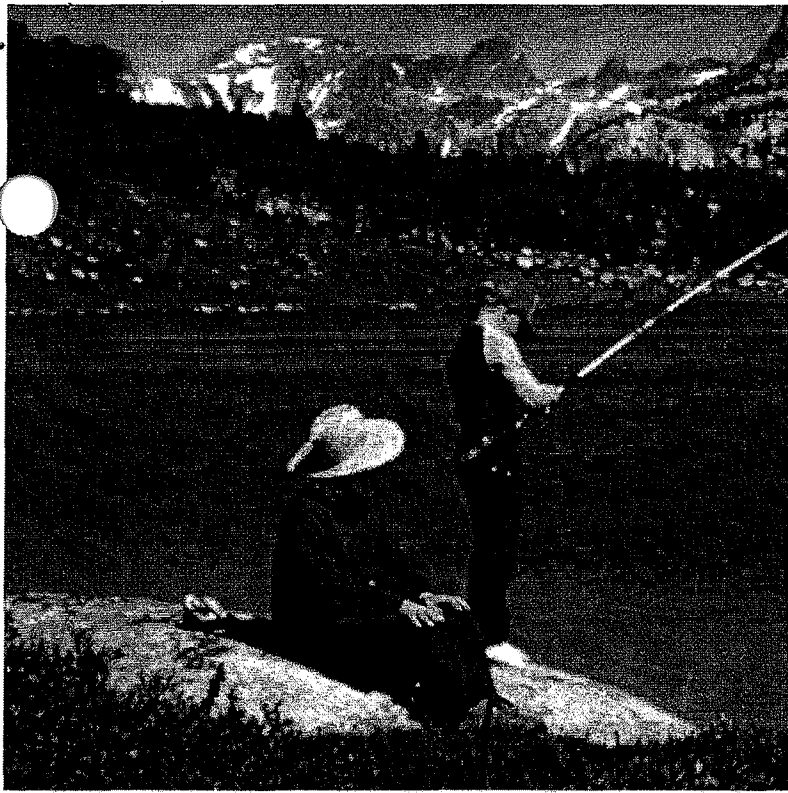


John Berry
Executive Director

The Foundation's
chairman of the
board, right, and
executive director
in Wyoming.



U.S. FISH AND WILDLIFE SERVICE (U.S. FWS)



Fishing on Island Lake in Montana.



A young grizzly bear catches a salmon.

BOARD OF DIRECTORS

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Chairman, Investment
Subcommittee
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Subcommittee
South Carolina

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Colorado

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Connecticut

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Subcommittee
New York

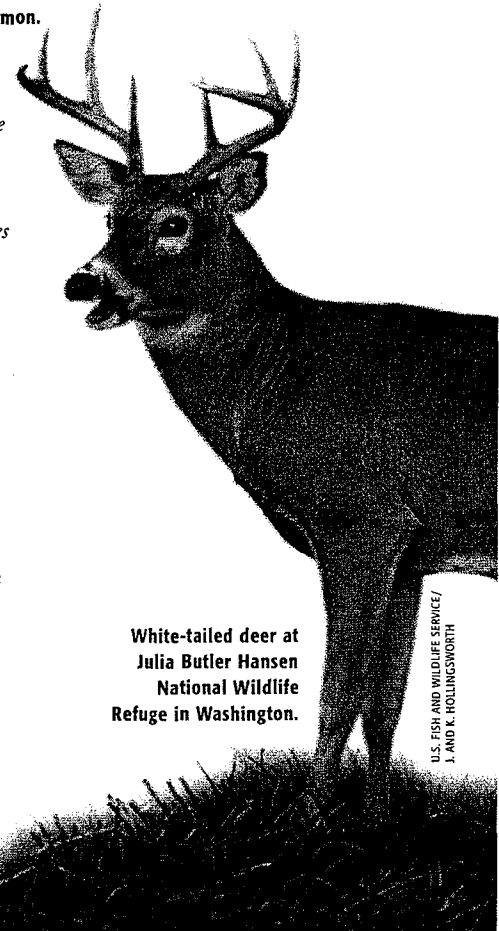
STEPHEN C. SCHRAM
New York

SCOTTY SEARLE
Illinois

STEVE WILLIAMS
Washington, D.C.
Director,
U.S. Fish and Wildlife Service

WARD W. WOODS
New York

MARION C. ZOCH
Texas



White-tailed deer at
Julia Butler Hansen
National Wildlife
Refuge in Washington.

"It is not what we have that makes us a great nation,

20/20 VISION

Typically, "20/20 vision" refers to a person's clear vision. However, in the case of the National Fish and Wildlife Foundation (Foundation), it refers to the organization's ability to evaluate the past 20 years of its conservation work in order to see clearly into its future. Ultimately, insightful evaluation and planning will help better guide the Foundation's future funding decisions.

HOW IT ALL BEGAN

Twenty years ago — in 1984 — Congress created the Foundation as a nonprofit, 501(c)(3) tax-exempt organization dedicated to the conservation of fish, wildlife and plants, and the habitat on which they depend. The Foundation's vision is for healthy, richer and more abundant populations of fish, wildlife and plants for future generations. The Foundation decided to achieve this vision by creating partnerships between the public and private sectors and by strategically investing in conservation and sustainable use of natural resources. Additionally, to foster cooperation

between a variety of partners, the Foundation does not support lobbying, political advocacy or litigation.

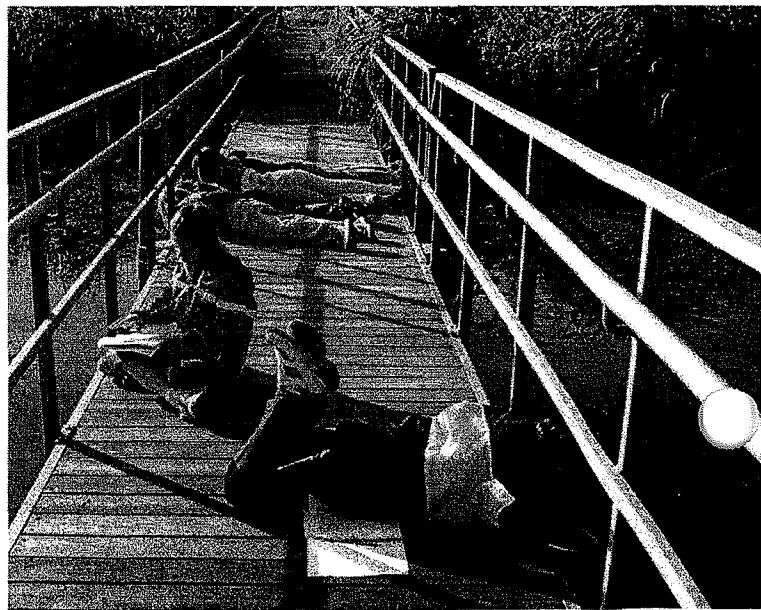
20 YEARS OF ACCOMPLISHMENTS

In the 1980s and early 1990s, the Foundation blazed the trail when it came to funding innovative conservation projects. It served as an important model for conservation, bringing together local, state and federal partners, with each partner contributing to the process of directing national resources into local tangible results.

Within its first five years, the Foundation played a crucial role in launching the North American Waterfowl Management Plan, and Congress created the North American Wet-

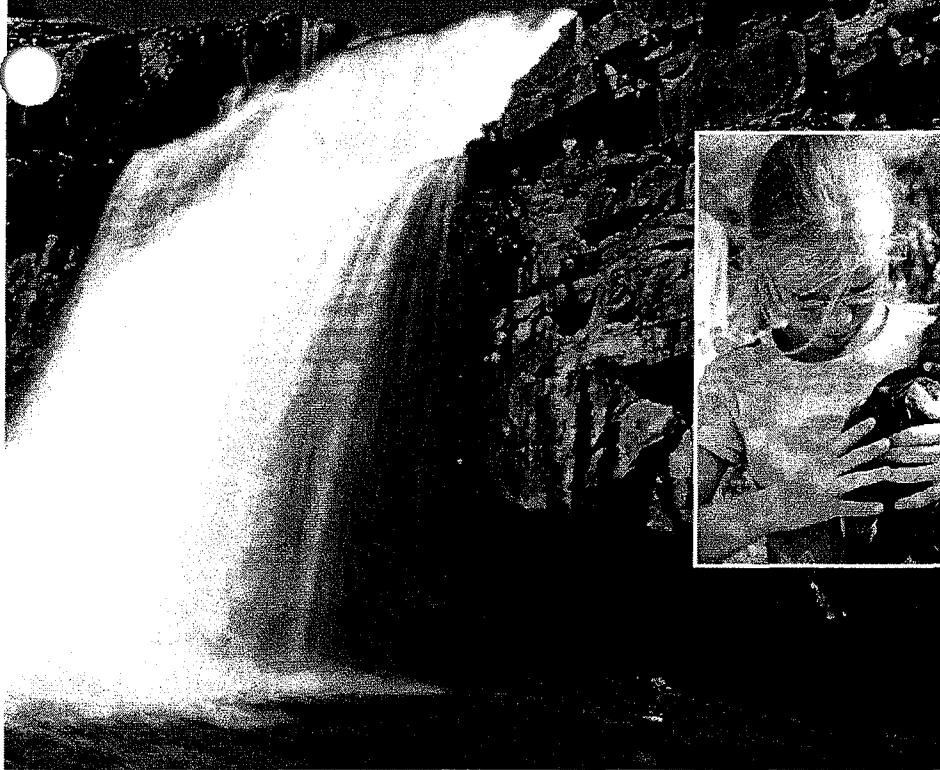
lands Conservation Act. The Foundation followed with a succession of important programs and initiatives, including the Bring Back the Natives initiative, Neotropical Migratory Bird Conservation Program and recovery of the black-tailed prairie dog (which the U.S. Fish and Wildlife Service removed as a candidate species from the Endangered Species List in August 2004). The Foundation also participated in the North American Waterfowl Manage-

School kids engage in hands-on, field-based learning experiences at a prairie wetlands ecosystem.



it is the way in which we use it."

— THEODORE ROOSEVELT



Left: Nocolulu Falls in Alabama. Inset: Fifth graders meet local wildlife.

U.S. FISH AND WILDLIFE SERVICE

U.S. FISH AND WILDLIFE SERVICE, NCTC/GEORGE GENTRY

ment Plan. These successes are each featured on the following pages.

The Foundation also kick-started a number of key programs with corporations, including the ExxonMobil Save the Tiger Fund, Shell Marine Habitat Program and the Anheuser-Busch Budweiser Conservation Scholarship Program.

Since 1999, the Foundation has stepped up its outreach to forge public/private partnerships, defined by action, strengthened by collaboration and focused on effectiveness. In 2004 alone, the Foundation joined in partnership with a number of corporations that understand what's good for fish and wildlife is good for business.

REACHING A MILESTONE

In 2004, the Foundation reached a milestone by celebrating its 20th year of conservation service, and it remains a leader in conservation through strong partnerships, leveraging and practical solutions.

In addition, effective impacts on fish and wildlife populations may clearly be seen

through projects such as the re-establishment of a wild and free population of California condors in central and southern California, Arizona and Baja, Mexico. Over the past two decades, the Foundation has created on-the-ground conservation opportunities for more than \$918 million in funds (that's more than \$305 million in federal funds and nearly \$614 million in private matching funds) for work on 7,273 conservation projects nationally and internationally.

Last year, the Foundation added several projects to its evaluation process to help quantify the conservation impacts of its grant making. The Foundation's evaluation tool kit will measure dollars invested in terms of conservation and guide new conservation investments. The knowledge gained from the evaluation system will be made public and serve as a resource for the public, private and nonprofit conservation community.

IMPACTING THE FUTURE OF CONSERVATION

An exciting result that will come from the Foundation's evaluation efforts is the creation

of a web-based "conservation library" — a resource that will transform the future of conservation work. This pioneering idea encourages grantees to share knowledge with other conservationists through a self-evaluation process. The vision is that individuals and organizations will learn from others' successes in order to build upon the potential for even more innovative work, while avoiding errors discovered by working on the front lines of conservation.

Following are the Foundation's goals:

- ☛ Engage the broadest possible base of partners for collaborative conservation;
- ☛ Increase resources for conservation;
- ☛ Support innovative sustainable conservation solutions;
- ☛ Respect private property rights, and enhance personal and community livelihoods;
- ☛ Recover and sustain viable and healthy ecosystems;
- ☛ Maintain scientific rigor and integrity;
- ☛ Maximize efficiency, customer service and financial accountability.

FEATURED PROGRAMS

A mallard drake
takes off.



NORTH AMERICAN WATERFOWL MANAGEMENT PLAN AND THE NORTH AMERICAN WETLANDS CONSERVATION ACT

ECONOMIC IMPACT

The Foundation's impact on conservation has reached beyond funding individual projects. For example, in the mid-1980s — a time when waterfowl populations had vastly diminished — more than 18 million people spent \$2 billion to view and photograph waterfowl and more than three million people spent nearly \$1 billion annually to hunt waterfowl in North America.

Q&A

QUESTION: How many Americans bird watch and hunt waterfowl?

ANSWER: A 2001 U.S. Fish and Wildlife survey indicates that 46 million people age 16 and older bird watch in the United States, and approximately three million Americans hunt waterfowl and dove. Economic impact: Birders spent an estimated \$32 billion, and hunters spent \$1.4 billion on trips and equipment that year.

A group of bird watchers
at J.N. Ding Darling
National Wildlife Refuge
in Florida.



U.S. FISH AND WILDLIFE SERVICE, NCTC/GEORGE GENTRY

tions and significant economic interest, the Foundation stepped forward as a leader to help launch the North American Waterfowl Management Plan. The management plan serves as an international agreement that guides the United States and Canadian governments in developing long-term protection for wetlands and associated upland habitat vital to waterfowl and other North American migratory birds. In 1994, Mexico joined the innovative partnership.

JOINT VENTURES

Strong joint ventures, which develop tactics focusing on areas of concern identified in the management plan, set the stage for success. These partnerships involve federal, state, provincial, tribal and local governments, as well as businesses, conservation organizations and individuals. Although partners may think globally, they act locally, as implementation of the plan is completed on a regional basis. There are approximately a dozen such habitat joint ventures in the United States and three in Canada. One of the habitat joint ventures

crosses the United States and Canadian border, while the two countries also support joint ventures that help to protect three species.

In 1989, the management plan spawned the North American Wetlands Conservation Act (NAWCA), which provides matching grants to organizations and individuals who have developed wetlands conservation partnerships in North America. In fiscal year 2004, the U.S. Congress appropriated \$37.5 million for NAWCA grant funds. Some of the first of these projects supported by the Foundation include the acquisition and restoration of wetlands and production of the educational audio-visual materials and programs.

FUNDING PROJECTS

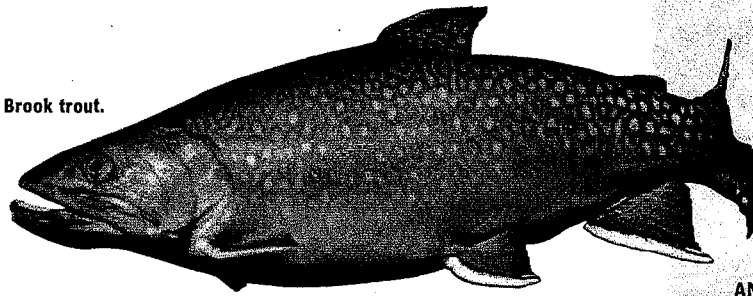
A council, established by NAWCA to review and recommend project proposals to the Migratory Bird Conservation Commission, includes nine members. The leadership also includes the executive director of the National Fish and Wildlife Foundation and the director of the U.S. Fish and Wildlife Service, each holding permanent seats on the council, which meets three times a year.

The total impact of NAWCA since its inception has been tremendous:

- Approximately 22.1 million acres of wetlands and associated uplands conserved and/or restored;
- More than \$605 million invested in effective conservation through its grant program;
- Total partner contributions of more than \$1.7 billion.

Source: U.S. Fish and Wildlife Service

Brook trout.



Q&A

QUESTION: What type of projects does Bring Back the Natives support?

ANSWER: It supports projects that:

- Initiate partnerships with private landowners;
- Demonstrate successful collaborative conservation;
- Address watershed health issues that lead to habitat restoration;
- Are key to restoring native aquatic species and their migration corridors;
- Promote stewardship on private lands;
- Can demonstrate a 2-to-1 nonfederal fund match to federal funds.

BRING BACK THE NATIVES

ATTENDING TO NATIVE AQUATIC SPECIES

In 1991, the Foundation began working in cooperation with a number of conservation organizations to “bring back the natives.” As part of this aptly titled initiative, the Foundation, U.S. Fish and Wildlife Service, Bureau of Land Management, U.S. Department of Agriculture’s Forest Service, Bureau of Reclamation and Trout Unlimited have distributed nearly \$32.9 million in grants to nonprofit organizations, universities, American Indian tribes and local, state and federal agencies interested in restoring native populations of sensitive or listed aquatic species. The initiative has supported 245 projects and benefited more than 120 species, 29 of which are federally listed as threatened or endangered.

ON-THE-GROUND EFFORTS

The initiative funds on-the-ground actions that involve partnerships between communities, agencies, private landowners and organizations which seek to rehabilitate streamside

and watershed habitats. Projects focus on the habitat needs of species such as fish, invertebrates and amphibians that originally inhabited the waterways across the country. Special emphasis is placed on cutthroat trout restoration, particularly projects that work to protect or re-establish migration corridors between breeding populations such as Lahontan cutthroat trout and Yellowstone cutthroat trout. Other eligible species include bull trout, redband trout, Apache trout, steelhead trout, desert pupfish, Pacific tree frog and several species of salamanders and salmon that affect the health of aquatic communities.

The Foundation also gives preference to projects that work to keep sensitive or declining species off the Endangered Species List or address listed species that have a chance for recovery and de-listing within five to 10 years.

FISH TALES

Within five years of the program’s launch, the initiative funded a number of projects nationwide, including:

- ☛ Development of a management plan for spawning and rearing techniques of duskytail and longnose darters for a captive breeding program in Arkansas;
- ☛ Construction of a barrier needed

to prevent the migration of invasive species into the pure population of cutthroat trout in Colorado;

- ☛ Restoration of Arctic grayling spawning, rearing and wintering habitat in Montana’s Steel Creek.

Today, the Foundation continues to evaluate potential efforts to bring back the natives.

Examples of conservation projects in 2004 included:

- ☛ Development of a grassroots program that works with the Oregon Department of Fish and Wildlife to establish a volunteer-based monitoring program;
- ☛ Initiation of coaster brook trout restoration projects on nine streams in the Lake Superior Basin and conducting lake-wide assessment and communication activities.

Newly hatched salmon alevins.

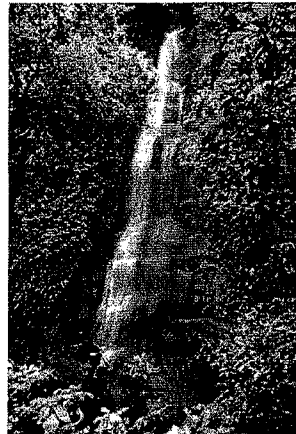


ART EXPLOSION



FEATURED PROGRAMS

NEOTROPICAL MIGRATORY BIRD CONSERVATION PROGRAM



LEFT: CENTRO DE ESTUDIOS Y ACCIÓN SOCIAL PANAMEÑO/CHARLOTTE ELTON RIGHT: U.S. FISH AND WILDLIFE SERVICE, NCTC/DAVE MENKE

PARTNERS PREPARE FOR TAKE-OFF

Birds know no boundaries. The Foundation has recognized this fact by managing and supporting international programs and projects that have facilitated the conservation of migratory bird populations. Since 1997, the Neotropical Migratory

Bird Conservation Program has helped conservation nonprofits to develop and expand their capacity to conduct successful conservation in Latin America and the

Caribbean, particularly as related to local biodiversity concerns for migratory birds.

As flyways are connected, so are some of the Foundation's programs. The Partners in Flight program is an international partnership of government agencies, nonprofits, universities and industry groups committed to the conservation of birds that migrate between North America, the Caribbean and Latin America. The goal of Partners in Flight is to ensure long-term conservation of migratory birds throughout their range. The Neotropical Migratory Bird Conservation Program supports this objective by providing assistance to Latin American and Caribbean organizations to implement conservation priorities benefiting neotropical migratory birds, while also addressing local human needs.

- Environmental education and management work with communities and municipalities have promoted restoration and conservation of critical migratory bird habitat;
- A grantee has provided training for ornithologists in Nicaragua to conduct monitoring activities to improve bird conservation and management in local protected areas;
- Following a recommendation from a nongovernmental organization, Guatemalan government agencies revised a reforestation program to include a modified ratio of native tree species that improved forest habitat for birds.

The U.S. Agency for International Development has funded the Neotropical Migratory Bird Conservation Program through two cooperative agreements. Funding under the first agreement totaled more than \$2.4 million over a five-year period. Funding for \$4 million under the final agreement began in 1997 and completes in 2005.

Q&A

QUESTION: How many birds migrate from the United States to Latin America and the Caribbean?

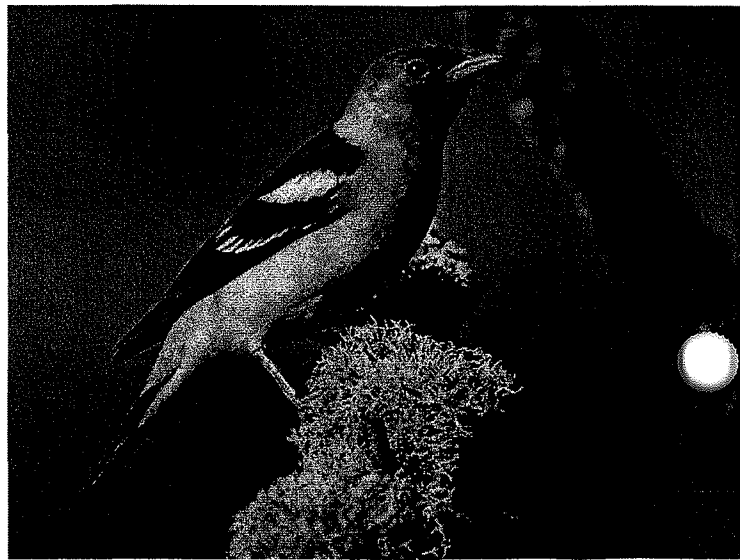
ANSWER: Five to six billion birds, according to the U.S. Fish and Wildlife Service. Also, an estimated three to five million birds are killed daily by cats in America.

PROJECTS TAKE FLIGHT

Projects have supported migratory bird conservation in Latin America and the Caribbean through population monitoring, habitat protection, professional training, environmental education for children and small enterprise development, such as ecotourism, to promote local conservation initiatives.

Following are examples of program results:

Western tanager at Deschutes National Forest in Oregon.



Common yellowthroat at Desoto National Wildlife Refuge in Iowa.

Far left: Neotropical forest in Panama.
Left: Indigo bunting at Desoto National Wildlife Refuge in Iowa.

BLACK-TAILED PRAIRIE DOG

THE COMEBACK KID

With support from the Foundation, a number of conservation projects have helped to conserve the black-tailed prairie dog, which was removed as a candidate for listing under the Endangered Species Act in August 2004.

Based on recent estimates of the animal's habitat and new information on the impact of disease, chemical control and other factors, the U.S. Fish and Wildlife Service has determined that the black-tailed prairie dog is now not likely to become an endangered species within the foreseeable future.

THE PATHWAY TO SUCCESS

Since 1990, the Foundation has supported projects with more than \$1 million in federal funds and more than \$2.4 million in nonfederal and matching funds.

The lessons learned from these projects helps conserve sage steppe and sage brush habitat, as well as critical habitat for sage grouse. The black-tailed prairie dog is a key-stone species in western states, which means that the health of short- and mixed-grass prairie ecosystems and the wildlife found there — particularly the federally endangered black-footed ferret, mountain plovers and burrowing owls — are dependent on healthy populations of this small mammal.

The following are successfully-funded projects since 2000 that have helped to conserve this species:

☛ Childress Independent School

District – This project brought together community partners to purchase, restore and enhance an 80-acre parcel of land to reintroduce a black-tailed prairie dog ecosystem, while creating an educational project open to the public.

☛ High Plains Resource Conservation and Development

Council – This grantee worked with small-scale agricultural producers in western Oklahoma to restore short- and mixed-grass prairie ecosystems on private lands, and also performed research in black-tailed prairie dog habitat in eastern New Mexico.

☛ Native American Fish and Wildlife

Society – Funding of an intertribal prairie dog coordinator position supported eight American Indian tribes in three states to develop black-tailed prairie dog management plans.

☛ **The Nature Conservancy** – The Conservancy conducted surveys on the 60,000-acre Matador Ranch in north-central Montana to determine the suitability for the reintroduction of black-tailed prairie dogs.

☛ **Northern Cheyenne Tribe** – Short-grass prairie conservation efforts on the Northern Cheyenne Indian Reservation in southeast Montana included on-the-ground restoration, reduction in grazing fees and monetary incentives.

Q&A

QUESTION: How many black-tailed prairie dogs were there in 1990, when related conservation projects began, and how many are there today?

ANSWER: According to the U.S. Fish and Wildlife Service, there were 6.7 million black-tailed prairie dogs when conservation projects began. Now, there are more than 18 million.

U.S. FISH AND WILDLIFE SERVICE/CURTIS J. CARLEY



Black-tailed prairie dogs.

☛ U.S. Geological Survey

(USGS), Biological Resources Division – The USGS evaluated vaccination as a potential management tool to prevent plague infections in black-tailed prairie dogs, black-footed ferrets and associated species.

☛ **University of Wyoming and the Wyoming Game and Fish Department** – Funding of an interstate coordinator position helped ensure effective communication among eleven participating tribes and state and federal agencies.

"For if one link in nature's chain might be lost, another might

THE BIGGER PICTURE

FIRST FOUNDATION-FUNDED CONSERVATION PROJECT

The Foundation kick-started its grant making in 1985 by supporting the Welder Wildlife Foundation with \$32,000 in nonfederal funds. The purpose of the project was to produce a report on the status of the jaguar in South America, Central America, Mexico and southwestern United States.

On March 28, 1972, the U.S. Fish and Wildlife Service designated the jaguar as an endangered species. More than a decade later, in the mid-1980s, the Welder Wildlife Foundation reported that jaguars were safe only in the most remote areas and in parks and reserves, and that development and loss of habitat were expected to continue, along with the decline of the jaguar.

Historically, there has been little scientific data available for jaguars, including population dynamics, ecology and habitat needs. Today, jaguars are still listed as endangered. Since the first funded grant project, the Foundation has worked to develop a greater understanding of the big cat's ecology in order

to foster scientifically-sound conservation. Additionally, the Foundation has supported conservation and education

Jaguar.



ART EXPLOSION

RECOVERED SPECIES

SPECIES	DATE FIRST LISTED	DATE DE-LISTED
Aleutian Canada goose	March 11, 1967	March 20, 2001
American alligator	March 11, 1967	June 4, 1987
Columbian white-tailed Douglas County DPS deer	March 11, 1967	July 24, 2003
American peregrine falcon	June 2, 1970	Aug. 25, 1999
Arctic peregrine falcon	June 2, 1970	Oct. 5, 1994
Brown U.S. Atlantic coast (Florida, Alabama) pelican	June 2, 1970	Feb. 4, 1985
Gray whale (except where listed)	June 2, 1970	June 16, 1994
Palau fantail flycatcher	June 2, 1970	Sept. 12, 1985
Palau ground dove	June 2, 1970	Sept. 12, 1985
Palau owl	June 2, 1970	Sept. 12, 1985
Eastern gray kangaroo	Dec. 30, 1974	March 9, 1995
Red kangaroo	Dec. 30, 1974	March 9, 1995
Western gray kangaroo	Dec. 30, 1974	March 9, 1995
Rydberg milk-vetch	April 26, 1978	Sept. 14, 1989
Hoover's woolly star	July 17, 1990	Oct. 7, 2003

Source: U.S. Fish and Wildlife Service

projects in response to the socio-economic challenges within the jaguar's habitats. To date, the Foundation has supported seven additional projects with more than \$430,000, matched by more than \$800,000. These projects have developed techniques to conduct a more accurate census of populations and understanding of the jaguar's habitat needs. They help ensure land management practices that serve the big cat's population needs.

The jaguar also serves as a flagship species for the conservation of an ecology that benefits other species — such as neotropical migratory birds. The Foundation's support has helped provide the framework for the development of a tri-national conservation strategy for the jaguar in Mexico, Belize and Guatemala.

Following is a glance at conservation milestones in the Foundation's history (noted by rust-colored dates), as well as significant environmental actions.

1984

Congress creates National Fish and Wildlife Foundation

1987

International treaty bans all ocean dumping of wastes

1989

North American Wetlands Conservation Act enacted

1990

Earth Day 2 launches renewed interest in annual celebration

1992

Power of Flight program takes off

be lost, until the whole of things will vanish by piecemeal."

— THOMAS JEFFERSON

HONORING CONSERVATIONISTS

2004 AWARD PRESENTATIONS

The National Fish and Wildlife Foundation recognized outstanding conservationists with awards in 2004. At the spring board meeting, the Foundation honored President Ronald Reagan with the Foundation's highest honor — the Chairman's Award — for actions taken during his administration. President Reagan's legacy includes signing into law more wilderness protection measures than any other president — designating one-third of the nation's wilderness system.

At this event, which celebrated the Foundation's 20th anniversary, the Foundation also awarded four Trackmaker awards. The Trackmaker Award is given to an individual or an organization whose contribution to the Foundation has made an indelible imprint on conserving the world's wildlife and wild places. Those honored in 2004 included the Honorable Howard Baker, John Breaux, John Dingell and Don Young — all original co-sponsors of the Congressional Act which created the Foundation.

In May, Foundation staff and board members joined more than 200 people at a dinner in San Antonio, Texas, to honor Tim and Karen Hixon with the Texas Legends Award. The Hixons' conservation accomplishments have included involvement in numerous conservation groups which have received more than 400 grants from the Foundation over the years.

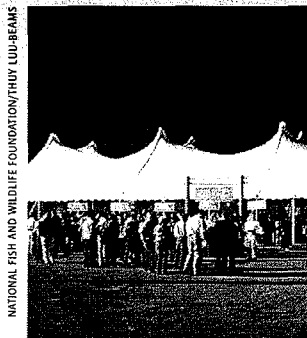
In the fall, the Foundation capped off the year by presenting a second Chairman's Award for 2004 at the ESPN/Foundation Celebrating the Great Outdoors fundraising event in New York City. This award went to Clint Eastwood for his outstanding leadership

in the conservation of America's natural resources for future generations. Eastwood currently sits on the California State Board of Parks and Recreation and has served as a spokesperson for the Take Pride in America volunteer stewardship initiative.



Foundation Executive Director John Berry, left, presents a Trackmaker award to Rep. John Dingell.

On behalf of President Ronald Reagan, Congressman Wayne Gilchrest of Maryland, left, accepts the Foundation's Chairman's Award from Chairman of the Board Max C. Chapman and U.S. Secretary of Interior Gale Norton.



A large crowd turned out for the ESPN/Foundation Celebrating the Great Outdoors fundraising dinner in New York City.



From left, Foundation Executive Director John Berry, board members Helen Alexander and Michael Meadows, far right, joined more than 200 conservation leaders to honor Texas Legends Tim and Karen Hixon.

1995	1998	1999	2000	2003	2004
Save the Tiger Fund roars into action	Shell Marine Habitat Program begins	"Help Budweiser Help the Outdoors" kicks off	National Whale Conservation Fund and Coral Reef Conservation Fund launch	Longleaf Legacy Program falls into place	Foundation celebrates 20th anniversary

"Conservation means the wise use of the earth and its

FEDERAL PARTNERS



A U.S. Fish and Wildlife Service employee bands a neotropical migratory bird.



U.S. FISH AND WILDLIFE SERVICE/JOHN AND LAUREN HOLLINGSWORTH

U.S. FISH AND WILDLIFE SERVICE

[PARTNER'S IMPACT: 20 years, \$129 million, 2,746 projects]

The U.S. Fish and Wildlife Service (Service) is the Foundation's primary federal agency partner. The Foundation's ability to leverage significant private-sector funds by partnering with the Service has grown rapidly since 1984. Over the past 20 years, the Foundation has received more than \$129 million in Service-appropriated funds, which has been leveraged with more than \$412 million in nonfederal funds for 2,746 conservation projects. Additionally, the Foundation also has received more than \$33.9 million from the Service to support more than 30 cooperative agreements.

SUCCESSES IN 2004:

• **Critical wildlife species** – The Service provided \$4.3 million in funds, and leveraged \$8.7 million in nonfederal funds, to support

80 projects that will address the conservation needs of at-risk species. For example, the Foundation continued a five-year partnership with The Peregrine Fund to release as many as 120 northern Aplomado falcons within their historic habitat in south and west Texas. The raptor is the last falcon to remain on the Endangered Species List, and needs only 20 more pairs of falcons living in the wild to be down-listed to "threatened" status.

• **Habitats for imperiled species** – For habitat enhancement projects, the Foundation marched \$2.1 million of Service funds with \$8.6 million in nonfederal funds to support 61 projects. The Tennessee Wildlife Resources Agency received one of those grants to develop a geographic information system-based aquatic habitat plan and hydrologic model for as many as six pilot watersheds in the nation's southeast region.

Development of the plan is vital because the southeast region hosts more aquatic freshwater species than any other U.S. region, and many of the region's watersheds host at least 10 at-risk fish and mussel species.

• **Community-based stewardship** –

Engaging private landowners, community leaders and other citizens in the conservation of fish and wildlife resources is a high priority for the Foundation and the Service. Thus, the Foundation allocated \$964,000 of Service funds and leveraged \$2.2 million from private partners to cooperatively work on 32 stewardship and education projects. Following are some examples.

Stewardship – The Boone and Crockett Club received one grant to form local working groups with private landowners in Mineral County, Montana, and McArthur Lake, Idaho. Through these working groups, the landowners will identify, map and develop conservation strategies for critical wildlife habitat corridors on private lands, thereby protecting the lands from development and affording wildlife with habitat linkages throughout their range.

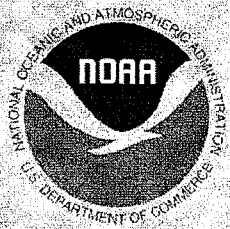
Education – Each year since 2002, the Foundation and the Service have partnered with the American Fisheries Society and three other federal agencies to pair at least 33 underserved high school students with a local professional mentor, based on the students' conservation interests. Throughout the summer the student-mentor pairs conduct field and/or laboratory studies.



Pelicans at sunset at J. N. Ding Darling National Wildlife Refuge in Florida.

resources for the lasting good of men."

— GIFFORD PINCHOT, FIRST DIRECTOR OF THE U.S. FOREST SERVICE



NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

[PARTNER'S IMPACT: 13 years, \$28 million, 329 projects]

For more than a decade, the National Oceanic and Atmospheric Administration (NOAA) and the Foundation have jointly supported projects in marine conservation through public-private partnerships. By late 2004, more than \$28 million in NOAA funds had leveraged more than \$92 million for marine conservation projects.

SUCCESSES IN 2004:

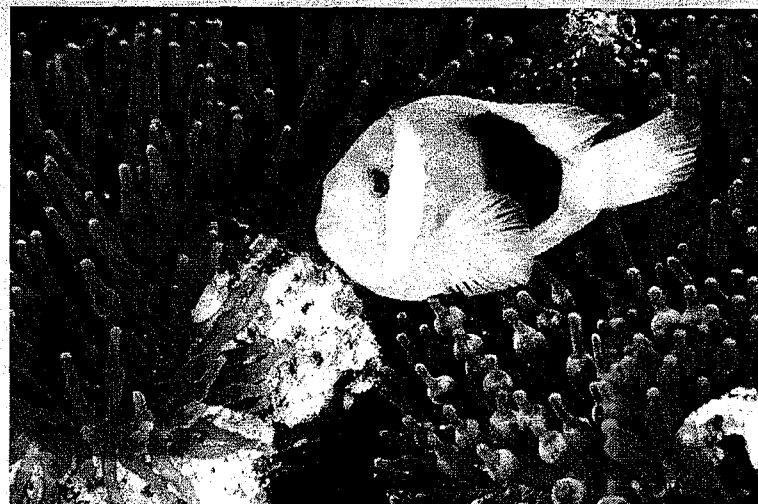
• **Coastal habitat** – NOAA and the Foundation supported 57 projects to restore and protect coastal and marine habitats throughout the United States, including new ecosystem-driven initiatives in Long Island Sound and along the North Coast Gulf region, modeled after the Foundation's successful Chesapeake Bay Small Watershed Grants and Delaware Estuary Grants programs.

• **Marine habitat** – In the marine environment, partners leveraged \$1 million in NOAA dollars to a total of \$2.4 million for 26 projects that helped to conserve coral reefs. Projects ranged from measuring the impacts of the lobster sports fishery on Florida's reefs to restoring Native Hawaiian fish ponds to trap sediment run-off onto reefs in Hawaii. Specifically, the 'Ao'ao O Na Loko I'a O Maui (Association of the Fishponds of Maui) worked to restore the surrounding coral reef area of a Native Hawaiian fish pond in north Kihei and Maui through education and through erosion and sediment

control on approximately 20 acres of ocean and coastline.

• **Marine protected species** – The Foundation supported a variety of marine species projects, with more than \$1.5 million in NOAA funds for 35 projects covering species conservation ranging from large whales to small shellfish abalone. The International Sea Turtle

Program, which protects endangered sea turtle populations by protecting nesting habitat and stopping illegal use and trade, used \$125,000 in NOAA funds to support 14 projects throughout the Caribbean and Latin America. Last year, NOAA funds also moved forward conservation initiatives for salmon recovery in the state of Washington. In addition, the Foundation partnered with NOAA through the National Whale Conservation Fund to launch the Large Whale Gear Competition challenging colleges, universities and individuals across the country to develop innovative fishing gear or gear modifications that help decrease the incidence of entanglement of large whales.



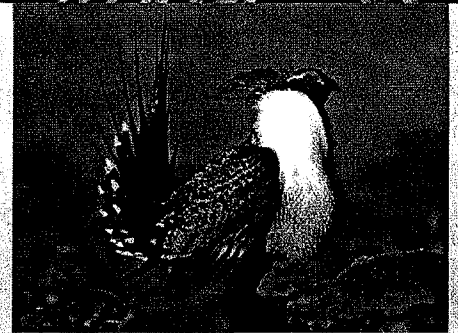
ART EXPLOSION

• **Education and outreach** – Partnership funds of \$400,000 — more than four times the amount in 2003 — went to projects that supported education outreach and stewardship activities for coastal and marine environments. Projects included the development of an innovative, interactive marine science education program that studies real-life issues in the Gulf of Maine. Another project involved the Mangrove Conservation Initiative in Florida, which educates the public about the importance of mangrove forests and seagrass beds to water quality and the fish and wildlife resources of the western Everglades.

FEDERAL PARTNERS



Greater sage grouse at Clear Lake National Wildlife Refuge in California.



U.S. FISH AND WILDLIFE SERVICE, MCC/DONNE MEYER

BUREAU OF LAND MANAGEMENT

[PARTNER'S IMPACT: 13 years, \$20 million, 400 projects]

The Foundation began its relationship with the U.S. Department of the Interior's Bureau of Land Management (BLM) in 1991. During the past 13 years, the Foundation has collaborated with BLM on more than 400 on-the-ground conservation projects to leverage more than \$20 million of BLM funds into more than \$50.5 million on-the-ground. Last year, Congress appropriated nearly

\$3 million to the Foundation through the BLM. Foundation partners matched these funds with \$7.1 million to benefit 70 high-priority natural resource projects, including those that address habitat restoration; grassland, rangeland and sagebrush communities; species of concern; conservation education; and native plant conservation. For example, one project involves the University of Montana expanding

a sage grouse population study. Federal land managers will use maps (developed by researchers) that show priority landscapes for sage grouse conservation to identify sites for coal bed methane development that are least harmful to sensitive sage grouse populations within the Powder River Basin of southeastern Montana and northeastern Wyoming.



ENVIRONMENTAL PROTECTION AGENCY

[PARTNER'S IMPACT: 7 years, \$12 million, 500 projects]

The partnership between the U.S. Environmental Protection Agency (EPA) and the Foundation continued to grow in its seventh

year. During that time, the Foundation has been able to support more than 500 projects using \$12 million in EPA funds that were matched with more than \$34 million in nonfederal funds for a total of \$46 million in small watershed-based grants. In 2004, the partnership continued to grow with the creation of the Long Island Sound

Futures Fund. This new program, which receives the majority of its federal funds from the EPA, supports projects that foster partnerships with local communities to restore and protect critical wildlife habitat within the Long Island Sound. The EPA and the Foundation also have continued their successful community-based partnerships to protect the Great Lakes through the Great Lakes Restoration Grants Program, the Chesapeake Bay through the Chesapeake Bay Small Watershed Grants Program and the nation's wetlands through the Five-Star Restoration Program, which brings five partners together for each wetland restoration project.

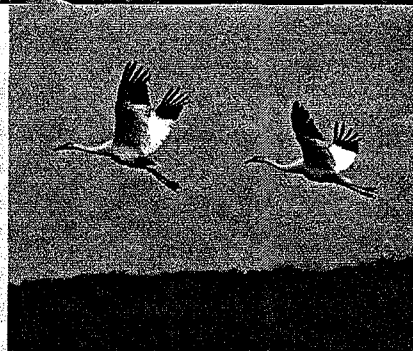
NATIONAL AQUARIUM IN BALTIMORE, INC.



Tidal marsh restoration at Blackwater National Wildlife Refuge in Maryland.



Whooping cranes at Aransas National Wildlife Refuge in Texas.



U.S. FISH AND WILDLIFE SERVICE/STEVE HILLEBRAND

NATURAL RESOURCES CONSERVATION SERVICE

[PARTNER'S IMPACT: 5 years, \$15 million, 350 projects]

Over the past five years, the Natural Resources Conservation Service (NRCS) and the Foundation have helped turn \$15 million in NRCS funds into more than \$60 million worth of projects that have engaged private landowners — primarily farmers and ranchers — in the conservation and enhancement of fish, wildlife and natural resources on their lands. In 2004, \$3 million in NRCS funding was obligated to projects, bringing

the total number of projects supported through this partnership to more than 330 in 49 states. For example, the Texas Wildlife Association is working with landowners on 80,000 acres to improve habitat in the Leon River Watershed through the removal of Ashe juniper and the promotion of beneficial grazing practices. There also was a new emphasis last year on agricultural land upstream from or adjacent to coral reefs.

Projects benefited species such as bobwhite quail, sage grouse, southwestern willow flycatchers, whooping cranes, black-capped vireos, golden-cheeked warblers, bald eagles, steelhead trout, coho salmon, Gunnison and white-tailed prairie dogs, Blanding's turtles and gray bats. Numerous additional species of native fish, mussels, migratory birds and grassland birds also have benefited.



USDA FOREST SERVICE

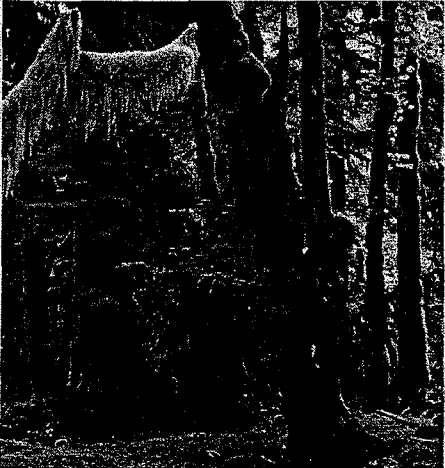
[PARTNER'S IMPACT: 15 years, \$16.8 million, 660 projects]

Over the past 15 years, the Foundation undertook more than 660 projects in partner-

ship with the U.S. Department of Agriculture's Forest Service (Forest Service), and leveraged \$16.8 million in federal funds into more than \$62 million, benefiting national forest and grassland units and supporting the agency's ongoing management programs. Last year, the Foundation leveraged roughly \$2.6 million in Forest Service funds into \$10 million to support 80 projects. Projects include a community-based collaborative approach used by the Watershed Research and Training Center to reduce the

fuel load of old-growth forests in northern California and southern Oregon, which will improve habitat conditions for the endangered northern spotted owl, Coho salmon and threatened steelhead trout. Also, as part of the Bring Back the Natives initiative, the Flathead Basin Commission is helping to restore 220 acres and stabilize 14,500 feet of stream banks through channel modification, revegetation, riparian fencing and grazing management in northwest Montana to benefit the westslope cutthroat trout.

ART: DELOON



"One touch of nature"

STRATEGIC PARTNERSHIPS



ExxonMobil CRITICAL ECOSYSTEM PARTNERSHIP FUND

EXXONMOBIL AND THE CRITICAL ECOSYSTEM PARTNERSHIP FUND

[PARTNER'S IMPACT: 10 years, \$12 million, 250 projects]

In 2004, the Save The Tiger Fund (STF) continued its partnership with the ExxonMobil Foundation and began its partnership with the Critical Ecosystem Partnership Fund (CEPF). STF and its partners have made significant and strategic investments in tiger conservation to ensure a future for wild tigers.

Fewer than 7,500 tigers remain in the wild in a patchwork of areas across Asia, from the tropical rain forests of Sumatra to temperate oak forests in the Russian Far East. These tigers continually face a myriad of threats including habitat destruction and fragmentation, depletion of prey species and illegal wildlife traffick-

ing. The STF partnership is vital because isolated actions are not enough to address today's threats to tigers, which include highly organized regional networks that smuggle tiger parts alongside narcotics and weapons. Thanks to support from the ExxonMobil Foundation and CEPF, STF is addressing these issues on a landscape level by supporting programs that protect and link remaining tiger habitats, restore prey species, initiate community-based tiger conservation and work with governments and the international community to stem the demand for tiger-based products. In addition, they provide support to stop illegal poaching. Since

1995, the program has provided more than \$12 million in support of 250 projects that address these issues.

ExxonMobil's pledge to the partnership equates to \$13 million that the corporation has invested in STF's vision for tiger conservation. It is one of the largest corporate commitments ever to save an endangered species. CEPF is focused on providing strategic assistance to more than 110 non-governmental organizations, community groups and other civil society partners in conserving earth's biologically richest yet most threatened places. Together, the partners work where these areas overlap with tiger habitat in southeast Asia. The new partnership between CEPF and ExxonMobil has doubled STF's grant distribution for tiger conservation in these regions.

SUCCESSES IN 2004:

- The partners kicked off the first year of a joint three-year, \$6 million commitment that unifies the work of many conservation organizations to ensure a future for wild tigers and biodiversity in threatened Asian ecosystems.
- Based on Wildlife Conservation Society surveys and action plans supported by STF grants, the government of Myanmar formally declared a sprawling 8,000-square-mile reserve for tigers, making it the largest protected area on earth for these endangered cats.
- STF supported a conference of leading tiger experts in Thimphu, Bhutan, led by WWF-Bhutan (World Wildlife Fund), that led to the formulation of a country-wide tiger action plan.

JOHN SEIDENSTICKER



Bengal tiger in India.

makes the whole world kin."

— JOHN MUIR, CONSERVATIONIST AND FOUNDER, THE SIERRA CLUB

ANHEUSER BUSCH

Companies

ANHEUSER-BUSCH

[PARTNER'S IMPACT: 12 years, \$6 million, 44 states]

Anheuser-Busch's generosity in the conservation community is far reaching, benefiting elk in Oregon, bobwhite quail in Indiana, ducks in Louisiana bayous and other wildlife and habitat — the company is a corporate leader in providing critical conservation resources to the nation. Matched only by its commitment to brewing excellence, Anheuser-Busch's dedication to preserving and conserving natural resources has long been recognized, having received more than 200 environmental awards over the past decade.

In its 12th year of supporting the Foundation's grant-giving work, Anheuser-Busch has continued to show its force as a conservation-minded corporation, helping to deliver nearly \$6 million and impacting 44 states. Proudly celebrating more than 150 years of brewing excellence across three

centuries, Anheuser-Busch takes great pride in its commitment to wildlife conservation.

SUCCESSES IN 2004:

• The company agreed to renew its partnership with the Foundation for an additional three years. Budweiser, the "King of Beers," will continue to support the Foundation's conservation initiatives and, in conjunction with the Foundation, will allocate \$65,000 per year to the Budweiser Conservationist of the Year award.

• The popular "Help Budweiser Help the Outdoors" promotion entered into its sixth year, with Budweiser wholesalers donating a percentage of their proceeds from cases of Budweiser that were sold during a two-month period. This successful program will deliver more than \$500,000 to on-the-ground projects nationwide.

• The annual Budweiser Conservation Scholarship Program recognized 15 students with scholarships of \$10,000 each. Scholarships went to individuals whose innovation and research will help find and apply more effective solutions to conservation problems. The program awarded scholarships based on merit, students' academic achievements and ability and commitment to developing innovative solutions designed to address real and

Key deer at National Key Deer Refuge in Florida.



Bighorn sheep at the National Bison Range in Montana.

pressing issues affecting fish, wildlife and plant conservation. The Foundation received more than 300 applications from college students in environmental and life science programs.

• Anheuser-Busch and the Budweiser brand have long recognized the critical role that outdoorsmen and women play in conservation, which is why Eddie Bridges of Greensboro, North Carolina, received the prestigious 2004 Budweiser Conservationist of the Year award. Mr. Bridges plans to use the \$50,000 award to continue wildlife habitat conservation efforts through the North Carolina Wildlife Habitat Foundation's Adopt an Acre program.



STRATEGIC PARTNERSHIPS



Energy to Serve Your World®

SOUTHERN COMPANY

[PARTNER'S IMPACT: 3 years, nearly \$1 million, 28 projects]

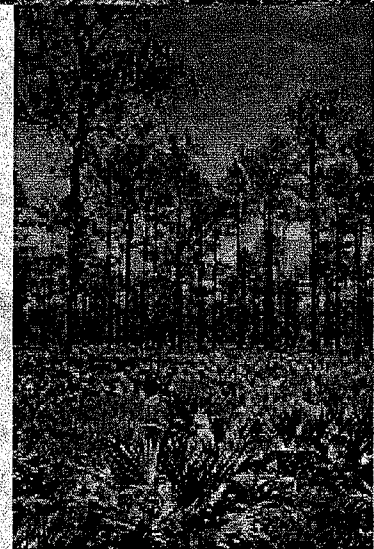
The Foundation's partnership with Southern Company — a super-regional energy company with operating facilities in Georgia, Alabama, Florida and Mississippi — began in 2002, when the Power of Flight program took wing. Devoted to conserving birds and their habitats, the Power of Flight provides \$500,000 annually for on-the-ground results. The priorities for Power of Flight include: implementation of the recovery plan for the endangered red-cockaded woodpecker; support for the Northern Bobwhite Conservation Initiative, a multi-state plan to

help increase populations of this declining game bird; conservation for beach-nesting birds and secretive marsh birds such as rails and bitterns; support for nature-based tourism involving birds; and environmental education for urban youth.

Based on the success of the Power of Flight, Southern Company and the Foundation launched the Longleaf Legacy program in 2004, which provides \$1 million annually for restoration of longleaf pine forests — home to red-cockaded woodpeckers, bobwhite quail, wild turkeys and more than 1,000 species of

plants. The longleaf ecosystem is uniquely southern and in short supply. Longleaf pine once blanketed more than 90 million acres in the South, but only a fraction remains.

These two programs are outstanding examples of how corporate America can team with the Foundation to benefit conservation and the millions of people who enjoy natural areas. The Power of Flight and Longleaf



U.S. FISH AND WILDLIFE SERVICE, MCCORMAN HIGERT

Legacy programs intentionally complement each other. Restoring longleaf forests will benefit red-cockaded woodpeckers, bobwhite and a host of other birds. Power of Flight funding is used to accelerate translocation efforts for the red-cockaded woodpecker, whereby birds from large populations are moved to sites where only a few birds are present to help stimulate increases. Similarly, Power of Flight funding helps farmers restore field borders, which provide habitat for bobwhite and dozens of other bird species.

SUCCESSES IN 2004:

- ◆ Southern Company funded 12 Power of Flight projects, with a total grant impact of \$1.4 million;
- ◆ Southern Company awarded six Longleaf Legacy projects, with a total grant impact of \$1.1 million, which will result in the planting of more than 1.3 million trees on nearly 2,600 acres of land.

U.S. FISH AND WILDLIFE SERVICE



Prairie warbler.



SHELL MARINE HABITAT PROGRAM

[PARTNER'S IMPACT: 6 years, \$5 million, 100 projects]

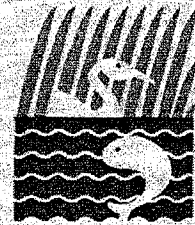
In the first six years of this partnership, begun in 1998, more than 100 grants have helped organizations conserve and restore marine habitat throughout the Gulf of Mexico. The Shell Oil Company invested nearly \$5 million in the first five years of the program, and the National Fish and Wildlife Foundation leveraged these funds with more than \$1 million in federal funds and almost \$12 million in grantee match money, generating nearly \$18 million.

The program's grantees have improved more than 160,000 acres of habitat, protected more than 31,000 acres of conservation land and educated more than 86,000 adults and children in the United States and Mexico — and the program has done so efficiently. For each \$1 invested through the program, an additional \$3.40 in matching funds was generated. The program has thus provided a source of “venture capital” that has catalyzed priority conservation projects throughout the region.

When the California-based consulting firm of Hardner & Gullison evaluated the program in 2003, the firm found it highly effective and recommended a number of ways to improve conservation impact, such as involving more Shell employees in projects. In 2004, the program's sixth year, Shell and the National Fish and Wildlife Foundation chose to focus on projects near Shell facilities. As a result, Shell is adding value to its “fence-line” communities by enabling its staff to become more deeply connected to them.

SUCCESSES IN 2004:

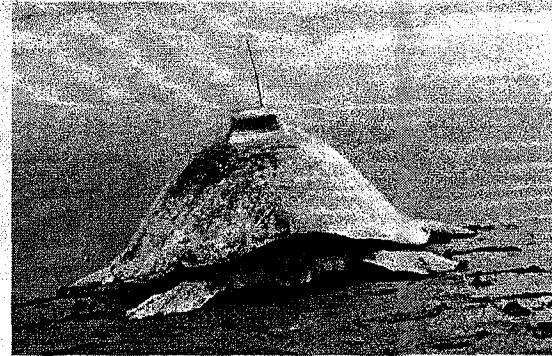
- Shell gave \$75,000 to the Galveston Bay Foundation for the East Bay Marsh Protection project in Galveston Bay, Texas, which involves constructing a breakwater to protect 1,000 acres of wetlands from erosion.
- Jarbou Bayou received \$50,000 to restore 750 feet of shoreline in the city of Clear Lake Shores, Texas.



Shell Marine
Habitat Program

- Funding of \$75,000 will help restore 20,000 acres of historically low salinity marsh in Jefferson County, Texas, currently being impacted by saltwater intrusion.
- In addition, the Foundation received 16 requests for funding through the program, totaling in excess of \$1 million. Shell and the Foundation are proud of the program's ongoing popularity and the significant additional funds it attracts to conservation programs in the Gulf region.

RICHARD A. BYLES



Tracking endangered Kemp's ridley sea turtles.

The Shell Marine Habitat Program protects coastal wetlands in Texas.

STRATEGIC PARTNERSHIPS



BASS PRO SHOPS

[PARTNER'S IMPACT: 20 years, \$1.3 million]

For 20 years, Bass Pro Shops and the Johnny Morris Foundation have worked closely with the National Fish and Wildlife Foundation (Foundation) to build partnerships with the public, private and nonprofit sectors in support of the Foundation's mission.

Dating back to the inception of the Foundation, this partnership continues to guide its vision and work. Johnny Morris, founder of Bass Pro Shops, continues to serve as an advisor and friend of the Foundation. He also gave generously of his time and energy as a member of its board, serving for more than a decade in the Foundation's formative years.

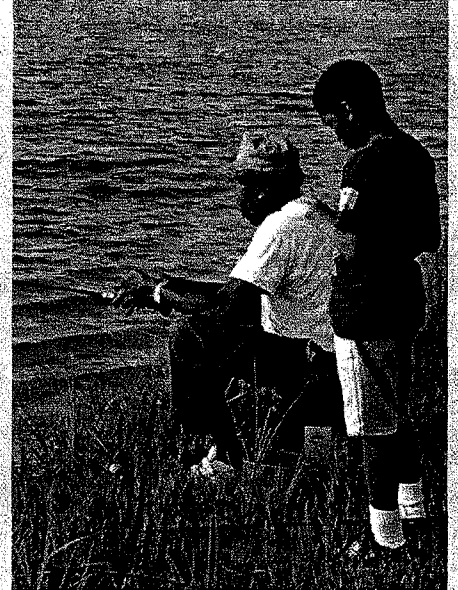
Bass Pro Shops and the Johnny Morris Foundation have directly contributed more

than \$1.3 million for on-the-ground conservation investment of more than \$5 million. These funds support development of new technologies in habitat restoration; groundbreaking research in fisheries focused on reproduction, reintroduction and disease; model restoration and habitat conservation projects; and education initiatives reaching private landowners as well as youth groups.

Since 2000, Bass Pro Shops and the Foundation have hosted an Evening for Conservation with each new store opening. Event proceeds have supported the commitment of thousands of volunteers working with the dedicated staff of public and nonprofit conservation agencies and organizations, benefiting on-the-ground conservation actions. In addition, Bass Pro Shops, the Johnny Morris Foundation and the National Fish and Wildlife Foundation have co-funded a series of fish and wildlife conservation projects as part of the Johnny Morris Conservation Creel. To increase the value of the Creel, Bass Pro Shops invites its customers to participate through the "Outdoor Rewards" credit card program, where customers support conservation with every purchase. This makes possible the conservation of habitat critical to endangered and threatened species, fisheries research and public outreach.

A commitment to the conservation and stewardship of the nation's natural resources and to preserving the heritage of hunting and

Fishing is a family affair.



U.S. FISH AND WILDLIFE SERVICE/PATLIS COOPER

fishing starts at the top of the Bass Pro Shops family. Johnny Morris has made conservation a core value of the Bass Pro Shops family, which includes the Tracker Marine family of boats, Redhead clothing, more than 25 retail stores and the Wonders of Wildlife Zooquarium, located in Springfield, Missouri, adjacent to Bass Pro Shops headquarters.

Bass Pro Shops and Johnny Morris continue to serve as leaders in advancing the mission, vision and goals of the U.S. Fish and Wildlife Service through their partnership with the Foundation.

SUCCESSES IN 2004:

• Bass Pro Shops and the National Fish and Wildlife Foundation joined forces to support the emerging National Fish Habitat Initiative, directed by the International Association of Fish and Wildlife Agencies.

• Through the National Fish Habitat Initiative, Bass Pro Shops and the Foundation support pilot projects in the southeast, under the direction of Gary Myers, and provide funding for two national symposiums to define measurements for assessing the dramatic decline in fish populations.



Largemouth bass, a favorite of anglers.



ESPN OUTDOORS

[PARTNER'S IMPACT: 5 years, \$1.3 million raised at inaugural fundraising event]

The Foundation and ESPN each do their part to ensure that Americans have the chance to appreciate and experience the outdoors. ESPN Outdoors airs 365 days a year on ESPN2, representing almost 1,000 hours on the network. ESPN also owns BASS, the world's largest fishing organization, with more than 525,000 members worldwide, which focuses on promoting the sport and the conservation of its resources. Test events for the ESPN Outdoors Bassmaster Series were conducted in 2004 and the new tournament series began in January 2005, creating an entry point for thousands of avid anglers who have never tried tournament fishing.

In summer 2005, ESPN will hold the sixth Great Outdoor Games, featuring sporting events such as fishing, log rolling and more. From the beginning, the Foundation has

been the conservation partner for the games, which have drawn more than 230,000 people since 2000. The games are a tribute to America's passion for the outdoors and outdoor recreation.

SUCCESSES IN 2004:

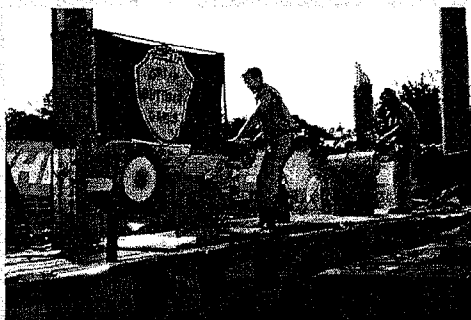
☛ Last July, the Foundation joined ESPN Outdoors at the Great Outdoor Games V in Wisconsin, where Foundation staff helped present competition awards to a variety of athletes.

☛ ESPN Outdoors continued its commitment to conservation by hosting a fishing summit of industry leaders at last summer's CITGO Bassmaster Classic presented by Busch Beer.

☛ Last fall, ESPN Outdoors joined the Foundation as a co-host at its first New York City fundraising event. The event benefited the Foundation, bringing in more than \$1.3 million to support

the Foundation's work to conserve fish, wildlife and habitat. The evening also included a sampling of the Great Outdoor Games, Dan Patrick of SportsCenter as host and a fabulous fireworks show that lit up the sky. The Foundation recognized Clint Eastwood with the Foundation's Chairman's Award.

ESPN, which celebrated its 25th birthday in 2004, continues to show its deep commitment to conservation through messages delivered by its programming and its active involvement in a wide range of conservation activities.



Competitive chainsaw demonstration at the Celebrating the Great Outdoors fundraising event on Randall's Island.



THREE EVENT IMAGES: NATIONAL FISH AND WILDLIFE FOUNDATION/THUY LUU-BEAMS



Guests enjoy dinner under a tent of stars in New York City.

Chairman of the Board
Max C. Chapman, Jr., tries his
luck in the log roll.

STRATEGIC PARTNERSHIPS

Alcoa foundation ALCOA FOUNDATION

The Alcoa Foundation and the National Fish and Wildlife Foundation wrapped up a great three-year program with several high notes. Through the successful "Saving Our Forests" initiative, Alcoa has afforded the Foundation an opportunity to build partnerships that draw more people and organizations into initiatives to conserve natural resources on private forestlands. These partners included conservation groups, agencies and private landowners.

In 2004, support from Alcoa enabled the Foundation to distribute 25 grants to conserve endangered species, fund research to learn more about wildlife habitat needs in private forests and to educate loggers and landowners about conservation. Alcoa's support of forestry initiatives also permitted the Foundation to grow programs and to help create a network of communities and individuals dedicated to restoring and enhancing America's private forestlands. Last year, Alcoa's

valuable support enabled the Foundation to make conservation investments exceeding \$1.6 million and — with grantee match — created a \$5.2 million on-the-ground impact. Over the life of the Saving Our Forests initiative, the National Fish and Wildlife Foundation provided \$3.7 million in grant funds to 71 forest conservation projects across the United States, Mexico and Central America — this was leveraged by \$7.6 million in matching funds.

ConocoPhillips

CONOCOPHILLIPS

Thanks to the Foundation's partnership with ConocoPhillips, students around the country will soon be Flying Wild — about birds, that is. Through a multi-year commitment to the Council for Environmental Education, a new curriculum on birds and their conservation will soon be offered through Project Wild, one of the programs most widely used by teachers across the country. Flying

Wild and another program supported through this partnership, Operation Rubythroat, introduce youth, their teachers and parents to environmental education and conservation topics through discussion of birds.

In addition to introducing students to the wonder of birds and their conservation needs, ConocoPhillips and the Foundation are helping to restore endangered species, such as the

Whooping Crane, and to protect habitat for declining prairie birds.

These projects are just a small part of the commitment that ConocoPhillips has made to bird conservation through a partnership with the Foundation that extends more than a decade. During this period, we have jointly funded projects totaling more than \$2 million, and have helped conserve some of the nation's highest-profile species and habitats.

mbna MBNA

In 2004, MBNA America Bank and the Foundation entered into an exciting new partnership that will benefit the National Wildlife Refuge System, a national treasure that provides outdoor opportunities for more than 35 million visitors each year. The cornerstone of this new program is a credit card specially designed for outdoorsmen and women, with royalties supporting education, conservation

and stewardship activities important for the National Wildlife Refuge System.

At a press conference announcing this new partnership, U.S. Secretary of Interior Gale Norton stated that the funds "will help to support the Conservation in Action Summit, an important conference that will bring together U.S. Fish and Wildlife Service employees, state agencies, refuge friends groups, volunteers and

other partners to help establish priorities and measurable goals for the Refuge System." U.S. Fish and Wildlife Service Director Steve Williams echoed Secretary Norton's sentiments when he expressed how he was grateful and excited to see the refuge system being ushered into its next century with so much promise and support.



Pinellas
County
Environmental
Fund

PINELLAS COUNTY ENVIRONMENTAL FUND

This unique partnership between the Pinellas County Board of County Commissioners, the National Oceanic and Atmospheric Administration (NOAA), and the Foundation focuses on conserving, restoring and enhancing the natural resources of the Tampa Bay watershed for its citizens and visitors through education and innovative, sustainable conservation partnerships. Conservation priorities include management

of exotic plants and wildlife, and conservation and restoration of coastal habitats and upland and freshwater habitats.

Successes in 2004 included: awarding 22 grants, committing more than \$1.4 million in NOAA federal funds, more than \$167,000 in Pinellas County funds and more than \$2.6 million in grantee match, for a grant impact of \$4.2 million; restoring more than 200 acres of environmentally sensitive

uplands; and honoring retired Audubon of Florida manager Rich Paul and Tampa Bay Watch with the 2004 annual environmental awards. The Fund also initiated Tampa Bay's first community-wide derelict ghost crab trap removal project and successfully hosted the Spring on the Flats Fishing Tournament and the Florida Birding and Nature Festival to raise awareness about environmental issues in Tampa Bay.



PURINA. PURINA

The Foundation joined forces with Purina, part of Nestlé Purina PetCare, in 2004 to create the Purina Conservation Program, an initiative geared toward improving habitat for America's upland game birds and other wildlife species.

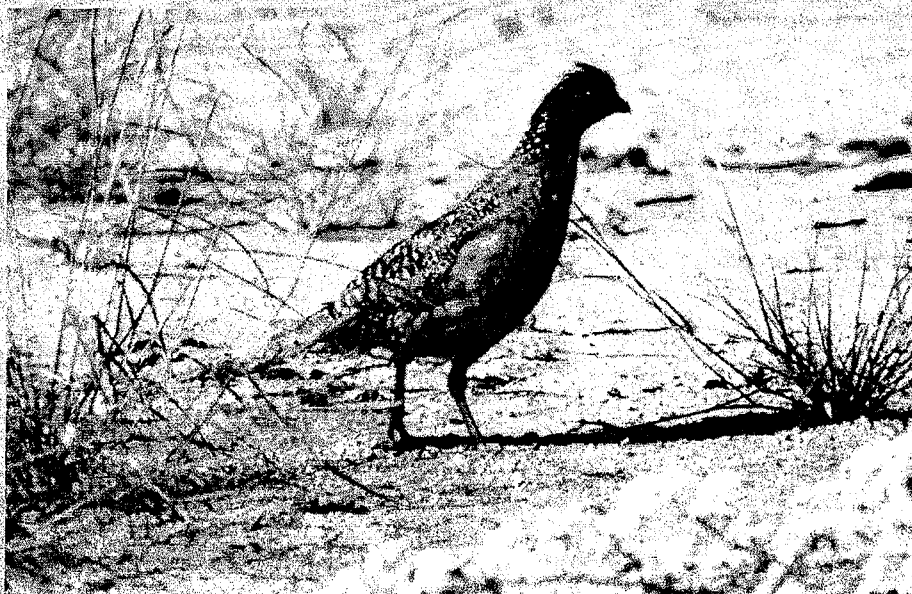
Through the partnership — which also includes Pheasants Forever, the Ruffed Grouse Society and Quail Unlimited — Purina will donate to the program initiative one penny

per pound on Purina® Pro Plan® and Purina® HiPro brand dog foods purchased by members of these conservation organizations. The Foundation will match project funds generated by the Purina Conservation Program, and the dollars will go toward conservation projects benefiting these and other species. The program kicked off in January 2005 and is exclusively offered to members of these three conservation groups.

The program's first project involves the Ruffed Grouse Society, and will work to restore habitat for ruffed grouse in Cass County, Minnesota. The Ruffed Grouse Society will use \$75,000 in local, federal and matching grants to purchase temporary bridges that may be used to cross into sensitive wetland areas to allow for effective habitat management efforts. Purina and the Foundation look forward to similar projects with Pheasants Forever and Quail Unlimited.

Over the past decade, the Foundation and its partners Pheasants Forever, the Ruffed Grouse Society and Quail Unlimited have supported a combined total of \$2.3 million in grants for on-the-ground conservation projects, with more than \$6.2 million in matching and nonfederal funds.

U.S. FISH AND WILDLIFE SERVICE



Masked bobwhite quail.

STRATEGIC PARTNERSHIPS

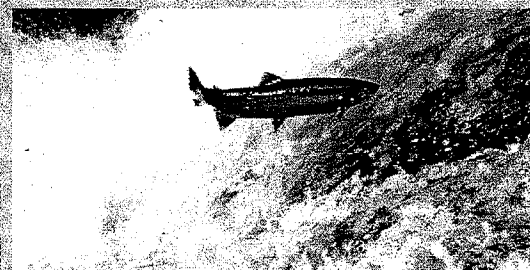


BONNEVILLE POWER ADMINISTRATION

• The Bonneville Power Administration (BPA), in collaboration with the Foundation and 10 nonprofit organizations and state agencies across Oregon, Washington, Idaho and Montana, completed the second year of the Columbia Basin Water Transactions Program. The program seeks to balance the water needs of agriculture and fish through the use of creative market-based strategies and to improve stream flows throughout the Pacific

Northwest by working cooperatively with landowners — primarily farmers and ranchers. • A total of 25 completed transactions restored more than 323.15 cubic feet per second of flow into critical fish-bearing Columbia Basin streams. These transactions resulted in more than 32,000 acre-feet of water being left instream during 2004. More than 620,000 acre-feet of water will be left instream over the life of the transactions.

• BPA, in cooperation with the Northwest Power and Conservation Council, primarily funded last year's \$4 million program budget, with additional funds from the U.S. Fish and Wildlife Service.



ROBERT C. FIELDS

Migrating trout in Oregon.



CALFED BAY DELTA PROGRAM

• In its ninth year, CALFED — a group of agencies representing the state of California and the federal government — continued to address water supply reliability and quality and completed funding of projects required by two agreements (below). The program's goals include restoring health to the San

Francisco Bay Delta, an ecosystem formed by the confluence of the Sacramento and San Joaquin rivers.

• The \$37 million Ecosystem Restoration Program agreement began in 1998 and ended in 2004, having funded a total of 45 projects. Projects included habitat restoration, fish

passage improvement, invasive species management, water quality enhancement, scientific research and land acquisition.

• A \$3 million agreement with the Environmental Protection Agency involved the funding of 14 watershed stewardship projects in the CALFED region and concluded in early 2004.



DISNEY

• Disney established its Wildlife Conservation Fund in 1995 to promote the study and protection of the world's wildlife and ecosystems. Since that time, Disney and the Foundation have co-funded more than \$2.6 million for fish and wildlife conservation projects in the United States, Latin America and Asia.

• In 2004, Disney and the Foundation again joined forces to co-fund projects to help conserve the West Indian manatee, a federally endangered species found in Florida. One focus of the manatee work will be to help coordinate conservation and education programs across the state.

• Disney, the U.S. Fish and Wildlife Service and the Foundation launched the National Wildlife Refuge System Centennial Scholarship Program last year. Through the 2004 program, 12 students received scholarships totaling \$100,000 to support conservation research benefiting national wildlife refuges nationwide.



FMC FMC CORPORATION

The Foundation's highly successful three-year partnership with FMC concluded in 2004. Through FMC's generosity, the Foundation created a habitat conservation program focused on prairie grouse and shorebirds, two groups experiencing significant declines and in need of new funding for proactive conservation.

The partnership funded 20 projects in 11 states and Saskatchewan, Canada, as well as two projects with regional implications. A total of more than \$1 million in FMC funds were granted, matched by more than \$4 million from grantees and federal funds, for a total on-the-ground impact of nearly

\$6 million — better than a 5-to-1 return on investment of project dollars.

Grantees estimate that funds helped protect or enhance 52,635 acres of priority bird and wildlife habitat. The partnership permanently protected — through easements or acquisition — 24,855 acres and restored or improved an additional 27,780 acres.



MIGRATORY BIRD CONSERVANCY

Through this unique partnership, more than a dozen birding businesses and their customers help fund habitat projects to benefit birds. Last year, three grants totaling \$161,300 helped improve management on more than 14,000 acres of habitat in

Missouri, Wisconsin and Alberta, Canada. Special thanks go to major donors, including: Swarovski Optik, NA; Stokes Nature Company; Aspects, Inc.; Duncraft, Inc.; Droll Yankees; Wild Bird Feeding Industry; Longdown Management Inc.; D&D

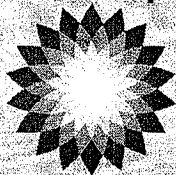
U.S. FISH AND WILDLIFE SERVICE/WYMAN MEINZER



Pintails in flight.

Commodities; ETO Sterilization; Web Spectrum, Inc.; and BigPockets Birding Outfitters.

bp



ConocoPhillips

ExxonMobil

POLAR BEAR CONSERVATION FUND

In 2004, BP, ConocoPhillips, ExxonMobil and the Foundation supported the Polar Bear Conservation Fund for a third year. The full five-year partnership supports applied research on Alaskan and Canadian polar bears and their denning and feeding behavior. Research tools include radio and satellite tracking, aerial census taking, infrared identification of dens

and mark-and-recapture work. Through special training and outreach, the Foundation can share this new knowledge with scientific and public audiences across the United States and Canada.

The Polar Bear Conservation Fund awarded a \$200,000 grant to Polar Bears International, which coordinates work

between the U.S. Geological Survey in Alaska and the Canadian Wildlife Service. This five-year joint study, also in its third year, will identify bear population boundaries, as well as size and trend data to help manage polar bear populations and to evaluate possible risks to them from human activities.

STRATEGIC PARTNERSHIPS

NiSource NISOURCE INC.

◆ NiSource and the Foundation completed the first year of an innovative partnership that seeks to manage utility rights-of-way for maximum wildlife habitat while providing for a safe and stable utility transmission system.

The Save the Dunes Conservation Fund — with a grant funded through this program — restored more than 400 acres of sand dune prairie habitat on electrical transmission rights-of-way in northern Indiana. The

project resulted in a restored native plant community and provides habitat for migratory birds and the federally endangered Karner blue butterfly.

ORVIS ORVIS

◆ For 17 years, Orvis and the Foundation together have supported the conservation of America's rivers, wetlands and other vital habitats. Orvis, its customers and the Foundation have supported more than \$5 million to fish and wildlife conservation and

to conservation partners such as the Oregon Water Trust, the Henry's Fork Foundation and the Ruffed Grouse Society. The Orvis partnership helps publicize the Foundation and its projects, vigorously supporting conservation through its donations.

◆ In recent years, the partnership has made possible an array of conservation initiatives, from protecting sea turtle habitat in Florida to restoring fish passages in Idaho and game bird habitat in Maine.

Sodexo SODEXHO USA

◆ Now in its thirteenth year, the Sodexo USA "Reduce, Reuse, Recycle"-themed Refill Mug Program has contributed more than \$250,000 to the conservation of healthy populations of rare, threatened, endangered or declining species. Students and other consumers

who purchase mugs have helped to protect and restore critical habitats and to promote conservation education through integrated, hands-on, science-based learning opportunities.

◆ As part of the program, Sodexo USA donates 15 cents to the Foundation for each

mug sold at Sodexo USA dining outlets at colleges, universities, hospitals and restaurants nationwide. The partners hope the re-use of mugs will aid in the reduction of disposable cup waste.



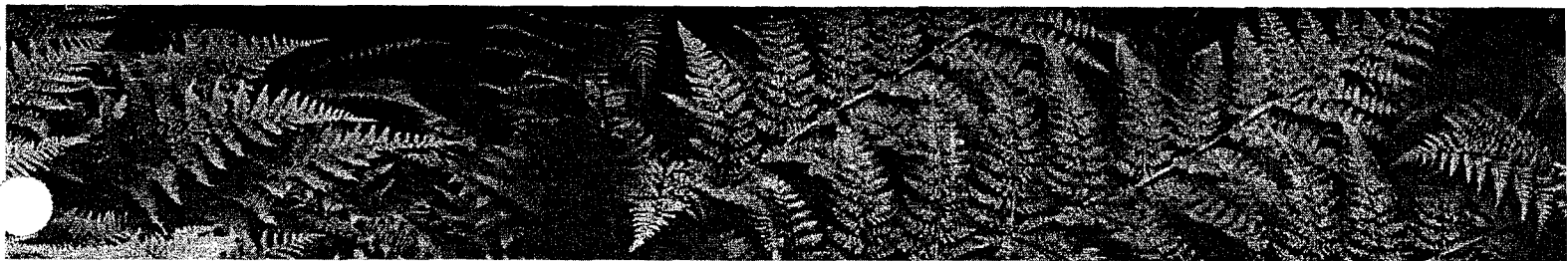
SWAROVSKI SWAROVSKI OPTIK, NORTH AMERICA, LTD.

◆ High-quality optics from Swarovski help outdoor enthusiasts get better views of wildlife. Funding from Swarovski helps the Foundation deliver the best in bird habitat conservation across the hemisphere. As the official optics sponsor of the Foundation's bird conservation program, Swarovski helps

make possible millions of dollars in grants that protect and improve habitat for birds. The company also is a founding sponsor of the Migratory Bird Conservancy and the Florida Birding and Nature Festival.

Bird watching at Bosque del Apache National Wildlife Refuge in New Mexico.

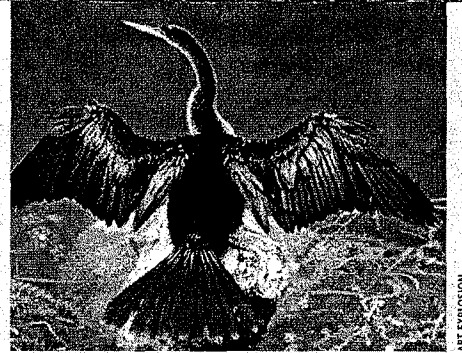




UNITED STATES GOLF ASSOCIATION

Since launching the Wildlife Links program in 1996 to fund research and management projects to benefit wildlife on golf courses, the United States Golf Association has contributed more than \$1 million to fund 18 projects across the country. Highlights in

2004 included publication of the book "Managing Wetlands on Golf Courses" which provides golf course architects and superintendents with the best information on how to turn water features into functioning ecosystems that benefit wildlife.



ART EXPLOSION

UNOCAL ⁷⁶ UNOCAL Alaska

Unocal Alaska and the Foundation continued to support the Beluga Whale Conservation Fund last year. The partnership — in its third year — has helped to expand beluga whale research and conservation in Cook Inlet near Anchorage, while offering philanthropic giving opportunities to private donors.

corporations and other groups who wish to help better understand whales and their declining populations. The partners worked with researchers and agencies to determine future management strategies that may protect and increase their numbers.

The results of a 2003 project completed

by LGL Alaska Research Associates also influenced 2004/2005 Fund conservation work. The study focused on the abundance, distribution, feeding ecology and life-cycle data of beluga whales in the area. The latest Fund research will help determine the age and sex of beluga whales in Cook Inlet.



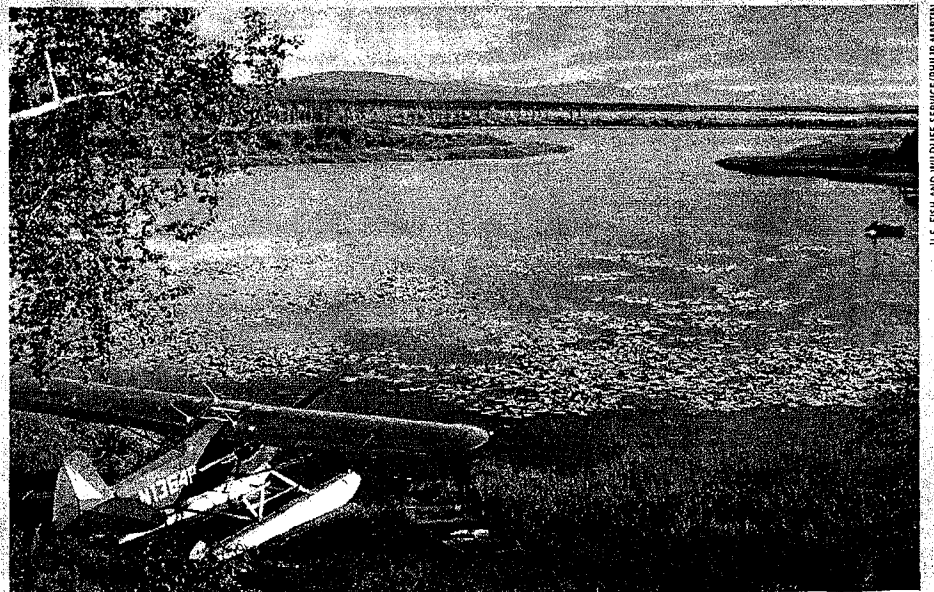
WILD BIRDS UNLIMITED, INC.

Through the Pathways to Nature Conservation Fund, more than 320 Wild Birds Unlimited franchises (and their customers) support education and wildlife viewing projects at nature tourism destinations across the country. To date, 23 projects have been funded, committing more than \$1 million in combined Wild Birds Unlimited and Foundation partnership funds. In recognition of the centennial of the National Wildlife Refuge System (which happened in 2003), all new funds benefit projects on refuges. In

2004, this included major grants to three national wildlife refuges: Merritt Island in Florida, Chincoteague in Virginia and

Blackwater in Maryland, each of which will be undertaking projects to improve bird and wildlife-watching opportunities.

Scenic view at Kanuti National Wildlife Refuge in Alaska.



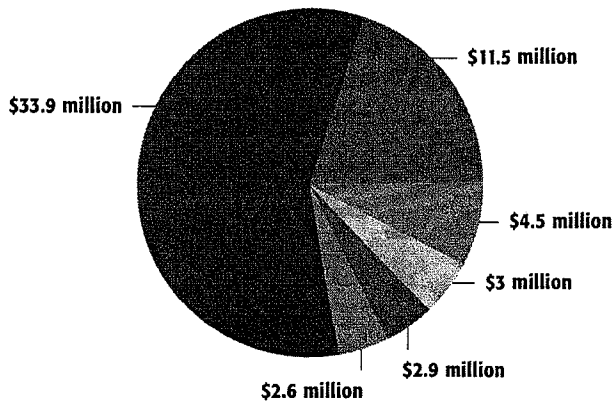
U.S. FISH AND WILDLIFE SERVICE/PHILIP MARTIN

OPERATIONS

SUMMARY

The Foundation's effectiveness and efficiency are still its hallmark, maintaining the Foundation's responsibilities to Congress while remaining responsive to grantees. For every \$1 of federal funds entrusted to the Foundation, nearly \$3 are invested on the ground or in the water. The National Fish and Wildlife Foundation's independently audited financial statements and IRS Form 990 are available upon request.

FY 2004 SOURCES OF FEDERAL SUPPORT*



- U.S. Fish and Wildlife Service
- National Oceanic and Atmospheric Administration
- Natural Resources Conservation Service
- Bureau of Land Management
- U.S.D.A. Forest Service
- Federal Cooperative Agreements

These federal agencies are Animal Plant Health Inspection Service, Bonneville Power Administration, Bureau of Reclamation, Department of Defense, Department of Energy, Department of Interior, Department of State, Department of the Treasury U.S. Mint, National Oceanic and Atmospheric Administration, Natural Resources Conservation Service, Office of Surface Mining, Tennessee Valley Authority, U.S. Army Corps of Engineers, U.S. Environmental Protection Agency, U.S. Fish and Wildlife Service and U.S.D.A. Forest Service.

*Direct appropriation and cooperative agreements

NATIONAL FISH AND WILDLIFE FOUNDATION CONDENSED STATEMENTS OF FINANCIAL POSITION (in millions)

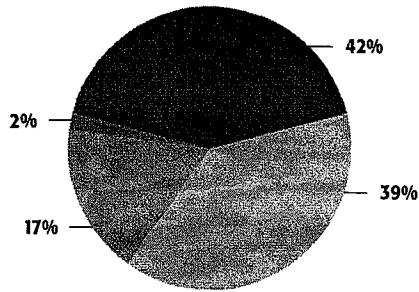
Assets	SEPTEMBER 30,	
	2003	2004
Investments	\$134.7	\$189.8
Other Assets	15.0	8.1
Total Assets	149.7	197.9

Liabilities and Net Assets		
	2003	2004
Liabilities	127.4	170.5
Net Assets		
Unrestricted	14.4	17.0
Restricted	7.9	10.4
Total Liabilities and Net Assets	\$149.7	\$197.9

CONDENSED STATEMENT OF ACTIVITIES (in millions)

	YEAR ENDED SEPTEMBER 30, 2004		
	Unrestricted	Temporarily Restricted	Total
Revenues and Support	\$35.3	\$6.6	\$41.9
Assets Released from Restriction	4.1	4.1	0.0
Total	39.4	2.5	41.9
Expenses	36.8	0.0	36.8
Changes in Net Assets	2.6	2.5	5.1
Net Assets, beginning of year	14.4	7.9	22.3
Net Assets, end of year	\$17.0	\$10.4	\$27.4

FY 2004 OBLIGATED FUNDS BY CONSERVATION THEME



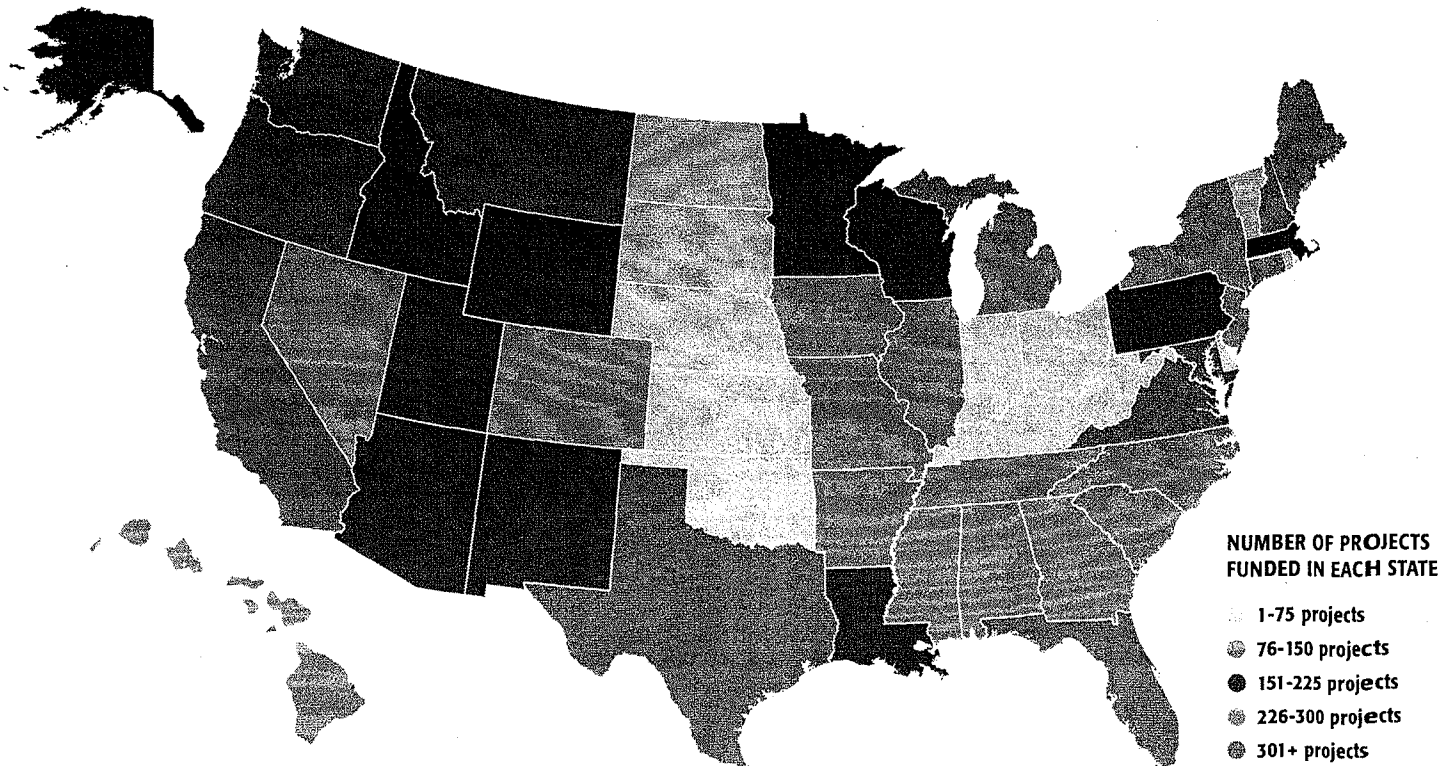
- Working ecosystems and healthy habitats
- Conservation of critical species
- Education and stewardship
- Evaluation and innovation

RESOURCES

PROJECT ELEMENTS	FY 2004	FY 1984-2004
Federal funds obligated by the Foundation	\$26,903,482	\$305,147,104
Nonfederal awards	\$4,700,595	\$130,388,025
Matching funds pledged	\$41,139,260	\$483,308,239
Total funds invested	\$72,743,337	\$918,843,368
Number of awards	709	7,273
Acres managed, restored or acquired by partners	195,843	17,443,717

20 YEARS OF FOUNDATION-SUPPORTED PROJECTS

The Foundation has awarded 7,273 grants that have impacted communities since its inception in 1984.

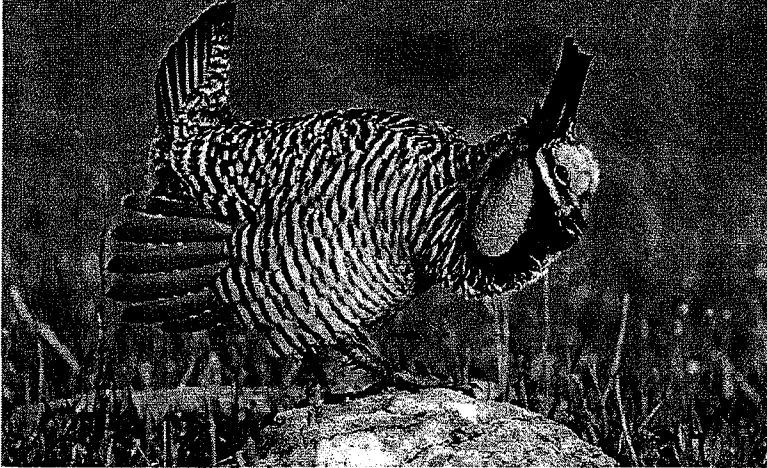


INTERNATIONAL CONSERVATION PROJECTS



49 Countries
741 Grants

PHILANTHROPIC PARTNERS



Each year, individuals, foundations and corporations partner with the National Fish and Wildlife Foundation to help fulfill its mission to conserve fish, wildlife and plants, and the habitats on which they depend. In 2004, the following partners joined with the Foundation in making grants possible for habitat conservation, stewardship, education, planning, resources and technological innovation:

Golden Prairie Chicken.

CORPORATE PARTNERS

Acartha Holdings*
 AJS, LLC*
 Alcoa Foundation*
 Altria Group, Inc.*
 AmeriQual Group*
 Angela Grande Design*
 Anheuser-Busch Companies*
 Arader Galleries*
 Armstrong Ranch*
 A.S.K. Alternative Investments*
 Aspects, Inc.*
 Barclays Capital*
 Perry and Nancy Lee Bass Corporation*
 Bass Pro Shops*
 Bilodeau Wells and Company, PC
 BlackRock Financial Management*
 Bloomberg Financial Markets*
 Blue Ridge Capital*
 Bonneville Power Administration*
 BP America, Inc.*
 BPS Worldwide Sportsman*
 Bridger Capital*
 Camco & Camco Pacific*
 Centex Construction*
 Champion International Paper*
 ChevronTexaco Corporation*
 Chippens Hill Veterinary Hospital, LLC
 Citigroup Private Bank*
 Clinton Group*
 CLW Real Estate Services Group*
 Coca-Cola North America*
 Colonial Properties Trust*
 Conrod Associates Communications, LLC*
 The Cordish Company*
 Counter Culture Coffee*
 Cox & Smith Incorporated*
 Credit Suisse-First Boston*
 DeMatteo Monness, LLC*

DLR Architects*
 Dolan, Pollak & Schram Development Company, LLC*
 Dover Corporation*
 Dover Management*
 Dow AgroSciences, LLC*
 Doyle Fund Management*
 Dresser-Rand GMBH
 Duquesne Capital Management, LLC*
 Egerton Capital Limited Partnership*
 Ellington Management Group, LLC*
 Ellison Management, LLC*
 Ernst & Young, LLP*
 ESPN Outdoors*
 Essex Automotive Services
 Explorer Pipeline*
 Feldman Enterprises*
 Fidelity Corporate Services
 Flag Luxury Properties, LLC*
 Flyer Printing Company, Inc.
 Ford Plantation*
 The Forestland Group, LLC*
 Gilbane Company*
 Goldman Sachs & Co.*
 Graham Capital Management*
 Greenbrier Sporting Club
 Development Company, LLC*
 Greg Greenfield & Associates*
 Guyette and Schmidt, Inc.*
 Heartfelt Charity Cards
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(612) 713-5173

Fax (612) 713-5285

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Suite 900

Washington, D.C. 20036

(202) 857-0166

Fax (202) 857-0162

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1875 Century Boulevard, Suite 200

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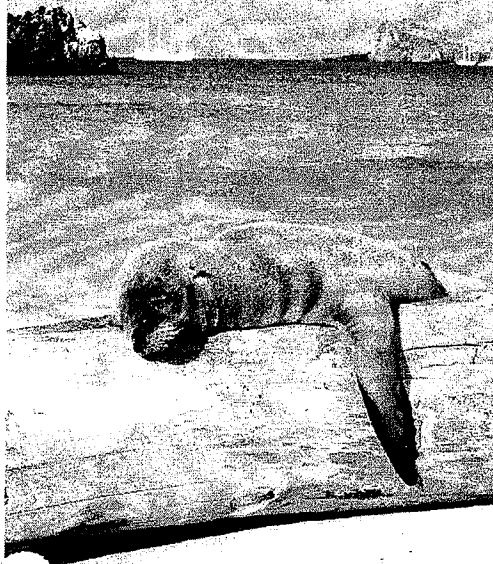
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Sunrise at Cheyenne Bottoms Wildlife Management Area in Kansas.

Galapagos sea lion pup naps on Santa Fe Island.

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NATIONAL FISH AND WILDLIFE FOUNDATION/THUY LUU-BEAMS

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- ☛ Retirement plans, IRAs and life insurance;
- ☛ Specific property such as stocks or real estate;
- ☛ The residual of an estate after other beneficiaries have been provided for.

COMBINED FEDERAL CAMPAIGN

If an employee's workplace participates in the Combined Federal Campaign, the employee may make payroll donations to the Foundation. The Foundation's Combined Federal Campaign number is 0892.

For more information on offering a gift to the National Fish and Wildlife Foundation, contact:

Elizabeth Madison
Director of Development
(202) 857-5677
Liz.Madison@nfwf.org

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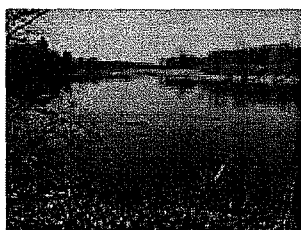


Great Lakes Protection Fund

Frequently Asked Questions...

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...about the GREAT LAKES PROTECTION FUND



Courtesy of S. D. Mackey

What is the Great Lakes Protection Fund?

The Great Lakes Protection Fund is a private, not-for-profit corporation. The Governors of the Great Lakes states created it in 1989 to be a permanent source of financial support for innovative regional efforts to protect and restore the health of the Great Lakes ecosystem. The Fund provides support in the form of grants, loans and other investments.

Where does the Great Lakes Protection Fund's money come from?

Seven Great Lakes states provided one-time contributions to create the Fund's permanent endowment. The states of Illinois, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin have contributed \$81 million to the Fund's permanent endowment. This endowment is invested to produce income. Two-thirds of the Fund's net income is dedicated to regional projects that produce tangible improvements to the health of the Great Lakes ecosystem. The remaining third is distributed annually to the member states in proportion to their original contribution, so that the member states can support their Great Lakes priorities.

Who decides who gets support from the Fund?

The Governors elect a Board of Directors that has fiduciary responsibility for the Fund. The Board sets Fund policy, oversees the management of the endowment and makes funding decisions.

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...about our FUNDING GUIDELINES

What does it mean to "enhance the health of the Great Lakes ecosystem"?

Enhancing the health of the Great Lakes ecosystem means producing ecological results that are real, significant, and of regional consequence. Proposed projects are evaluated based on their potential to produce actual environmental results:

- **Real** - "Real" means that the project leads to results that can be measured, understood, and experienced in the ecosystem. "Results" refers to the project's expected outcomes (i.e., changes in the beneficial use status-fishable, swimmable, and/or drinkable-of a given number of stream miles, an improvement in an Index of Biotic Integrity for some part of the ecosystem, changes in the population or health of a critical specie or unique natural community, etc.), not the project's outputs (i.e., the number of farmers that adopt best management practices to reduce nutrient run-off, number of reports issued, number of articles published, etc.).
- **Significant** - Successful requests have, as a goal, environmental outcomes that are of priority to the basin ecosystem. These outcomes target some aspect of the basin's physical, chemical and/or biological integrity that is impaired or threatened throughout the ecosystem and remains unaddressed by government programs, industry or not-for-profit initiatives.
- **and of Regional Consequence**- For a project to be considered for funding, its predicted environmental outcomes must benefit the ecological health of the entire Great Lakes ecosystem. In other words, projects must work at the scale necessary to produce system-wide consequences.

How quickly must my project produce tangible ecological results?

All other factors being equal, a project team that can produce results quickly has a higher likelihood of support than a project team that produces results more slowly. The Fund understands that achieving results that are real, significant, and of regional consequence takes time and may occur well after the funding support has lapsed. In those cases, the Fund weighs the likelihood of producing the expected result after the project has concluded in making a funding decision.

Does the Fund have program areas?

No. The Board has, however, identified four areas where it believes there is significant opportunity for meeting the Governors' directive of seeking out solutions to the lakes' biggest challenges. Those areas are preventing biological pollution, restoring more natural flow regimes, organizing markets to improve the environment, and providing leadership for ecosystem restoration.

Can I still apply for a travel grant to attend a regional meeting?

No. The Fund has discontinued its travel grants program.

I have an idea for a project, but lack the team to carry it out. Can I get support to flesh out my project?

Yes. The Fund periodically makes small planning grants for compelling ideas that appear ripe for action consistent with the Fund's general guidelines, but where a team and project plan need to be built. The Fund also periodically convenes technical experts to advise the Fund on topics that may be ripe for support. Ideas that seem ripe for a single project can be the basis for entire portfolios of projects as well. Frequently these sessions lead to a supplemental request for preproposals. Please contact the Fund to discuss how your idea might be turned into a supportable project, or set of projects.

Do I have to be from a participating Great Lakes state to receive support from the Fund?

No. Activities affecting the basin's ecosystem are becoming increasingly distant in space and time from the shores of the lakes. The solutions will be as well.

Does the Fund only give grants to regional projects?

Yes. Regional refers to a project's impact. In order to produce results for the entire Great Lakes ecosystem, the majority of Fund-supported projects operate at a broad scale, or at multiple locations throughout the basin.

What does the Fund not support?

The Fund cannot support advocacy, litigation or lobbying in any form. The Fund also does not support basic research, convening, general environmental education, operating support, or public works projects.

If not research, advocacy or environmental education, just what does the Fund support?

It supports action: projects that are doing something on the ground to produce specific environmental results best match the Fund's guidelines. Most successful requests come from project teams that bring together researchers and practitioners possessing a complementary range of expertise. Projects must also include the customers of the work, who are most likely to take the results and make a difference for the Great Lakes.

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.....about our APPLICATION PROCESS**When should I contact the Fund with a project idea?**

The earlier the better. A phone call or e-mail to Fund staff, before a preproposal is submitted, is preferred over a formal letter of inquiry. While informal contact up front can be helpful for both potential grantees and Fund staff, it is not required. You may submit a preproposal to the Fund at any time. Preproposals are the first step in the Fund's formal review process and are required of all projects. To learn more about submitting preproposals, go to [Preproposal Instructions](#).

What types of organizations are eligible for funding from the Great Lakes Protection Fund?

The Fund can support virtually any type of organization. The exact type of organization is far less important than the number and breadth of organizations on the project team. Non-profit organizations, individuals, units of government, and for-profit businesses are all eligible for support as long as they show that the proposed work has clear public benefit and that any related financial benefits will accrue to the public good. Government agencies are eligible for support if they show that Fund monies are not being used to replace public funds or support government mandates. Please note that the Fund almost never supports a one-organization project. Most Fund support goes to projects that involve many institutions working together as a temporary project team.

What are the application deadlines?

There are no deadlines. The Fund is open to project ideas and preproposals at any time of the year. Within a week of receiving your preproposal, the Fund will send you a notification via e-mail that informs you of the date that your preproposal will go before the Projects and Grant Making Committee of the Board of Directors. The Committee reviews preproposals, invites full proposals from those projects that best fit Fund's priorities and guidelines, and makes recommendations for funding to the full Board. The Fund's Board of Directors normally meets four times a year to make funding decisions.

How long does the application process take?

It varies significantly from project to project. From the time a preproposal is received, to the time an award can be made, may be as short as four and a half months, or as long as a year or more. The Fund can move quickly to support an unusual opportunity if time is of the essence.

Can I submit my application materials via e-mail?

Of course. The Fund prefers to receive materials electronically. Download and fill out a [Word cover sheet](#) (356KB MS Word template .dot) or [PDF cover sheet](#) (97KB PDF) for your project and send it along with a Microsoft Word document or pdf file of your preproposal to preproposals@glpf.org.

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...about the the SUPPORT WE PROVIDE

Does the Fund require matching funds?

No. The Fund encourages applicants to leverage grant awards with financial support from other sources and vice versa, but matching funds are not required.

Does the Fund support multiple-year projects?

Yes.

How much money should I apply for?

Apply for what you need, including resources to support a team of collaborators and the broad dissemination of your project results. More projects are declined because they are too small than are declined because they are too big.

What kind of support does the Fund offer?

The Fund can support specific projects through a grant, loan, program related investment or other financial mechanism. The Fund also tries to maintain an active working partnership with its grantees that may include site visits and regular communication (beyond formal reports) regarding the progress of the work. The Fund is committed to providing support to emerging communities of practitioners, who are working on innovative solutions to some of the basin's most significant problems.

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Great Lakes Protection Fund

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Great Lakes Protection Fund

Current Programming

The Fund's portfolio of current programming presently has [18 active grants](#) representing a \$8.9 million investment in the health of the Great Lakes ecosystem. These grants were the result of preproposal submissions made in response to the Fund's general guidelines, responses to supplemental requests for preproposals on specific topics, or special initiatives.

For more information on the results of these projects, please contact the project manager or project website identified for each grant.



Courtesy of S. D. Mackey

If you are reviewing this portfolio to explore the Fund's funding history, be sure to check whether each grant was made in response to general guidelines, a supplemental request for preproposals, or as a part of a special initiative; and what companion grants (if any) were made in conjunction. Be sure to review the Fund's [Current Interests](#) and [current funding guidelines](#).

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**North
Carolina**

Natural Heritage Trust Fund

Origin	Funding	Objectives
Grants	Trustees	Contact

[Link to Transfer Request Form](#)

The North Carolina Natural Heritage Trust Fund is a supplemental funding source for state agencies to acquire and protect the state's ecological diversity and cultural heritage and to inventory the natural areas of the state.



The North Carolina Natural Heritage Trust Fund Spring 2004 Meeting was held at William B. Umstead State Park in Raleigh, NC on March 25, 2004. Click below to view the awarded grants for the Spring 2004 cycle.

- [Spring 2004 Awards](#)

Click below for a copy of the Fall 2004 Grant Application Packet in Adobe PDF format.

- [Application Packet](#)

The next meeting will be held September 30, 2004 at William B. Umstead State Park, Raleigh, NC.

Site Visits are scheduled for September 15 and 16, 2004.

Grant applications for the fall cycle are due on or before August 9, 2004.

- [Spring 2003 Awarded Grants](#)

Origin: The Natural Heritage Trust Fund was established by the General Assembly (General Statute 113, Article 5A (113-77.6.9) in 1987. It was provided with a continuing funding source by the General Assembly in 1989 and an additional source in 1991.

Funding Source: The Natural Heritage Trust Fund is financed by receipts from the annual fees for automobile personalized license plates, and in 1991, by 15% of the deed stamp tax.

In July 1996, funding from the deed stamp tax increased to 25% of the state's share. Moneys not expended remain in the interest-accumulating Natural Heritage Trust Fund account and do not revert to the general fund. Approximately \$12 million is available to the fund each year.

Objectives: Grant applications are accepted from state agencies (NC Department of Environment and Natural Resources, NC Wildlife Resources Commission, NC Department of Cultural Resources, and NC Department of Agriculture and Consumer Services) for purposes of acquiring natural lands for state parks, preserves, wildlife conservation areas, coastal reserves, natural and scenic rivers, historic site properties, and other outdoor recreation and natural areas. Inventories by the Natural Heritage Program are also eligible for grants. Funding priorities are given to projects which will protect areas of state or national ecological significance or outstanding cultural significance.

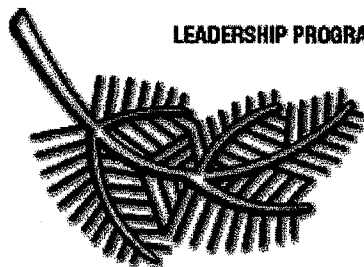
Grant Administration: Grant agreements are executed between the Board of Trustees and the recipient agencies. The Board of Trustees requires that qualified lands be dedicated as North Carolina Nature Preserves.

Trustees: A 12-member Board of Trustees administers the Natural Heritage Trust and awards grants to state agencies. Members are appointed for staggered 6-year terms by the General Assembly at the recommendation of the Governor, Speaker of the House, and President Pro-Tempore of the Senate. Members of the 2003 board include:

- Mr. J. Robert Gordon - Chairman- of Scotland County
- Mr. Alan D. Briggs of Wake County
- Mr. Charles E. Clement of Watagua County
- Dr. Elizabeth D. Taft of Pitt County
- Mr. Dewey W. Wells of Avery County
- Mr. Thomas D. Hunter, III of Henderson County
- Mr. William Joslin of Wake County
- Mr. Henry L. Kitchen of Richmond County
- Mr. R. Michael Leonard of Forsyth County
- Mr. Thomas W. Reese of Catawba County
- Mr. George Richards of Wake County
- Mr. Jim Sponenberg of Caldwell County.

For more information, contact:

Jennifer Dennis
NC Natural Heritage Trust Fund
Address: 1601MSC
Raleigh, NC 27699-1601
Phone: (919) 715-8703
Fax: (919) 715-3085
E-Mail



LEADERSHIP PROGRAMS GRANTS PUBLIC POLICY CHILDREN FIRST NEWSROOM ABOUT THE FOUNDATION CONTACT

BLANDIN FOUNDATION

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Blandin grants \$250,000 for
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Family Forest Certification:
 Getting it Done! - 10/07/05

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ABOUT THE FOUNDATION

[Rural Minnesota: Sink or Swim](#)
[The Case for Community Economic Advantage \(.pdf\)](#)

Blandin Foundation focus: The economic viability of rural Minnesota

Blandin Foundation is focused on the economic viability of rural Minnesota communities, as part of our mission to help strengthen rural Minnesota and the Grand Rapids area, our home. To that end, the Foundation offers:

- [Leadership development programs](#) that help communities capitalize on their assets.
- [Public Policy programs](#) to inform and engage the public on issues affecting rural economic viability, which currently include two major initiatives: Vital Forests/Vital Communities and Rural Broadband and a special initiative, Gooch the Woods.
- [Grant making to support](#) community-generated economic strategies and – in the Grand Rapids area – the Foundation offers economic advantage grants and responsive grants.

When Blandin Foundation launched its new strategy in January 2003, it provoked widespread attention — because it addresses something compelling and utterly basic — the economic viability of rural Minnesota.

The *Grand Rapids Herald Review* called the strategy "A Community Commitment." The *Marshall Independent* — "A chance to stir community involvement," The *Red Wing Republican Eagle* — "Blandin Hits the Mark Again," and the *Minneapolis Star Tribune* — The foundation's strategy is "unusual because of its singular concentration on economic development," but the new focus "has roots in the foundation's well-known leadership training, its founder's personal philosophy [and] its commitment to diversity."

Community Economic Advantage

Community Economic Advantage helps communities identify, build and align their assets to create community advantage where the burdens and benefits are widely shared. It is expressed by a simple equation – our theory of action.

Assets + Leadership = Community Economic Advantage

Communities have the ingredients – people, small and growing businesses, entrepreneurs and good ideas and energy – for economic viability.

"Successful communities don't concentrate on deficiencies... Successful communities use the talents of people, the web of associations, the strengths of institutions and their available land, property and economic power to create new opportunities themselves. In short, they build on their assets." ("The Organization of Hope," ABCD Institute and Blandin Foundation, 2001)

That simple premise — start and build from what communities are and have rather than from what they don't have and are is fundamental to the Foundation's *Community Economic Advantage* approach.

Assets + Leadership = Community Economic Advantage

Leaders link people and assets. Leaders create climates that engage the community around issues and values, encourage creativity and stretch the imagination to create a future beyond the limits of what is expected. It is entrepreneurial work — leaders define realities, establish vision, set goals, generate action and measure progress.

Why this approach and why now?

Because it's no longer business-as-usual, but business as it should and can be. Healthy communities are the province of community, government and businesses — rural vitalization demands innovative, adaptive economic approaches where the burdens and the benefits are widely shared. Because people live where they can make a living.

Blandin Foundation History

Charles K. Blandin established the Blandin Foundation in 1941 to aid and promote Grand Rapids and the surrounding area. In designing the Foundation, Blandin emphasized flexibility to ensure it could adapt to changing times with an underlying philosophy that its work should lead to the "betterment of mankind."

Since the sale of the Blandin Paper Company in 1977, the financial resources of the Foundation have expanded dramatically, as has its area of service. Once linked, the two are now distinctly separate organizations; the Foundation is private and independent of the paper company which is owned by UPM Kymmene, based in Finland.



The Blandin Foundation addresses issues to enhance the economic viability of rural communities and the well-being of residents. The Foundation's management and Board of Trustees work diligently to ensure that Charles Blandin's legacy is served through wise investment and progressive leadership programs meaningful public policy engagement and grant making.

C.K. Blandin

The son of a Wisconsin farmer, Charles K. Blandin was an entrepreneur before age 12. He turned a part-time job at a wet newspaper into an apprenticeship and, eventually, a career in publishing. A self-educated, self-reliant man, he adhered to principle: be progressive, try new things. In his lifetime, Blandin taught school, ran several weekly newspapers, managed successful metropolitan daily and engineered the growth of a highly profitable, world-class paper mill in northern Minnesota.

Profits of the St. Paul Pioneer Press/Dispatch Printing Company rose impressively under Blandin's management in the early 1900s. After purchasing the Itasca Paper Company in Grand Rapids, Minnesota in 1916, the Dispatch owner died; his wife offered Charles half the company stock and a chance to manage the entire operation. When newsprint production became unprofitable, he changed to ground wood papers and pioneered the manufacture of high-quality, coated stock. In 1927, Blandin sold the St. Paul newspapers, but not the paper mill. Two years later, its name was changed to the Blandin Paper Company.

After his wife died in 1940, Blandin spent even more time in Grand Rapids, deepening his relationship with the community. In preparation for his company's future and desiring to serve the needs of the area after his death, Blandin stipulated in his will that a foundation be established to perpetuate the distribution of company profits to community advantage. When he died in 1950, the Foundation had assets of approximately \$1 million. Income from investments and the diversified holdings of the Blandin development company went directly to the Foundation, as did profits not needed for reinvestment in the mill.

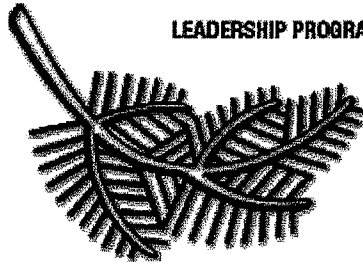
The Foundation Grows

The Blandin Paper Company was sold in August 1977 for approximately \$80 million. At the time of the sale, most of the Foundation Trustees agreed that the dollars available to the Foundation for grant making would far exceed what could be spent in the Grand Rapids area. New bylaws were adopted, expanding the Foundation's scope of operations for grants programs. By 1982, the combined assets of the Residuary and Foundation Trusts had grown to more than \$100 million. The following year, the Foundation built new headquarters on the Mississippi River.

The Blandin Community Leadership Program (BCLP) was launched in 1986. That same year, several changes in the Foundation's governance occurred, most notably the move to focus on enhancing the viability of rural communities across the state. In 2002 the Foundation board and staff initiated a strategic planning process, leading to its focus on the economic viability of rural communities where the benefits are widely shared. The board adopted the Community Economic Advantage approach at its December 2002 meeting and the approach was announced on January 20, 2003.

Concern about the Foundation's commitment to the local area has spurred periodic challenges and litigation. As a result, the Board of Trustees in December 2003 approved a resolution, ratified by Ramsey County District Court, to commit at least 5 percent of all grants to the area on the basis of a six-year rolling average.

The Foundation considers itself an active and innovative partner in its home community. Grand Rapids benefits from four community leadership programs, public policy initiatives and receives special grant attention. The Grand Rapids area benefits from *Community Economic Advantage* grants and it is the only area in the state eligible to receive *Community Responsive Grants* – grants that seek to combat the root causes of social problems in the community.



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There's a new creature in the

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FOUNDATION OVERVIEW

A Word about the Blandin Foundation and C.K. Blandin Residuary Trust

Charles K. Blandin Foundation, a private Foundation based in Grand Rapids, is Minnesota's largest rural-based and rural-focused foundation. It was created in 1941 by C.K. Blandin who died in 1958.

In creating the Foundation, Blandin also established the Charles K. Blandin Residuary Trust. The Residuary Trust is a legal separate entity whose role is to be perpetually responsible for investing and growing the assets of Blandin's endowment. As a result, the Residuary Trust is the principal source of Foundation funds that enables the Foundation to conduct its charitable activities. IRS Code formulas determine how much the Residuary Trust distributes to the Foundation; in layman's terms this is about 5 percent of the previous year's net assets or according to the Trust documents 100 percent of the Trust's income whichever is greater.

The residuary trust is composed of a corporate trustee and an individual co-trustee both of which are largely responsible for investing and growing the endowment. The co-trustee is currently a member of Blandin Foundation's board.

In addition to funds from the Residuary Trust, the Foundation has its own money to invest. More than 80 percent of the Foundation's own investments are in regularly traded stocks and bonds with the remainder in private equity, real estate, program-related investments, alternative investments and cash. The Foundation is required by IRS to spend five percent of its own income on charitable activities. The Foundation does not receive funds from other outside sources nor does it solicit funds.

The Foundation has an investment committee that informs the Residuary Trust and advises the Foundation's Board. The members of the Foundation board and the corporate trustees are identified in the 990-PF.

The Residuary Trust files a separate 990-PF, but salient information about the trust is incorporated into the Foundation's 990-PF.

Blandin Residuary Trust
Corporate Trustees \$350,183,833 Investments in 2004
Blandin Foundation
Twelve-member Board \$57,514,109 Investments in 2004

The audited financial reports for the years 1999 through 2003 are also available on this website. Click "About the Foundation" then the "Financial Information" button.

Printed copies of the Foundation's 990 PF are available from the Foundation on request at a nominal cost. The 990 PF of nonprofits are available on the Internet at [GuideStar](#) and can be downloaded in their entirety.

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ENVIRONMENT

We use our resources to maintain and restore a healthy environment in the Mississippi River Basin and promote and develop renewable energy in Minnesota and the Midwest.

Features and Links



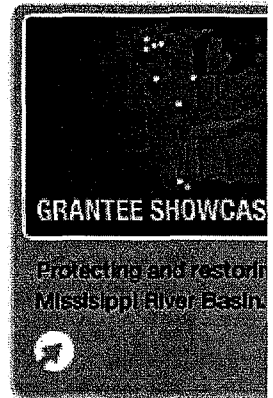
Traveling Upstream

Nonprofits and state/federal agencies, on improving Mississippi River water quality.



Defining We

This must-read booklet explores the importance of language in advocacy work.



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Environment Program Staff

Gretchen Bonfert Program Director Sarah Lovan Program Assistant

Contact our Environment Program team

Pop Quiz

Along the 725-mile Lower Mississippi River, from the southern tip of Illinois to the Gulf of Mexico, much of the 25 million acres historic floodplain remains to

- 50% 10% 0%

GO

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Grant Application Guidelines

Environment

The McKnight Foundation's mission is to improve the quality of life for present and future generations and to seek paths to a more secure and humane world. In all of our program areas, we try to work on three levels—responding to community needs, helping stakeholders work together more effectively, and coalescing cross-sector support for systems and policy change.

Our environment program seeks to maintain and, where necessary, restore a healthy environment in the Mississippi River basin and to promote and develop renewable energy in Minnesota and the Midwest.

We've supported efforts to encourage energy conservation and renewable energy for more than a decade. Since 1997, we have engaged the Energy Foundation in San Francisco to administer the program. For more information on McKnight's energy funding, please contact them at 415-561-6700 or visit their website at www.ef.org.

What we want to accomplish on the Mississippi River

Our overarching goal is to maintain and restore the Mississippi River by directly increasing land and water protection and restoration, expanding the capacity of other organizations to do this work, and transforming systems that impede progress.

We support organizations working within the 10-state corridor from Minnesota to Louisiana. A large proportion of our grantmaking occurs in the five states of the upper Mississippi River Basin, particularly in Minnesota. The geographic focus of the program includes the Mississippi River, its banks, bluffs, and floodplains; important tributaries of the Upper Mississippi such as the Minnesota, St. Croix, and Illinois Rivers; and the major metropolitan areas of the Twin Cities, Quad Cities, and St. Louis.

Our work on the Mississippi has three objectives—improving water quality, conserving land, and strengthening citizen advocacy.

Our goal in **improving water quality** is to reduce pollution and encourage restorative river management. We fund:

- efforts to improve enforcement of clean water laws and increase voluntary means of reducing pollution
- work to improve management of the Mississippi River that enhances ecological restoration
- technical assistance from fields such as law, science, and communications for organizations seeking to strengthen water policies

Our goal in **conserving land** is to reduce and prevent pollution by encouraging less polluting farming practices, protecting and restoring fragile riverside bluffs, and restoring floodplains and wetlands. We fund:

- efforts to protect, conserve, and restore lands that affect water quality
- efforts to increase adoption of sustainable farming methods
- efforts to prevent or reduce the impact of environmentally damaging projects

Our goal in strengthening citizen advocacy is to engage people in experiences on the river, efforts to improve riverfront communities, and issues that affect water quality. We fund:

- education and engagement of citizens in river advocacy and related environmental issues
- regional networks that cross geographic and political boundaries
- efforts to combat pollution in economically disadvantaged communities in the Mississippi Delta region
- efforts to build the capacity of nonprofit organizations working within our areas of interest

What we do not fund

The Foundation does not provide funding for:

- lobbying prohibited by the Internal Revenue Code (see below)
- environmental education for students in primary and secondary schools or universities (Projects that raise awareness of the Mississippi River among families and adults, however, and those that educate or train special audiences such as farmers, owners of small businesses, teachers, or local government officials will be considered.)
- construction, improvement, or operation of conventional water supply, wastewater treatment, stormwater conveyance, or flood control facilities
- projects that mitigate the impacts of recent development
- scholarships or other types of support for individuals
- basic research in academic disciplines
- attendance at or travel to conferences, or costs of conference speakers, programs, or activities (Conferences directly related to the Foundation's grantmaking initiatives are an exception.)
- travel, except when related to other McKnight Foundation support of an organization
- endowments, except in rare cases

Lobbying and public policy analysis

The Foundation may consider funding requests for activities which are not lobbying, such as:

- advocacy to improve the policies and administrative rules of executive, judicial, and administrative agencies—including zoning boards and other special purpose bodies
- information that is neutral, nonpartisan, and fully describes both sides of a pending legislative issue
- policy research and education

As required by the Internal Revenue Code, the Foundation will not fund attempts to influence legislation (including referenda, local ordinances, and resolutions). This prohibition generally includes direct lobbying of legislators and other government officials with respect to specific pending or proposed legislation, grassroots lobbying where members of the general public are encouraged to contact legislators or government officials with respect to legislation, and mass media advertising campaigns aimed at influencing legislation. Detailed provisions describing prohibited activities are included in Section 4945(e) of the Internal Revenue Code and Treasury Regulations Section 53.4945-2. Please review these provisions if you have questions about the acceptability of a proposed activity.

Nonprofit organizations may elect to file the one-page IRS Form 5768 [501(h) rules] for accurate reporting of any expenditures for lobbying activities using other funding sources, which must occur within specific dollar limits to retain 501(c)(3) status (www.irs.gov). Consult your tax advisor to determine if the 501(h) election is appropriate for your organization.

For more information, refer to resources from the Center for Nonprofit Management:

www.cnmsocal.org/ForNonprofits/FAQLobbying.html

www.cnmsocal.org/ForNonprofits/AdvocacyLobbyingNPO_files/frame.htm

Eligibility and types of support available

To be eligible for a grant from The McKnight Foundation, organizations must be classified by the Internal Revenue Service as tax-exempt, nonprofit organizations that are not private foundations. We discourage the use of fiscal agents.

Units of government may apply for funding for special projects that complement customary public functions. However, we will not fund activities that are traditionally the responsibility of government.

We provide planning, operating, capital, and project grants. We will consider a challenge grant when it would help with fundraising or when the support of others in the community is a condition of our support. You may apply for one or more years of funding.

Capital grantmaking

Capital grant requests to the Foundation must meet three basic criteria:

1. The grant must advance the Foundation's strategic priorities in a clear and compelling way.
2. The grant must be transformational—a gesture that helps push an organization, and perhaps its field, to a qualitatively different level of activity and impact.
3. The McKnight funds must leverage other support for the project.

How to apply

Our website, www.mcknight.org, contains the most detailed and up-to-date information on all six of our program areas.

Start by submitting a two- to four-page letter that describes your organization, the proposed project or intended use of funds, its relation to McKnight's goals and focuses, and the amount of support requested. Your letter will help us determine whether to request a complete proposal from you. You're encouraged to call program director Gretchen Bonfert at 612-333-4220 to discuss your idea before writing this letter.

Letters of inquiry received by:

October 15 may be considered in February
January 15 may be considered in May
April 15 may be considered in August
July 15 may be considered in November

The McKnight Foundation
710 South Second Street, Suite 400
Minneapolis, MN 55401
612-333-4220

The McKnight Foundation was founded in 1953 and endowed by William L. McKnight and Maude L. McKnight. It has assets of approximately \$2 billion and granted \$85 million in 2004. Mr. McKnight was one of the early leaders of the 3M Company, although the Foundation is not connected with 3M. McKnight subscribes to the Minnesota Council on Foundation's "Principles for Minnesota Grantmakers."

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 **FAX:** 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

Environment and Natural Resources Trust Fund Advisory Task Force

November 29, 2005

Time: 1:00 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Agenda

Presentations from:

- Colorado – Great Outdoors Colorado, Chris Leding
- Nebraska – Nebraska Environmental Trust, Mary Harding
- Missouri – Missouri Dept. of Conservation, John Hoskins and Dan Zekor

4:00 p.m. Adjourn

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver,

Ex-Officio: Kathy Tingelstad and Bob Schroeder

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WEB: www.lcmr.leg.mn

**Environment and Natural Resources Trust Fund Advisory Task Force
November 17, 2005**

Time: 4:00 – 8:30 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

MINUTES

Members Present:

Dave Bishop
Karen Bowen,
Jeff Broberg
Wayne Enger
Ron Erhardt

Ryan Heiniger
Phyllis Kahn
Jane Krentz
Gary Laidig
Pam Landers

Steve Morse
Earl Renneke
Craig Shaver
Dave Zentner

Members Absent: Joe Duggan & Loren Solberg

Ex-officio Members Present: Rep. Kathy Tingelstad & Bob Schroeder

LCMR Members Present: Rep. Thomas Huntley & Rep. Pete Nelson

Called to order at 4:17 p.m.

Review and Approve Minutes of October 18, 2005

Dave Zentner welcomed the Advisory Task Force and reviewed the agenda and asked if there were any modifications. There were none. He mentioned that Joe Duggan had contacted him about the presentation to the Task Force on Nov. 29 by representatives of the Missouri Dept. of Conservation and whether this would be relevant to the Task Force in their deliberations. Zentner informed the Task Force that even though it was a different type of funding source and structure he felt it would still be informative in their discussions. He also mentioned that Joe thought it would be helpful to ask a representative from North Carolina to speak with the Task Force.

Dave Zentner handed out copies of a transcript that had been requested of the Minnesota House and Senate Working Group Environment, Agriculture and Economic Development on 6/29/06 discussing House File No. 0902. He indicated that the source of this transcript was DNR and that the highlighting in the transcript was not directed to the Task Force.

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver,
Ex-Officio: Kathy Tingelstad and Bob Schroeder

Motion by Steve Morse approved the minutes as presented. Motion passed.

Task Force Discussion

- a. Clarify what is meant by "consensus" and discuss a possible approach.
- b. Share perceptions of the strengths and weaknesses of the current LCMR process.
- c. Identify key focus areas to explore during testimony and future task force discussions.

Ryan Church, facilitator from the Department of Administration began the discussion with a discussion of consensus, including participation guidelines, steps to consensus and group consensus decision making. He stressed the need to look for points of agreement and build on those points. Members should state their positions but move beyond them to understand and explore the underlying interests.

Ron Erhardt asked if consensus is 51%. Ryan Church responded that it could be and that sometimes there needs to be a show of hands to see if there is consensus.

Discussion began with a list of possible categories for consideration. They were:

- Governance – Who: legislature, citizens, some combination, role of a CAC
- Long-term Strategy – long term strategic plan, focus, asset allocation, long term goals and results.
- Grant Administration – the "Process", RFP, grantmaking, accountability
- Other?

Additions of Other discussed:

Performance results / Outcomes

Question of Evaluation – Peer Review – Project Evaluation

Constitutional Purpose / subjects eligible for money – options for focus

Maximize the leverage of the ETF state funds – Fiscal/administrative

After discussion, Fiscal/Administration (leveraging) was added as the 4th Other category to discuss.

The members were divided into 4 small groups to discuss the 4 main Categories above and were directed to address 3-5 important issues under each of the categories.

Ryan Church handed out a discussion document from Wayne Enger as to a possible structure of a Resources Council for consideration. Ryan indicated that they were not going to discuss the specifics of this piece today but they would come back to it and other suggestions at a future meeting.

Before the small group discussion took place, Susan Thornton, LCMR staff, went through the background pieces in the Nov. 17 meeting packet: 1) SBI update of the Trust Fund Projections, 2) draft outline of the report, 3) other grant making programs for possible discussion accompanied with information from their websites. Task Force member Craig Shaver disclosed that he is a board member of the Great Lakes Protection Fund, one of the programs highlighted in the packet.

Members of the breakout groups went through the results of the small group discussion. Ryan Church then asked if the group had any additions to the groups issue's notes.

The point is to determine the focus areas when testimony is listened to. What are the key areas in the report. Mr. Church asked if they were missing anything important? If not, each member is given 6 dots, each member is asked to place the dots on what they feel are the most important points that were listed.

A summary document of this action is attached at the end of the meeting minutes.

5:30 p.m. Dinner Break

6:00 p.m. Perspectives from former and current Citizen Advisory Committee for the Environment and Natural Resources Trust Fund (CAC)

David Hartwell, former CAC Member

He was a member of the CAC for the past two years. He stated that it was a frustrating experience. He is used to getting the facts and making the decisions. The two-year timeframe is too long and is totally out of sync with any other foundation. There is no way to respond to urgent needs. The CAC is asked to participate in the experience up until anything was really on the table. There was no way to interact with those who were asking for funds and they had to pass their questions on notes to the chair. In the decision making process no questions were asked, deals cut behind closed doors, pet projects were funded even if not within the strategic criteria that was established. It was about bringing home the bacon. They need to find a way to get this out of the legislative process and re-focus not on bringing the money home, but on what is the best for the environment. He stated that he could not recommend an individual giving an endowment to the ETF and it should be such a place. He would not make that recommendation to anyone.

There were questions and discussion about what specific projects in 2005 he considered to be "pork". He indicated the Green roof project in Ramsey County and the Land Exchange project in Cass County. He indicated in discussion to questions that the CAC and LCMR are in some alignment on projects, but have a difference on the funding level. The question is, Are the best projects being funded? He was asked about the Strategic Plan process and indicated he was satisfied with this as for the most part the CAC recommendation were accepted. He was asked by Wayne Enger, on a scale of 1-10 how he would rank the expertise of the legislators. He responded with a 4. He stated that the ETF needs a process which is nonpolitical and that makes good defendable decisions that yield impact.

Dave Bishop stated that the role of the CAC is a screener, but he is hearing that in the process the LCMR didn't interact and listen to them. Bishop indicated that as a conferee and author of the Trust Fund he can't imagine the CAC having the authority to make the funding decision without having it approved by those elected by the people.

In further discussion of the vetoed projects, David Hartwell indicated that he "was asked my opinion on the package, and maybe someone was listening".

Greta Gauthier, former CAC Member

She has 17 years of involvement with the Trust Fund both as a Senate staff member, a lobbyist, and has served 8 years on the CAC.

She discussed three problems and her ideas for solutions.

The areas of problem are: 1) Decision making mechanism – too political – too many people involved – too many people on the LCMR - 20 members is too large. There was better participation when the number of members was smaller. There is horse trading etc. and the merits of projects are left by the wayside; 2) Grant process is too cumbersome. Too much detail is requested. Two-year cycle is too long. 3) Need to establish long-term priorities, keep them very broad, and stick to them.

Solutions:

- 1) Start from scratch, start over, start with outcomes, look at what the fund is supposed to do. Go back and figure out a process that can make that happen. Look at foundations as models to help in the task force decision making of a new process, look at other states and other state organizations – e.g. look at the state investment board's use of experts to inform an elected board;
- 2) Incorporate scientific expertise and knowledge more thoroughly into the process, consider a panel of legislators and scientific experts, use panels with ½ legislators and ½ scientific experts;
- 3) Shrink the size of the LCMR, 20 is too many, have 9-12 at the most;
- 4) Shorten the process and make it more responsive. Cut paperwork up front, use post audits on the back side, set up a smaller special projects fund to deal with emergencies as they come up;
- 5) Set long-term goals. Have a true six-year plan with measurable goals - completing the allocations is not progress.
- 6) Use technology to keep people informed. Use an ETF blog, more frequent newsletters, make communication happen.

Discussion followed. Dave Bishop mentioned that appropriations and disbursements have to be made by the legislature and the Governor. Foundations have a different form and flexibility. Greta Gauthier mentioned that when the ETF was created it was innovative and copied by others. She urged the Task Force to think about what the ETF could do and make it happen. Steve Morse mentioned that there are other models in the state to consider as options.

Bill Oemichien, former CAC member

Informed citizens will take action to correct natural resource problems and usually at a much cheaper rate. Natural resources have no politics. Politics were too important in the LCMR. The citizens were short-circuited in the process. Citizens need to be given an equal voice. Citizens appointed should have background and experience in solutions. Reduce the panel numbers from 20 to no more than 8.

Jim "Red" Nelson, current CAC member

Three suggestions:

- 1) Increase the funding of the ETF itself, reassign some of the lottery dollars that are not currently going into the ETF;
- 2) Use generalists, not experts;
- 3) Maintain the proportional diversity of the funding expenditures as part of the mission of the ETF.

Written statement enclosed in members packets:

Nancy Gibson - written testimony in packets

Other:

Janet McMillan (in attendance)

6:30 p.m. Other Public Testimony

Less Bench:

The CAC and LCMR are not responsive enough. Original concept is a good one. ETF needs to set aside dollars for planning. Funds should be released in a timely manner, on a yearly basis. Recreate the CAC and increase the involvement and level of authority. Keep the legislators and legislature involved. Have staggered terms. Restore funds cut and leverage new funds. Leverage private enterprise.

Representative Rick Hansen, Written handout attached.

Spoke to his handout (attached): 1) Redirect General Fund portion of the lottery-in-lieu-of-Sales Tax to the Clean Water Legacy for assessing and monitoring lakes and streams, 2) Restore MN Future Resource Fund and direct to a statewide program modeled after the Dakota County Farmland and Natural Areas Preservation Program.

Peter Sorenson, U of M (current project manager)

Our environment is in very severe peril and needs help. LCMR - the purpose it serves is critical and the job to date is highly commendable work. No comparable program around the country. Wonderful things have been accomplished with this program. On his work on invasive fishes, he has funding for a start and this is more than the federal government is devoting. The "proportional diversity of the mission" is a strength of the LCMR. A variety of things are funded that would have fallen through the cracks. Be careful in tweaking, don't get radical. One piece of advice - a balanced approach in who makes decisions and how is important. Add other groups to the decision making such as academics and scientists to help achieve the balance. No one person can be an expert in every area and everyone has their biases. LCMR should look at funding longer-term projects, those that take more than 2 years. Many research projects don't lend themselves to two-year solutions. There should be an outreach component to get younger generations involved.

Al Singer, Dakota County (former project manager)

He said he had similar comments as Rep. Rick Hansen. He mentioned that a \$200,000 LCMR grant to the County resulted in a plan that had facilitated a \$20 million referendum to protect open space in Dakota County. He discussed that in 1990, LCMR was bombarded with environmental education learning center requests and that it took a wise action to step back and fund the EEC2000 to put together a blueprint for center development and how investments should be made.

He suggested that ETF create a similar, systematic approach for land conservation -- create a big plan, use tools, identify and prioritize lands that need to be protected. Don't just think in terms of specific programs, e.g. WMA, AMA, SNA, parks. Use an incentive to commit local funds for land conservation and create block grants to the local level.

Wayne Enger asked about the negative and positives of the LCMR process. The response was it takes a lot of effort and he can play the game. It is difficult for small nonprofits to use LCMR funding because of the ineligible expenses. There is horse trading to meet constituents needs and the CAC recommendations were not really being followed through with in the 1990's. LCMR has been looking at larger collaborative projects and that is a good trend. LCMR has done some very good things but there is fine-tuning needed and a bigger plan and coordination with other public funds in a systematic fashion.

5 minute break

[tape: 2:35:05]

George Orning, U of M (current project manager and former LCMR staff)

Environmental funding in MN is a very small part of the whole budget. The highest profile commission has been the LCMR and there is the highest level of education for the LCMR members. More attention and money has flowed to environmental programs because of the LCMR, not necessarily from the commission but due to heightened awareness. The most important contribution is to provide a higher lever of expertise. Because of the education obtained through LCMR, legislators understand the environmental issues better than other issues and without that (education) much less money and attention will be spent on the environment.

LCMR has been a catalyst for change, new ideas are not threatening to the LCMR. Need to adapt to change is important, and that is what LCMR is about.

Some suggestions are: 1) Need a strong targeted strategic plan with quantifiable goals and measures. The Executive Branch doesn't have one either. The Minnesota Outdoor Recreation Resource Commission (MORC) report is still a good plan and needs to be updated. Need to be proactive, not just reactive; 2) Reduce expectations. There are so many projects coming in. Pre-allocate dollars into major spending categories. This lessens expectations and breaks allocation into more manageable parts. Make up front commitments for other areas, e.g. to research consistent and long term. Decide how much to allocate to agencies, nonprofits, higher education and private entities; 3) CAC – a valuable addition, but what is its role? The central role should be to direct and develop a plan to drive spending, educate people through the plan and not allocate money to programs. Current process jumps to projects too quickly. Through the plan we can educate citizens and legislators. Legislators understand how all the various systems and funding fits together. It doesn't matter who gives out the money if a system is in place; 4) CAC needs to be strengthened. One model is the Public Utilities Commission. It is a position with some pay; 5) Staff – staff need to remain independent and should not be in an agency. However, the staff is too isolated. They should look at the model of the state climatologist – a position part in the university and part in the state government and to give closer access to faculties of the University and state universities as the resources who can help do the plans. Also, think about the funding differently and look at the Fish and Wildlife Foundation in which there is not staff funding but need to fundraise for the staff.

Task Force members asked if he would put his comments in writing. The reply was yes.

Patrick Hamilton, Science Museum of MN (current project manager)

ETF is a great resource and very important as we look at our new struggles in our environment. ETF has funded experimentation, collaboration and innovation. His colleagues around the country are envious. The environmental problems faced are multi faceted. ETF is a remarkable investment – need to continue to serve in an innovative ways. One issue to focus on is renewable energy to ensure cleaner air and water.

Dan Engstrom, St. Croix Watershed Research Station, Science Museum of MN (former project manager) – written remarks attached

The Science Museum has managed a variety of LCMR funded projects. He outlined a number of water related projects which have provided knowledge we would not have had without the LCMR dollars, e.g. mercury contamination in the atmosphere is mostly from out of state, acid rain sulfate contribute elevated levels in fish, stream hydrology – well fields, water quality changes due to agriculture, Lake Pepin fills at 10 times the rate of other lakes, fingerprinting to determine where the sediment was coming from. The funding has leveraged much funds from other sources, produced innovation and strategic results. Narrowing the scope of funding would not have made these projects possible. The process chosen has direct bearing on the types of projects funded. Keep the ETF broad and farsighted.

Lance Ness, Fish and Wildlife Legislative Alliance (written handout attached)

Recommendations: 1) Develop a long term plan for conservation of our natural resources; 2) Restore the integrity of the funds administered by the LCMR - cigarette tax dollars and In Lieu of sales tax dollars place on lottery tickets; 3) Reduce the size of the LCMR - bigger is not better, smaller is better – it is less political; 4) Involve citizens as equal partners in decision making; 5) Streamline the application process and implementation process; 6) Focus lottery dollars back to the woods, water, and the wildlife. Support citizen experts and technical advisors – comparable with the other states. Need a long-term conservation vision – in at least a 10-year plan. We are not seeing improvements on the land – need to see more large scale improvement on the land – need to see something on the land.

Gary Lief, Ducks, Wetlands and Clean Water Rally

Support citizen experts; occupational experts from the conservation community. Establish long term conservation vision / plan. Re-engineer tactical plan for short-term opportunities and special problems. Next Rally April 22. At the last rally sent 4000 emails on LCMR reform. Have 10,000 signed up to reform LCMR. Public expecting a high level of performance. Need to look at performance of the other state on best practices, Missouri. Challenges in the environment and opportunity to make change.

Phyllis Kahn asked if research is included as one of the purposes in # 6 in the handout. Lief Response: does not object to research, sought out biologists etc seek the scientific basis to make decision – he thinks it is one of the purposes of the LCMR. Need to see larger impacts on the land.

[tape: 3:19:55]

Ron Visness (former project manager)

What is the LCMR trying to do? It is a multi-dimensional, non-linear, problem. Expertise is only good if it is in its area of expertise. Expertise has limits. Generalists are idea people, not good at generating projects. Politics is unavoidable. Every Governor has attempted to influence the LCMR process. Legislatures are elected to be generalists. Improvements suggested: 1) Use minerals coordinating committee as a guide; 2) Use of expertise to rank project in topic areas is a really good idea. LCMR should rank the topical areas. This will even out the work load; 3) Invert the process, give block grants. LCMR determines how much goes to each funding category and then let staff write the RFP and let people respond to specifics.

Elizabeth Nixon, Written handout attached

Handout: Recommendations: 1) Support the current process and the long term categories of land and water; 2) Advise the governors office to seek other sources of money to meet clean water initiative goals; 3) Require the governors office to meet its statutory requirements to fill the membership of the CAC – 5 appointments from the metro area, not representative of the state. There are vacancies, a failing record of making appointments; 4) No statutory requirement to overhaul the LCMR.

John Shorers, MN Outdoor Heritage Alliance

Voters did not get what they wanted, very far away from the question on the ballot and the intention. MOHA members want to get back on track, get back to what was intended.

Ron Erhardt asked what would on track be?

Shorers response: not opposed to research, likes the carp research; need to focus on trees, woods, grass and water, specifically gains on the land.

Pam Landers: What was intended with ballot language?

John Shorers response: didn't have the ballot language in front of him, not sure what is said, but he knows it is off track.

Steve Morse read the ballot language:

"Shall the Minnesota Constitution be amended to establish a Minnesota environment and natural resources trust fund for environmental, natural resources, and wildlife purposes?"

[tape: 3:42:52]

Dorian Grilley, Executive Director, Parks & Trails Council, Written testimony attached

Agreed that spending could be more strategic, focused, and streamlined; but don't need huge changes. Major crisis is not the process but the loss of lottery in lieu and the FRF dollars to the General Fund. Need to get a commitment to get those re-instated. Regarding the strategic planning, should require funding decisions adhere to the strategic plan and change the statute from "may" to "shall" for this. They agree on the need to adhere to the constitutional language. Citizen and technical experts are important as is legislative oversight to ensure balance and accountability.

Tom Jes

LCMR Members want to say they have something to do with the environment, however, very little legislation has been introduced by those members. You can see all of the wetlands that have been drained, green water, brown water from the air. DNR sends lots of applications to LCMR. This shouldn't happen. Government should pay for what they ask for. Get a citizen council, we don't need experts. What was the vision of Willard Munger? He said we should be looking 7 generations into the future as to what we want the state to look like. There hasn't been a conservation vision from the governor on the last several hunting regulation books.

[tape: 3:53:12]

Diane Jensen – Comments as MN Environmental Partnership – Board Chair

The crisis of Trust Fund vision is not the structure of the LCMR but a loss of dollars to environmental funding. Current funding is not enough, the environment and outdoor funding is only 1.1% of the state budget and is down 46 percent from 2001 funding levels, the lowest level in 40 years. No effort has been made for this funding (Lottery In Lieu, FRF taken in times of budget distress) to be restored. MEP is developing additional comments for the Task Force.

Comments as MN Project, Director

- 1) Comments on process; too uneven, too detailed, far too long on the front end. Should be 6-9 months.
- 2) Ineligible costs prevent many nonprofits from seeking LCMR funding. Executive Directors salary, communication dollars, and overhead are not allowed.
- 3) The process is too shallow at the tail end. There is geographic horse trading, final funding decisions often involve cutting the project request without regard to impact on the project., These are details but prevent non-profits from coming forward.
- 4) Remember the word prevention in the language; not enough focus on prevention. This has long term aspects.
- 5) Need strategic planning they can stick with, but also set aside small amount of dollars for emerging issues.
- 6) Keep the scope wide. Need to be forward looking.
- 7) There needs to be a smaller committee. There are too many people making the decision,
- 8) Consider strategic investment. Look at issues that are at the tipping points, like energy. Funding for these issues are investments that can lead to long term results for the environment.

Harvey Nelson, MN Waterfowl Assoc. & Leech Lake Area Watershed Foundation (former program manager) – Written comments handed out and attached.

The appropriations of \$35 - \$40 million is spread too thin to meet the demands rather than focusing on critical habitat needs. Recommendations: 1) Provide direct stronger citizen participation; 2) Simplify the process and shorten it; 3) Restore FRF receipts; 4) Allocate major portion to larger long term project that address critical habitat and water needs – i.e. Habitat Corridors projects; 5) Additional emphasis to deteriorating wetlands and grasslands; 6) Improve water quality to shallow lakes and shoreland restoration; 7) Use a watershed

approach, 8) Research on the above issues; 9) Coordination state and federal agencies with private conservation organizations.

Carol Kummer, Minneapolis Parks & Recreation Board Commissioner, DU Capital Chapter
The Metro Regional Park System has received dollars since the inception of the Trust Fund. State and Regional Parks have always been included in the statutes for ETF funding. She is concerned about statements being made that the ETF was not intended to fund parks. By design, the ballot and Constitutional language were broad. Legislative history and intent shows two facts: 1) The ETF is designed to be administered by public officials and 2) The ETF was to be used for wildlife habitat, parks and trails, public education, and research. Concerned about appointments and the politics if changed. It was the intent of the original legislation as to who should the recipients be and who should give the money away. She spoke against citizen administration. Budget cuts should not be used to limit funding in areas or limit oversight.

[tape: 4:13:18]

Mark Johnson, MN Deer Hunters Assoc.

Ask: what do we have and what do we need? Excellent program, really helping out natural resources. Portions need looking at. Need to streamline the process. Concern that no overhead is provided (not an eligible cost), this pushes nonprofit groups away from LCMR funding. Accounting and reporting requirements are immense. Research is good, parks are good also. There are some pork barrel projects – the Judy Garland Museum for one. Don't let this think go away, too good for everybody. This is your chance to make a difference.

There was discussion correcting that the Judy Garland Museum did not receive funding from the ETF or the MN Future Resources Fund from the LCMR.

Tom Landwehr, Assistant State Director, The Nature Conservancy in Minnesota (former program manager)

Lots of good projects have been funded with LCMR. The staff is outstanding and there is flexibility in reporting. The accounting and administration are easier than any federal grant he has applied for. Two confounding issues: natural resource funding is complex; LCMR should define its niche in relation to bonding and general fund funding. LCMR's role has not been well defined; the constitutional language is so broad that it can cover anything and everything.

Some recommendations: 1) Commission could benefit by establishing long range goals. It would help prioritize and allocate; do what George Orning said earlier' 2) Commit to long term projects, continue and enhance this commitment, e.g. County Biological Survey and Habitat Corridors; 3) Increase the predictability of funding; it is hard for an organization to build the infrastructure to spend the money; 4) Review the related statutes and consider narrower definitions of natural resources; the current system tries to do too much with too little; doesn't have an optimal focus in some geographic areas, such as forest fragmentation – lost opportunity with long time frames. 7) Habitat Corridor Partnership – concerned about the reduction in their funding over time; 8) Need more collaborative partnerships.

Phyllis Kahn mentioned that the definition of natural resources were not broadened over time, but it was in place and need for original legislative passage of the ETF. The definitions were part of the original intent.

Karen Bowen asked about the TNC position on the role of the CAC. The response from Tom Landwehr was that he was not sure if TNC has an official position.

Dale Setterholm, MN Geological Survey (former project manager) – Written comments attached.

He discussed three projects funded by LCMR and the importance of each one. The projects discussed were all funded over a long period or time. LCMR funding have enabled them to do things to advance science that regular budget funding would not. Regarding experts, this can add to the confusion. Good scientists should be able to explain their projects to anyone. It is not a difficult process. Staff is very helpful as is the website (very detailed). Projects funded over a long time and having a long time benefit included the county geologic atlases. The LCMR accelerated the work - 22 counties covered. The funding has enabled them to obtain geophysical equipment to look at boreholes. This is used by lots of other agencies. Ongoing base funding would not have allowed this; LCMR funding goes beyond base funding.

Robert Austin, Member of Land Stewardship Project & MN Center for Environmental Advocacy

Wants to see a lot more input from citizens. On the wetlands rally, the citizens made it work. Second, regarding the Conference Committee on LCMR at the end of May chaired by Ozment, Sams and Bakk. He thought they were rude to people there. Citizens can get this job done and need to be involved big time.

Alison Wolf, MN Center for Environmental Advocacy

Supports earlier MEP testimony and concern about the raiding of the environmental funds. There is pressure on the process when the resources are scarce. Recommendations: 1) Enhance the role of the citizens; 2) Have a statewide, long range plans and vision to guide the process; 3) Science – there are different ways to plug in expertise . Other states have some citizen groups giving advice in a specific subject area.

Hattie Bonds:

Recommendations: 1) Need to fund cutting edge activities. The health part of the environment is missing, especially in the urban communities; 2) Need strong education piece; 3) Use the precautionary principal (described as, if you don't know the impact of something, go slow until you do); 4) Breast cancer findings are showing that much is environmental related and mercury in fish – this is all health related; 5) Organic farming – is really important; 6) Work with scientists who are risk takers working on these issues; 7) Tweak the process and structure but all cutting edge programs,

Written statements received and in members packets:

Chuck Wocken, Stearns County Park Director (written testimony in packets)

Pat Mulqueeny, Eden Prairie Chamber of Commerce (written testimony in packets)

10: 07 p.m. Adjourn

Environment and Natural Resources Trust Fund Advisory Task Force

November 17, 2005

The Environment and Natural Resources Trust Fund Advisory Task Force met on November 17, 2005, and identified four main categories for the issues they have identified in their two prior meetings. Small groups developed a summary description and a list of important sub-issues for each category. After discussing the categories and key issues with the larger group, individual members used adhesive dots to indicate which issues will be the most important for the task force to address in its final report (number of votes indicated in parentheses). Fourteen Task Force members were present. Each member was given 6 dots to use.

A. Governance

This category deals with the membership (citizens, executive, legislative), structure, final appropriation, control loci and responsibility for making appropriation decisions. (24)

Issues:

1. Constitutionality: Can/should appropriation decisions be delegated?
2. Efficiency: Less wasted time from applicants (from application to award). (4)
3. Politicization: "Pork barrel" issues. (3)

B. Grant administration

The process for Environmental Trust Fund allocation

1. Responsiveness: RFP frequency, process complexity/length, multiple tiers. (11)
2. Project size, scope, duration, project oversight and post evaluation. (3)
3. Peer review. (3)

C. Long-range Planning

Establish clearly defined goals consistent with the constitution and statute.

1. Define boundaries: time (longer than legislative terms), activities, quantity of money. (10)
2. Set priorities: Create strategies and substrategies. (4)
3. Implement strategies and monitor results. (1)
4. Evaluate. (1)

D. Fiscal/Administrative

Means: broad fiscal issues as they affect natural resources funding.

1. Issues: leveraging local/federal/private money (economies of scale), getting like groups together to partner/maximize outcomes. (6)
2. How big is the pot?
 - Cigarette tax money.
 - Unclaimed prize money.
 - Vetoed project money.
 - 3/16 legislation.
 - In lieu of sales tax money (to game/fish/parks/trails).
 - GF, bonding
3. What does supplanting factor mean to LCMR? (8)

**Environment and Natural Resources Trust Fund Advisory Task Force
November 17, 2005 – Public Testimony List**

6:00 p.m. CAC

1. David Hartwell
2. Greta Gauthier
3. Bill Oemichien
4. Jim "Red" Nelson

Written Testimony enclosed at the back of the packets:

Nancy Gibson

Other:

Janet McMillan (in attendance)

Merle Anderson - not available, interested in any future opportunity to speak with the Task Force

6:30 p.m. Other Public Members (++ denotes submitted written statement in addition)

1. Less Bench
2. Representative Rick Hansen ++ (A)
3. Peter Sorenson, U of M (current project manager)
4. Al Singer, Dakota County (former project manager)
5. George Orning, U of M (current project manager and former LCMR staff)
6. Patrick Hamilton, Science Museum of MN (current project manager)
7. Dan Engstrom, St. Croix Watershed Research Station (former project manager) ++(B)
8. Lance Ness, Fish and Wildlife Legislative Alliance ++(C)
9. Gary Lief, Ducks, Wetlands, Clean Water Rally
10. Ron Visness (former project manager)
11. Elizabeth Nixon ++(D)
12. John Shorers, MN Outdoor Heritage Alliance
13. Dorian Grilley, Parks and Trails Council ++(E)
14. Tom Jes
15. Diane Jensen
16. Harvey Nelson, MN Waterfowl Assoc. – Leech Lake Watershed Foundation (former program manager) ++(F)
17. Carol Kummer, Minneapolis Parks Board Commissioner
18. Mark Johnson, MN Deer Hunters Association
19. Tom Landwehr, Assistant State Director, The Nature Conservancy in Minnesota (former program manager)
20. Dale Setterholm, MN Geological Survey (former project manager) ++(G)
21. Robert Austin, Member of Land Stewardship Project
22. Allison Wolf, MN Center for Env. Advocacy
23. Hattie Bonds

Written Testimony enclosed at the back of the packets:

Chuck Wocken, Stearns County Park Director

Pat Mulqueeny, Eden Prairie Chamber of Commerce

Other:

Sen. Dennis Frederickson, not available, interested in future opportunity to speak with Task Force

ISSUE BRIEF

Trust Fund Advisory Task Force Meeting, November 17, 2005

TWO PROPOSALS

1. Redirect Part of Lottery in-lieu-of-Sales Tax to Clean Water Legacy Account
2. Restore of the Minnesota Future Resources Fund

In an effort to provide ideas to help resolve the conflicts over the LCMR and Environmental Trust fund, I am offering these proposals:

1. Redirect General Fund portion of the Lottery in-lieu-of-Sales Tax to the Clean Water Legacy Account

- 27.6% (\$10.1 million, FY05) of the in-lieu-of-Sales Tax on Lottery tickets is currently deposited in the General Fund (the remainder is divided between the Game and Fish Fund; state, metropolitan and local parks and trails; and the zoos).
- Propose to restore this revenue to the environment by dedicating the General Fund portion of the Lottery in-lieu-of-Sales Tax to the Clean Water Legacy Account to partially fund the identification and restoration of Minnesota's impaired waters.

2. Restore the Minnesota Future Resources Fund, to be known as the Farmland and Natural Areas Fund (2005 Special Session HF-40)

- In FY02, 2 cents of the cigarette tax was dedicated to the Minnesota Future Resources Fund, originally the primary source of funding for LCMR projects, generating \$6.7 million. In FY03, this dedicated source generated \$8.0 million. After 2003, this revenue was redirected to the General Fund.
- Propose to rededicate 2 cents of the cigarette tax to a restored Minnesota Future Resources Fund, and to change the mission of the Fund.
 - The restored Future Resources Fund will be known as the Farmland and Natural Areas Fund.
 - It will be governed by a Council consisting of one senator; one representative; and eight public members, one from each congressional district.
 - Based on a successful local model, the Dakota County Farmland and Natural Area Protection Citizens' Advisory Committee (for more information see: www.co.dakota.mn.us/planning/fnap/)
 - The state Farmland and Natural Areas Council will review and rank proposals to acquire natural areas or obtain permanent agricultural and conservation easements, and submit its proposals for Fund expenditures to the legislature and governor for approval.
- Based on discussion with House Research, it is estimated that in FY06, 1 cent of cigarette tax will raise approximately \$2.835 million.
- Other funding sources for a Farmland and Natural Areas Council include taking an equivalent or larger (10%?) percentage from the Environmental Trust Fund.

As always, I welcome your comments and suggestions regarding these issues. Please contact me at (651) 296-6828 or via e-mail at rep.rick.hansen@house.mn.

STATE REPRESENTATIVE RICK HANSEN

221 State Office Building • 100 Rev. Dr. Martin Luther King Jr. Blvd. • St. Paul, MN 55155

A

"to examine the process for making recommendations on expenditures from the environment and natural resources trust fund"

Written Testimony by: Elizabeth Nixon, Professional Wetland Scientist

Representation: individual citizen

Recent Professional Activities:

Board Member, International Society of Wetland Scientists (SWS)

Board President, SWS North Central Chapter

Planning Committee, Lake Superior Basin Wetlands Management and Research Conference

Natural Resources Committee, Twin Cities Regional Greenways Collaborative

Greenways Vocabulary Committee, Twin Cities Regional Greenways Collaborative

Current Professional Projects:

Urban TMDL studies

Urban watershed-based solutions to integrating wetlands, water quality, and stormwater management

MY RECOMMENDATIONS TO THE ENRTF ADVISORY TASK FORCE ARE TO:

- Support the current decision-making process and long-term categorical priorities in appropriation of funds, because the two highest appropriation categories provide the best long-term solution to maintaining environmental quality
- Advise the Governor's office to seek out sources other than the ETF to meet their CWI goals, because these goals are about pollution, not habitat, and can be met by more strident control and incentives for industry and local land use planning
- Require the Governor's office to meet its statutory obligation to fully appoint the CAC to the LCMR
- Acknowledge that several disparate groups with overlapping and also conflicting interests are in support of an 'overhaul' of the LCMR, some of these interests are in conflict with statutory obligations for the ETF, and no justification exists for an 'overhaul' of the LCMR

BACKGROUND INFORMATION ON THE LCMR:

APPROPRIATIONS, STATUTORY OBLIGATIONS, MAGNITUDE OF STATE FUNDING ON ENVIRONMENT, AND THE CAC STRUCTURE AND STRATEGIC PLAN

OBLIGATIONS

\$35 million appropriated for 2005-07

LONG-TERM CATEGORICAL PRIORITIES FOR FUNDS APPROPRIATIONS

LCMR Long-term Appropriations, 1991-2003:

Recreation, parks, trails	\$69,899,000
Habitat and critical lands:	\$55,914,000
Water:	\$14,251,000
Information/GIS:	\$13,457,000
Education:	\$8,311,000
Ag and NR industries:	\$7,997,000
Administration:	\$3,352,000
Children's Env Health:	\$563,000
Energy:	\$346,000

to examine the process for making recommendations on expenditures from the environment and natural resources trust fund

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.

Trust Fund appropriations so far have equaled around one percent of the total state spending on environment and natural resources biennially. It is appropriated by the Legislature, along with the rest of the state budget for environment and natural resources spending.

Citizen Advisory appointed by the governor from each congressional district

M.S. 116P.06.

Appointing:	Governor	
Compensation:	\$55 per diem plus expenses	
Vacancies:	Three (3) -	Member District 1
		Member District 6
		Public Member
Additional Vacancies:	Member District 3 -	last published 11/01/2004
	Member District 8 -	last published 11/01/2004
	Member District 7 -	last published unknown
	Public Member -	last published 01/07/02

The committee advises the Legislative Commission on Minnesota Resources (LCMR) on a strategic plan for the Environment and Natural Resources Trust Fund. The advisory committee shall prepare and submit to the commission a draft strategic plan to guide expenditures from the trust fund; review the reinvest in Minnesota program during development of the draft strategic plan; gather input public input during development of the draft strategic plan; and advise the commission on project proposals to receive funding from the trust fund. The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether the projects meet the standards and funding categories set forth in sections 116P.01 to 116P.12. The eleven member board includes at least one member from each congressional district and three additional members. There is a "conflict of interest" provision in MS 116P that applies to this committee. Authorized by the chair of the LCMR as consistent with budget and work program approved by the LCMR.

"to examine the process for making recommendations on expenditures from the environment and natural resources trust fund"

GOVERNOR'S OFFICE AGENDA

Governor Pawlenty's Record:

- Has made only 7 of 11 appointments
- 5 of the 7 appointments are residents of the Twin Cities
- Districts 3, 4, 7, 8 are vacant

Governor Pawlenty's office demonstrates a very poor track record for supporting the ETF and LCMR.

Governor Pawlenty's office proposes to:

- eliminate the ETF legislative decision-making as established by Minnesota Statutes
- eliminate the LCMR administrative budget
- eliminate the CAC as established by Minnesota Statutes
- establish a 11-member Governor-appointed Minnesota Conservation Heritage Foundation/Council for the purpose of meeting goals of the Governor's Clean Water Initiative
- shift ETF priorities to meet the Governor's CWI goals

These proposals will in effect lead to gutting of state spending on parks and trails and habitat acquisition, the two major areas of ETF appropriations.

Governor Pawlenty's Clean Water Initiative Goals:

- Administration of 'Core Water Activities'
- Meet EPA-mandated impaired waters clean-up (TMDLs), primarily through wastewater treatment plant construction
- Meet Twin Cities long-term drinking water supply needs

MOTIVES OF DISPARATE GROUPS TO DISMANTLE CURRENT ETF DECISION-MAKING

Up for Grabs:

- \$35 million per year in appropriations
- \$450,000 in Year 2 administration of LCMR

Since the lobbying began in 2003 by Governor Pawlenty's office to dismantle current ETF decision-making, disparate groups have 'duck-rallied' around a possible revenue and power grab.

Camp One: the Governor's Office

Motive: No new taxes. The Governor's plan will redirect ETF appropriations towards the CWI, particularly federally-mandated funding for TMDLs, mainly through locally-directed wastewater treatment plant construction.

"to examine the process for making recommendations on expenditures from the environment and natural resources trust fund"

The Governor's office estimates about \$80 million a year to clean up septic systems and construct wastewater treatment plants.

The Governor's office anticipates using the ETF to match USEPA funds for TMDLs.

The Governor's office will redistribute the \$35 million annual LCMR appropriations to favor water pollution funding at the expense of parks, trails, and lands for hunting and fishing.

Camp Two: the Environmental Nonprofits

Motive: Dwindling revenues and a ballooning of the number of small environmental nonprofits in MN have forced them to capitalize on all opportunities for survival. Board members and directors are lobbying for appointment to the (republican governor's) proposed Natural Heritage Conservation Council.

Each organization needs revenue for their own survival, and is looking for all opportunities. LCMR and all other grantees do not provide appropriations for nonprofit administrative expenses. Giving by wealthy citizens is down, and the number of environmental nonprofits is up.

Over 25 environmental nonprofits are looking out for their own interests and have joined forces with the sportsmen's groups to increase support for their initiatives. Only a few of these groups have statewide initiatives; the bulk of the numbers is provided by small special interest groups in the Twin Cities.

Wetlands.org objectives:

Constitutional dedicated funding

LCMR reform

Clean water legacy

Camp Three: the Sportsmen's Groups

Motive: 'This is a traditional 'anti-government' group who favors privatizing government funds and support a republican initiative. Their motive is not based on understanding the implications of the Governor's CWI.

Viewing the wetlandsrally.org lobbying material shows that this camp misunderstands the Governor's CWI initiatives.

The lobbying material states: **Legislative Commission on Minnesota Resources Reform: The Governor has proposed that the LCMR be restructured to better target the lottery dollars spending to natural resources, including hunting, fishing, parks, and trails.**

In reality, the governor's CWI implies lowering funding in these areas in order to increase appropriations to certain types of water pollution clean-up.

"to examine the process for making recommendations on expenditures from the environment and natural resources trust fund"

SELECTED REFERENCES INFORMATION

PROTECTING MINNESOTA'S WATERS:

Priorities for the 2005 - 2007 Biennium

The Environmental Quality Board draws together the Governor's Office, five citizens, and the heads of 10 state agencies in order to develop policy, create long-range plans, and review proposed projects that would significantly influence Minnesota's environment. Minnesota Statutes (see *Minnesota Statutes*, Chapters 103A, 103B, 116C, 116D, 116G and 116I) direct the EQB to:

The Clean Water Cabinet includes commissioners of the departments of Agriculture, Health and Natural Resources, and the Pollution Control Agency, the executive directors of the Board of Water and Soil Resources and the Metropolitan Council, and the Governor's deputy chief of staff. Tim Scherkenbach serves as cabinet director.

Protecting Minnesota's Waters: Priorities for the 2005-2007 Biennium was prepared by the EQB Water Resources Committee. Sara Bertelsen, EQB water policy planner, and Joan Wells, EQB water & sustainable development director. EQB WRC includes: Agriculture (Greg Buzicky and Gerald Hall), Board of Water and Soil Resources (Steve Wood and Doug Thomas), EQB Citizen Members (Jon Bloomberg and Mary Mallen), Health (Pat Bloomgren), Metropolitan Council (Judy Sventek and Keith Bunlaman), Minnesota Geological Survey (Harvey Thorleifson and Dale Setterholm), Natural Resources (Ken Lokkenmoos and Craig Engwall), Pollution Control (Lisa Thorvig), U.S. Geological Survey (Jeff Stoner), Administration (Joan Wells) and the Governor's Clean Water Cabinet (Tim Scherkenbach). Photo on front cover provided by Minnesota Office of Tourism.

CORE WATER ACTIVITIES

A set of core state activities serves to protect Minnesota's ground and surface waters through the day-to-day, coordinated application of law, programs, expertise, information and education. This work helps people answer basic quality and quantity questions about water, such as where it is, how clean it is, how we use it and how actions we take may impair it. These core activities provide the key to meeting the state's water vision.

Recommendations

The Clean Water Cabinet and Environmental Quality Board recommend that the Legislature:

1. Overhaul the process for administering the Environment and Natural Resources Trust Fund.

While many important measures have been supported through the current process, the overhaul would make long-term strategic investment in Minnesota's natural resources the priority. The Governor recommends establishment of the Minnesota Conservation Heritage

Foundation, an independent citizen-expert panel, to administer the Trust Fund with this priority in mind.

IMPAIRED WATERS

Pollution in Minnesota's lakes, rivers and streams threatens to hamper economic development, erode quality of life and harm ecosystems.

"to examine the process for making recommendations on expenditures from the environment and natural resources trust fund"

Recommendations

The Legislature should make a serious commitment to cleaning up impaired surface waters in order to restore their long-term value while removing barriers to economic development in Minnesota

In making this commitment, the Clean Water Cabinet and Environmental Quality Board recommend that the Legislature

- Recognize the overriding importance of acting on the Impaired Waters Initiative, and find consensus on a funding package
- Focus the Initiative on restoring polluted surface waters, but also support protection of clean waters
- Base cleanup strategies and priorities on sound science, and meet federal requirements
- Optimize the use of federal dollars for impaired waters cleanup
- Provide resources to local groups and existing local programs
- Ensure representation of a diversity of perspectives through a Clean Water Council

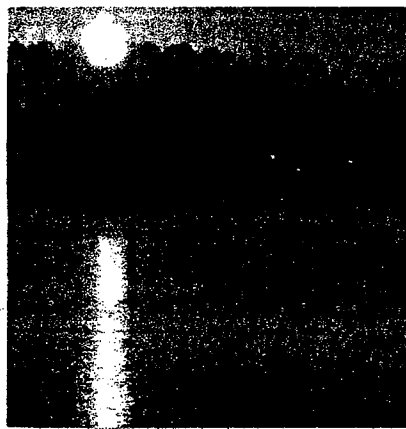
TWIN CITIES METROPOLITAN AREA WATER SUPPLY SUSTAINABILITY

Wise management of the region's water supply and the demands people place on it is essential to the vitality of the Twin Cities metropolitan area. Demographers expect nearly a million new people in the area by 2030. This growth and its associated urbanization will strain the region's water resources. This, plus a concern with the vulnerability of water supply systems to acts of terror make water supply within the Twin Cities metropolitan area a priority concern today. In addition, population demands have begun to spill outside the seven-county area and loom elsewhere in Minnesota. The lessons to be learned from this initiative will have direct application throughout the state.

RECOMMENDATIONS FOR THE 2005-2007 BIENNIUM

1. Protect core water activities and meet strategic long range needs
 - Maintain the cycle of services provided by core water programs
 - Overhaul the process for administering the Environment and Natural Resources Trust Fund
 - Evaluate Minnesota's wetland conservation efforts to ensure that the state's no-net loss policy is working
 - Increase water-related fees to keep pace with inflation and increased program-related demands
2. Make the commitment to cleaning up impaired waters
 - Recognize the overriding importance of the Impaired Waters Initiative and fund it
 - Restore polluted surface waters while protecting clean waters
 - Base clean-up strategies on sound science and meet federal TMDL requirements
 - Optimize the use of federal dollars for impaired waters cleanup
 - Provide resources to local groups through existing programs
 - Ensure representation of diverse perspectives through the Clean Water Council

- Promote Twin Cities area water supply sustainability
- Establish a regional water supply development fund
- Form a metropolitan water supply advisory committee
- Develop a water supply master plan
- Help define lessons for statewide applications



Governor's Clean Water Initiative

“to examine the process for making recommendations on expenditures from the environment and natural resources trust fund”

What is the Governor's Clean Water Cabinet?

The Governor's Clean Water Cabinet was established by Governor Tim Pawlenty in 2003. The mission of the cabinet is to protect Minnesota waters from present and future threats; ensure safe water to sustain healthy communities; keep an accurate and realistic picture of the "state of our waters" so that citizens and policy-makers are able to respond effectively and appropriately to meet new threats; and work aggressively to restore those waters that have been the casualties of societies great progress.

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WETLANDSRALLY.ORG LOBBYING

Tell your Representative that you want them to "restore the promise" of the Environment and Natural Resources Trust Fund and to commit to spending these dollars ONLY for the purposes for which the citizens of Minnesota constitutionally dedicated them to be used for conservation.

The following is a brief description of the problems with the Legislative Commission on Minnesota Resources and why reform is needed.

Flaws of current process: Legislative Commission on Minnesota Resources

- Lack of long-term strategic plan to address state's conservation needs
- Multi-step, bureaucratic, multi-year process cannot react quickly to new opportunities or critical needs
- Citizen input often discarded in favor of legislative priorities

Proposed solution: Minnesota Conservation Heritage Council

- Independent board of citizen experts
- Trust Fund expenditures to be made in strict accordance with the Trust Fund constitutional dedication and a ten year conservation plan developed by the Council
- Up front biennial appropriation of Trust Fund proceeds to the Council for grant-making, with legislative review of Council actions and expenditures before the next biennium's appropriation

Independent, expert board

- 11 person board, appointed by the Governor and confirmed by the Senate
- One member per Congressional district, with 3 at-large members
- Staggered, six year terms, removable for cause or by supermajority vote
- Board members must have demonstrated expertise/experience with conservation policy/science and not be a paid employee of any conservation organization

Strategic Conservation Plan

- Foundation to develop a 10 year Strategic Conservation Plan, updated every two years, to identify and address state's conservation needs
- Grant decisions made more frequently, to address needs identified in Strategic Plan
- Grants must demonstrate a direct benefit to Minnesota's natural resources
- Current LCMR staff would continue to staff the Council

Biennial appropriation - "Fill the Bucket" approach

- Legislature would appropriate the Environment and Natural Resource trust fund proceeds to the Council at the start of each biennium
- Biennial appropriation would give the Council the ability to respond to opportunities and critical needs as they arise, rather than wait two to three years for the LCMR process
- Legislature maintains authority/responsibility to oversee Council activities, and to hold the Council accountable, like any other state agency. Also, audits of Council activities to be conducted by the Legislative Auditor MCHC Advisory committee

Clean Water Legacy:

"to examine the process for making recommendations on expenditures from the environment and natural resources trust fund"

Minnesota is the Land of 10,000 lakes and miles and miles of streams and rivers. We boat, fish, swim, drink, irrigate, and do just about everything else in or around our waters! Problem is we have abused our waters. It is high time to clean them, restore them, and protect the waters of our state that are not yet contaminated. Cleaning up our waters is critical to business and economic development, as well as, our Quality of Life.

That is why conversationalists, environmentalists, farmers, local governments, and businesses are supporting HF 826-Ozment and SF 762-Frederickson.

This proposal would begin the clean up of contaminated lakes and streams in the state in accordance with the Clean Water Act. Needed new revenue would be generated by an annual \$36 fee from each house. In addition businesses would also pay based on the amount of water they use.

This estimated \$80 million per year would fuel a locally delivered multi-function cleanup efforts through septic inspection and upgrades, upgrades to waste water treatment plants, as well as, the buffering and retirement of additional farm land in water sensitive areas. While no one is opposed to the policy of cleaning up our polluted waters, no one seems willing to pay for it!

New funding sources continue to be researched, including using the property tax statement (5.3 million parcels in the state) to collect a fee based on value of the property, a mortgage tax surcharge, and other fees and taxes.

The Senate in their Tax Bill (SF 2206), which passed last week, proposes to raise the income tax on the top income earners in the State. Some of those new revenues (\$31.5 million on 2006, \$3 million in 2007, \$40 million in 2008, and \$80 million in 2009) would be reserved for the Clean Water Legacy Act.

Legislative Commission on Minnesota Resources Reform: The Governor has proposed that the LCMR be restructured to better target the lottery dollars spending to natural resources, including hunting, fishing, parks, and trails.

LEGISLATIVE PROPOSAL LANGUAGE FROM THE LAST SESSION:

Constitutional Amendment. Proposes a constitutional amendment for the 2006 general election on dedicating one-fourth percent of sales tax revenue to be split evenly for fish and wildlife enhancement purposes and water resources protection and restoration. Two funds would be created in the constitution for this purpose and the dedication, starting July 1, 2007, would last 25 years until 2032.

Art. 2, § 1

Heritage Enhancement Fund. Requires 97 percent of the money appropriated from the constitutionally created Heritage Enhancement Fund to be spent on specific fish and wildlife habitat and tourism projects.

Clean Water Fund.

Subd. 2. Allows money in the fund to be spent for monitoring and analysis, state and local protection and improvement activities, and aid to individuals and organizations for water quality improvement projects.

Subd. 3. Creates a Clean Waters Council of 18 public and private members, similar to the Clean Water Legacy Council in H.F. 826. Requires the Council to recommend to the Governor projects for funding from the clean water fund, with a report on expenditures biennially to the legislature.

§ 2

House Bill; H.F. 1909

Authors: Hackbarth and Dill

ENRTF Advisory Task Force Public Testimony
State Office Building

November 17, 2005
6:30-8:30 pm

“to examine the process for making recommendations on expenditures from the environment and natural resources trust fund”

HF 1467-Hackbarth has passed a number of committees and is on the House floor for a final vote. The bill would create a new “Minnesota Conservation Heritage Council,” which would become the new citizen-based LCMR. The 11 members of the commission would be selected by the Governor and approved by the Senate.

The key provisions of HF 1467 have been inserted into another bill, HF 902, the environment and natural resources budget bill. Duck Rally Supporters are urged to contact this representative and urge them to support keeping this important LCMR reform language in the House Environment Budget Bill. Attempts to remove the LCMR reform language from HF 902 failed in committee on and the floor.

SF 1809-Chaudhary received a hearing but was tabled for lack of support in the policy committee.

HF 902 and SF 2273, the House and Senate Environment & Natural Resources Budget bills are in conference committee. Duck Rally attendees are encouraged to contact the Senate conferees asking them to consider strongly the House LCMR reform language and modify the LCMR structure and process this year!

This year’s LCMR funding proposal totals \$39 million and is included in both HF 1420 and SF2273. The dollars to be distributed by the LCMR are expected to increase in future years.

House Bill; H.F. 826

Authors: Ozment, Paymar and Hackbarth

The Clean Water Legacy Act would be established providing the authority, direction, and funding to achieve and maintain water quality standards for surface waters in accordance with the federal Clean Water Act, and allocate money to fund cleaning up lakes, rivers, and streams.



November 17, 2005

Co-chairs Dave Zentner and Rep. Loren Solberg
Environment and Natural Resources Trust Fund Advisory Task Force
65 State Office Building
St. Paul, MN 55155

Dear Mr. Zentner and Rep. Solberg:

On behalf of Parks & Trails' 3,000 members and Board of Directors, I appreciate the opportunity to provide comments on the process for making recommendations on expenditures from the Environment and Natural Resources Trust Fund.

During the 2006 Legislative Session, we actively monitored Governor Pawlenty's proposal to reform and replace the current Legislative Commission on Minnesota Resources with an 11-member citizen board. While we agreed with the concerns that Trust Fund expenditures could be more strategic, we did not believe a wholesale change was the answer either.

Given the contentious nature of this issue, we certainly appreciate the task you have before you and hope our comments will help guide your recommendations.

Parks & Trails agrees with other organizations that the major crisis is not the governing structure of the LCMR, but the loss of long-standing resources that were dedicated to the environment through the cigarette tax. The loss of 30% of the revenue stream to the LCMR has placed enormous pressure on the remaining funds from the Environment and Natural Resources Trust Fund. The vision of the ETF was to invest in emerging environment and conservation issues and to supplement other resources. As other resources have shriveled up and gone away, there is only the ETF remaining as a viable funding source for many programs and projects.

Fixing the process without addressing the loss of revenues to environment and natural resource programs only sets up a situation where those who worked to establish the Trust Fund fight amongst themselves for the scarce revenues it provides. We encourage you to give serious consideration to include in your recommendations a commitment to replacing lost revenues.

275 East 4th Street, Suite #642
St. Paul, Minnesota 55101-1651
Phone 651-726-2457 or 1-800-944-0707
Fax 651-726-2458
www.parksandtrails.org

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Database Manager

E

**Testimony – Environment and Natural Resources Trust Fund Advisory
Task Force 11-17-05**

My name is Harvey Nelson. I appreciate the opportunity to present a brief statement to the Advisory Task Force. I am representing the Minnesota Waterfowl Association and the Leech Lake Area Watershed Foundation.

Since its creation in 1988, the Environment and Natural Resources Trust Fund has made substantial contributions to projects that enhanced the natural resources of Minnesota, especially fish and wildlife habitats and populations, water quality and related public recreational uses. We are concerned, however, that the recent \$35 million to \$40 million biennial allocation for LCMR projects is again being spread too thin to meet the many varied demands, rather than focusing on critical habitat needs. This includes deteriorating wetlands, grasslands, water quality and shoreline protection. We also believe that there should be stronger, direct citizen participation on the Commission, even though there is an active Citizens Advisory Committee. We submit the following recommendations for your consideration:

1. Provide for stronger, direct citizen participation on the Commission.
2. Simplify the application and approval process, and reduce time frames.
3. Restore the tobacco tax receipts to overall LCMR base funding.
4. Allocate a major portion of available funds to larger, long-term habitat projects that address critical habitat needs for fish, wildlife, water quality and related public recreational values. For example, continue and expand the ongoing projects such as "Restoring Minnesota's Fish and wildlife Habitat Corridors" and "Metro Habitat Corridors". These projects are based on good science, sound conservation principles and concepts, and will provide substantial resource and public benefits over the long-term.
5. Give additional emphasis to protection and restoration of critical wetlands and grasslands that continue to deteriorate and disappear from the landscape.
6. Give special attention to improving water quality of shallow (wildlife) lakes and shoreline protection on larger recreational lakes to enhance fish and wildlife use.
7. Give stronger support to the watershed approach when applicable.
8. Support research needs related to the above issues.
9. Improve coordination with state and federal natural resource agencies and private conservation organizations.

Harvey K. Nelson: Special Consultant, Minnesota Waterfowl Association
Board of Directors, Leech Lake Area Watershed Foundation

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Testimony of Dale R. Setterholm, Asst. to the Director, Minnesota Geological Survey to
the Environment and Natural Resources Trust Fund Advisory Task Force, November 17,
2005

Members of the Task Force,

Funding from the Environment and Natural Resources Trust Fund has had a significant and positive impact on the ability of the Minnesota Geological Survey (MGS) to achieve its mission. LCMR funding has enabled projects that we would otherwise not have been able to conduct, it has accelerated progress in key programs, and it has provided equipment that we were otherwise unable to attain. Each of our LCMR projects has enhanced our knowledge of the natural environment such that Minnesotans can more efficiently and effectively manage natural resources.

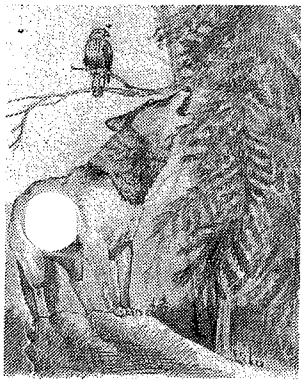
The first example I would like to relate is funding of the aeromagnetic survey of Minnesota. Because the bedrock of Minnesota is largely buried by glacial deposits, it is difficult and expensive to investigate the nature of that rock. However, some of our most important industries are based on bedrock resources, and understanding that bedrock geology also affects ground water management. One solution to this difficulty is to precisely measure the earth's magnetic field, and to interpret the bedrock geology from that data. Toward that end the LCMR funded an airborne survey of Minnesota's magnetic field from 1979 to 1991, and a related drilling program to enable interpretation of the data. This survey required funding through 6 consecutive biennium. The results are nationally or even internationally recognized as one of the premier surveys of its type. The results continue to support geologic mapping and related mineral exploration today. The data are used by the DNR Minerals Division, the Natural Resources Research Institute, Universities, and mining companies as well. A project was recently initiated at MGS to reprocess the data with better computing power and more sophisticated software to further enhance the value of the data. Minnesota is regarded as a leader in this field. The long term support of LCMR produced long term benefits that continue today.

Environment and Natural Resources Trust Fund resources were also used to accelerate the County Geologic Atlas Program which originated at the MGS. LCMR support for two biennia enabled acceleration of the program, a partnership with DNR Waters, and the completion of geologic atlases and related products for xx counties over that time period. These atlases produce the basic geologic and ground water related information necessary to support decision-making at the local level. The program requires some local funding to ensure local participation and use of the products. In addition to use by local government for permitting, land-use, and water planning, the products are used by state agencies to enable wellhead protection, well construction code enforcement, permitting, and the application of agricultural best management practices. In my opinion, the effect of this LCMR investment has been management of ground water resources that has saved many times over the dollars that it cost.

As a final example, MGS used Environment and Natural Resources Trust Fund resources to buy downhole geophysical logging equipment. These instruments are used to obtain highly accurate and reliable information about the geologic units penetrated by a well or borehole. Various physical properties are measured and interpreted such that we can determine the specific geologic units penetrated by the well, the hydrologic properties of those units, and the relationship of a particular well to others. That equipment was eventually replaced as the technology improved, and the value of the data was recognized. This technology enables us to collect high-value information from existing wells about which little was known. As an alternative to expensive and time-consuming drilling programs, this equipment has been extremely useful and efficient. The results are used by the MGS in mapping programs, by the Dept. of Health in enforcing the well construction code, and by many cities in designing and managing their wells.

To summarize, the MGS regards the LCMR administration of Environment and Natural Resources Trust Funds as a very important component in our efforts to help others manage the natural resources of our state. These funds have had a significant and long-lasting influence on our success that continues today. MGS has had many LCMR projects funded, and many more unfunded. While we considered each of our proposals

worthy of funding and technically sound, we recognize that there are more needs than there are dollars, and that science is not the only factor that should be applied to the funding decision. Thank you for the opportunity to testify.



NANCY GIBSON

November 17, 2005

Dear Environment and Natural Resources Trust Fund Advisory Task Force:

Thank you very much for the invitation to voice my concerns regarding the future of the Environment and Natural Resources Trust Fund (ETF).

Unfortunately, I am out-of-town on the scheduled date of testimony so a letter will have to suffice.

As a member of the Citizens Advisory Committee (CAC) for 14 years, 12 of those as its chair, and vice-chair of the Coalition that worked hard to pass the Constitutional dedication in 1998, my concerns run deep for the future of Minnesota's natural resources. To summarize my experience, the expenditure process for the ETF is broken and fraught with minutia and politics from start to finish. The State's environment is not served by this arduous process. This is not to say that some great projects have not been funded, they have, but it a painful process. A great example is the County Biological Survey, an essential tool for policymakers and experts to guide them with land development and protection issues. Yet, the project has to compete every funding cycle taking up valuable time instead of giving the Survey the sustained funding to complete the process.

In order to get funding, projects have to have a three year lead period between writing and proposing to the final appropriation date. Intense lobbying is required by either proposers or legislators on the Commission. This does not mean the best projects get funded. Legislators show up for the LCMR allocation day often voting in packs for pre-determined projects.

Instead of focusing on what is wrong with the process, I hope this task force will have the courage to let go of the current method and start fresh with a set a questions of what is needed in our natural resource communities and how best the ETF can provide the funds to preserve and restore our land, air and water. Put forth some visionary strategies that have impact.

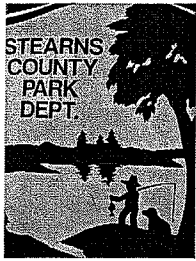
It has been my experience that Legislators have well-honed policy making skills but lack the science needed for making critical decisions on natural heritage issues. The ETF is ill-served by political appointments to oversee complicated issues. Constantly shifting appointments and poor attendance further damage the process. Consistency of expertise is a better option. Experts are trained to catalog and receive pertinent data regarding scientific information. Legislators can't fix a problem if they don't understand the problem, experts can. Minnesota is fortunate to have human resources who deal with our environment and natural resource needs on a daily basis. Natural resource experts are equipped with the skills to make the necessary decisions without the interference of politics. Yes, it will take away the influence of lobbyists but it will ensure that projects are funded on their own merit.

In closing, I want to add that critiquing the LCMR process has not been easy, however it was driven by years of sitting on the sidelines watching opportunities pass and the ETF not fulfilling its mission. I never doubted the good intention of Legislators. My intention is to make the ETF meet its potential with addressing our environmental and natural resource demands. You wouldn't trust the future of the state's financial investment to anyone but financial experts. Follow that same equation and trust the future of the state's natural resources to natural resource experts. This is not a Democratic or Republican maneuver but a strategy whose time has come. I apologize again for not being able to present this in person; however I am available at a later date if needed.

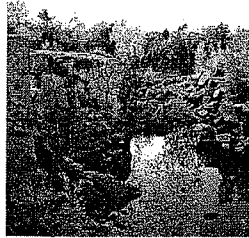
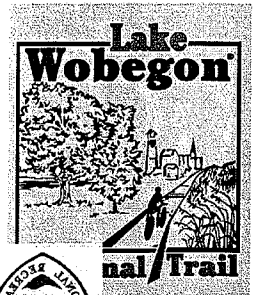
Sincerely,


Nancy Gibson

STEARNS COUNTY PARKS



1802 Co. Rd. 137, Waite Park, MN 56387
telephone: 320/255-6172; fax: 320/255-6177;
email: chuck.wocken@co.stearns.mn.us



November 9, 2005

Loren Solberg and Dave Zentner, LCMR CO-CHAIRS, ENVIRONMENT & NATURAL RESOURCES FUND ADVISORY TASK FORCE

lcmr@commissions.leg.state.mn.us

RE: EXPENDITURES FROM THE ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

On behalf of Stearns County, I am submitting the following comments as part of the testimony supporting the use of ENVIRONMENT & NATURAL RESOURCES TRUST FUND interest statewide for park & trail acquisition and betterment.

Stearns County has relied on the State of Minnesota for seed money on 95% of its park, trail and open space initiatives in the past. With the unfortunate loss of the Minnesota Future Resources Fund, only the Environment & Natural Resources Fund remains to help counties provide outdoor recreation opportunities for its citizens. The State has leveraged millions of dollars of expenditures through its grants to local units of government at the city, county and regional level. The escalation of costs for land acquisition has only exasperated the need for state assistance to build green communities throughout the state. For example, the land values next to Quarry Park & Nature Preserve in Waite Park have gone from \$13,000 per forty-acre parcel in 1992 to nearly \$500,000 in 2005.

Stearns County has enough park acquisition needs to exhaust all the grants available for Greater Minnesota in the coming grant cycle. Greater Minnesota has emerging urban areas that suffer the same needs the Twin Cities Metro Area did 30 years ago when the state infused millions of dollars of investment into green infrastructure. Investments in parks and trails are investments in communities providing a multitude of benefits to the local residents, such as exercise opportunities and tourism impact. The Lake Wobegon Trail has received State DNR Regional Trail Initiative grants throughout its growth period. Next year the trail will be linked to the Central Lakes State Trail creating probably the longest separated blacktopped bike/hike facility in the U.S. This could not have been done without State investments in counties and local communities.

It would be difficult for me to imagine that any wildlife management area in Stearns County could match the visitation and use of the Lake Wobegon Trail or Quarry Park & Nature Preserve. The State of Minnesota needs to continue its investment in communities throughout the State for parks and trails. The ENVIRONMENT & NATURAL RESOURCES TRUST FUND is the only source that can give the needed help.

Sandy Smith

From: Pat Mulqueeny [pat.mulqueeny@epchamber.org]
Sent: Tuesday, November 15, 2005 10:21 AM
To: lcmr@lcmr.leg.mn
Cc: Erik Paulsen (Erik Paulsen); tim.pawlenty@state.mn.us; ron@mnbound.com
Subject: Lottery funds and the Trust Fund

To whom it may concern,

In reading the Star Tribune's Sunday Sports page, I came across the notice of the meeting this Thursday to discuss how to use the money generated from the lottery. I am unable to attend the meeting, but do want to provide my input.

I believe the money should be spent in only one manner - buying land. There have been numerous reports of how the DNR cannot keep up with the pace necessary to accommodate the outdoor activities that make Minnesota great and is part of our heritage - hunting, fishing, camping, clean waters etc. If we simply bought land that can be used for these activities and to help protect our environment (water buffer zones to protect rivers, lakes, streams) and to be set aside as Wildlife Management Areas, State forests, and more, they would be there for generations to come.

We hear the reports of how another million people will be in the Twin Cities region in the next 15 -20 years. If we are serious about protecting our natural resources and providing the outdoor activities that Minnesotans have grown up with, love and want for future generations to enjoy, than buying land and setting it aside for these activities makes the most sense right now.

Please provide my comments to the individuals and groups who will be deciding how this money is to be spent. I can be reached for any further discussion, additional comments at the number below during daytime hours or at home at 952-448-4767 in the evening.

Sincerely,

Pat Mulqueeny, IOM
President
Eden Prairie Chamber of Commerce
11455 Viking Drive, Suite 270
Eden Prairie, MN 55344
952-944-2830

The Eden Prairie Chamber of Commerce is a not-for-profit business association with over 450 members representing over 25,000 area employees.

**Senate Counsel, Research,
and Fiscal Analysis**

G-17 STATE CAPITOL
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.
ST. PAUL, MN 55155-1606
(651) 296-4791
FAX: (651) 296-7747
JO ANNE ZOFF SELLNER
DIRECTOR

Senate

State of Minnesota

TO: Members of the Environment and Natural Resources Trust Fund Advisory Committee

FROM: Greg Knopff, Legislative Analyst *GK*
phone: 651-296-9399 fax: 651-296-7747
e-mail: gregory.knopff@senate.mn

DATE: November 28, 2005

RE: LCMR Duties Not Affected by the June 30, 2006, Sunset

Per your request, below is a list of duties of the Legislative Commission on Minnesota Resources (LCMR) that were not affected by the June 30, 2006, sunset of the LCMR's duties on making recommendations for expenditures from the Environment and Natural Resources Trust Fund. The LCMR will continue to be responsible for the duties listed, unless further legislation affects those duties.

LCMR Duties Unaffected by the June 30, 2006, Sunset:

1. Recommend expenditures from the State Land and Water Conservation Account, M.S. section 116P.05, subd. 2, par. (b);
2. Review and approve work programs for expenditures from the Trust Fund, M.S. section 116P.05, subd. 2, par. (c);
3. Receive semiannual progress reports on projects receiving appropriations from the Trust Fund, M.S. section 116P.05, subd. 2, par. (c);
4. Appraisal and evaluation of information on protection, conservation, preservation, and enhancement of the state's air, water, land, forests, fish, wildlife, native vegetation, and other natural resources, M.S. section 116P.09, subd. 3;
5. Submit a biennial report to the Legislature, M.S. section 116P.09, subd. 7;

6. Approval of sales, transfers, or encumbrances of real property interests that were purchased with an appropriation from the Trust Fund or the Minnesota Future Resources Fund, M.S. section 116P.15;
7. Receive annual real property interest reports from the owners of interests in property that were purchased with an appropriation from the Trust Fund or the Minnesota Future Resources Fund, M.S. section 116P.16;
8. Approve exemptions from land exchange or sale requirements for tillable land or farm homesteads acquired by the DNR in the Richard J. Dorer Memorial Hardwood Forest, M.S. section 89.022, subd. 2;
9. Review and approve work programs for expenditures from the Nongame Wildlife Management Account, M.S. section 290.431 and 290.432;
10. Receive semiannual progress reports for expenditures from the Nongame Wildlife Management Account, M.S. section 290.431;
11. Make recommendations on appropriations from oil overcharge money received by the state, M.S. section 4.071, subd. 2;
12. Make recommendations on appropriations from the Great Lakes Protection Account, M.S. section 116Q.02, subd. 2;
13. Receive the biennial water policy report prepared by the Environmental Quality Board, M.S. section 103A.43, par. (d); and
14. Review of proposed form for the Landowner Bill of Rights disclosure statement, M.S. section 84.0274, subd. 7.

GK:dv
11-28-2005

Legacy Chapter Seven

Year	Purpose of Amendment	Adopted or Rejected	Vote		Election
			Yes	No	
1972	To provide for the joint election of the governor and lieutenant governor; to remove the lieutenant governor as the presiding officer of the senate.	A	1,064,580	503,342	1,773,838t
1972	To authorize bonus payment for Vietnam veterans.	A	1,131,921	477,473	1,773,838t
1974	To revise organization and language of constitution.	A	815,064	311,781	1,296,209t
1974	To ease vote requirement for amending constitution.	R	638,775	474,519	1,296,209t
1974	To allow legislature to determine railroad taxes.	A	741,353	372,158	1,296,209t
1976	To permit proceeds from increases in motor fuel taxes to be placed in the general fund; to remove restrictions on interest rate for and amount of highway bonds.	R	552,543	1,134,847	1,978,590t
1980	To establish a bipartisan reapportionment commission.	R	1,036,581	754,935	2,079,411t
1980	To require campaign spending limits for executive and legislative offices and public disclosure of campaign spending for all state candidates.	A	1,457,454	398,551	2,079,411t
1980	To remove restrictions on the interest rate for and the amount of highway bonds.	R	964,212	823,192	2,079,411t
1980	To establish initiative and referendum.	R	970,407	854,164	2,079,411t
1980	To remove requirement of senate approval for notaries public.	R	944,883	850,251	2,079,411t
1982	To allow the creation of a court of appeals.	A	1,304,127	385,738	1,834,737t
1982	To remove restrictions on the interest rate for and the amount of trunk highway bonds.	A	1,103,221	563,865	1,834,737t
1982	To permit the legislature to authorize on-track pari-mutuel betting on horse racing.	A	1,108,255	624,721	1,834,737t
1982	To provide state bonding authority for the improvement and rehabilitation of railroad facilities.	A	1,201,321	492,736	1,834,737t
1984	To allow the exchange of state-owned lands for other lands owned by state or local governments.	A	1,176,809	611,200	2,114,842t
1984	To remove restrictions on the investment of the permanent school fund and to allow the limits on the investment of the fund and the apportionment of the returns on the investment to school districts to be set by law.	A	1,139,390	631,378	2,114,842t
1988	To establish a Minnesota Environmental and Natural Resources Trust Fund for environmental natural resources, and wildlife purposes.	A	1,645,090	375,752	2,125,119t
1988	To allow the use of juries of fewer 12 members in civil and nonfelony cases.	A	1,205,730	806,766	2,125,119t
1988	To permit the legislature to authorize a lottery operated by the state.	A	1,214,032	843,307	2,125,119t
1990	To dedicate 40 percent of the state lottery proceeds to the environment and natural resources trust fund until the year 2001.	A	1,388,105	329,806	1,843,104t
1994	To permit off-track wagering on horse racing in a manner prescribed by law.	R	841,277	847,802	1,794,618t
1996	To authorize a bonus for Persian Gulf War veterans.	A	1,334,409	740,039	2,211,161t
1996	To provide for recall of elected state officials.	A	1,833,523	248,778	2,211,161t
1998	To extend use of lottery for environmental trust fund.	A	1,556,895	460,747	2,105,343t
1998	To preserve hunting and fishing heritage.	A	1,570,720	462,749	2,105,343t
1998	To abolish the office of state treasurer.	A	1,087,789	855,853	2,105,343t

Sources: Anderson, William, *A History of the Constitution of Minnesota*, Minneapolis, University of Minnesota, 1921; Mitau, G. Theodore "Constitutional Change by Amendment: Recommendations of the Minnesota Constitutional Commission in Ten Years' Perspective," *Minnesota Law Review*, Volume 44, 1959-60, pp. 461-83, *Minnesota legislative manuals*, the archives of the *Minnesota Historical Society*, and state canvassing board reports.



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Minnesota Session Laws 1998 - Chapter 392

Key: (1)~~Language to be deleted~~ (2)New language

Legislative history and Authors

◀1 matches for Constitutional Amendment Proposed▶

CHAPTER 392-S.F.No. 41

An act proposing an amendment to the Minnesota Constitution, article XIII, by adding a section; affirming that hunting and fishing and the taking of game and fish are a valued part of our heritage.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [◀CONSTITUTIONAL AMENDMENT PROPOSED▶.]

An amendment to the Minnesota Constitution, article XIII, by adding a section, is proposed to the people. If the amendment is adopted, the section will read as follows:

Sec. 12. Hunting and fishing and the taking of game and fish are a valued part of our heritage that shall be forever preserved for the people and shall be managed by law and regulation for the public good.

Sec. 2. [SUBMISSION TO VOTERS.]

The proposed amendment must be submitted to the people at the 1998 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to affirm that hunting and fishing and the taking of game and fish are a valued part of our heritage that shall be forever preserved for the people and shall be managed by law and regulation for the public good?"

Yes

No"

Presented to the governor April 10, 1998

Signed by the governor April 20, 1998, 11:17 a.m.

Please direct all comments concerning issues or legislation to your House Member or State Senator.

For Legislative Staff or for directions to the Capitol, visit the Contact Us page.

General questions or comments.



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Minnesota Session Laws 1998 - Chapter 342

Key: (1)Language to be deleted (2)New language

Legislative history and Authors

◀1 matches for Constitutional Amendment Proposed▶

CHAPTER 342-H.F.No. 113

An act proposing an amendment to the Minnesota Constitution, article XI, section 14; extending to the year 2025 the dedication of lottery proceeds to the environment and natural resources trust fund and maximizing the long-term total return to the fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [◀CONSTITUTIONAL AMENDMENT PROPOSED▶.]

An amendment to the Minnesota Constitution, article XI, section 14, is proposed to the people. If the amendment is adopted, the section will read as follows:

Sec. 14. A permanent Minnesota environment and natural resources trust fund is established in the state treasury. The principal of the environment and natural resources trust fund must be perpetual and inviolate forever, except appropriations may be made from up to 25 percent of the annual revenues deposited in the fund until fiscal year 1997 and Loans may be made of up to five percent of the principal of the fund for water system improvements as provided by law. This restriction does not prevent the sale of investments at less than the cost to the fund, however, all losses not offset by gains shall be repaid to the fund from the earnings of the fund. The net earnings from assets of the fund shall be appropriated in a manner prescribed 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 2001 2025.

Sec. 2. [SUBMISSION TO PEOPLE.]

The proposed amendment shall be submitted to the people at the 1998 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to extend to the year 2025 the dedication of lottery proceeds to the environment and natural resources trust fund and to maximize the long-term total return to the fund?"

Yes
No"

Presented to the governor March 27, 1998
Signed by the governor March 31, 1998, 10:50 a.m.

Some themes from November 17 testimony

GOVERNANCE:

1. Scope / Nature of constitutional language.
Narrow the focus – woods, wildlife, water. Narrow definitions, focus, etc.
Stay with narrow intent of ballot language.

versus

Constitutional language is very broad. Keep goals broad / very broad;
keep scope wide. Maintain proportional diversity of its mission.

2. Decision making.
Need more citizen involvement

versus

Need more scientific expertise in decision making

versus

Need a balanced approach with input at various points in the process from
citizens, politicians, scientists and technical experts.

3. LCMR serves a critical purpose.
The ETF has been an important resource funding collaborative, innovative
projects. Make improvements as needed, but don't "throw the baby out
with the bath water,"

GRANT ADMINISTRATION:

1. Timing, two-year time frame is too long. Need shorter funding cycles, release
funds in a more timely manner
2. Difficult for small NGOs – eligible costs too narrow
3. Process is too cumbersome, too detailed, etc.
4. Responsiveness:
Not able to respond to urgent needs. Need smaller, special fund to
address urgent needs, short- term, opportunities; set aside small dollar
amount for emerging issues.

versus

Look at funding longer-term projects; beyond two year biennium.
Increase predictability of funding.

LONG-RANGE PLANNING:

1. Need strong, targeted strategic plan with measurable goals, quantifiable objectives for the Trust Fund. Funding should be tied to strategic plan.
2. Need statewide conservation plan.

FISCAL/ADMINISTRATIVE:

Restore integrity of LCMR funding; increase funding – lottery-in-lieu sales tax, unclaimed prizes, Minnesota Future Resources Fund (cigarette tax).

3. What is working well in Minnesota, compared to what you heard from other states? What aspects of Minnesota's process do you think we need to preserve?

a. Governance:

b. Grant Administration:

c. Long-Range Planning:

d. Fiscal/Administrative:

4. Ultimately, what qualities or characteristics should Minnesotans expect from the process?

a. Governance:

b. Grant Administration:

c. Long-Range Planning:

d. Fiscal/Administrative:

5. Any other comments or suggestions for future Task Force discussions?

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

**Environment and Natural Resources Trust Fund Advisory Task Force
December 15, 2005**

Time: 1:00 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Agenda

1. Share reactions to previous presentations and testimony.
2. Identify the desirable qualities or characteristics of the future Trust Fund process.
3. Describe possible alternative approaches to the Trust Fund process.
4. Review and provide feedback on the draft "background" section of the draft Task Force report.

4:00 p.m. Adjourn

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver,

Ex-Officio: Kathy Tingelstad and Bob Schroeder

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65
ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

**Environment and Natural Resources Trust Fund Advisory Task Force
November 29, 2005**

Time: 1:00 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Agenda

Members Present:

Karen Bowen

Jeff Broberg

Joe Duggan

Wayne Enger (phone)

Ron Erhardt

Ryan Heiniger

Phyllis Kahn

Jane Krentz

Gary Laidig

Pam Landers (phone)

Steve Morse

Craig Shaver

Loren Solberg

Dave Zentner

Members Absent:

Dave Bishop

Earl Renneke

LCMR members present: Rep. Kathy Tingelstad, Rep. Pete Nelson, Rep. Denny McNamara, Rep. Tom Huntley

Meeting called to order: 1:11 p.m.

Approval of the Minutes from 11/17/2005:

Motion by Gary Laidig to approve the 11-17-2005 minutes as presented. Seconded by Jane Krentz. Motion passed.

Co-Chair Solberg had members go around the table and introduce themselves.

Presentations from:

Colorado – Great Outdoors Colorado, Chris Leding [7:16]

A handout of the power point slides is included in the back of the minutes as a record of her presentation. Attachment A.

She answered questions posed by members. [34:25]

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Loren Solberg, David Zentner
Ex-Officio: Kathy Tingelstad and Bob Schroeder

Craig Shaver: Q1) Of the 17 members, how many are legislators? A: none are required to be by definition of being a legislator; however, currently have 1 recently retired legislator and 2 current legislators on the board. Q2) Agriculture programs, are they permanent easements? A: yes they are, the board has not wanted to get into the business of term easements, due to the demand for the dollars and pool of people who want to preserve their land.

Jane Krentz: Q1) terms of the members? Coincide with governor or overlap? A: overlap, staggered terms of 4 years, one-half the board rotate or gets re-appointed every 2 years. It is fair to say that nothing is insulated from the reality of politics. The original board were appointed by a democratic governor. The amendment is such that it has kept us on a pretty steady course. The constitutional amendment has insulated GOCO from politics.

Loren Solberg: Q1) Do the members get per-diem? A: \$50 per day, meals & mileage.

Phyllis Kahn: Q1) Proportion of the administrative expense to the money appropriated? A: 13 staff, \$1.1 million dollars annually which is 4% of what is granted.

Q2) Intellectual Infrastructure, such as MN County biological survey, forest inventory, invasive/exotic species, bio-control? A: those activities are done mostly through the state agencies. They help fund species protection and science that needs to be done. Inventories done through Wildlife Dept. Mapping currently being done through GOCO, of lands acquired where there are gaps that need to be worked on for LUGs.Q3) consideration of populations? Like to LUG? A: mini grant program Q4) How deal with trail enhancement and costs that are a million dollar per mile? A: through the state trail program, run by CO state parks, not administered by GOCO. Helped with some urban trails by purchasing the land. May take a number of years (cycles) to get it done. Q5) Was the lottery exempt from TABOR (Taxpayers Bill of Rights)? A: yes

[40:40] Phyllis Kahn comments: One of the things CO has done that I think is great and we should have done (it was an enormous mistake we did on setting up our system) was the idea of putting as much money on the ground as possible instead of putting it into a trust (endowment) fund.

Phyllis Kahn comments: And one further thing is the bonding, even though you have not done it – using your money 100% more effectively than we are using ours.

A: The original citizen committee suggested doing what you did. Part of the issue is that lottery dollars are the only source of funds for the system and is the only money spent. CO state parks get \$2.1 million in general fund and wildlife gets none and lottery is the only source and we really had to get the money out on the ground.

Phyllis Kahn comments: Q1) How does that fit into with no supplant? Substitution? A: that was the way they were funded before, only hunter fees, etc. There is very little general fund to Parks and none to wildlife.

Karen Bowen: Q1) Do the members need to have specific expertise or qualifications or are there criteria? A: split in political parties, in each congressional district, one representative from agriculture, 2 members from west of continental divide, and in terms of expertise of topics: there are no requirements, I do have to say that all have interest and expertise in what we do.

Q2) Staff screening of proposals? How it works, how extensive is it?. A: fairly extensive, even though **GOCO mainly does land conservation**. For example this Friday the board will be considering 42 applications and staff is recommending 25 for funding this Friday. The board cannot do a screening process with that volume. The staff developed a screening process, peer reviewers are also considered by the board. The board doesn't always go along with the staff recommendations. The demand for money is usually about 3 to 1 which establishes happy and unhappy proposers.

Loren Solberg: Q1) Why would they not go along with the staff recommendations / criteria? A: now and then, but very rarely, somebody wants to see a particular project in their county. The board has sympathy for small communities, and if staff works with the applicant it could work out to be successful. In the open space round, not enough money to go around, it may be an urgent parcel, sometimes they forward additional money to certain programs.

Jeff Broberg: Q1) Constitution dedicated programs, Do you refine the definition of those programs periodically? A: The constitution is the guiding piece to it. Does not change dramatically. Q2) The cycle is twice a year and so approximately 40 projects get reviewed every 6 months, so less that a year to package everything? A: The GOCO board is fairly reactive, – strong interest in land conservation, there has been some shift from time to time as to the level of involvement should be with species protection programs – the GOCO board really “dangles the carrot” in front of the local communities who set their own priorities and decide what to get done in their areas.

[46:47] Steve Morse: Q1) on the substitution issue - what has happened to the state park general fund support? A: staff watches closely to make sure that a project doesn't show up in the general fund. Q2) overall what has happened to general fund support? A: At the start of GOCO existence \$4.5 million in general fund support, now is at \$2.6 million, they have had a number of fee increases to make up the difference and also done some revenue enhancement projects – such as luxury cabin rental and wedding facilities. Q3) Is the staff recommending 100% of the money available for projects this cycle?. A: not always, sometimes there are not enough good projects. Q4) Of the 516,000 acres of land preserved, cost is under 1,000 an acre, that is pretty cheap in our parts. What is your average per acre price of agriculture land and wildlife habitat price? A: doesn't know the answer, but she will get to Susan. Board stated a preferential use for conservation easements.

Loren Solberg: Q1) Are they perpetual easements? A: yes

Dave Zentner: Q1) Of the 17 people appointed by the governor, are they subject to senate confirmation? A: yes Q2) Does the legislature have any oversight or review? sunset? A: subject to a state audit, annual legislative report, they make an effort to reach out to legislators – they (legislature) were angry about capital construction dollars taken away from them – effort to show them what GOCO is doing in their communities. The legislature tries to put into law each year what Parks and Wildlife need to get their funding proposal approved by November each year, but it gets vetoed each year. Q3) Does the peer review get done right up front? A: yes Q4) Looks like a diverse program with a high number of modest grants rather than large commitment over a period of time? A: yes, however, but have a number of open space initiatives come back each

cycle, landscape being built a piece at a time, Legacy grants are big dollar grants range from \$1-\$13 million, \$600,000 for open space, and local grants at about \$200,000.

Ryan Heiniger: Q1) What would you rate the public's opinion of GOCO? A: we are not a household name, no marketing, issue news releases locally announcing how lottery dollars are being spent. Generally the public knows the money goes for outdoor projects, the favorability rating runs about 70%. Q2) How do constituents feel about GOCO? A: Would rate us highly, GOCO works hard at being efficient and getting as much money on the ground, use the on-the-ground money to make public aware of GOCO, don't spend money on marketing – that has been a board ethic.

Ron Erhardt: Q1) What is the population of CO? A: 4.3 million, Q2) What percentage of the land is in federal ownership? A: not sure, but a very sizeable amount Q3) Do you have something similar to the DNR? A: we do, the Exec. Director of that department as well as a member of the parks board and wildlife commission division sit on the board. Q4) Relationship between pg. 5 & 6 of the slideshow? GOCO board structure and the State Board? A: one is the staff and the other is the decision making board, Q5) Who follows up on the grants? A: staff responsibility, reimbursement basis and have to submit report. Land acquisition money is put into escrow account, Q6) Total number of projects looked at annually? A: 150-175 including the parks & wildlife proposals from the constitutional directive.

[59:00] Jane Krentz: Q1) How often does the board meet? A: At first it was monthly, currently meeting 6 times a year, some additional meetings consist of finance meeting, sub-committee meetings, so approximately 15 meetings a year – very good attendance, also included in that are the 7 public information meetings. Q2) Question on scoring the applications, are extra points are awarded for collaboration? A: yes, Q3) Have you ever funded anything like energy and children's environmental health? A: no, nothing like that because it is not in the constitution, but do fund environmental education, like urban areas and got a Youth Corp started. LUGs get extra credit if they agree to use a Youth Corps for some of the work.

Phyllis Kahn: Q1) Do you pay your peer review? A: they are not paid, they do meet, however, more is being done telephonically than in person. They participate because it is a learning experience for them. Try and give them a hat or t-shirt.

Kathy Tingelstad: Q1) On page 7, there are 4 funding purposes and each at 25%, has that changed, how was that determined? A: the constitution amendment determined that, it is a challenge sometimes, the board said they will make the purposes equal on a 10 year basis. Q2) If you were to change those %, would you and how? A: I doubt that we would, there is talk of giving GOCO additional dollars for land conservation.

Nebraska – Nebraska Environmental Trust, Mary Harding [1:10:15]

A handout of the power point slides is included in the back of the minutes as a record of her presentation. Attachment B.

She answered questions posed by members. [1:31:16]

Dave Zentner: Q1) Is a citizen group less political than a direct legislative oversight? A: the statute requires to spend the money evenly over the state – 7 geographic regions – it

is built in that everybody get a piece of the pie. The legislature is always free to re-design how the money is spent – like taking it for court costs related to water rights. Q2) Could you tell us more about the debate regarding independence from state agencies? A: 1/3 of the funding goes to state agencies and the game and fish commission is a natural and logical recipient of the money. There was the appearance that since some of the staff has worked for the game and fish commission that there was favoritism – structure was changed but staff recommendations did not.

Ron Erhardt stated that most people (testifying) agreed with the current LCMR structure with some tweaking. Dave Zentner stated that he and Ron have different recollections.

Phyllis Kahn: Q1) Do you need legislative appropriation to spend the dollars? A: yes, we bring a budget before the legislature and are given the authority to make awards/grants in a set dollar amount. The specific projects do not come back to the legislature – pre-appropriations – feel there is a checks and balance system as the legislature could see that appropriations were cut off if it was spent inappropriately.

Jane Krentz: Q1) Is the money spent evenly over the state by geography or population? A: big regions, they are spread out – 1/3 of the population lives in two counties which is considered on the same basis as the other regions. The division is based on natural regions and topological regions and river basins.

Steve Morse: Q1) You have agency heads that sit on the committee – what is their attendance history? A: quarterly meetings, meet 4 times a year – excellent attendance from agency directors, however, we have had 3 different Health Bureau Directors who have been absent. Q2) So what is the relation to your rating and scoring, staff reviews and grant committee scoring? A: each person rates the projects, those scores are averaged – and pick the top scorers and draw the line when the money runs out, demand for the money is about . Q3) do agency heads sit on the smaller grant committee? A: yes

Ryan Heiniger clarification: Q1) Board members are from the three federal congressional not state congressional districts? A: yes

Ron Erhardt: Q1) 14 members of the board and 5 are department heads, how do the others come to be? A: appointed by the governor. Q2) any particular criteria etc? A: have to have a demonstrated interest and expertise in natural resource issues, pretty broad, the confirmation hearing is fairly detailed with questioning.

Loren Solberg: Q1) The 5 people are appointed by the governor, are the department heads confirmed as well? A: they have a hearing but they are automatically on the board.

Karen Bowen: Q1) Reference to the administrative support supplied by the Parks Commission? A: In Nebraska, the Game and Parks Commission (wildlife and parks) are combined. Q2) But you do not fund parks and trails projects? A: Helped to acquire property for parks, and trails, not build them, no picnic tables etc.

Phyllis Kahn: Q1) It looks like you are allowed to do some things we are not allowed to do, like sewage treatment? A: remediation yes, but sewage treatment no, because it is

a mandated program and we are not allowed to fund mandates, remediation has not been valued highly funded by the board, but it is possible

Phyllis Kahn: Q1) Do you fund intellectual infrastructure research? A: major investment was a mapping of interaction of surface and groundwater and helped to determine water allocations and policy. Several million dollars over 5 years, done some species studies, Q2) Bio controls? Children's Ed? A: Have funded lead remediation project, and funded quite a few bio-control projects. Last year provided seed money to establish an invasive species council.

Joe Duggan: Q1) Is the grants committee vote include the staff? – A: staff has no vote
Q2) Is there State sales tax on the lottery tickets? A: Yes

Loren Solberg: Q1) Interest in agriculture and your statement on the emphasis change to water quality due to the drought. How would the Trust Fund respond to lack of irrigation for the Ag lands and types of programs? A: worked with landowners on a conversion from flood irrigation to center pivot irrigation – cost share with landowners and worked with a consortium of irrigation districts, helped fund a regional plan about water use, also a proposal to help buy out irrigation rights.

Dave Zentner: Q1) What is the citizen opinion about the commission? A: same answer as GOCO, they know it goes for education, environment and the state fair gets \$2 million a year, not a lot of name recognition, prefer to give money to the grantees, not much spent on marketing etc. Our key market is the 49 senators and the governor.

Steve Morse: Q1) You mentioned the Corpus, and that the only money deposited is non-state that is matched with state money, how much money is in that? A: about \$500,000 over three years.

Missouri – Missouri Dept. of Conservation, John Hoskins and Dan Zekor [1:55:30]

A handout of the power point slides is included in the back of the minutes as a record of her presentation. Attachment C.

They answered questions posed by members. [2:10:43]

Loren Solberg: Q1) Your 1/8th % sales tax was voted on in 1976 voted as an additional sales tax through referendum? A: it was through an initiative petition referendum and can be placed on the ballot without going through the legislature.

Loren Solberg comments: Q1) I see in the MDC portion of it you have 1600 FTE's, to the MO DNR's 2,000 FTE and the DNR has an additional 1/10 sales tax? A: sales tax is earmarked for the state parks system with half to parks and other half projects effecting soil conservation and water quality. Q2) Does MO have general obligation bond for those types of activities? A: We do not use bonding, however, DNR may use some bonding authority.

Dave Zentner: Q1) I see your budget represents 1% of the General Missouri Budget – total amount being spent on the Environment – 2-3 % ? A: not sure, have not done that calculation. Information was requested for that information as a follow-up. The sales tax (soils and parks) the 1/10 tax that goes to DNR tax produces \$80 million dollars a year,

where our tax produces about \$93 million, they get additional revenue from federal funds and the general assembly, Q2) Does that \$80 million include the federal and general money A: no it does not,

Phyllis Kahn: Q1) 4 members on the Commission –compared the line item budget at the DNR verses the lump sum for MODC , why the one done afterwards was done different A: initially, the language that created the commission in 1936 is broad, legal community and many think they should not seek an appropriation from the legislature at all. There is a long standing agreement between the MO assembly and the commission and we stand and live with that agreement. Q2) But later they decided not to go with that agreement? A: In the case of DNR that is not the case, we are the only agency in state government that has this type of process. Q3) Do you ever do intellectual research projects? A: the resource science division that does that type of projects, when possible decisions for the department are made looking at that information. Q4) Do you use any kind of a Peer Review System? A: in some cases, like fisheries research, review and oversight and approval to what we have done like the American Fisheries Society.

Dan Zekor comments: MO has a research / science division in the agency and they do peer review through a advanced system of their own.

Jeff Broberg: Q1) Do you fund citizen programs or co-operators? A: philosophy of partnerships and leveraging other funds, example is the MO bird conservation initiative – a number of groups – who all have a common desire and objective, distribute grants of less than \$50,000 grants to various partners for various projects – partner with MO Audubon Society. Q2) Reflect on your long range planning and how you design a new strategic plan? A: It is a grueling process, the design for conservation was based on the assumption of a dramatic increase in funding, which did occur in 1976. But now the plan is for a more conservative approach. Doing the best we can with the funds we have. Need to be direct and clear as to what the objectives are.

Steve Morse: Q1) On the 1/10th sales tax, was that an add on tax? A: yes, that was an add on tax Q2) So you are a member of the governor's cabinet, are you appointed? A: I am an oddball, transportation and myself employed by the commission but serve on the governor's cabinet, Q3) does that affect your working relationship within the governor's cabinet? A: a little bit, but we still try and work together and get things done. I am apolitical while working on that cabinet.

Jane Krentz: Q1) the number of FTE and your budget, trying to compare with our DNR? A: members discussed among themselves and concluded that MO has more employees in their two agencies than MN has in the DNR, however, MO DNR may also have some PCA function as well. Q2) looking for money and percentage compare to staff verses in the ground project money? A: in the late 70's the commission was able to spend a great deal on land acquisition and capital projects – today operating expenses is a larger and larger portion and currently 80% of budget is operational expenses and 20% capital– not a complete reverse, however, staff has increased as program has developed went from \$17 to \$48 million dollars. Staffing grew substantially between 1988 and 2000 – now we are holding the line.

Karen Bowen: Q1) You say that this is one of the most sought after of all appointments, do organizations push to have a representative on the commission, is it how well you know the governor, is confirmation ever an issue? A: confirmation has been an issue in

the past – 1970's one person did not achieve confirmation. How they come to be a commissioner is a mystery. It rests with the authority of the governor and various governors have done it different ways. There is prestige to the position due to 4 people overseeing a large lump sum agency.

Loren Solberg: Q1) Are there term limits? A: yes, 6 year term, can be re-appointed, a few have been, most have not been re-appointed. Q2) on page 7 of the handout MDC verses the DNR, separation of responsibilities – what if I wanted to start a mine in the middle of the forest – how do you resolve that issue? A: primarily DNR issue, they are a regulatory agency, issue permits, there are 26 different regulatory commissions. MDC is not a regulatory agency.

Steve Morse: Q1) Do you ever make grants to local organizations – nonprofits or conservation groups? A: yes, if it fits with the strategic plan and management purposes. Mentioned funding the rural fire departments to help fight wildfires – grants to train and maintain the departments. Q2) What about actual funding from the sales tax like to local watershed projects? A: the mechanism is commission authorization, propose a budget and yes we could do that, usually those types of projects are federal partnerships. Q3) 50% of the money comes from the sales tax, the permit sales and other sources, how are they managed? A: 3 basic sources, sales tax – 62%, permits 20%, federal transfer at 12%, forest products sales etc. It is all based on the direction of the commission, legislature has no authorizing authority – go to legislature for policy – Q4) Does the commission or the legislature raise the hunting fee? A: commission – a very broad authority. It has been challenged over the years

Dave Zentner: Q1) Four commissioners, do they choose them from a pool, or any qualified and interest A: the latter Q2) at large appointments is that helpful or a problem? A: it is good, if they take it seriously, my experience is that it has been very good. Q3) How do the citizens feel about the governance and delivery system in the state? A: supportive, survived 70 years, that is why the sales tax passed in 1976. Polling and survey 70% of people in state rate excellent work being done. Large number of supporters. Dave Zentner comments: recommended a title of book on the history of conservation - "Man and Wildlife in Missouri".

Ron Erhardt: Q1) Are food clothing and services included in the .0425 overall sales tax? Is it broad based? A: some exclusions, but basically it is broad based. Q2) In the budget shortfall of 2003, assuming you had to either cut services and raise taxes, how did people feel when you had a guaranteed amount and you were fat and other agencies were not? A: revenue of our department is small, and if you took the conservation program money and gave it to them you would not see an impact, our money is not significant enough to meet their needs. In 2002 had first reduction in revenue – before that 4-6% granted each year in revenue.

Discussion of Next Meeting and General Business

[2:48:16] Loren Solberg stated that he would share with the task force the answer to a question he asked of House Research to speak to the constitutionality of various forms of a Commission. He also stated that he asked LCMR staff to start outlining the report for the task force to review and react to, add, criticize etc. Dave Zentner stated that the goal of the Dec. 15th is really for the task force to have some conversation and share ideas. Also, the resolution about voting will also be put back on the table. The task

force also discussed hearing from one MN state organization and additional citizen input. Steve Morse said that one organization might be too limited.

[2:55:29] All presenters gathered at the table to take final questions from the advisory task force.

Joe Duggan: Q1) Asked Colorado if the project committee is a board committee? A: it is a board committee where the work of the board really gets done? Q2) Rating system: A: did not have with her, but will supply this to the advisory task force

Jane Krentz: Q1) If there was one thing that you would change, what would it be? A: CO - better define the relationship between the State Agencies and GOCO, it says "investments through", not "grants to" - riddle to the amendment - a better definition to those relationships would be helpful; NE - add a sunset to our provisions, what we face is a "bright" idea each year, in our case there will be a better idea on how to spend the money. Better to say we are going to spend the money this way for this long and revisit it; MO - systematically, in 1936, if the authors would have better defined the appropriations issue. It is an issue today due to the extensive turn over in the assembly, they don't understand why it is this way - have to provide a history lesson and there is a clear lack of basis for the appropriation in law or the constitution.

Karen Bowen: Q1) What about legislative acceptance? A: MO - when things get hard (revenues go down), it is more of a challenge, and are asked why would we be so insulated and protected. They wanted a consistent stream of dollars to get stuff done in natural resources. When the legislators understand what we do, especially district specific - they approve of the products, even if they don't like the process. CO - took a substantial money from the assembly when GOCO created. Some problems with them not having a say, time has marched on and they are more accepting - our money has been on the table a couple of times - and may be again in the future.

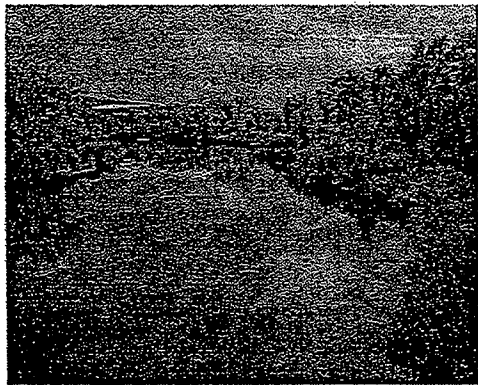
Kathy Tingelstad: Q1) In the future looking back, what will the people say has been the impact? A: CO - the preservation of land; NE - preservation of open space; MO - in his 3 years a tough time and have managed fiscal challenges and maintained unique system of governance and funding.

Meeting adjourned at 4:17 p.m.

Attachment A



GREAT OUTDOORS
COLORADO



“To help the people of Colorado preserve, protect, enhance, appreciate and enjoy our parks, wildlife, trails, rivers, and open space through strategic grants, partnerships, and leadership.”



GREAT OUTDOORS
COLORADO



COLORADO
LOTTERY

Your ticket to a more
beautiful Colorado.



History of Lottery Funding

- Enacted by the voters in 1980
- Original proceeds distribution formula:
 - 10% to Colorado State Parks
 - 40% to local government park, recreation and open space projects
 - 50% to capital construction projects



GOCO Citizens Committee

- Committee appointed by the Governor in 1990
- Question: What should we do to sustain and enhance Colorado's outdoor resources – parks, trails, wildlife and open spaces – for the future?



GOCO Citizens Committee

- Trails overburdened
- State Park facilities wearing out
- Wildlife funding too dependent on hunters/anglers
- Loss of wildlife habitat
- Loss of open space



GOCO Citizens Committee

- Committee identifies key areas needing \$30 million annually and lottery funds as a revenue source for the trust fund

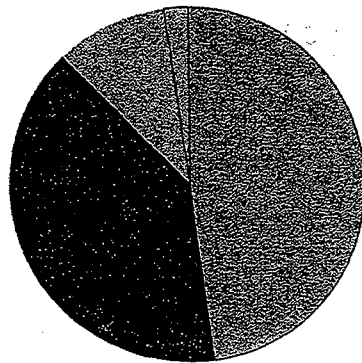


1992 Citizens Initiative

- Citizens initiative placed on the 1992 general election ballot
- Redirects the portion of lottery proceeds being used for capital construction projects to the Great Outdoors Colorado Trust Fund
- Article XXVII of the Colorado Constitution passed by 58% of voters



Lottery Proceeds Distribution FY 2003/2004



- Great Outdoors Colorado (\$49.6M)
- Conservation Trust Fund (\$41.6M)
- Colorado State Parks (\$10.4M)
- State School Fund (\$2.4M)



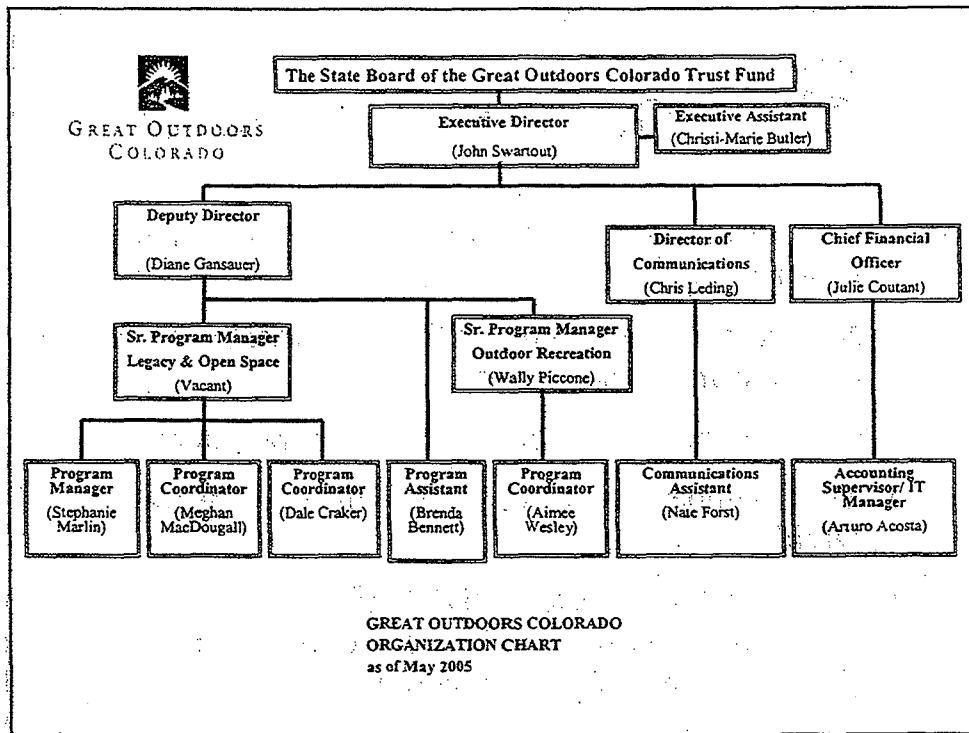
GOCO Board Structure

- Two members from each of the 7 Congressional Districts
- No two members from one Congressional District can be from the same party
- One member must represent agricultural interests
- Two members must live west of the Continental Divide
- The executive director of DNR and a representative from the State Parks Board and the Wildlife Commission are members



GOCO Board Responsibilities

- Board is a political subdivision of the state
- Administers the distribution of grants
- Directs the State Treasurer to disburse the funds of the Trust
- Promulgates rules, regulations and structure to conduct its affairs



What GOCO Cannot Do

- Cannot acquire interest in property
- Cannot use dollars in condemnation transactions
- Cannot affect Colorado water law

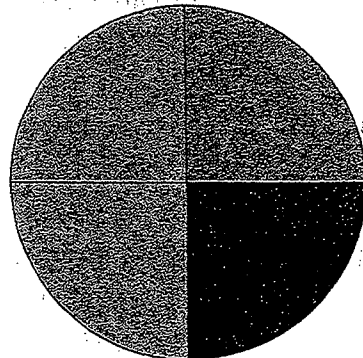


Gathering Public Input

- Public hearings in 1993, 1998 and 2001
- Public opinion surveys conducted in 1995, 1998, and 2001
- Stakeholder input
- Community meetings in association with Board meetings
- Customer Satisfaction Audits



Four Funding Purposes



- ▣ Local Govt. -- 25%
- ▣ Open Space -- 25%
- ▣ Wildlife -- 25%
- ▣ Outdoor Recreation -- 25%



Fiscal Year Spending Plan

- Spending Plan is adopted by the Board for awarding new grants in a given fiscal year
- Based on cash flow model - projected funds to be available for grants given disbursement schedule
- Allocated equally across the four funding Purposes over time, as required by constitution
- Split by program based on stakeholder feedback and funds available



Spending Plan History

• FY 1995	\$17,000,000
• FY1996	\$22,000,000
• FY 1997	\$24,000,000
• FY 1998	\$26,400,000
• FY 1999	\$49,318,979
• FY 2000	\$44,600,000
• FY 2001	\$35,000,000
• FY 2002	\$22,000,000
• FY 2003	\$55,000,000
• FY 2004	\$53,000,000
• FY 2005	\$97,000,000
• FY 2006	\$30,000,000



Bonding

- In November 2001, voters approved GOCO issuing bonds to fund the preservation of open space.



Wildlife Purpose

“Investments in the wildlife resources of Colorado through the Colorado Division of Wildlife including the protection and restoration of crucial wildlife habitats, appropriate programs for maintaining Colorado’s diverse wildlife heritage, wildlife watching and education programs ...”



Outdoor Recreation/ Colorado State Parks Purpose

“Investments in the outdoor recreation resources of Colorado through the Colorado Division of Parks & Outdoor Recreation, including the State Parks system, trails, public information and environmental education resources, and water for recreational facilities.”



No Substitution

“The people intend ... that the allocation of lottery funds ... be in addition to and not a substitute for funds otherwise appropriated ... to the Colorado Department of Natural Resources and its divisions.”



GREAT OUTDOORS
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Open Space Purpose

“Competitive grants to the CO Divisions of Parks & Outdoor Recreation and Wildlife, and to counties, municipalities, or other political subdivisions of the state, or non-profit land conservation organizations, to identify, acquire, and manage open space and natural areas of statewide significance.”



GREAT OUTDOORS
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Local Government Purpose

“Competitive matching grants to local governments or other entities which are eligible for distributions from the Conservation Trust Fund, to acquire, develop, or manage open lands and parks.”



GREAT OUTDOORS
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Local
Govt.
Purpose

- Grant Programs
- Park & Outdoor Recreation
 - Open Space
 - Planning & Capacity Building
 - Trails
 - Legacy

Open
Space
Purpose

- Grant Programs
- Open Space
 - Planning & Capacity Building
 - Legacy

Wildlife
Purpose

- Grant Programs
- Wildlife
 - Legacy

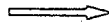
Outdoor
Recreation
Purpose

- Grant Programs
- State Parks
 - Trails
 - Legacy



GREAT OUTDOORS
COLORADO

Open
Space
Purpose



- Programs funded:
- Open Space Grants
 - Planning/Capacity Building Grants
 - Legacy Initiative



Eligible Recipients for Open Space Purpose

- Local Governments
- Nonprofit Land Conservation Organizations
- Colorado Division of Wildlife
- Colorado State Parks



Open Space Grant Program

Grants awarded in in December and June

- Buffers/Inholdings
- Greenways/River Corridors
- Community Separators
- Critical Agricultural Lands
- Natural Areas & Wildlife Habitat

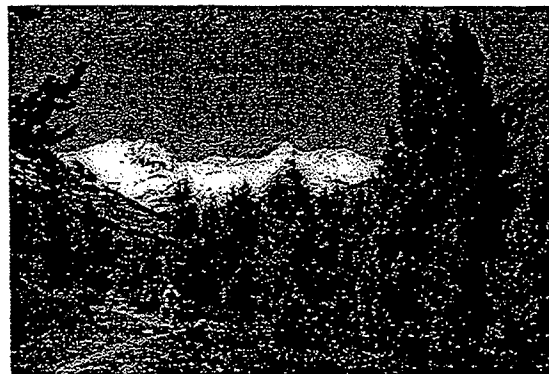


Open Space Grant Program

- Land preservation w/ low impact activities
- Maximum grant rarely exceeds \$600,000
- Fee title acquisitions and conservation easements

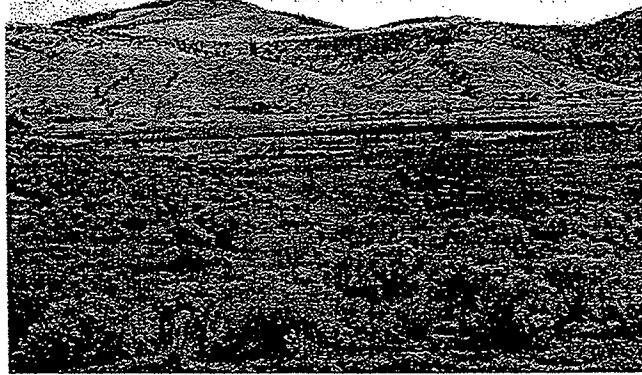


Lower Loop Parcels Crested Butte Land Trust





Middle Creek Ranch Saguache County



Planning Grants Capacity Building Grants

Grants awarded in in December and June

- Planning dollars for new efforts
 - Examples:
 - Parks/outdoor recreation planning
 - Open space planning
 - Multi-jurisdictional or multi-objective planning
- Grants in the \$10,000 - \$50,000 range
- Capacity Building dollars for expansion of organizations or programs



GREAT OUTDOORS
COLORADO

COLORADO CATTLEMEN'S AGRICULTURAL LAND TRUST



*Protecting open space by
preserving agriculture.*

- Formed by CCA in 1995
- Recipient of 13 GOCO grants
 - 2 capacity building
 - 4 planning
 - 7 open space
- More than 120,000 acres protected



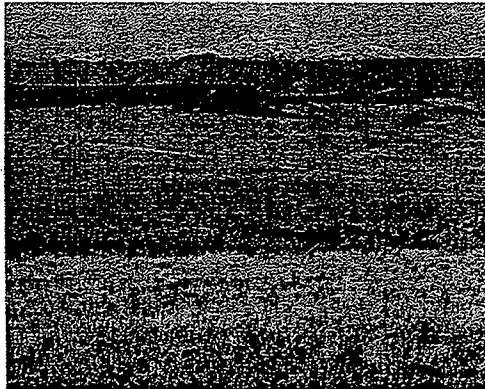
GREAT OUTDOORS
COLORADO

Legacy Initiative

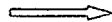
- GOCO seek projects that:
 - Address regional or statewide needs
 - Meet multiple strategic plan objectives
 - Leverage commitment and resources of multiple partners
 - Require multiple years to implement
 - Need multi-million dollar grants



The I-25 Conservation Corridor Project Greenland Ranch



Local
Govt.
Purpose



Programs funded:

**Park & Outdoor
Recreation Grants**

Mini Grants

Regional Grants

Trail Grants

Open Space Grants

**Planning/Capacity
Building Grants**

Legacy Initiative



Eligible Recipients for Local Government Purpose

- Local governments (municipalities and counties)
- Special districts such as park & rec districts



Park & Outdoor Recreation Grants

Grants awarded in in December and June

Grant types:

- Park & Outdoor Recreation grants
 - Cap has been \$200,000
 - Mini-grants of \$40,000 for also offered
 - Regional grants are offered periodically

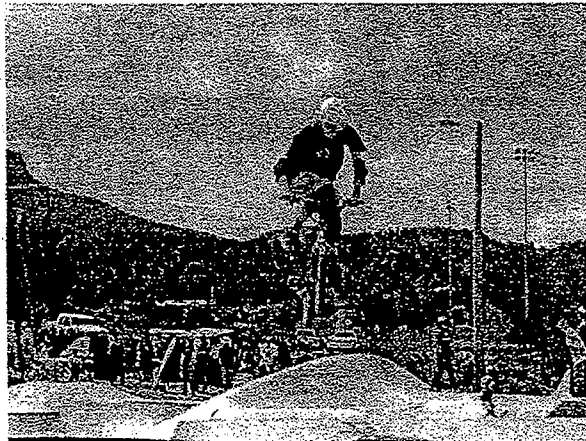


Park & Outdoor Recreation, Mini and Regional Grants Project Types

- Land acquisition for parks
- Athletic fields
- Playgrounds
- Skateparks
- Trails within a park
- Restrooms
- Infrastructure
- Amenities
- Environmental education facilities



Trinidad Skate Las Animas County





GREAT OUTDOORS
COLORADO

State Trail Grants

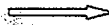
Offered annually through State Trails Program

- Construction of Trails
- Reconstruction and Enhancement of Trails
- Trail Planning



GREAT OUTDOORS
COLORADO

Wildlife
Purpose



Programs funded:

DOW Projects

Legacy Initiative



Division of Wildlife Grants

Annual funding proposal

- Protect Critical Wildlife Habitat
- Protect Endangered Species
- Environmental Education
- Watchable Wildlife Facilities



Lynx Reintroduction



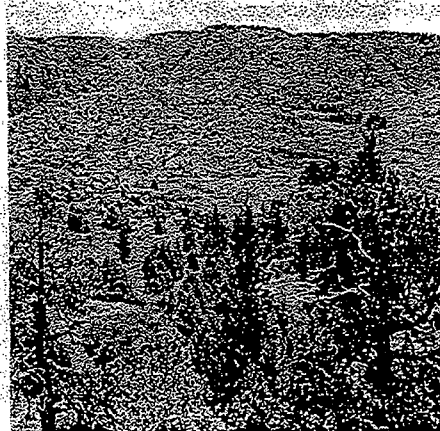
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Angler Education



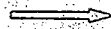
Legacy: Cherokee State Wildlife Area Larimer County





GREAT OUTDOORS
COLORADO

Outdoor
Recreation
Purpose



Programs funded:

Colorado State
Park Projects

Trails

Legacy Initiative



GREAT OUTDOORS
COLORADO

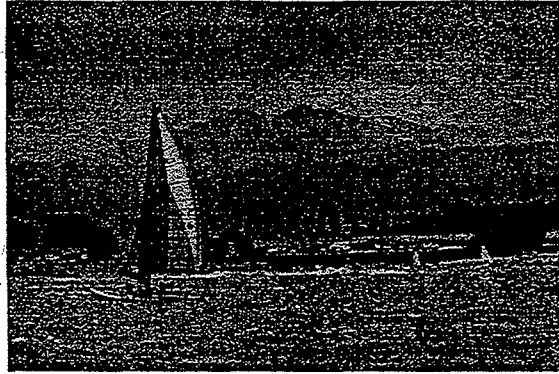
Colorado State Park Grants

Annual funding proposal

- New State Parks
- Improvements to Existing State Parks
- Environmental Education
- Trails



Boyd Lake State Park Larimer County



Legacy: Brush Creek Eagle County





GREAT OUTDOORS
COLORADO

What's Been Achieved

- \$487 million awarded for more than 2300 projects
- 516,000 acres of land preserved
 - Including 218,893 acres of agricultural land
 - Including 128,908 acres of wildlife habitat
- Work with DOW on 43 threatened or endangered species
- 835 community outdoor recreation projects



GREAT OUTDOORS
COLORADO

What's Been Achieved

- 569 miles of trail built or restored
 - New and expanded State Parks
 - State Parks campgrounds and visitor centers: 10 improved or expanded
 - 864 Youth Corps members
- *****
- New level of partnership
 - New level of capacity



GREAT OUTDOORS
COLORADO

Establish Grant Programs, Priorities and Criteria



GREAT OUTDOORS
COLORADO

Policy Highlights

GOCO policies are identified by:

- *Constitutional amendment*
- *Stakeholder process*
- *GOCO Board deliberation*



Sample Selection Criteria

- Quality, need and significance
- Urgency/timeliness
- Integration and planning
- Partnership, leverage and matching requirements
- Community or regional impact and support



Partnering, Matching and Leveraging

- Minimum match varies by grant type
 - 30% (10% cash) for Local Government
 - 25% (10% cash) for Planning/Capacity
 - 25% (12.5% cash) for Open Space
- * Remaining match can be 'in-kind' (non-cash)



GREAT OUTDOORS
COLORADO

The Grant Process



GREAT OUTDOORS
COLORADO

Grant Application Process

(using hypothetical dates)

July:

- Prepare applications
- Mail cycle announcements

July/August:

- Conduct technical assistance workshops
- Provide project design advice



Grant Application Process

(using hypothetical dates)

September:

- Review applications - Eligible? Complete?
- Send to peer reviewers

October:

- Obtain peer comments and scores
- Critique and score applications
- Visit promising open space sites (*encourage Board participation*)



Grant Application Process

(using hypothetical dates)

November:

- Invite presentations on complex projects
- Determine staff recommendations
- Present recommendations to Projects Committee

December:

- Present Committee recommendations to full Board for decision



Grant Application Process

(using hypothetical dates)

December *(continued)*:

- Notify applicants of decision
- Generate grant agreements
- Send feedback to unsuccessful applicants



Reasons for Unsuccessful projects

- Lack of matching funds and/or strong partnerships
- Conservation values not articulated
- Incompatible uses on portions of the property such as gravel mining
- Negotiations with landowner require additional work



Grant Administration Process

Ongoing dates (*vary by grant type*):

- Provide project management guidance
- Monitor project for quality and consistency
- Approve moderate changes and extensions
(*Board approval required for extensions
beyond 90 days*)
- Pay or reimburse, and close grant



Due Diligence Process

Staff reviews real estate documents:

- Appraisal
- Environmental hazards assessment
- Title commitment
- Conservation easement (*open space*)
- Other grant and real estate documents



DOW and State Parks Grant Process

- **Ongoing** – GOCO and agency staff discussions
- **Aug/Sept.** – Agency annual reports to GOCO
 - GOCO board reps and state agency board reps meet
- **October** – GOCO Board reviews state agency proposals
- **November** – GOCO Board votes on state agency proposals



Board Norms

- Be clear when representing Board's position (vs. individual's position) to media, legislature and organizations
- Letters supporting individual projects are inappropriate
- Attendance and participation is important



GREAT OUTDOORS
COLORADO

Bylaws

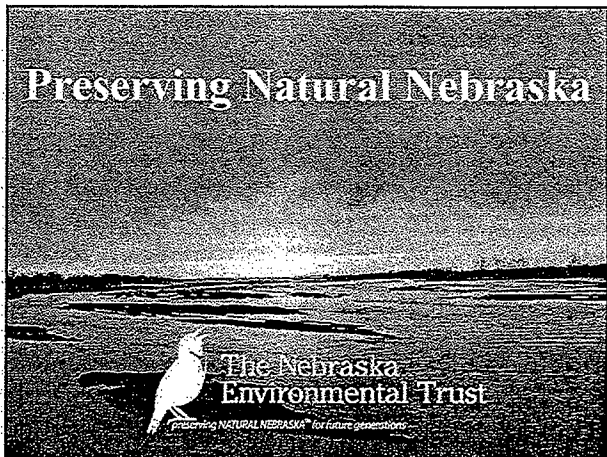
- Meetings
 - Open to public; adopted State Open Meetings Law
 - At least half outside Denver metro area
- Officers: Chair, Vice Chair, Secretary and Treasurer
- Board member legal protection addressed in Constitution, Bylaws and D&O insurance

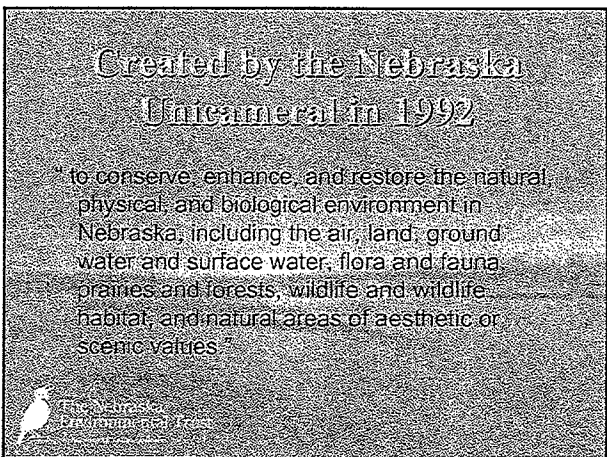


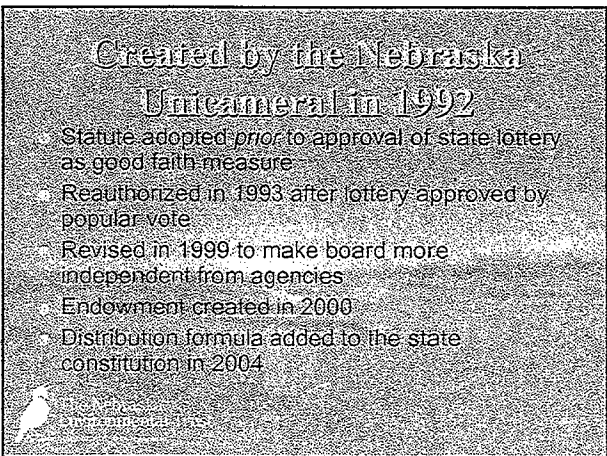
GREAT OUTDOORS
COLORADO

State Code of Ethics

- Adopted State Code of Ethics
- Includes policies on conflict of interest and members recusing themselves from action
- Acceptance of gifts -- must report those valued over \$50









The Trust is governed by a 14 member board appointed by the Governor

Nine citizen board members are appointed by the Governor for six year terms.

- 3 from each US Congressional District
- 2 with experience in public finance
- Citizen majority deliberately established and maintained
- Appointees are confirmed by the legislature

Environmental Trust

Five agency directors make up the remaining seats on the board.

- Nebraska Game and Parks Commission
- Nebraska Department of Agriculture
- Nebraska Department of Environmental Quality
- Nebraska Department of Natural Resources
- Health and Human Services -Bureau of Regulation and Licensure

• Efficiencies in ability to use resources of these existing agencies

• Advantages and disadvantages to having agency heads rather than agency representatives

Environmental Trust

Trust Finances

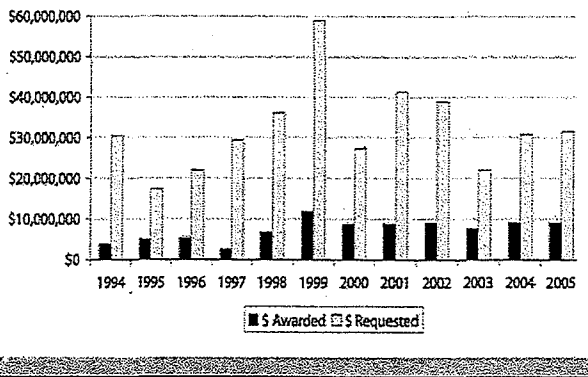
- Constitutional allocation of 44 ½ % of the proceeds of the Nebraska Lottery
- Operates as a cash fund even though nominally a "trust"
- Overhead is less than 3% of total revenue, with five employees (approximately equal to interest earnings)
- Average \$9.7 annually in grant assistance
- Ability to accept gifts, grants, royalties, bequests, etc.



Nebraska State
Trusts Administration
1000 North 17th Street
Lincoln, NE 68502



Demand vs. Supply



Projects We Support

Projects we support fall into the following category areas:

- Habitat
- Surface and Ground Water
- Waste Management
- Air Quality
- Soil Management

*research and education are included as eligible activities, but value is placed on tangible impacts and application



Nebraska State
Trusts Administration
1000 North 17th Street
Lincoln, NE 68502

Projects We Support

- Categories are established for five year periods, with input from the public and at least one public meeting in each Congressional District.
- Categories are valued equally, although
- The board may establish annual priorities within the categories



Environmental
Commitments



Grant Process

- Grant applications are accepted annually, usually in September
- Applications are referred to the Technical Advisory Committee, consisting of 100+ volunteer professionals for technical assessment
- Applications are ranked by 6 members of the Board comprising the Grants Committee
- Recommendations/rankings made public and accepted by the board in late winter (Feb.)
- Public comment period of approx. 60 days, culminating with a hearing and award of grants



Environmental
Commitments



Grant Process

- Grantees enter into contractual relationship with the state
- Funding commitments can extend up to 3 years, with extensions through board action
- Funds are disbursed upon submission of receipts after expenditures
- Reporting requirements are imposed for up to ten years depending upon the life of the project
- Each project is audited upon closure



Environmental
Commitments



Grant Calendar

2006 Grant Cycle

February 8, 2006 – grant recommendations announced at the First Quarter Board Meeting
April 5, 2006 – Final Grant Awards announced at the Second Quarter Board Meeting

2007 Grant Cycle

September 5, 2006 – 5p.m. deadline for 2007 grant applications
February 2007 – grant recommendations announced at the First Quarter Board Meeting
April 2007 – Final Grant Awards announced at the Second Quarter Board Meeting



City of San Francisco
Department of Public Works

Eligibility Criteria (pg. 5)

- Net gain, no harm
- Clear direct environmental benefits
- Pertain to funding categories
- Public benefits
- Technically, financially feasible
- No direct assistance to regulatory programs or mandates except remediation
- Shall not pay for private benefits or to relieve private liability



City of San Francisco
Department of Public Works

Rating Factors (pg. 6)

- Direct, measurable, lasting benefits to funding categories
- Well planned, cost-effective
- Non-state matching funds
- Public-private partnerships
- Public benefits, communities served
- Innovative, Preventive
- Economic, public health benefits

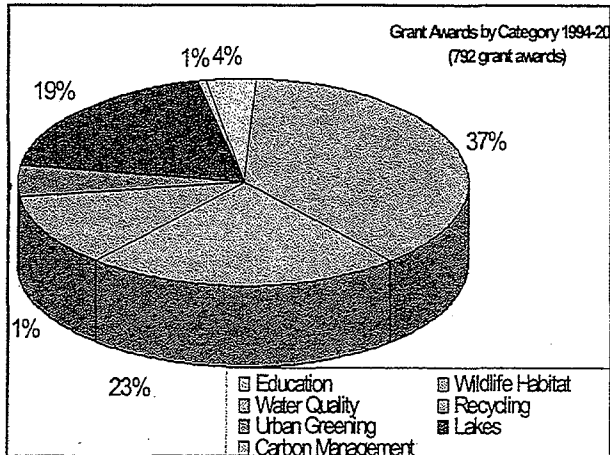


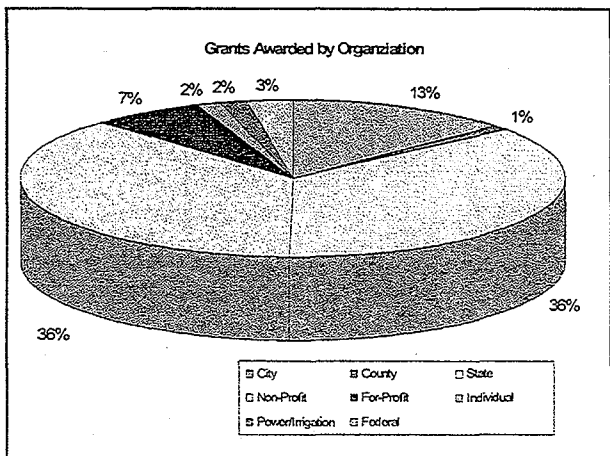
City of San Francisco
Department of Public Works

Rating Factors: Feature Program

- System-wide (resource by geography or ecosystem) (pg. 7)
- Information and Education components to improve practice
- Comprehensive planning, design and evaluation with broad base of partners
- Integration of community and economic values
- Efficiencies of delivery, maximize available resources through partnerships











The Conservation Commission

- On the Ballot by Initiative Petition*
- Constitutionally Established*
- 4 members, Bi-partisan
- Staggered 6 year terms
- Appointed by Governor (Senate confirmation)*
- Can be re-appointed
- No pay (expenses only)
- Meet 10 times annually
- Most sought after political appointment

CONSTITUTIONAL MANDATE

"The control, management, restoration, conservation and regulation of the bird, fish, game, forestry and all wildlife resources of the state, including hatcheries, sanctuaries, refuges, reservations and all other property owned, acquired or used for such purposes and the acquisition and establishment thereof, and the administration of all laws pertaining thereto..."

A Times They Are A-Changin' 1967

- Expenditure curve would soon cross the revenue curve
- License sales were not increasing
- Increasing public demand for Department services
- Inflation was reducing the value of the dollar
- Employee turnover had reached 12.5%
- Lack of public land
- Lack of funding for non-game wildlife

BLUE RIBBON PANEL 1968-70

- An independent study group was formed to assess the health of the agency (Starker Leopold, Irving Fox, Charles Callison)
- Reported that the organization and staffing were excellent, but...

**BLUE RIBBON PANEL
1968-70**

...Department should broaden its programs to more fully include management of all wildlife, including non-game species, provide for outdoor recreation outside the traditional realm of hunting and fishing, and provide for a full range of natural values on Department lands.

**BLUE RIBBON PANEL
1968-70**

Regarding Funding:

"A substantial increase in funds will be required to finance the kind of program we envisage for the Department."

**DESIGN FOR CONSERVATION
1971**

• *Design for Conservation* was a long-range strategic plan for expanding the state's wildlife conservation programs and providing more wildlife associated recreational opportunities for *all* Missourians.

**DESIGN FOR CONSERVATION
1971**

- Land acquisition for recreation and forestry, and protect critical habitat for rare and endangered species.
- Increase public services in wildlife and forestry conservation.
- Increase research into forestry and all species of wildlife, and broaden management.
- Provide more recreational opportunities.

**DESIGN FOR CONSERVATION
Petition Drive
1974-75**

- Public opinion poll suggested a sales tax may be the better approach than previously considered soft drink tax
- New strategy - one-eighth cent sales tax
- New petition drive July 1975
- 208,000 signatures gathered, measure is certified for the ballot

**DESIGN FOR
CONSERVATION
1976**

- *November 2, 1976 - Amendment 1 passed by approximately 30,000 votes (51% - 49%)*
- *Urban areas, college towns carried the vote, rural areas generally opposed the measure, although close*

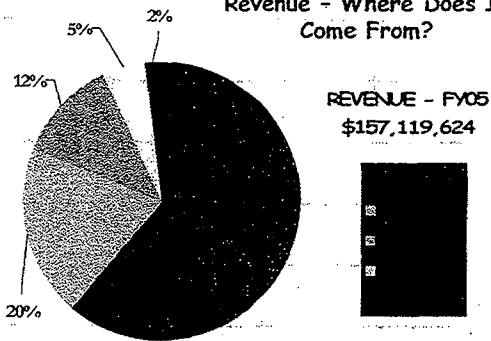
REVENUE CONTRAST

1976 - Pre Tax Budget - \$17,341,208

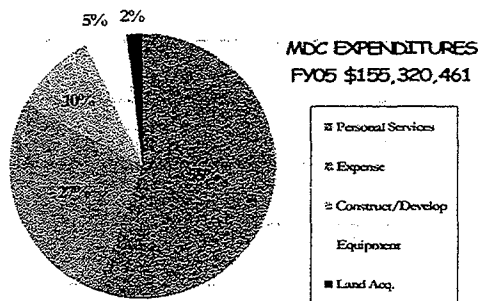
Permits	\$11,541,433	(67%)
Fed. Aid	4,211,972	(24%)
Sales, rentals, leases	1,138,238	(7%)
Miscellaneous	449,654	(2%)

1978 - Post Tax Budget - \$48,031,601

Revenue - Where Does It Come From?



Expenditures - Where Does It Go?

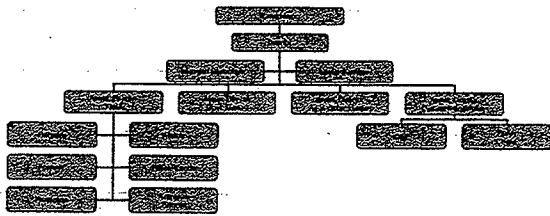


Who Gets It? FY06 Budget Request

■ Administrative Services*	\$53.4 million
■ O&E	\$14.8 million
■ Forestry	\$13.1 million
■ Wildlife	\$12.9 million
■ Protection	\$10.9 million
■ Resource Science	\$10.2 million
■ Human Resources	\$10.1 million
■ Fisheries	\$ 9.6 million
■ Private Lands	\$ 5.8 million

* (Includes equipment, vehicles, technology, construction/development projects)

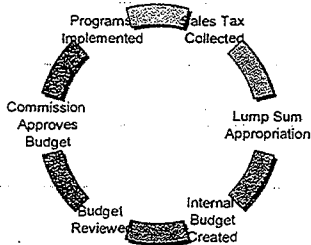
Organizational Structure



How Does it Work?

- Governor appoints the Commissioners
- Commission hires the Director, sets policy, overall direction, and authorizes budget
- Director is the administrative officer, appoints staff, implements policy, and establishes program direction
- Divisions implement programs and staff work

How Does the Money Flow?



Missouri MDC v DNR

MDC

Fish, Forest, Wildlife,
Protection and related
responsibilities

Cabinet Level
Constitutionally Established
Commission has Authority
Commission picks Director
Dedicated 1/8 cent sales tax
No sunset
Lump Sum Appropriation
No General Revenue
~1,600 FTEs

DNR

Parks and Historic Sites*, Soil*,
Water*, Air, Waste, Energy,
Mines

Cabinet Level
Statutorily Established
Legislature Grants Authority
Governor picks Director
Dedicated 1/10 cent sales tax*
10 year sunset
Line Item Budget
General Revenue & Fees
~2,000 FTEs

Okay, fine.
But Minnesota
is different than
Missouri.



COMPARISONS Apples and Oranges?

<u>Minnesota</u>	<u>Missouri</u>
54 million ac.	45 million ac.
People 4,919,479	People 5,595,211
Forest 14 million ac.	Forest 14 million ac.
Wetlands 5.7 million ac.	Wetlands <2 million ac.
Rivers/Streams 7,215 mi.	Rivers/Streams 16,800 mi.
Lakes 3.2 million ac.	Lakes 780,000 ac.
Cultivated 23 million ac.	Cultivated 10 million ac.
Pasture 5 million ac.	Pasture 17 million ac.
Urban 1.3 million ac.	Urban 1.1 million ac.

Both Have Strong Ties to the Land and Natural Resources!

Benefits of Dedicated Funding

- Forced accountability - Public expectations are high
- Ability to do long-range planning - not limited to a one year, budget driven view of the future
- Flexible/Opportunistic/Spontaneous
- High quality staff - they want to work for MDC

Why earmark taxes for fish, forest, wildlife conservation?

- Everyone should contribute - the resources (and benefits) belong to all.
- When times are tight, these resources and uses shouldn't be traded away.
- The resources and their benefits are fundamental to our past, present, and future - it's all about heritage and quality of life.

Why earmark taxes for fish, forest, wildlife conservation?

- What we conserve and create through fish, forest, and wildlife conservation has a greater value than what we replace it with, e.g., shopping malls, urban sprawl, television, video games, etc. - conservation values are value added.
- The investment is low compared to the return!

Getting and Maintaining Support

- REMEMBER - Getting the money is easier than keeping it!
- Avoid making promises that you can't or are unwilling to keep.
- Engage stakeholders - they need you and you need them. They'll fight for you and the natural resources.
- Cultivate a good public image - based primarily on staff performance.
- Be accountable and responsive - develop trust.

Getting and Maintaining Support

- Strategic Planning - Legitimate and Active.
- Visible Outreach and Education. Need public involvement - frequent and varied.
- Cultivate media relationships.
- Publicize Successes.
- Promote Partnerships.



AVOID GETTING A BLACK-EYE!

Getting and Maintaining Support

- Must be political to succeed and professional to survive. Maximize the use of good science but don't avoid politics.
- Be good public servants and conservation advocates, but know when to separate the two.




ACCOMPLISHMENTS

- Habitat Protection e.g., wetlands, prairies, floodplain
- National Areas Program - 180 areas/562,000 acres
- Expanded State Hatchery - 15 million seedlings annually
- Nature Centers and Discovery Centers
- Lost Valley Fish Hatchery
- Fish and Wildlife Restoration


ACCOMPLISHMENTS

- Shooting Ranges and Training Centers
- Hunter Education - >500,000 graduates
- Boat and Fishing Accesses
- Private Land Services Division
- Stream Teams - 2000 Teams/35,000 volunteers



ACCOMPLISHMENTS

- Urban Aquatic and Fishing Programs
- Conservationist Magazine - free to 500,000 Missourians
- Many, Many Partnerships
- And so much more!!!



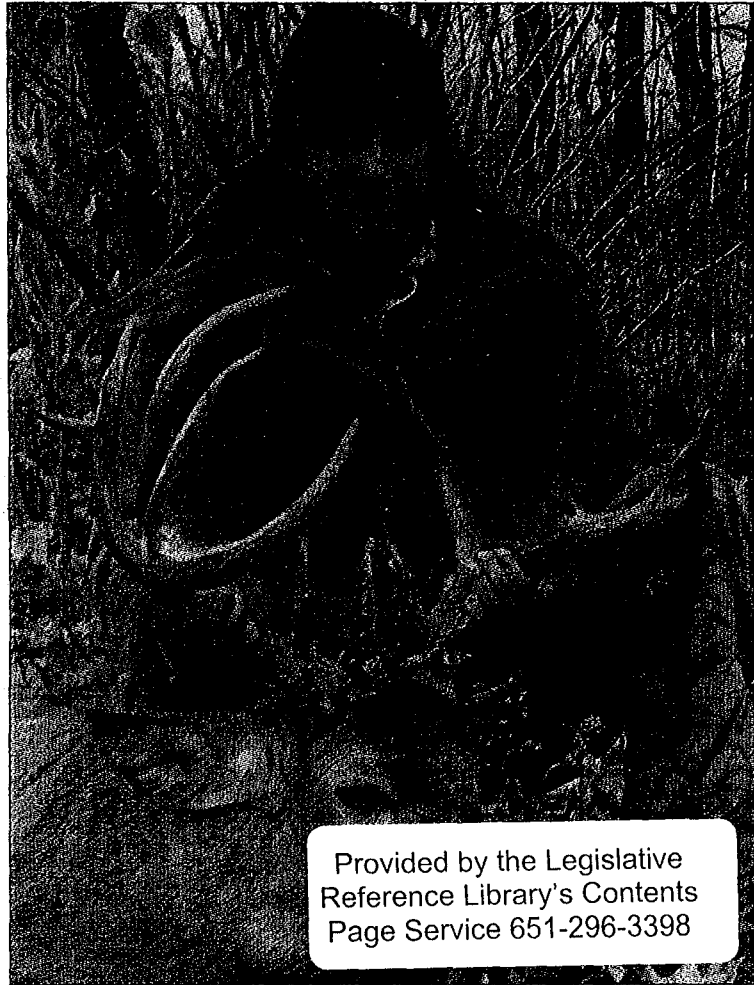
MIKES HUCK Stamp 1000

By Joe Albert
Staff Writer

Washington — The price of the federal Duck Stamp would rise from \$15 to \$35 by 2015 as part of a bill introduced last week by Rep. Mark Kennedy, R-Minn., called the Wetlands Loan Act.

In return for the price hike, the U.S. Fish and Wildlife Service would receive a \$400 million advance on future sales of Duck Stamp proceeds over 10 years, and spend it for wetland protection.

(See Wetlands Loan Act Page 25)



Provided by the Legislative Reference Library's Contents Page Service 651-296-3398

BEST BUCK ENTRY. Matt Finlayson, of Aitkin, shot this 25-point nontypical buck while hunting near his home on Nov. 5. The rack had a 20½-inch inside spread, and it green scored 197% nontypical.

ting and the possibility of it reappearing on Lake Mille Lacs, on Page 9.

Options limited in final days of state duck hunt

Late Canada goose prospects bright

By Tim Spielman
Associate Editor

DEC - 7 2005

JAV
CAT
SVM

Rochester, Minn. — These are the good times for the so-called "river rats" of southeastern Minnesota — those that chase the big greenheads on Mississippi River backwaters while others hustle after bucks.

This year seems to be working according to plan, said Don Nelson, DNR wildlife manager in Rochester. He said smaller ponds in the area have frozen over, and ducks are concentrating in backwaters of the Mississippi, like Weaver Bottoms, and those in the Winona area.

"Hunters are doing well on the river for ducks right now, especially mallards," Nelson said Tuesday.

While temperatures across Minnesota were expected to cool considerably by the end of the week, Nelson said he expected duck hunting

(See Ducks Page 25)

Inundated with ideas: LCMR task force hears from public

By Joe Albert
Staff Writer

St. Paul — Based on testimony before a task force studying the way conservation projects in the state are funded, change of some kind is necessary.

But should the Legislative Commission on Minnesota Resources be disbanded in favor of a citizen commission?

Should projects that are funded by the Environment and Natural Resources Trust Fund be more narrow in focus?

Or is a lack of funding the real problem?

Those were all questions raised

at a public hearing last week, and ones the Environment and Natural Resources Trust Fund Advisory Task Force will tackle as it works to create a report to the Legislature, due by Feb. 15, 2006.

Bob Meier, DNR legislative affairs director, was at the hearing, but didn't testify. The DNR has said it supports change.

"It was good to hear the breadth of comments that were out there," he said. "Everybody spoke for some kind of change or reform, which was encouraging."

Three members of the LCMR's Citizens Advisory Committee tes-

(See LCMR Page 12)

Photo by ROB URRESON

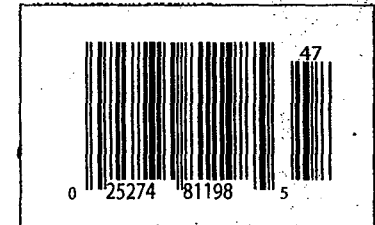
DATES TO REMEMBER:

Nov. 29 — Final day '05
Minnesota duck season

BEST BUCK WEEKLY WINNER



WEEKLY WINNER. Ryan Morrell, age 14, of Becker, harvested this 12-point nontypical buck while hunting near his home on Nov. 9. The rack had 17½-inch inside spread.



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deer on the pole, necessarily reflect nothing other than the finest of results gleaned from the conditions that presented themselves.

For example, "I've passed on some smaller bucks, but nothing has shown up that seems worth shooting." "Passing" is the most versatile word in the unfulfilled hunter's vocabulary. "Passing" opens up a myriad of undeniable scenarios. Now this doesn't necessarily suggest that the hunter is lying, simply that, at the very least, he saw some grayish silhouette which may have possessed half an antler through a distant maze of brush and - in the luckiest of circumstances - would have fallen down dead if all the bullet's ricochets off the trees between here and there played out just perfectly.

The suggestion is, obviously, that the deer would have expired if the hunter had decided to shoot. Despite the fact that most hunting experiences do not equate to a shot and a dead deer, the notion of "passing" is an unchallengeable one.

it's a full grown deer. Six months? That's only half a yearling, which, unfortunately, suggests the dreaded "fawn" word. Tie that sucker to your front grill and you won't even lose any gas mileage. What's a yearling? OK, we'll let you slink away with "nubbin buck."

So, you 3B hunters, muzzleloaders and late-season archers: Practice the lines, if you're not already familiar with them. Try them on for size in front of a mirror, but don't forget to maintain eye contact. "I've passed on a few smaller ones..." "the rack wasn't too big but the body..." "I thinned the herd by taking a yearling..." "And when you get good at it, you'll find that the spirit of the phrases begins to ring true... even to you. You'll almost believe that you did everything that was in your power and still didn't get a big buck.

I know that's how it panned out for me this year.

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LCMR

(From Page 1)

tified before the task force, as did about more than 20 members of the public. The four hours of testimony represented a variety of interests, from hunting and fishing, to parks, trails, and research.

"Everyone is staking out and protecting (their) turf," said John Schroers, who testified on behalf of the Minnesota Outdoor Heritage Alliance.

That included some task force members, whom Dave Zentner, the group's co-chair, chastised for being combative toward those offering testimony. Zentner told them to listen to the people who were speaking, and said the task force would debate on its own.

While almost every person who testified had a different vision of how the \$18 million a year from the trust fund should be spent, who should spend it, and what to spend it on, most agreed a strategic plan was necessary.

George Orning, a University of Minnesota professor who twice has been on the LCMR staff and today uses LCMR grants, said the funding system is reactive, but used to be proactive.

"We've not done well in this state in planning," Orning said.

Lance Ness, president of the Fish and Wildlife Legislative Alliance, called for five-, 10-, 20-, and 50-year plans, while Dorian Grilley, executive director of the Parks and Trails Council, said a plan should make the process

more strategic and streamlined.

Ness, Schroers, and Gary Leaf, of the Ducks, Wetlands, and Clean Water Rally, said the focus of trust fund spending should be more narrow than it currently is.

Schroers said the grants should result in things like more forests with public access, more and better wetlands, and more and better grasslands.

"That's what a lot of folks think they are getting when they buy a scratch-off ticket," he said.

Tom Landwehr, assistant state director for The Nature Conservancy, has used LCMR grants at TNC, as well as during his time at the DNR and Ducks Unlimited. He said the language under which LCMR grants are allocated is too broad.

Others said the variety of projects that get funded are one of the best parts of the LCMR.

Peter Sorenson, a professor at the University of Minnesota, has done research on carp and other invasive species, and relies in part on trust fund money to do so.

Diane Jensen, testifying on behalf of the Minnesota Environmental Partnership, said the process isn't the problem, it's that funds at one time dedicated to conservation and the environment, like the Future Resources Fund, have been diverted to the state General Fund to help balance the budget.

The task force meets Nov. 29, when it will listen to presentations from officials from Colorado, Nebraska, and Missouri about how they fund conservation projects.

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December 1, 2005

Mr. John Velin
Director- Legislative Commission on Minnesota Resources
65 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Mr. Velin:

This letter is a follow up to the testimony I gave to the Advisory Task Force on November 18, 2005. After listening the speakers who preceded me, I concluded that, while the task force was interested in serious discussion, the forum that night did not lend itself to active discussion. I then decided to inject a bit of levity into the proceedings, thus allowing the procession of speakers to continue unabated. However, I do have some ideas on the topic that I would like the task force to consider.

I believe that allocation of the Environment and Natural Resources Trust Fund is serious business and any proposed changes to the current methods deserve careful scrutiny. Furthermore, I believe that allotment of funds to specific projects should not be subject to political influence. However, I also believe that politics is an absolutely critical ingredient when the task is to decide among various environmental and natural resource topics, e.g., how much should be allocated to lakes, wildlife habitat, environmental research, minerals, mercury, etc. The bigger questions regarding the priorities of topics can only be decided by conference and compromise.

Also, experts are only expert in their own domain, and have no way to decide how funds should be allocated within other topic areas. One should not expect a wildlife expert to make forestry decisions or a lakes person to decide on minerals topics. This fact makes it impossible to use an "Expert" panel for broad allocation of the trust fund. It might even be a dangerous thing to do, because it is easy to conceive of an "Expert" panel that would simply decide to split the money between the topics represented at the table. The larger allocation decision should be left with the people whose main job is to find solutions within a tangled web of competing interests. We elect the legislature to do this.

Expert panels can be used within topic areas to review and prioritize projects. They can also make informed judgments about how projects might be modified or combined to achieve better results. They can also effectively monitor progress and interpret results in a way that gives the policy makers some feeling about whether the allocated funds generated acceptable results. The Minerals Coordinating Committee has done this for over 20 years. The committee was formed at the instigation of Bob Hansen after he became concerned about Ken Ried, Matt Walton and Elwood Rafn competing before the LCMR. He told them to present a prioritized list of minerals projects. On the other hand many topical committees have not functioned well. The difference

between effective and ineffective committees seems to lie in the willingness of the members to accept the results of the committee process. I know of one topical committee that did not work, because a couple of the members believed, with good cause, that they could go directly to the funding source to reverse any "wrong" committee decisions.

Currently the LCMR receives a blizzard of proposals once every two years. While it is gratifying to have many proposals, the large number creates pressure to winnow them down to a manageable size in a short time period. This reduces the amount of careful consideration that can be given. Also, The proposals do not necessarily follow any of the topical guidelines laid down by the advisory committee, because each sponsor truly believes that his/her effort is really important, independent of any contrary policy. After the great winnowing occurs, the legislature receives the recommendations and eventually a set of projects is approved for funding. The downside of the current process is the difficulty of maintaining policy in the face of intense legislative efforts for particular projects.

So, how should the LCMR change the process to minimize political influence in project selection, while retaining political compromise in the allocations between topical areas?

I believe the allocation process should be inverted and stretched.

The biennial process should start with a measure of how well the previous policies were followed. This could be a report to the legislature on the performance of the fund, and the outcomes from the projects, along with some determination of whether a particular effort deserves continuation. This could be delivered at the start of the biennial session.

The second step should be an allocation decision by the legislature, which appropriates funds to topical areas, e.g., lakes, research, habitat, minerals, emissions, etc. This, in effect carves the larger fund into smaller funds. The LCMR could be the recipient of the appropriations and the funds would remain with the LCMR until expended or rescinded by the legislature.

The LCMR staff should then create a series of requests for proposals staggered out over the first year of the biennium. The RFP's would be written based on legislative intent and the testimony that guided the allocation of funds.

The LCMR should establish topical panels to review and grade proposals using established policy guidelines, and contents of the RFP. These can be "Expert" panels, but they should be liberally sprinkled with interested citizens.

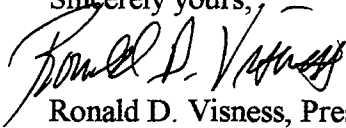
The recommendations, i.e., the ranked project list should be submitted to the LCMR for final approval, perhaps with draft contracts which would clearly outline the responsibilities of those individuals or groups receiving funding.

Finally, there should be a review and appeal process, which could perhaps be housed in the Department of Administration. It might be added to the State's contracting unit, which currently approves all State contracts. This would allow those who felt the RFP process was flawed to have a hearing.

Something like the above would align trust fund projects with other State contracting and should go a long way toward insuring due process and minimum political intervention for specific projects. However, no system can work well if it is subverted. Project sponsors and legislators must learn that they cannot circumvent the RFP process to achieve specific goals. If they do the system will break down and the allotment of funds could become even more controversial.

Since I am not learned in the law, I expect that one or more of my suggestions might not fit exactly into the existing statutes and rules. I will leave that problem to people more knowledgeable than I; however, I believe something must change, as it seems that many people and organizations are unhappy with the current situation.

Sincerely yours,



Ronald D. Visness, President
TacTec, Inc.
263 Tanner Ct.
Circle Pines, MN 55014

November 29, 2005

To LCMR Task Force:

As a current and past recipient of LCMR funds, I would like to present recommendations for more effective management of the Environmental and Natural Resources Trust Fund on behalf of the board of the Minnesota Lakes Association, a nonprofit representing over 60,000 lakeshore interests in Minnesota.

We have growing concerns over the past few years that a significant portion of the Fund has been raided for purposes other than the Funds dedicated mandate, specifically the lottery-in-lieu and cigarette tax monies. With declining state agency budgets, trust funds have slowly begun to supplant agency activities that should be supported by general funds. And, while many Minnesotans travel out of the metro area to enjoy Minnesota's natural resources, a majority of projects funded are metro-based.

Without more investment in Greater Minnesota's lakes, rivers, and other natural resources, these resources will become degraded or lost. Citizens and non-profits, who are the work force for local resource management, currently must compete against agencies and the universities, and they are rarely granted LCMR funds when even small amounts of money that are often leveraged against private dollars can accomplish huge resource protection rewards.

We offer the following specific recommendations:

- The Commission needs a long-term, targeted strategic plan with identifiable and quantifiable goals and policies, and clearly defined categories for funding. This will allow the Commission to create and request programs, not just react to proposals. State statute should be amended to mandate the Commission's adherence to the plan.
- Once categories for funding are defined, dollars should be pre-allocated to major categories. E.g. How much will be spent on park acquisition? Lake and river management? Research? Etc.
- Non-profits and other non-governmental entities should not compete directly with state agencies and universities; a percentage of allocations for non-governmental entities should be established and adhered to.
- Careful scrutiny of state agency projects should be maintained to insure that LCMR funds are not supplanting state agency budgets that should be funded by the general fund.
- Recognizing that by state law only legislators can appropriate funds from the Trust Fund, citizens should have a strongly respected role in strategic planning and determination of appropriation allocations.



17021 Commercial Park
Drive, Suite #4
Brainerd, MN 56401
218-824-5565
lakes@mnlakes.org

(Minnesota Lakes Association/Rivers Council—page 2)

- Statutory provisions should prohibit any further raiding of the Trust Fund's principle, and lost principle should be restored.
- LCMR Staff should remain independent of any state agency.
- The application process is too long; it should be condensed down to no longer than one year from date of submittal to project implementation. Distributions should be made on an annual basis.
- Administrative procedures for fund recipients should be streamlined to be manageable and timely. Some documentation is burdensome and duplicative.
- The policy of not funding at least a portion of indirect costs like rent and utilities, as well as communications cost (postage and telephone) and stiff with "Director" in their title is curious and creates hardships for small nonprofit organizations. If the goal is to encourage matching funds (which is laudable), then a simple percentage match is sufficient.

Thank you for the opportunity to comment. We expect that the Task Force will come forth with thoughtful and meaningful recommendations to the Legislature by February 2006.

Sincerely,

George Orning, President
Minnesota Lakes Association

Report Outline of the 2005 Environment and Natural Resources Trust Fund Advisory Task Force

- I. Executive Summary
 - A. Background
 - B. Findings
 - C. Conclusions
 - D. Recommendations

- II. Advisory Task Force
 - A. Authorizing Legislation
 - B. Appointments
 - C. Summary of Factfinding

- II. Environment and Natural Resources Trust Fund
 - A. Background
 - B. Findings
 - C. Conclusions
 - D. Recommendations

- III. Governance – Funding Decisions for Expenditures
 - A. Background
 - B. Findings
 - C. Conclusions
 - D. Recommendations

- IV. Grant Administration
 - A. Background
 - B. Findings
 - C. Conclusions
 - D. Recommendations

- V. Long – Range Planning
 - A. Background
 - B. Findings
 - C. Conclusions
 - D. Recommendations

- VI. Fiscal/Administrative
 - A. Background
 - B. Findings
 - C. Conclusions
 - D. Recommendations

Draft 12/9/05. DRAFT – For Discussion Purposes only
Outline is based on Task Force Nov. 17 issues identified – Only Background of
report outline is included.

Report of the
**ENVIRONMENT AND NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

I. EXECUTIVE SUMMARY

II. ADVISORY TASK FORCE

- A. Authorizing Legislation
- B. Appointments
- C. Summary of Fact finding (Process and deliberations of the Task Force)

III. ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

A. Trust Fund Establishment Background:

Trust Fund Constitutional Amendments and MN Statutes 116P.

Purpose and Assets

The amendments to the Minnesota Constitution and MN Statutes provide the legal framework that establishes and defines the purpose and assets of the Environment and Natural Resources Trust Fund (Trust Fund).

The Trust Fund was established as it is today through three Constitutional Amendments adopted in 1988, 1990 and 1998.

The 1988 amendment proposed the first constitutional amendment to the voters to set up an environmental and natural resources trust fund. MN Statutes 116P, enacted prior to the amendment passage, established the governance structure for the fund expenditures and further defined allowable expenditures.

The 1990 and 1998 amendments constitutionally dedicated a portion of MN lottery proceeds restated the purpose of the fund and the requirement to appropriate the assets by law. The 1998 amendment also amended the amount available for expenditure.

MN Constitution, Art. XI, Sec. 14

The complete text of the current constitutional language as adopted by the 1998 amendment is:

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]

- The phrase "other natural resources" is defined in MS 116P.02, Subd. 5 as: "includes the outdoor recreation system under section 86A.04 and regional recreation open space systems as defined under section 473.351, subdivision 1." These definitions include the state park and trail system, state historic sites and the metropolitan regional park and open space system.
- MS 116P.03 states that the Trust fund is not to supplant existing funding, but shall supplement the traditional sources used to support the criteria in section 116P.08.
- 116P.08 as adopted in 1988, further defines the allowable expenditures of the constitutionally dedicated dollars in the Trust Fund. MS 116P.08 has not been changed since the initial legislation establishing the Trust Fund.

MS 116 P.08 states:

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.*

- A history of the Trust Fund appropriated dollars is in Appendix xx.

III. GOVERNANCE – FUNDING DECISIONS FOR EXPENDITURES

A. Background on Current Governance:

The MN Constitution directs the purpose, assets and appropriation of the Trust Fund. MS 116P further defines the governance of the fund expenditures. 116P defines the role of the executive and legislative branches of government as well as the specific advisory roles of the Legislative Commission on Minnesota Resources (LCMR) and the Citizen Advisory Committee for the Trust Fund (CAC).

Legislative Commission on Minnesota Resources (LCMR)

The LCMR is advisory to the legislature (116P.05). The LCMR adopts a strategic plan for Trust Fund expenditures using the advice of the CAC and recommends project expenditures from the Trust Fund assets.

The LCMR is a 20 member bicameral/bipartisan legislative body composed of 10 members from the House and 10 members from the Senate. They are appointed by the House and Senate. Six of the 20 positions are designated committee chairs. The membership of the LCMR at the time of adoption of the 1988 amendment was 16 members. It was expanded to 20 members in 1998.

MN laws 2005, First Special Session, Chapter 1, Art. 2, contains a sunset provision.

“The duties of the Legislative Commission on Minnesota Resources to recommend expenditures from the environment and natural resources trust fund expire on June 30, 2006.”

If no action is taken by the 2006 Legislature, the Trust Fund expenditures will be determined by the House and Senate Environment Finance Committees without recommendations by the LCMR or CAC. The Governor can currently propose expenditures to the Legislature from the Trust Fund and could continue to do so in the future.

Legislature and Governor

The funding recommendations must be appropriated by law by the legislature and signed by the Governor (116P.08, Subd. 4 – Budget Plan). Currently, specific line item expenditures are proposed to the legislature by the LCMR for funding consideration. LCMR funding recommendations are forwarded to the Governor for inclusion in the biennial budget. In addition, the Governor has line item veto authority of the appropriations adopted by the legislature.

Citizen Advisory Committee (CAC)

The Citizen Advisory Committee for the Environment and Natural Resources Trust Fund is an 11 member committee, with at least one from each of the 8 congressional districts appointed by the Governor and confirmed by the Senate (116P.06) The Citizen Advisory Committee is advisory to the LCMR on the Strategic Plan for the Trust Fund expenditures and the funding expenditures.

Conflict of Interest

MS 116P.09 Subd. 6 establishes guiding principles for conflict of interest for LCMR members, CAC and LCMR staff. Rules established by the legislature further define legislative conflict of interest. The CAC has adopted its own conflict of interest procedures.

IV. GRANT ADMINISTRATION

A. Background of Current Process for Grant Administration

- Appendix X provides a flow chart diagram of the current funding process and schedule
- The following presents this information in a chronological order:

Request for Proposal

A RFP, adopted by the LCMR, with funding priorities, evaluation criteria, schedule and eligible costs is issued every two years to line up with the biennial budget process. Typically, the proposal process is open for 2-3 months from the issuance of the RFP to the proposal deadline. The RFP deadline is usually February or March in the even numbered year of the biennium.

Anyone is eligible to apply. The proposal format requested consists of a 3 page maximum. There is not a predetermined geographic allocation or per capita allocation. There is no minimum or maximum dollar amount that can be requested.

Upon request, LCMR staff provides assistance to project funding proposers and review drafts of their proposals in advance of the final submission.

Once proposals are received they are sorted and ranked by LCMR staff according to the criteria in the adopted strategic plan/RFP. Outside technical assistance is periodically sought during this proposal review process.

Eligible/ineligible costs are stated in the RFP and dollars are administered on a reimbursement basis for non-state agency entities, as required by MN law.

- Current eligible/ineligible costs are in Appendix xx.

Funding Deliberations

Initial Proposal Review

The CAC reviews the proposals and recommends proposals for further consideration (hearing).

The LCMR using the CAC advice, the LCMR staff ranking and other outside advice received decides how many proposals and which proposals to ask in for an interview. Since the number of proposals received and the dollar amount requested far exceed the money available (about 7 dollars requested for each dollar available) a portion of the proposals received are eliminated from further consideration. Projects chosen for further consideration are those determined to best meet the funding criteria. This does not mean that proposals eliminated would not meet the funding criteria, but rather they are determined to be a lower priority or they have possibly received other funding since the time of submission (e.g. state bonding dollars).

During the most recent biennium (FY 06-07) 221 proposals were received requesting over \$240 million. 93 proposals requesting over \$182 million were chosen for further consideration. Approximately \$39 million was available for funding.

Proposal Review

Proposers (project managers) are invited to appear before the LCMR to explain their proposal and respond to questions. Typically, about 30 minutes is spent per proposal during this interview process. During LCMR deliberations, the Commission might again seek additional outside assistance in the review of groups of proposals on specific topics. The CAC is authorized to attend the hearings to ensure the members have more information (beyond the initial 3 page proposal) to assist in making their funding recommendations to the LCMR.

Funding recommendations:

The CAC develops a set of project funding recommendations to the LCMR.

The LCMR, using the CAC advice, then develops a set of recommendations to the legislature in the form of a draft appropriation law.

It is about 6 months from the proposal deadline to the determination of an initial funding recommendation by the LCMR.

Part of the LCMR funding recommendations are the funding of ongoing grant programs for projects such as local and regional parks, small community and habitat projects, metro habitat corridor restoration and acquisition, and local water plan implementation. Funding of these programs enables access to funding for these types of projects throughout the biennium. The LCMR reviews the specific funding allocations of these

programs during the biennium.

Enhanced Proposed Scope of work

After the LCMR funding deliberations are completed more detailed work programs based on the dollars recommended for funding are requested of proposers (116P.05, subd. 2c). Often, projects are not funded at the full dollar amount requested either in the CAC advice to the LCMR or in the final LCMR recommendation. LCMR staff works with the project proposers to ensure that the dollar amount recommended provides for a viable project. If the reduced dollar amount recommended negatively impacts the project proposal, the LCMR is informed before it completes its advice to the legislature.

Peer Review

A formal peer review process on research projects or projects with research elements takes place on projects recommended for funding by the LCMR. The peer review (116P.08, subd. 6) is required to take place before the appropriation is made. The peer review is conducted on the full project work program, not the initial proposal. The peer reviewers are required to comment on the methodology and need for the research. Peer review is also required on completed research projects. The peer review panel is appointed by the LCMR and its findings are reported to the LCMR and the CAC. Peer review takes place prior to the final recommendation of the LCMR to the legislature.

Legislative Review of Proposed Funding

The Trust Fund is appropriated on a biennial basis for each year of the funding available to coincide with the biennial budget process.

Projects proposed to receive funding are presented to the legislature in the odd year of the biennium in appropriation law form and are reviewed by the funding committees.

At times, the funding recommendations have been considered by the legislature as a separate piece of appropriation legislation. This process has often allowed adoption of the funding recommendations early in the legislative session. However, in recent years, the recommendations have been held for inclusion in the omnibus Environment appropriation bill, which is usually adopted in the last days of the legislative session. Consequently, the time from LCMR recommendation to full legislative action and signature by the Governor can be up to one year. In total the time from the proposal deadline to availability of the dollars can be approximately 18 months.

Project Duration

Projects typically take 3 years to complete due to field season work and complexities of acquisitions. Some projects are authorized over longer periods of time and some receive funding over several biennia with review of spending capability.

Evaluation

The work program is again reviewed and approved by the LCMR after legislative action and before the project funding begins. Periodic progress reports (semiannual) are required during the project funding period for evaluation. Oversight is conducted by LCMR staff and periodically by LCMR members during factfinding activities. Final

reports are required for all projects funded.

V. LONG-RANGE PLANNING

A. Background

MS 116P.08 requires a strategic plan. The first strategic plan for the Trust Fund was adopted in 1990. The statute text is as follows:

MS 116P.08, Subd. 3 Strategic plan required. (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives Ways and Means and senate Finance Committees by January 1 of each odd-numbered year. (b) The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.

- According to MS 116P.08, the six-year plan for priority areas for funding must be updated every two years and the plan is advisory only.
- Originally a separate strategic plan and RFP were adopted. The plan is currently published as a detailed RFP and is revised every two years. The original adopted Trust Fund Vision and Mission from 1990 remains in place (Appendix xx). Priorities for funding, proposal evaluation criteria and the timetable for decision making are listed in the RFP.
- In developing the strategic plan, advice on emerging issues is sought from natural resources experts from local units of government, private and nonprofits and state and federal agencies. In addition, public forums have been held to get more general citizen input. In the last two biennia there has also been a web questionnaire seeking advice on priorities for funding. In 2003, over 480 individual responses were received.
- In MS Chapter 116D, Environmental Policy, 116D.10, an Energy and Environmental Strategy Report is required each even numbered year.

See Appendix xx

116D.11, Each department or agency of the state is required to assist in the report preparation. In Subd 2, the Environmental Quality Board has the responsibility to prepare the report.

IV. FISCAL/ADMINISTRATIVE – Broad fiscal issues affecting natural resource funding

A. Background:

- Discussion of matching funds, history, etc.
- History of the funds mentioned in the Nov. 17 discussion – (Cigarette Tax (MFRF), in-lieu of sales tax money, unclaimed prize money, vetoed project money, 3/16 legislation, general fund, bonding)
- Appendix xx, Projections of Assets in the Environmental Trust Fund , Nov. 14, 2005, State Board of Investment

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Environment and Natural Resources Trust Fund Advisory Task Force

November 17, 2005

The Environment and Natural Resources Trust Fund Advisory Task Force met on November 17, 2005, and identified four main categories for the issues they have identified in their two prior meetings. Small groups developed a summary description and a list of important sub-issues for each category. After discussing the categories and key issues with the larger group, individual members used adhesive dots to indicate which issues will be the most important for the task force to address in its final report (number of votes indicated in parentheses). Fourteen Task Force members were present. Each member was given 6 dots to use.

A. Governance

This category deals with the membership (citizens, executive, legislative), structure, final appropriation, control loci and responsibility for making appropriation decisions. (24)

Issues:

1. Constitutionality: Can/should appropriation decisions be delegated?
2. Efficiency: Less wasted time from applicants (from application to award). (4)
3. Politicization: "Pork barrel" issues. (3)

B. Grant administration

The process for Environmental Trust Fund allocation

1. Responsiveness: RFP frequency, process complexity/length, multiple tiers. (11)
2. Project size, scope, duration, project oversight and post evaluation. (3)
3. Peer review. (3)

C. Long-range Planning

Establish clearly defined goals consistent with the constitution and statute.

1. Define boundaries: time (longer than legislative terms), activities, quantity of money. (10)
2. Set priorities: Create strategies and substrategies. (4)
3. Implement strategies and monitor results. (1)
4. Evaluate. (1)

D. Fiscal/Administrative

Means: broad fiscal issues as they affect natural resources funding.

1. Issues: leveraging local/federal/private money (economies of scale), getting like groups together to partner/maximize outcomes. (6)
2. How big is the pot?
 - Cigarette tax money.
 - Unclaimed prize money.
 - Vetoed project money.
 - 3/16 legislation.
 - In lieu of sales tax money (to game/fish/parks/trails).
 - GF, bonding
3. What does supplanting factor mean to LCMR? (8)

Some themes from November 17 testimony

GOVERNANCE:

1. Scope / Nature of constitutional language.

Narrow the focus – woods, wildlife, water. Narrow definitions, focus, etc.
Stay with narrow intent of ballot language.

versus

Constitutional language is very broad. Keep goals broad / very broad;
keep scope wide. Maintain proportional diversity of its mission.

2. Decision making.

Need more citizen involvement

versus

Need more scientific expertise in decision making

versus

Need a balanced approach with input at various points in the process from
citizens, politicians, scientists and technical experts.

3. LCMR serves a critical purpose.

The ETF has been an important resource funding collaborative, innovative
projects. Make improvements as needed, but don't "throw the baby out
with the bath water,"

GRANT ADMINISTRATION:

1. Timing, two-year time frame is too long. Need shorter funding cycles, release
funds in a more timely manner

2. Difficult for small NGOs – eligible costs too narrow

3. Process is too cumbersome, too detailed, etc.

4. Responsiveness:

Not able to respond to urgent needs. Need smaller, special fund to
address urgent needs, short-term, opportunities; set aside small dollar
amount for emerging issues.

versus

Look at funding longer-term projects; beyond two year biennium.
Increase predictability of funding.

LONG-RANGE PLANNING:

1. Need strong, targeted strategic plan with measurable goals, quantifiable objectives for the Trust Fund. Funding should be tied to strategic plan.
2. Need statewide conservation plan.

FISCAL/ADMINISTRATIVE:

Restore integrity of LCMR funding; increase funding – lottery-in-lieu sales tax, unclaimed prizes, Minnesota Future Resources Fund (cigarette tax).

Research Department

Minnesota House of Representatives

Patrick J. McCormack, Director

600 State Office Building
St. Paul, Minnesota 55155-1298
651-296-6753 [FAX 651-296-9887]
www.house.mn/hrd/hrd.htm

December 7, 2005

TO: Representative Loren Solberg
FROM: Mark Shepard, House Research Legislative Analyst
RE: Constitutional principles relating to funding panels

This memo discusses state constitutional issues in connection with some structures that have been discussed for spending money from the environment and natural resources trust fund. There is not extensive case law on these issues, so this memo presents some general thoughts rather than definitive answers.

The memo first discusses some general constitutional principles, and then applies these principles to some structures that have been discussed.

General constitutional principles

Legislators likely cannot serve on an executive panel that makes final decisions.

Article IV, section 5 of the Minnesota Constitution provides that

“No senator or representative shall hold any other office under authority of the United States or the state of Minnesota, except that of postmaster or of notary public. If elected or appointed to another office, a legislator may resign from the legislature by tendering his resignation to the governor.”

The leading Minnesota court case on this issue has interpreted “other office” to mean a position in which the person acting alone or with others of equal authority, can determine public policy or make a final decision not subject to approval or disapproval by others. *McCutcheon v. City of St. Paul*, 216 N.W.2d 137 (Minn. 1974)

There also are a number of Minnesota Attorney General opinions on this issue. These are instructive, but are not binding. Some general principles from these opinions are:

- Legislators may not serve as voting members of boards or commissions that directly administer state programs. Ops. Atty. Gen. 280H, June 20, 1913 (state board of grain appeals); October 31, 1921 (state fair board); May 5, 1926 (board of pharmacy); June 5, 1931 (state building commission)
- Legislators may serve as members of bodies that are merely research and advisory in nature (Ops. Atty. Gen. 280H, January 21, 1941 (judicial council); June 16, 1943 (advisory council to employment security division).

In addition to dual office-holding issues under Article IV, section 5, the general separation of powers clause of the Minnesota Constitution may limit legislators from serving as voting members of executive branch agencies. (Article III, section 1: "The powers of government shall be divided into three distinct departments: legislative, executive, and judicial. No person or persons belonging to or constituting one of these departments shall exercise any of the powers properly belonging to either of the others except in the instances expressly provided in this constitution.")

A legislative group must take final action through a bill that passes both houses of the legislature and is presented to the Governor.

Article IV, sections 22 and 23 of the Minnesota Constitution specify the method for a legislative body to enact a bill. That is, the bill must be voted for by a majority of the members elected to each house of the legislature, and must be presented to the Governor. Thus it is unlikely that the dual office-holding issue under Article IV, section 5 of the constitution can be resolved by claiming that a mixed legislative/citizen funding panel is a legislative agency and thus that legislative service on the group is not "other office".

I am not aware of a Minnesota appellate court case that specifically discusses this point. At the federal level, the United States Supreme Court addressed the concept in *Metropolitan Washington Airports Authority v. Citizens for the Abatement of Aircraft Noise*, 111 S.Ct. 2298 (1991). In that case, the court invalidated a statute that granted a board of review, consisting of nine members of Congress, authority to veto certain decisions made by the Metropolitan Washington Airports Authority. The court held that the statute either: (1) violated the separation of powers clause by vesting members of Congress with executive authority; or (2) violated the constitutional requirements for passage of a bill (i.e. by allowing nine members of Congress to, in effect, pass a new law).

The legislature can delegate to an executive agency the authority to make decisions relating to expenditure of money appropriated by the legislature.

Article XI, section 1 of the Minnesota Constitution provides that no money shall be paid out of the state treasury except pursuant to an appropriation. Once the legislature makes an appropriation, it likely is constitutional for an executive agency to make grants and other expenditure decisions according to the terms of the appropriation. This is a common arrangement in Minnesota state government—the legislature enacts a law appropriating money and establishing general standards for how the money is to be spent, and the executive agency implements the law.

Application of principles to various structures

This section of the memo applies constitutional principles to some structures that have been discussed. There certainly are other possible structures. The alternatives discussed in this memo were selected because I am aware that they have been discussed publicly.

Legislature appropriates money to an executive panel composed entirely of nonlegislators, and this panel makes final spending decisions.

- Likely constitutional—the Legislature appropriates the money, and the executive decides how to spend it, according to the terms of the appropriation and other governing law.

An executive panel composed entirely of nonlegislators makes recommendations that later must be enacted as appropriations by the entire legislature.

- Constitutional. Follows the customary process for passing law, with the panel providing only recommendations.

Legislature appropriates money to a mixed legislative/citizen panel, which makes final spending decisions.

- Likely unconstitutional. If this is considered an executive group, inclusion of legislators likely violates the “dual office holding” provision in article IV, section 5. If this is considered a legislative group, it likely does not comply with the requirements for legislative action—i.e. a bill passing the entire House and Senate and presentation to the Governor.

A mixed legislative/citizen panel makes recommendations that later must be enacted as appropriations by the entire legislature.

- Likely constitutional. The inclusion of legislators on the group likely would not violate the “dual office holding” provision because the panel is only making recommendations, not final decisions. The final decisions are made according to the customary process for passing law.

Legislature appropriates money. A mixed legislative/citizen panel makes spending decisions, and a project cannot be funded unless the panel recommends funding. But the Governor can decide not to fund projects that the panel recommends.

- Raises constitutional issues, and could be subject to challenge. Although this is not entirely clear, the panel likely is making decisions that would be considered final for purposes of the “dual office holding” prohibition, because a project cannot be funded without getting the panel’s approval. Arguably, these decisions are not as final as in some other alternatives, because the Governor has veto authority. But there still is a constitutional issue under the dual office holding clause and under the general separation of powers doctrine.

Governor makes recommendations for expenditures as part of the Governor's detailed biennial budget recommendations. The Legislature then enacts appropriations.

- Constitutional. Follows the customary process of the executive making recommendations and the legislature enacting laws.

MS/jb

John Helland, Legislative Analyst
651-296-5039

December 2005

State Environmental Trust Funds

This information brief provides summary background on the known environment and natural resources trust funds that have been established in states around the country. It addresses four basic questions for each state:

- (1) Is the trust fund established in the state's constitution or by statute?
- (2) Is the trust fund money for broad-based purposes or only limited spending?
- (3) Are there any specific restrictions on spending the trust fund money?
- (4) Who makes up the trust fund governing board, and who appoints its members?

Alabama

How the fund is established

Constitutionally dedicated as the *Forever Wild Trust Fund*. (Ala. Const. of 1901, Amendment 543)

Spending purposes

The constitutional language is broad for spending purposes, which include spending to:

- "Protect, manage, and enhance certain lands and waters of Alabama with full recognition that this generation is a trustee of the environment for succeeding generations;
- Protect, to the fullest extent practicable, recreational lands and areas of unique ecological, biological and geological importance; and
- Promote a proper balance among population growth, economic development, environmental protection, and ecological diversity."

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Many House Research Department publications are also available on the Internet at: www.house.mn/hrd/hrd.htm.

Spending restrictions

The governing board may not construct or improve buildings, structures, or facilities used for human lodging, feeding, or entertainment, including hotels, restaurants, convention centers, meeting halls, golf courses, dancing pavilions, tennis courts, recreational dams, and similar facilities.

Who makes up the governing board

The governing board is composed of 15 members: nine citizens whom are appointed by the governor and who must reside in geographic locations throughout the state, the state forester, the director of the Marine Environmental Sciences Consortium, the Commissioner of Conservation and Natural Resources, and three members with scientific background chosen by three separate Alabama colleges.

Arizona

How the fund is established

Created in 1990 through a ballot initiative and established in state statute as the *Arizona Heritage Fund*. (Ariz. Rev. Stat. § 41-502)

Spending purposes

The funding is for local, regional, and state parks and trails, water conservation, and historic preservation, with specific percentages for the various programs:

- 5 percent for local, regional and state trails
- 35 percent for local, regional, and state parks for outdoor recreation purposes
- 17 percent for acquisition of natural areas
- 17 percent for local, regional, and state historic preservation programs
- 4 percent on maintenance, operation, and management of natural areas
- 17 percent on state park acquisition and development
- 5 percent on environmental education

Spending restrictions

No entity may receive more than 20 percent of the funds available annually, and any interest earned in the trust fund must be expended according to the exact percentages identified above.

Who makes up the governing board

The State Parks Board administers the trust fund and is made up of the state land commissioner and six citizens at-large, appointed by the governor.

Colorado

How the fund is established

Article XXVII of the Colorado Constitution (1980) allots state lottery proceeds (capped at \$35 million, adjusted annually for inflation) to the *Great Outdoors Colorado Trust Fund*, called GOCO.

Spending purposes

There are four major categories—outdoor recreation, wildlife, open space, and local government—where the constitutional language requires trust fund expenditures to be made on a substantially equal basis for projects. Five competitive grant cycles are outlined:

- Open space and natural areas: projects in urban, suburban, and rural areas
- Local government: awarded to local governments to acquire, establish, expand, and enhance park and outdoor recreation facilities, including environmental education
- Legacy: major regional or statewide projects that combine two or more of the board's four funding categories
- Trails: construction of new trails, trail renovation, acquisition of land or permanent easements for trail access, and trailhead development
- Planning and capacity: seed grants to local governments and nonprofit organizations primarily for land conservation planning

Spending restrictions

The constitutional language explicitly provides that the expenditures of the funds "...shall not be subject to legislative appropriation or restriction." Money also cannot be used in condemnation proceedings.

Who makes up the governing board

The governing board is composed of 17 members, 14 appointed by the governor from the seven congressional districts—and no two in each district from the same political party—and the executive director of the Department of Natural Resources, a representative from the State Parks Board, and a representative from the State Wildlife Commission.

Florida

How the fund is established

Established in state statute (1999) as the *Florida Forever Act*. (Fla. Stat. § 259.105)

Spending purposes

The act primarily functions for land acquisition needs of natural resources through the sale of state bonds, and the funds are divided as follows:

- 35 percent to the Department of Environmental Protection (DEP) for acquisition of lands that are necessary to implement water management district's priority lists

- 35 percent to DEP for acquisition of lands and capital project expenditures
- 22 percent to the Department of Community Affairs (DCA) for grants to local governments or nonprofit environmental organizations that are tax exempt under subchapter S for the acquisition of community-based projects, urban open spaces, parks, and greenways to implement local government comprehensive plans
 - ▶ 75 percent of the funds available for land acquisition shall be matched by local governments on a dollar-for-dollar basis and at least 30 percent of the total allocations must be used in Standard Metropolitan Statistical Areas, but one-half that amount shall be used in localities in which the project site is located in built-up commercial, industrial, or mixed-use areas to intersperse open spaces within congested urban spaces
 - ▶ No less than 5 percent shall be used to acquire lands for recreational trail systems
 - ▶ Any lands purchased by nonprofit organizations using trust funds must provide for such lands to remain permanently in public use through a reversion of title to local or state government, conservation easement, or other appropriate mechanism
- 2 percent to the DEP for grants “to qualified local governmental entities to acquire or develop land for public outdoor recreation purposes.” Fla. Stat. § 375.075(1).
- 1.5 percent to DEP for the purchase of inholdings and additions to state parks and for capital project expenditures as described in this section. Capital project expenditures may not exceed 10 percent of the trust funds.
- 1.5 percent to the Division of Forestry of the Department of Agriculture and Consumer Services to fund the acquisition of state forest inholdings and additions, the implementation of reforestation plans or sustainable forestry management practices, and for capital project expenditures. Capital project expenditures may not exceed 10 percent of the funds allocated to the department.
- 1.5 percent to the Fish and Wildlife Conservation Commission to fund the acquisition of inholdings and additions to lands managed by the commission that are important to the conservation of fish and wildlife and for capital project expenditures as described in this section. Capital project expenditures may not exceed 10 percent of the funds allocated to the commission.

- 1.5 percent to DEP for the Florida Greenways and Trails Program, to acquire greenways and trails or greenways and trail systems including, but not limited to, abandoned railroad rights-of-way and the Florida National Scenic Trail and for capital project expenditures. Capital project expenditures may not exceed 10 percent of the funds allocated under this paragraph.

Spending restrictions

No specific statutory restrictions are specified.

Who makes up the governing board

Governed under the Acquisition and Restoration Council, which has nine members: four appointed by the governor who have scientific backgrounds, and five executive cabinet members from the Department of Community Affairs, DEP, divisions of forestry and historical resources, and the Fish and Wildlife Conservation Commission.

Indiana

How the fund is established

Created in state statute (1995) as the *Indiana Heritage Trust Fund*. (Ind. Code § 14-12-2-1)

Spending purposes

Established to provide funds for land acquisition and preservation for the purposes of protecting outstanding natural features and habitat, historical and archaeological preservation, and conservation and restoration of biological diversity.

Spending restrictions

Money may not be expended on the costs of constructing structures, removal and remediation of hazardous substances, and wastewater treatment projects. No eminent domain may be utilized for land acquisition.

Who makes up the governing board

The governing foundation board has 17 members: 12 appointed by the governor from each congressional district, and two members each from the legislative House and Senate, and the state treasurer.

Maryland

How the fund is established

Established in statute (1973) as the *Maryland Environmental Trust*. (Md. Code Ann. § 3-201)

Spending purposes

The statute is very broad for the purpose of land acquisition. The stated purpose of the trust fund is to "...perpetuate the aesthetic, natural, health and welfare, scenic, and cultural qualities of the environment, including,

but not limited to land, water, air, wildlife, scenic qualities, open spaces, buildings or any interest...pertaining to any way to the State." Money is allocated to the trust through state appropriations and private donations, most of the latter being land.

Spending restrictions

There are no specific statutory restrictions on spending trust fund dollars.

Who makes up the governing board

The board of trustees has 15 members, 12 citizens whom are appointed by the governor, and a representative each from the governor's cabinet, the House, and the Senate.

Michigan

How the fund is established

The *Michigan Natural Resources Trust Fund* was established by constitutional amendment in 1963 and expenditures are governed by state statute (clarified in 1994). (Mich. Stat. Ann. § 324.1902)

Spending purposes

The trust is funded by bonuses and royalties collected or reserved by the state for the lease of nonrenewable resources from state-owned lands. The interest and earnings of the trust fund must be expended for the following:

- Land acquisition or rights in land for recreational uses, or protection of the land because of its environmental importance and scenic beauty
- Development of public recreational facilities
- Administration of the trust fund, which may include payments in lieu of taxes on state-owned land purchased through the trust fund

Spending restrictions

No less than 25 percent of total annual expenditures from the fund can be for development of land acquisition and rights in land, and no more than 25 percent can be expended for development of public recreational facilities.

Who makes up the governing board

Michigan's trust fund board is composed of five members, the director of the Department of Natural Resources and four citizens appointed by the governor.

Minnesota

How the fund is established

Constitutionally dedicated as the *Minnesota Environmental and Natural Resources Trust Fund*, established under Minnesota Constitution, article XI, section 14.

Spending purposes

Money in the trust fund may be spent only for:

- the Reinvest in Minnesota program as provided in Minnesota Statutes, section 84.95, subdivision 2;
- research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;
- collection and analysis of information that assists in developing the state's environmental and natural resources policies;
- 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;
- capital projects for the preservation and protection of unique natural resources;
- 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;
- administrative and investment expenses incurred by the State Board of Investment in investing deposits to the trust fund; and
- administrative expenses subject to the limits in section 116P.09, for the commission.

Spending restrictions

Money from the trust fund may not be spent for:

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

Additionally, the trust fund may not be used as a substitute for traditional sources of funding environmental activities.

Who makes up the governing board

A legislative commission on Minnesota resources composed of ten legislators each from the House and Senate, including certain funding and policy chairs, recommends a trust fund budget plan to the full legislature for approval.

Nebraska

How the fund is established

Protected by a constitutional amendment in 2004, 44.5 percent of lottery proceeds are deposited in the *Nebraska Environmental Trust Fund*, which was created by statute in 1992.

Spending purposes

The fund was established for broad purposes: "...conserving, enhancing, and restoring the natural physical and biological environment...including the air, land, ground water and surface water, flora and fauna, prairies and forests, wildlife habitat, and natural areas of aesthetic or scenic values." Priority funding categories are:

- preservation and restoration of wetlands and other areas critical to rare or endangered species;
- protection of lakes and streams from deterioration due to pollution;
- fostering of good management practices to preserve groundwater from degradation, and clean-up of soils and groundwater;
- development of recycling markets and reduction of the volume and toxicity of solid waste; and
- strategies to manage carbon in the atmosphere, and sequester carbon in the soil.

Spending restrictions

Not subject to legislative approval. No land using trust fund money may be acquired by condemnation.

Who makes up the governing board

The 14-member governing board is made up of nine citizens (three from each of the three congressional districts) appointed by the governor, and five related state agency directors.

New Jersey

How the fund is established

Created by constitutional amendment in 1998 as the *Garden State Preservation Trust*, with a goal to preserve one million acres of land by 2008.

Spending purposes

The constitutional amendment dedicated \$98 million annually for ten years to a variety of preservation efforts and authorized the issuance of up to one billion dollars in revenue bonds. The trust fund money goes to three major areas—historic preservation, farmland preservation, and green acres. The following program areas comprise the Green Acres program:

- State park and open space acquisition
- Local government grants and nonprofit funding for land preservation
- Planning and technical assistance grants
- Stewardship for monitoring and maintenance of land preservation efforts

Spending restrictions

No specific constitutional or statutory restrictions on expenditure.

Who makes up the governing board

A nine-member governing board is composed of five citizens, with one appointed by the governor, and two each appointed by the leadership of the House and Senate, and four cabinet heads, including the secretaries of state and treasury.

North Carolina

How the fund is established

Created by statute for three distinct trust funds in 1987, 1991, and 1996.

Spending purposes

Funding for each trust fund comes from state deed transfer revenue when property is sold. *The Parks and Recreation Trust Fund* allocates revenue as follows: 65 percent to state parks for acquisition and development; 30 percent for matching grants to local governments for park and recreation needs; and 5 percent for a coastal and estuary water access program.

The Natural Heritage Trust Fund is used for acquiring ecologically diverse land, natural areas in the state, and historic properties. It also receives a portion of vanity license plate sales.

The Clean Water Management Trust Fund revenues go to help projects that specifically address water pollution problems. This fund is mainly funded by legislative appropriations.

Spending restrictions

Each fund is very specific for the type of projects the money is intended for, and no specific restrictions are mentioned.

Who makes up the governing board The Parks and Recreation Trust Fund's 11-member board has three citizens appointed by the governor and four members each appointed by the House and the Senate.

The Natural Heritage Trust Fund's nine-member board has three citizens each appointed by the governor, the House, and the Senate.

The Clean Water Management Trust Fund 21-member board has seven citizens appointed by the governor and seven each by the House and the Senate.

South Carolina

How the fund is established Established by state statute in 1995 as the *Legacy Trust Fund*. (S.C. Code Ann. § 51-22-20)

Spending purposes Funded by state appropriations and private donations, the fund has the following purposes:

- Acquire sensitive ecological resources
- Preserve, renovate, and restore historic sites
- Protect habitat for plant and animal species considered endangered
- Acquire and develop resource-based recreational projects and facilities

Spending restrictions No land or properties may be acquired by eminent domain, and the trust fund may not hold title or interest in land. Specific state and nonprofit entities are listed to hold title and interest in land.

Who makes up the governing board There is a 15-member governing board composed of 13 citizens (two from each of the six congressional districts and one other at-large who serves as chair), the chair of the Senate Finance Committee, and the chair of the House Ways and Means Committee, or their designees.

Virginia

How the fund is established The *Natural Resources Trust Fund* was established in 1999 by state statute. (Va. Code Ann. § 10.1-1017)

Spending purposes Funded by state appropriations and private donations, the fund is designed to establish permanent conservation easements and direct land acquisition of open space and parklands, lands of historic or cultural significance, farmlands and forests, and natural areas.

**Spending
restrictions**

No eminent domain may be used, and no legislative approval is required.

**Who makes up
the governing
board**

The Virginia Land Conservation Board's 18-member board is made up of 11 citizens appointed by the governor representing each congressional district, four citizens appointed by the House, two citizens appointed by the Senate, and the Secretary of Natural Resources.

Several of these state's trust funds are discussed in more detail in the House Research publication, *Natural Resources Trust Funds and Their Citizen Committees*, October 2002.

For more information about natural resources, visit the environment and natural resources area of our web site, www.house.leg.state.mn.us/hrd/issinfo/environ.htm.

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

**Environment and Natural Resources Trust Fund Advisory Task Force
Tuesday, January 10, 2006**

Time: 10:30 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Agenda

10:30 a.m. – 12:00 p.m.

Presentations from:

1. The McKnight Foundation, Ron Kroese
2. National Fish and Wildlife Foundation, Donn Waage
3. MN Arts Board, Sue Gens & Jim Dusso
4. MN House of Representatives Research Staff, John Helland
 - North Carolina Trust Fund
 - Other states-Trust Funds

12:00 p.m. – break for lunch

1:00 p.m. – 4:00 p.m.

Review and approve minutes from December 15, 2005

Advisory Task Force continued discussion (see meeting objectives)

Meeting Objectives

1. Refine and confirm desirable qualities identified during the December meeting.
2. Develop possible alternative approaches to governance
3. Evaluate alternative approaches

4:00 p.m. Adjourn

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver, Ex-Officio: Kathy Tingelstad and Bob Schroeder

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ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

**Environment and Natural Resources Trust Fund Advisory Task Force
December 15, 2005**

Time: 1:00 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Members Present:

Dave Bishop
Karen Bowen
Jeff Broberg
Joe Duggan
Wayne Enger

Ron Erhardt
Ryan Heiniger
Phyllis Kahn
Jane Krentz
Gary Laidig
Pam Landers

Steve Morse
Craig Shaver
Loren Solberg
Dave Zentner

Members Absent:

Earl Renneke

LCMR members present: Rep. Lyn Carlson, Rep. Kathy Tingelstad, Rep. Pete Nelson, Rep. Denny McNamara

Meeting called to order: 1:17 p.m.

Meeting Objectives:

1. Share reactions to previous presentations and testimony.
2. Identify the desirable qualities or characteristics of the future Trust Fund process.
3. Describe possible alternative approaches to the Trust Fund process.
4. Review and provide feedback on the draft "background" section of the draft Task Force report.

Approval of the Minutes from 11/29/2005:

Motion by Gary Laidig to approve the 11-29-2005 minutes as presented. Seconded by Karen Bowen. Motion passed.

Ryan Church reviewed the objectives of the meeting in order to accomplish as much as possible in the time allotted. He emphasized that the meeting's discussion would be active in the sharing of ideas and opinions. It would be hard work. He stated that today they are putting ideas forward, not evaluating ideas and will continue to put ideas on the table. Ryan reviewed elements of how to share ideas and consensus.

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver,
Ex-Officio: Kathy Tingelstad and Bob Schroeder

1. Share reactions to previous presentations and testimony.

Discussion summarized on the attachment titled "Environment and Natural Resources Trust Fund Advisory Task Force December 15, 2005" under "Opening Conversations".

2. Identify the desirable qualities or characteristics of the future Trust Fund process [59:45]

Discussion summarized on the attachment titled "Environment and Natural Resources Trust Fund Advisory Task Force December 15, 2005" under "Desired qualities of the future Trust Fund process".

10 minute Break [1:40:54]

Mark Shepard, MN House of Representatives Research Department, spoke to the memo dated December 7, 2005, regarding constitutional principles relating to funding panels. He answered question posed by members. He stated that he would be happy to come back at a future meeting and respond to questions. Craig Shaver asked if a legislator could serve on the Arts Board? A: based on standing opinions, no they could not. Steve Morse asked if a legislator could serve on a panel that makes recommendations to the Arts Board? A: yes. Jeff Broberg asked if there are legislators on IRRRB? A: Loren Solberg answered: Yes, but the governor signs off on any expenditures of that group.

3. Describe possible alternative approaches to the Trust Fund process [1:51:35]

Mr. Church stated that they are moving onto meeting objective #3. Members broke into small groups and each group was asked to answer a specific question on the topical areas listed on the buff colored handout sheet. Mr. Church stated that the goal is to get viable options on the table. *The tape was paused for 20 minutes while small group discussion took place.*

[1:56:39] Mr. Church went through the various ideas presented by the small groups. Each group recorded their thoughts on a flip chart paper. Members were able to ask clarifying questions on the ideas presented by the small groups. *(tape paused during small group discussion)*

Governance, Structure Roles & Responsibilities [1:56:42]

Grants Administration [2:01:58]

Long-Range Planning [2:07:35]

Fiscal/Administrative [2:11:17]

Discussion summarized on the attachment titled "Environment and Natural Resources Trust Fund Advisory Task Force December 15, 2005" under "Possible alternative approaches to the Trust Fund process".

4. Review and provide feedback on the draft "background" section of the draft Task Force report.

Mr. Church pointed out that in the members packets there was the draft background section of the Advisory Task Force Report. Loren Solberg said that this was the draft that the staff had put together on the Trust Fund background which had been presented to members. This is the start of the report.

Next Meeting

Next meeting scheduled for Tuesday, January 10, 2006 starting at 10:30 (time change) – noon and lunch break and resume at 1:00 p.m. – 4:00 p.m..

4:18 p.m. Adjourn [2:19:49]

Environment and Natural Resources Trust Fund Advisory Task Force December 15, 2005

Opening Conversation

The meeting began with an opening conversation to allow members to share their reactions to previous testimony and presentations. The question members were asked was, "What statements or points struck you as particularly important and useful?" Responses were summarized on an easel and are as follows:

1. Funding – The Task Force can advocate for, but should not get lost in, trying to solve funding mechanics.
2. Minnesota has a strong program.
3. The legislative "stand-off" was caused in part over the advisory committee structure. We need to recommend ways to:
 - Make LCMR more effective
 - Structure advisory roles and functions
4. We need to reduce the number of members on LCMR
5. The composition of members needs to be considered
6. Some other states had geographic representation and we should consider that.
7. Need a long-range plan that includes:
 - Clear priorities
 - Funding categories
8. Shorter funding cycle – we need to consider
 - Grant cycle frequency and duration
 - How to respond to emerging issues
9. Need to review the existing long-range plan. What is in it? What needs to be changed?
10. Fiscal/Admin: Missouri's FTE's seemed high.
 - How Minnesota compare?
11. Missouri more like DNR than Environmental Trust Fund
12. Missouri – four members at large – smaller number of members actually requires that they be broad in their view and interests
13. Citizen decision-making is accepted in three states
14. Need meaningful citizen involvement – clear roles
 - Use technology to connect to citizens at large – for example use "blog" technology to get citizen involvement.
15. Legislative scrutiny "too early" in process
 - Where (at what point) is legislative involvement most helpful?
16. Streamline accountability
 - Set duration/frequency process
 - Too much paperwork
17. Establish membership criteria. For example, consider:
 - Expertise
 - Statewide view
 - Work well with group
18. Peer review process – involve "knowledgeable" citizens

19. Funding pools – “substantially equal” over time
20. Staff role in screening proposals – have strong criteria
21. Need to clarify:
 - Who: Proper roles for LCMR, CAC, Legislature?
 - What: Projects should be funded?
 - When: Frequency and timing of grants, Long or short duration, multi-biennial?
22. Dedicated mini-grant program helped get good citizen involvement – gave local and regional presence
23. Foundation approach?
 - Multiple years
 - Grants management
24. Meaningful role for legislature
25. Meaningful citizen involvement
 - Purposeful role
 - “At large” appointments
 - Hybrid citizen/legislative involvement
 - Hybrid appointed/elected
26. Project selection – use available expertise
 - Need some standard for participation in selection process, such as panel must attend all meetings to participate in final selection

Desirable qualities of the future Trust Fund process

The members were asked, “What qualities, characteristics, or attributes should Minnesotans come to expect from the Trust Fund process?” Members reviewed the items recorded on the easel paper and highlighted the following desirable qualities of the future Trust Fund process.

- Find ways to reduce the appearance of the process being political. Establish clear definitions and expectations. Make the process more open.
- Need meaningful citizen involvement.
 - Establish clear and purposeful roles
 - Establish criteria for membership
 - Include “at large” appointments
 - Consider hybrid structure of citizen and legislative members.
 - Make effective use of technology for citizen participation
- Establish funding pools (or categories for expenditure) that would be substantially equal over time.
- Streamline-accountability
 - Set the frequency and duration of the funding (grant) cycle.
 - Allow for emerging issues and quick response
 - Reduce the paperwork
- Establish a long-range plan that provides clear priorities and funding categories. The plan should also:
 - Be understandable by citizens
 - Use expertise of state agencies and others

Possible alternative approaches to the Trust Fund process

Following a presentation on the constitutionality of certain governing structure options, the members broke into four small groups. The groups were asked to review and refine and confirm the list of issues under their assigned category, pick one issue, and develop possible alternative approaches to the issue. The groups were assigned as follows:

- Governance structure roles and responsibilities (Jane Krentz, Joe Duggan, Jeff Broberg, Steve Morse).
- Grants administration (Gary Laidig, Dave Zentner, Loren Solberg, Pam Landers)
- Long-Range Planning (Dave Bishop, Karen Bowen, Phyllis Kahn, Ryan Heiniger)
- Fiscal/Administrative (Ron Erhardt, Wayne Enger, Craig Shaver)

The groups worked for 20 minutes and reported the following results.

Governance structure roles and responsibilities

1. Legislature: (LCMR)/Board
 - Appropriate funds
 - Strategic plan and priorities
 - Evaluation and review

The Legislature would have options, such as:

- Establish a percent for each priority area
- Hold back funds for ongoing projects, for example, the county biological inventory or other projects.
- Require a balance in funding over time.

2. Board
 - Award grants
 - Empanel review committees of advocates, experts, policy makers, etc.
 - Would operate with independent staff

The group also provided a graphic illustration of the “melded model” of the process (attached).

Grant administration

1. RFP timing and frequency
 - Two-year process for large grants, one-year process for smaller grants
 - Possible process for mini-grants through an agency
2. Grant application process
 - Scope, size, duration – (small group needs more time to work on this)
3. Peer review
 - Need clarification on process and need to be able to rank
4. Project oversight and evaluation (the small group didn't get to this)
5. Other
 - Need some way to fund administration for small groups that need it.

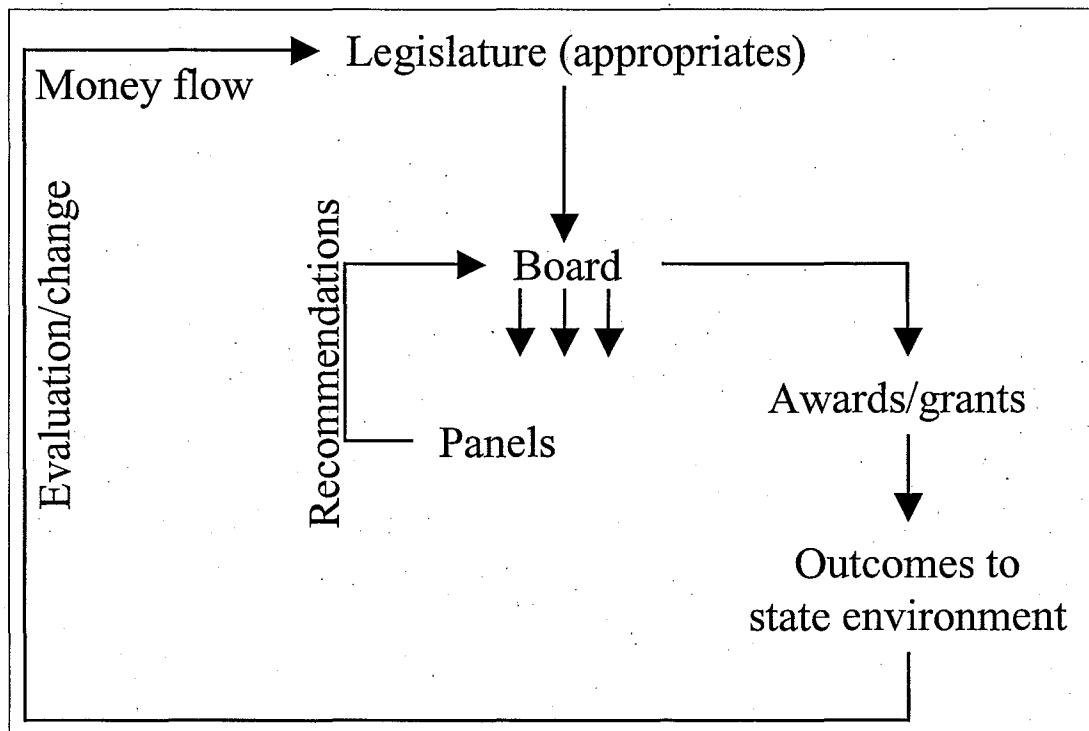
Long-Range Plan (Scope and Purpose)

- Six-year long-range plan
- Proportionate funding over time
- Great opportunity for joint legislative/citizen involvement
- Start with plans of key state agencies (DNR, PCA, MDH, BWSR)
- Consider NGO and local units of government long-range plans
- Plan needs to be specific enough to give clear direction
- Implementation of the plan requires regular evaluation by LCMR

Fiscal administration

- "Restore integrity" – not task force issue
- Match (local) – Require?
- No supplanting

Melded model



-----Original Message-----

From: Tom Johnson [mailto:tcj@d.umn.edu]
Sent: Thursday, December 29, 2005 4:29 PM
To: rep.phyllis.kahn@house.mn; dzentner@charter.net
Subject: LCMR Task Force

Dear Phyllis and Dave,

I am away on sabbatical this academic year but back in Minnesota for the holidays. I have heard a little of the activities of the LCMR task force, and want to share my concern for continued support of Lake Superior research activities by the LCMR.

Lake Superior is one of the state's greatest natural resources. It is the largest lake in our hemisphere, it is quite pristine relative to other large lakes around the world, and it is undergoing change. Much of this change is subtle, requiring sophisticated instrumentation capable of measuring with high precision and accuracy - for example, the slight warming trend of 0.5°C that the lake has experienced over the past century. Are phosphorus levels increasing in the lake? We don't know yet, because we have only recently developed the ability to measure phosphorus at the ultra-low levels typical of Lake Superior. Because of our innovative analysis of the subtle features on satellite images of the lake, we now have a completely different understanding of how water circulates (and pollutants would migrate) throughout the lake basin. Thanks to recently acquired instrumentation with funds from the National Science Foundation, we are only beginning to understand how the zooplankton population of the lake, a primary food resource for the fisheries, varies from one year to the next. We do not have enough measurements yet to know if the interannual variability is natural or man-induced.

I could go on, but the point that I wish to make is that LCMR support for our research is essential if we hope to answer questions of human impact on the lake ecosystem during the 21st century. We are successful in getting some support for Lake Superior research from the National Science Foundation, but this is typically for highly focused studies of broad scientific application rather than for investigating the long term health of the Lake Superior ecosystem. We also obtain a modest level of support from the Minnesota Sea Grant Program, mostly for low-cost research projects that do not involve extensive use of our research vessel. Competition for these funds is fierce, and proposals that are designed to carefully and deliberately detect long-term trends in the health of the lake's ecosystem do not fare well. I believe that this is precisely the area in which LCMR funding is appropriate and consistent with the original vision for the Environmental Trust Fund.

The EPA and NOAA conduct environmental measurement programs on the Great Lakes, but they spend relatively little time on Lake Superior compared to the lower lakes. These agencies also typically carry out their measurement programs in-house rather than fund university researchers to conduct the field work and analyses, and their programs frequently shift focus as administrations change. This is not always the case, but it usually is. In the oceanographic community, academic researchers at such institutions as Woods Hole,

Scripps Institution of Oceanography, the University of Washington, and elsewhere typically have lead the federal laboratories in making the major breakthroughs in environmental understanding. This is not the case in the Great Lakes community, where funding for academic researchers falls far behind that of their colleagues in federal agencies such as the EPA, the US Geological Survey (fisheries), and NOAA.

Careful measurement of key environmental parameters in the offshore waters of Lake Superior is not being funded on a steady basis. Consequently we are not in a position to predict the state of the lake in the coming decades, under the influence of global warming, the introduction of more exotic species, and the influx of airborne pollutants. LCMR funding should be made available for such important activities on Lake Superior. Such funding is far less likely to be forthcoming from Wisconsin, Michigan or Ontario, because they all border other great lakes that are under even greater environmental stress than Superior. I urge you to support continued funding of environmental research by the LCMR.

As to the governance of LCMR, I find it to be somewhat cumbersome but manageable. I wish the LCMR funding process were less political than it is, with more emphasis placed on quality proposals and less on whose district the work would be in. I think that this would best be accomplished by a decision making panel of environmental experts rather than by a political body, but I realize that this may not be a possible solution for your task force. I am not a fan of "citizen decision" on technical matters such as long-term environmental protection. Citizen input is definitely needed in the decision-making process, but environmental management, like brain surgery, is best accomplished by experts in the field.

I am pleased that you are both serving on this important task force, and I hope that you find my comments to be helpful. Sincerely, Tom Johnson

Thomas C. Johnson
Professor of Geological Sciences
Large Lakes Observatory
University of Minnesota Duluth
2205 East 5th Street
Duluth, MN 55812
USA
ph: 218-726-8128
<http://www.d.umn.edu/llo>

DIVISION OF PARKS AND RECREATION
RECREATION SERVICES



CITY OF SAINT PAUL

Randy C. Kelly, Mayor



Bob Bierscheid, CPRP
Director

300 City Hall Annex
25 West Fourth Street
Saint Paul, Minnesota 55102
www.ci.stpaul.mn.us/depts/parks

Telephone: 651-266-6400
Facsimile: 651-292-7405
TTY: 651-266-6378

SAINT PAUL PARKS AND RECREATION-"THE BENEFITS ARE ENDLESS"

MEMO

December 15, 2005

To: Members of the Environment and Natural Resource Trust Fund Advisory Task Force
From: Bob Bierscheid, Director, St. Paul Parks and Recreation, CPRP *BB*
Re: Legislative Commission on Minnesota Resources

Thank you all for taking the time to examine the role and responsibilities of the Minnesota Legislative Commission on Minnesota Resources.

Historically, the Metropolitan Regional Parks System that includes St. Paul, has benefited from significant appropriations from this state source of funding for parks and the environment. The Metropolitan Regional Parks system encompasses forty-seven regional parks and park reserves and six special recreation areas including the much beloved Como Zoo and Conservatory. *Our system is the most used park and recreation system in Minnesota with more than thirty million visits per year. In the urban core of St. Paul, many of our citizens do not have ready access to rural open spaces and of necessity must rely on St. Paul's regional parks.*

We have been deeply disturbed to learn that there are those who would deny much needed funds to Metropolitan Regional Parks which are an integral part of our community and which contribute so much to the quality of life we enjoy in the Twin Cities area.

As we examine the history of both the Future Resources Fund and the Environmental Trust Fund, we find references supporting development and maintenance of parks and trails in Minnesota. Metropolitan Regional Parks and Trails as well as Minnesota State Parks are specifically defined in statutes as being included as eligible projects.

We realize that recently we have faced very tough economic times and that budget cuts in the past few years have had a detrimental effect on our ability to deliver superior recreational opportunities to our citizens. We believe that cutting much needed funds to Metropolitan Regional Parks will impact negatively on the quality of life for all the citizens of Minnesota. In addition, we believe these funds deserve careful public scrutiny by public officials elected for that purpose, and we support continued Legislative oversight into process.

As you continue to review the roles and responsibilities of this commission we urge you to recognize and support continued funding of Metropolitan Parks.

SENATOR ELLEN R. ANDERSON

District 66 - St. Paul & Falcon Heights
120 State Capitol Building
75 Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155-1606

Phone: (651) 296-5537



Senate

State of Minnesota

December 21, 2005

LCMR Chair Representative Kathy Tingelstad
13636 Marigold St. NW
Andover, MN 55304

Dear LCMR Chair Tingelstad,

Thank you for all of your hard work and detailed attention to the important process of the Advisory Task Force. As a member of the LCMR for the last five years I wanted to express my main concerns about its future.

1. I have consistently supported a strong role for citizen input and involvement in decision making. I believe that genuine public input and an easier process will keep the LCMR responsive and cutting edge.
2. Elected legislators need to be decision makers for spending dollars collected from the public.
3. A hybrid structure or joint legislative/citizen commission may be the best compromise.
4. The Governor's proposal eliminates accountability and destroys the balance between the legislative and executive branches.
5. As an LCMR member I worked very hard for several years to focus some LCMR resources in the area of renewable energy, which I believe is one of the most important environmental, natural resource, and economic issues of our time. The Governor's proposal seems to minimize this priority - a mistake as we move towards the future.
6. Finally, we must keep in mind the needs of urban and suburban Minnesotans as their populations grow. Protecting natural resources for those residents requires preserving wild areas around the state but also providing parks and other green places right here in the metropolitan areas.

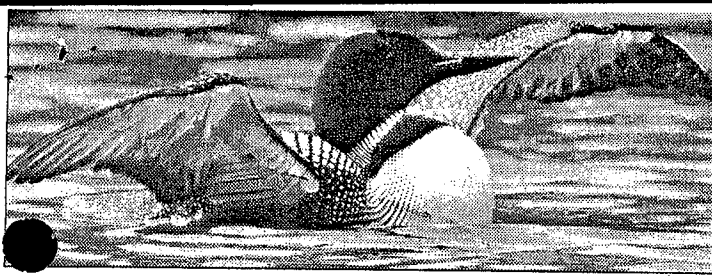
I hope you will read the Op-Ed piece I wrote during last year's session. Thanks so much for considering my perspective as you move forward.

Sincerely,

Ellen Anderson
State Senator

Enclosure

CC: LCMR Advisory Task Force Members



David Brewster/Star Tribune

Loons and bird-watchers are among those helped by the LCMR.

Legislative panel plays important role

STAR TRIBUNE JUN 7 '05

By Sen. Ellen Anderson

Minnesotans feel strongly that we need to conserve our natural resources and protect the environment. That's why they voted to pass a constitutional amendment to create an Environment and Natural Resources Trust Fund. If you ever bought a lottery ticket, you put money into that fund; 40 percent of the net lottery proceeds goes into the fund, under constitutional amendments that voters approved.

Legislators need to be good stewards of the fund. That's why we have the Legislative Commission on Minnesota Resources (LCMR). Evenly divided between Republicans and Democrats, rural and metro, House and Senate, we spend many hours when the Legislature is not in session, sifting through ideas to protect our environment and conserve our natural resources. We tour the state to see the needs. Far more proposals are made than can be funded.

In addition to legislators, there is a Citizen Advisory Committee that spends a great deal of time analyzing the proposals and making recommendations. These 11 citizens are appointed by the governor to advise the LCMR on proposals to receive funding.

Unfortunately, Gov. Tim Pawlenty has demanded that the LCMR be abolished and replaced with a new board that would be accountable only to him.

The LCMR, like any group, could benefit from reform. The process could be speeded up. And we could elevate the role of the Citizen Advisory Committee, to ensure that its input is given sufficient weight.

But when public money is spent, there has to be accountability. And ultimately, legislators are accountable to the public every election.

When Minnesotans approved the constitutional amendments, this issue came up every time. The debate was very public, and there was a deliberative decision made that we would not turn over public money to unelected citizens. Legislators have to focus on the broad needs of our state.

The governor's proposal to abolish the LCMR and replace it with his handpicked political appointees has several flaws.

There is a real risk that only some narrow special interest groups will be selected to divide up the citizens' money. The LCMR has a role in sup-

porting not just acquisition of lands and hunting and fishing habitat, but parks, trails, teaching our children environmental awareness, research on emerging issues, and renewable energy. As legislators, we have a responsibility to all the people we represent, who want to hunt and fish, canoe, hike, swim, bird-watch and simply breathe clean air and drink and recreate in clean water.

I suspect the governor will try to use the money to fund basic functions of state government, like our Pollution Control Agency, Department of Natural Resources and Board of Soil and Water Resources, which have been cut dramatically in the last biennium. In fact, the governor took one-third of the money the LCMR had for natural resource and environmental projects (\$33 million over four years) to balance the budget.

One of the changes I have pushed for is emphasis on renewable energy research and development, which is now one of LCMR's three strategic priorities. Better use of our state's abundant clean energy sources like wind, solar and biomass fit directly into the mission of the LCMR, to enhance and preserve our natural resources while cleaning our air and waters.

LCMR projects have:

- Acquired, preserved and restored over 34,000 acres of wildlife habitat corridors.

- Promoted biological control of invasive species, as well as new ways to control common carp that create problems in shallow lakes.

- Controlled erosion, improved water quality, and provided habitat for aquatic and shoreland species through "lakescaping."

- Promoted health by determining phosphorus sources, fingerprinting the DNA of fecal coliform, and demonstrating alternative septic treatment systems.

- Enhanced recreation through \$39 million in acquisition and improvement of state parks and metro parks.

The governor has said that he will hold hostage the entire budget bill that funds the environment, natural resources, agriculture, housing, and job training just to get his way on abolishing the LCMR. That's irresponsible. It's time to compromise, get the job done, and avoid a July 1 shutdown of these crucial areas of state government.

Ellen Anderson, DFL-St. Paul, is a member of the Minnesota Senate.

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Proposals for the Environment Natural Resources Trust Fund

	Dec. 15, 2005 Discussions - 1	Revised W. Enger (12/30/05)- 2	Current LCMR Structure- 3	House Floor Amendment to House file 902 (5/5/05) - 4	JH66 (6/9/05) - 5	JH63 (6/30/05) - 6	JH46 (3/7/05) - 7	HF 902, Heritage Council in House Language June 2005 Conference Committee Discussion -8	SF 1809 (3/1/05) -9	
	1	2	3	4	5	6	7	8	9	
WHO	A	Legislature/LCMR/Board	7 Commissioners make up a Council. In addition, Category Committees with 7 members each in areas of Water, Forest, Wildlife, Fish, Parks and Trails and Research.	LCMR of 20 legislators (10 House and 10 Senate) and advisory 11 member. Citizen Advisory Committee	Legislative Council of appointed citizen members and Legislators (House and Senate) make up a Legislative Council	Legislative Council of appointed citizen members and Legislators (House and Senate)	Legislators (House and Senate) and appointed citizens	Legislators (House and Senate) and appointed citizens make up an LCMR	Citizen Board Members with expertise in conservation, science, policy and practice make up a Heritage Council	Appointed citizens make up a MN Conservation Heritage Foundation
HOW MANY	B		7 Commissioners make up a Council. In addition Category Council members with 7 members each. (1 appointed commissioner; 2 legislative representatives; 2 Gov. Agency staff, 2 Nonprofit organizations in areas of Water, Forest, Wildlife, Fish, Parks and Trails and Research. 43 Members total of the Council and Category Committee members.	20 legislators and 11 citizens. Certain committee chairs are designated. At least one citizen from each congressional district. Legislative groups selects own chair. Citizen committee selects own chair.	22 members; 8 citizen members, 7 House, 7 Senate. Certain House and Senate appointments are designees of chair of committees and minority members. 6 year terms. Council selects its own chair.	16 members; 8 citizens and 8 legislators (4 from House and 4 from Senate).	20 members; (8 citizens, one from each congressional district appointed by the Gov. and 12 legislators (6 members from each House and Senate including chairs or designees of four policy committees and four finance committees, and four minority members appointed by House and Senate).	20 members; 16 legislators (8 House and 8 Senate) and 4 citizens. Select own chair.	11 members; 6 year staggered terms. No more than 6 members from one political party. At least one from each congressional district.	11 citizen members; Chair selected by Gov., Vice Chair by membership
CRITERIA	C		Commissioners and Category Committee chairs and must have knowledge and understanding of category.		Legislative: House and Senate designated chair and minority representation Citizen: expertise and experience in science, policy, or practice of....protection, etc. as stated in constitutional amendment for the Trust Fund.	Legislative: Minority representation in Legislative appointments. Citizen: Citizen members expertise and experience in science, policy, or practice of....protection, etc. as stated in constitutional amendment for the Trust Fund.	Legislative: House and Senate designated chair and minority representation Citizen: expertise and experience in science, policy, or practice of..... protection, etc. as stated in constitutional amendment for the Trust Fund.	Legislative: House and Senate appoint. Citizen: Citizen appointments with expertise in protection, etc. as stated in constitutional amendment for the Trust Fund. Term limits for both.	Expertise and experience in science, policy, or practice of....protection, etc. as stated in constitutional amendment for the Trust Fund.	Expertise in natural resource management and not be a paid employee of a natural resource management organization.

Proposals for the Environment Natural Resources Trust Fund

		Dec. 15, 2005 Discussions - 1	Revised W. Enger (12/30/05)- 2	Current LCMR Structure- 3	House Floor Amendment to House file 902 (5/5/05) - 4	JH66 (6/9/05) - 5	JH63 (6/30/05) - 6	JH46 (3/7/05) - 7	HF 902, Heritage Council in House Language June 2005 Conference Committee Discussion -8	SF 1809 (3/1/05) -9
		1	2	3	4	5	6	7	8	9
APPOINTMENTS MADE BY	D		Gov. appoints Commissioners. Appointment of Category Committees unknown	Legislative chair designees and House and Senate Appointments. Governor appoints Citizen Committee.	Governor appoints citizens, not more than four from each political party	Governor appoint citizen members. Legislative members appointed by House and Senate with minority representation. No committee chairs specified. Minority representation in Legislative appointments. Governor selects citizen chair.	Citizen appointments made by the Governor from each congressional district, not more than 5 from the same political party. Legislative appointments are designated or appointed by House and Senate. Council selects own chair and vice chair.	Gov. appoints citizens. House and Senate appoint legislative. Term limits for both.	Governor, including selection of the Chair	Governor
	RESPONSIBILITIES of Board/Commission/ Council	E	1) Award Grants, 2) Establish and use review committees of advocates, experts, policy makers to make recommendations to Board, 3) Independent Staff, 4) Presents project funding benefits.outcomes:	Resources Council (Commissioners) approve funding and oversight of category funding level. In addition, with a 2/3 vote can reallocate legislative established category budgets for funding. Resource Council (Category Committees) rank and evaluate project proposals and recommend to Council	1) LCMR and CAC develop Strategic Plan, 2) LCMR and CAC proposal and project evaluation, 3) CAC Advisory to LCMR on Plan and proposal funding, 4) LCMR advisory to Legislature on Project funding	1) As in 116P: makes project recommendations to legislature, 2) Adopts strategic plan	Strategic Plan (including percentages for categories of funding). Citizen members ONLY decide on project expenditures.	1) Recommends project funding to legislature, 2) Adopts Strategic Plan for expenditures	1) Adopt an annual budget plan for projects, 2) Recommends to the legislature	1) Decide and make funding decisions, 2) Adopt Strategic Plan
ROLE OF THE LEGISLATURE	F	1) Appropriates funds to the Board - could designate project funding as part of appropriation, 2) Develops strategic plan and priorities, 3) Establish a percentage for funding in issue areas to be balanced over time, 4) Performs evaluation and review of completed projects.	Determine categories for funding and related budgets .	1) Review and appropriate project funding, 2) Receive Strategic Plan, 3) Receive Biennial Report of LCMR.	1) Membership: confirm citizen appointments, 2) reviews and appropriates project funding	1) Appropriates Trust Fund to the Council, 2) Receives the strategic plan, 3) Receives report on accomplishments.	Appropriates Trust Fund after recommendation	1) Reviews and appropriates the budget plan for projects after recommendation	1) Appropriate Trust Fund to the Council, 2) Receive reports on expenditures, 3) Receives Strategic Plan, 4) Confirms Council appointments	Statutory appropriation to the Conservation account for the Foundation

Proposals for the Environment Natural Resources Trust Fund

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		1	2	3	4	5	6	7	8	9
ROLE OF THE EXECUTIVE BRANCH	G		Appoints Council	Appoints CAC Receives Funding Recommendations for inclusions in Budget Veto Authority	Appoint citizen members, at least one from each congressional district. Veto Authority	Appoints citizen members and chair.	Appoints citizens. Veto Authority.	Appoints citizen members. Veto authority.	Makes Appointments Gov. must sign appropriation to Council	Appoints
FUNDING CYCLE	H	Two year for large grants, one year for smaller. Process of minigrants through an agency?. Admin. Costs for small groups provided?	?	Every two years. Funding of some ongoing grant programs for funding available throughout the two years. Projects funding can be appropriated for longer than two years. Annual funding could be done.	Same as 116P. So could be annual or biennial	At least on an annual basis	At least an annual basis	Annual	At least once a year.	
STRATEGIC PLAN	I	Adopted by Legislature, establish percentages for priority areas to be balanced over a period of time. Could specific funding of specific ongoing projects, e.g. CBS. Vs. 6 year plan. Joint legislative/Citizens. Use plans of state agencies, NGOs, and LGUs. Give clear direction. LCMR provides implementation of plan.	Consists of the approved Division Plans within the DNR	6 year. Advisory only. Must be reviewed and revised every two years.	6 year, advisory, every two years. As in 116P (no changes made)	10 years with categories and percentages for funding. Receive other information and plans.	10 year and must be updated every two years. Plan is NOT advisory only.	6 year, advisory, update every 2 years, may specify a proportional distribution among priority funding areas.	10 year plan. Plan is NOT advisory only.	10 year, must be updated every two years. Funding allocation decision must be according to the plan. The plan is submitted to the Legislature.

Proposals for the Environment Natural Resources Trust Fund

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	1	2	3	4	5	6	7	8	9
FISCAL / ADMIN									
J	Match Required?		Administrative budget capped at 4% of appropriation		A limit 4% of amount appropriated for admin. budget.			4% cap (as current) on Admin. expenses.	Caps admin. Expenses at \$500,000. Adds other funds for expenditure, including some of the critical habitat license plate dollars and lottery in lieu funds.
OTHER									
Annual Legislative	K		yes, not specified as annual	Same as 116P, not specified as annual	yes	yes	yes	yes	yes
Technical Advisory Committee	L	yes	Same as 116P	Yes	yes	yes	yes	yes	
Work Program required	M		Same as 116P, yes	Same as 116P, yes	yes	yes	yes	yes	
Peer Review	N	yes	Same as 116P, yes	Same as 116P, yes	yes	yes	yes	yes	optional
Conflict of Interest	O		Same as 116P, yes	Same as 116P, yes	yes	yes	yes	yes	

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

**Recommended Structural Plan for
The Legislative Commission on Minnesota Resources**

From

**Wayne Enger
Advisory Task Force Member**

Legislative Responsibilities

- * Shall determine the project categories for funding.
- * Shall determine the budget.
- * Shall determine the category budgets.

Commissioner on Minnesota Resources Council

- * Shall consist of 7 Commissioners, appointed by the Governor.
- * Authorized to reallocate category budgets with 2/3 majority vote by the Commissioners.
- * Shall provide a final evaluation of ranked projects, approve applications, and authorize appropriate project funds.

Resource Council Category Commissioners

- * Shall Chair a Category Committee based upon demonstrated knowledge of the category.
- * Shall provide oversight for category funding and project ranking.
- * Shall forward ranking and project selection to the Commission.

Resource Council Category Members

- * Shall consist of 7 members in each category.
- * Shall demonstrate knowledge and understanding of the category.
- * Members shall consist of:
 - 1 Appointed Commissioner
 - 2 Legislative Representatives
 - 2 Gov. Agency Staff Representatives
 - 2 Non-profit Organization Representatives
- * Shall hold a membership on only 1 Category Committee.
- * Shall evaluate the project proposal for funding.
- * Shall rank all application for project funding.
- * Shall submit project ranking and recommend funding within the budget through the Category Chair.

Categories

- * Water
- * Forest
- * Wildlife
- * Fish
- * Parks & Trails
- * Research (relevant to the other 5 categories)

Commission on Minnesota Resources Staff

Shall accept complete project applications.

Shall present applications to the Commissioners for Category Committee distribution.

Shall monitor and provide oversight for approved project applications.

Shall provide project status reports to the Commission and Committees.

Process

The Legislature shall establish Category Budgets within established guidelines.

The Category Chairs shall provide oversight of the Committee.

The Commission, through the staff, shall publicize categories and budget.

The Staff accepts completed applications and delivers to the Commission.

The Commission shall assign applications to the appropriate Category Committee.

The Committees shall rank applications & submit to Commission with recommendations.

Commission approves category projects within budget.

Staff provided communication, project support, & funding oversight for applicants.

Staff provides research, and support services to the Commission.

Committee chairs provides progress reports to the committee members.

Long Range Plan

The long range plan shall consist of the approved Division Plans within the Department of Natural resources.

Structural Justification

- * Maintains Legislative involvement.
- * Increases participation while reducing the number of decision makers in the project selection process.
- * Increases the integrity of the project selection process.
- * Increases the level of expertise involving project selection.
- * Increases the speed and efficiency of project selection.
- * Uses already establish long range planning guidelines.
- * Decreases the appearance of improper project selection.
- * Maintains the basic premise of the Environmental Trust Fund.

Draft 12/9/05. DRAFT – For Discussion Purposes only
Outline is based on Task Force Nov. 17 issues identified – Only Background of
report outline is included.

Report of the
**ENVIRONMENT AND NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

I. EXECUTIVE SUMMARY

II. ADVISORY TASK FORCE

- A. Authorizing Legislation
- B. Appointments
- C. Summary of Fact finding (Process and deliberations of the Task Force)

III. ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

A. Trust Fund Establishment Background:

Trust Fund Constitutional Amendments and MN Statutes 116P.

Purpose and Assets

The amendments to the Minnesota Constitution and MN Statutes provide the legal framework that establishes and defines the purpose and assets of the Environment and Natural Resources Trust Fund (Trust Fund).

The Trust Fund was established as it is today through three Constitutional Amendments adopted in 1988, 1990 and 1998.

The 1988 amendment proposed the first constitutional amendment to the voters to set up an environmental and natural resources trust fund. MN Statutes 116P, enacted prior to the amendment passage, established the governance structure for the fund expenditures and further defined allowable expenditures.

The 1990 and 1998 amendments constitutionally dedicated a portion of MN lottery proceeds restated the purpose of the fund and the requirement to appropriate the assets by law. The 1998 amendment also amended the amount available for expenditure.

MN Constitution, Art. XI, Sec. 14

The complete text of the current constitutional language as adopted by the 1998 amendment is:

*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]

- The phrase "other natural resources" is defined in MS 116P.02, Subd. 5 as: "includes the outdoor recreation system under section 86A.04 and regional recreation open space systems as defined under section 473.351, subdivision 1." These definitions include the state park and trail system, state historic sites and the metropolitan regional park and open space system.
- MS 116P.03 states that the Trust fund is not to supplant existing funding, but shall supplement the traditional sources used to support the criteria in section 116P.08.
- 116P.08 as adopted in 1988, further defines the allowable expenditures of the constitutionally dedicated dollars in the Trust Fund. MS 116P.08 has not been changed since the initial legislation establishing the Trust Fund.

MS 116 P.08 states:

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.*

- A history of the Trust Fund appropriated dollars is in Appendix xx.

III. GOVERNANCE – FUNDING DECISIONS FOR EXPENDITURES

A. Background on Current Governance:

The MN Constitution directs the purpose, assets and appropriation of the Trust Fund. MS 116P further defines the governance of the fund expenditures. 116P defines the role of the executive and legislative branches of government as well as the specific advisory roles of the Legislative Commission on Minnesota Resources (LCMR) and the Citizen Advisory Committee for the Trust Fund (CAC).

Legislative Commission on Minnesota Resources (LCMR)

The LCMR is advisory to the legislature (116P.05). The LCMR adopts a strategic plan for Trust Fund expenditures using the advice of the CAC and recommends project expenditures from the Trust Fund assets.

The LCMR is a 20 member bicameral/bipartisan legislative body composed of 10 members from the House and 10 members from the Senate. They are appointed by the House and Senate. Six of the 20 positions are designated committee chairs. The membership of the LCMR at the time of adoption of the 1988 amendment was 16 members. It was expanded to 20 members in 1998.

MN laws 2005, First Special Session, Chapter 1, Art. 2, contains a sunset provision.

“The duties of the Legislative Commission on Minnesota Resources to recommend expenditures from the environment and natural resources trust fund expire on June 30, 2006.”

If no action is taken by the 2006 Legislature, the Trust Fund expenditures will be determined by the House and Senate Environment Finance Committees without recommendations by the LCMR or CAC. The Governor can currently propose expenditures to the Legislature from the Trust Fund and could continue to do so in the future.

Legislature and Governor

The funding recommendations must be appropriated by law by the legislature and signed by the Governor (116P.08, Subd. 4 – Budget Plan). Currently, specific line item expenditures are proposed to the legislature by the LCMR for funding consideration. LCMR funding recommendations are forwarded to the Governor for inclusion in the biennial budget. In addition, the Governor has line item veto authority of the appropriations adopted by the legislature.

Citizen Advisory Committee (CAC)

The Citizen Advisory Committee for the Environment and Natural Resources Trust Fund is an 11 member committee, with at least one from each of the 8 congressional districts appointed by the Governor and confirmed by the Senate (116P.06) The Citizen Advisory Committee is advisory to the LCMR on the Strategic Plan for the Trust Fund expenditures and the funding expenditures.

Conflict of Interest

MS 116P.09 Subd. 6 establishes guiding principles for conflict of interest for LCMR members, CAC and LCMR staff. Rules established by the legislature further define legislative conflict of interest. The CAC has adopted its own conflict of interest procedures.

IV. GRANT ADMINISTRATION

A. Background of Current Process for Grant Administration

- Appendix X provides a flow chart diagram of the current funding process and schedule
- The following presents this information in a chronological order:

Request for Proposal

A RFP, adopted by the LCMR, with funding priorities, evaluation criteria, schedule and eligible costs is issued every two years to line up with the biennial budget process. Typically, the proposal process is open for 2-3 months from the issuance of the RFP to the proposal deadline. The RFP deadline is usually February or March in the even numbered year of the biennium.

Anyone is eligible to apply. The proposal format requested consists of a 3 page maximum. There is not a predetermined geographic allocation or per capita allocation. There is no minimum or maximum dollar amount that can be requested.

Upon request, LCMR staff provides assistance to project funding proposers and review drafts of their proposals in advance of the final submission.

Once proposals are received they are sorted and ranked by LCMR staff according to the criteria in the adopted strategic plan/RFP. Outside technical assistance is periodically sought during this proposal review process.

Eligible/ineligible costs are stated in the RFP and dollars are administered on a reimbursement basis for non-state agency entities, as required by MN law.

- Current eligible/ineligible costs are in Appendix xx.

Funding Deliberations

Initial Proposal Review

The CAC reviews the proposals and recommends proposals for further consideration (hearing).

The LCMR using the CAC advice, the LCMR staff ranking and other outside advice received decides how many proposals and which proposals to ask in for an interview. Since the number of proposals received and the dollar amount requested far exceed the money available (about 7 dollars requested for each dollar available) a portion of the proposals received are eliminated from further consideration. Projects chosen for further consideration are those determined to best meet the funding criteria. This does not mean that proposals eliminated would not meet the funding criteria, but rather they are determined to be a lower priority or they have possibly received other funding since the time of submission (e.g. state bonding dollars).

During the most recent biennium (FY 06-07) 221 proposals were received requesting over \$240 million. 93 proposals requesting over \$182 million were chosen for further consideration. Approximately \$39 million was available for funding.

Proposal Review

Proposers (project managers) are invited to appear before the LCMR to explain their proposal and respond to questions. Typically, about 30 minutes is spent per proposal during this interview process. During LCMR deliberations, the Commission might again seek additional outside assistance in the review of groups of proposals on specific topics. The CAC is authorized to attend the hearings to ensure the members have more information (beyond the initial 3 page proposal) to assist in making their funding recommendations to the LCMR.

Funding recommendations:

The CAC develops a set of project funding recommendations to the LCMR.

The LCMR, using the CAC advice, then develops a set of recommendations to the legislature in the form of a draft appropriation law.

It is about 6 months from the proposal deadline to the determination of an initial funding recommendation by the LCMR.

Part of the LCMR funding recommendations are the funding of ongoing grant programs for projects such as local and regional parks, small community and habitat projects, metro habitat corridor restoration and acquisition, and local water plan implementation. Funding of these programs enables access to funding for these types of projects throughout the biennium. The LCMR reviews the specific funding allocations of these

programs during the biennium.

Enhanced Proposed Scope of work

After the LCMR funding deliberations are completed more detailed work programs based on the dollars recommended for funding are requested of proposers (116P.05, subd. 2c). Often, projects are not funded at the full dollar amount requested either in the CAC advice to the LCMR or in the final LCMR recommendation. LCMR staff works with the project proposers to ensure that the dollar amount recommended provides for a viable project. If the reduced dollar amount recommended negatively impacts the project proposal, the LCMR is informed before it completes its advice to the legislature.

Peer Review

A formal peer review process on research projects or projects with research elements takes place on projects recommended for funding by the LCMR. The peer review (116P.08, subd. 6) is required to take place before the appropriation is made. The peer review is conducted on the full project work program, not the initial proposal. The peer reviewers are required to comment on the methodology and need for the research. Peer review is also required on completed research projects. The peer review panel is appointed by the LCMR and its findings are reported to the LCMR and the CAC. Peer review takes place prior to the final recommendation of the LCMR to the legislature.

Legislative Review of Proposed Funding

The Trust Fund is appropriated on a biennial basis for each year of the funding available to coincide with the biennial budget process.

Projects proposed to receive funding are presented to the legislature in the odd year of the biennium in appropriation law form and are reviewed by the funding committees.

At times, the funding recommendations have been considered by the legislature as a separate piece of appropriation legislation. This process has often allowed adoption of the funding recommendations early in the legislative session. However, in recent years, the recommendations have been held for inclusion in the omnibus Environment appropriation bill, which is usually adopted in the last days of the legislative session. Consequently, the time from LCMR recommendation to full legislative action and signature by the Governor can be up to one year. In total the time from the proposal deadline to availability of the dollars can be approximately 18 months.

Project Duration

Projects typically take 3 years to complete due to field season work and complexities of acquisitions. Some projects are authorized over longer periods of time and some receive funding over several biennia with review of spending capability.

Evaluation

The work program is again reviewed and approved by the LCMR after legislative action and before the project funding begins. Periodic progress reports (semiannual) are required during the project funding period for evaluation. Oversight is conducted by LCMR staff and periodically by LCMR members during factfinding activities. Final

reports are required for all projects funded.

V. LONG-RANGE PLANNING

A. Background

MS 116P.08 requires a strategic plan. The first strategic plan for the Trust Fund was adopted in 1990. The statute text is as follows:

MS 116P.08, Subd. 3 Strategic plan required. (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives Ways and Means and senate Finance Committees by January 1 of each odd-numbered year. (b) The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.

- According to MS 116P.08, the six-year plan for priority areas for funding must be updated every two years and the plan is advisory only.
- Originally a separate strategic plan and RFP were adopted. The plan is currently published as a detailed RFP and is revised every two years. The original adopted Trust Fund Vision and Mission from 1990 remains in place (Appendix xx). Priorities for funding, proposal evaluation criteria and the timetable for decision making are listed in the RFP.
- In developing the strategic plan, advice on emerging issues is sought from natural resources experts from local units of government, private and nonprofits and state and federal agencies. In addition, public forums have been held to get more general citizen input. In the last two biennia there has also been a web questionnaire seeking advice on priorities for funding. In 2003, over 480 individual responses were received.
- In MS Chapter 116D, Environmental Policy, 116D.10, an Energy and Environmental Strategy Report is required each even numbered year.

See Appendix xx

116D.11, Each department or agency of the state is required to assist in the report preparation. In Subd 2, the Environmental Quality Board has the responsibility to prepare the report.

IV. FISCAL/ADMINISTRATIVE – Broad fiscal issues affecting natural resource funding

A. Background:

Draft 12/9/05 – For Discussion Purposes only

- Discussion of matching funds, history, etc.
- History of the funds mentioned in the Nov. 17 discussion – (Cigarette Tax (MFRF), in-lieu of sales tax money, unclaimed prize money, vetoed project money, 3/16 legislation, general fund, bonding)
- Appendix xx, Projections of Assets in the Environmental Trust Fund , Nov. 14, 2005, State Board of Investment

J:\SHAREWORKFILE\2005 Task Force\background draft report.doc

**ENVIRONMENT & NATURAL RESOURCES TRUST FUND
ADVISORY TASK FORCE**

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

**Environment and Natural Resources Trust Fund Advisory Task Force
Tuesday, January 31, 2006**

Time: 10:30 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Agenda

10:30 a.m. – 12:00 p.m.

1. Review and approve minutes from January 10, 2006
2. Advisory Task Force continued discussion (see meeting objectives)

This committee will break for lunch at approximately 12:00 – noon.

Meeting Objectives

1. Present and discuss options (common understanding).
2. Evaluate options (pro's and con's).
3. Narrow the field (test areas of consensus).

4:00 p.m. Adjourn

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Charlie Berg, Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Craig Shaver,

Ex-Officio: Kathy Tingelstad and Bob Schroeder

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TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

Environment and Natural Resources Trust Fund Advisory Task Force

Tuesday, January 10, 2006

Time: 10:30 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Minutes

Members Present:

Dave Bishop
Karen Bowen
Jeff Broberg
Wayne Enger

Ron Erhardt
Phyllis Kahn
Jane Krentz
Pam Landers

Steve Morse
Craig Shaver
Loren Solberg
Dave Zentner

Members Absent:

Joe Duggan
Ryan Heiniger

Gary Laidig
Earl Renneke

LCMR members present: Rep. Lyn Carlson, Rep. Kathy Tingelstad, Rep. Pete Nelson, Rep. Denny McNamara, Rep. Thomas Huntley, Sen. David Tommassoni

Meeting called to order: 10:37 a.m.

Loren Solberg wanted members to know that he had talked with Earl Renneke and that he requested to resign due to family health related problems. There was a card passed around for members to sign and mail to Earl.

The following presentations were heard by the Advisory Task Force and presenters answered questions posed by members.

1. National Fish and Wildlife Foundation, Donn Waage [8:15, Q&A: 17:25]
2. The McKnight Foundation, Ron Kroese [33:47, Q&A: 47:38]
3. MN Arts Board, Sue Gens & Jim Dusso [56:30, Q&A: 1:14:08]
4. MN House of Representatives Research Staff, John Helland [1:24:14]
 - North Carolina Trust Fund (see Attachment A for notes)
 - Other states-Trust Funds

Break for Lunch / Resume [1:51:05]

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Earl Renneke, Craig Shaver,

Ex-Officio: Kathy Tingelstad and Bob Schroeder

Approval of the Minutes from 11/29/2005:

Motion by Karen Bowen to approve the 11-29-2005 minutes as presented. Seconded by Pam Landers. Motion passed.

Advisory Task Force continued discussion on the Meeting Objectives

Meeting Objectives

1. Refine and confirm desirable qualities identified during the December meeting.
2. Develop possible alternative approaches to governance
3. Evaluate alternative approaches

Ryan asked members to look at the spreadsheet titled "Proposals for the Environment Natural Resources Trust Fund" and to specifically look at row E – Responsibilities of the Board/ Commission/Council and row F – Role of the Legislature. Members were asked to identify the verbs or actions listed in those two rows.

Members came up with the following list of Duties / Tasks of a Future the Board/ Commission/Council

Duties/Tasks

1. Adopt strategic plan (a.k.a. long-range plan).
2. Appropriate funding from the Trust Fund.
3. Evaluate (screen) proposals.
4. Establish and use review committees.
5. Follow constitutional mandate.
6. Determine categories for funding and related budgets.
7. Award grants.
8. Determine membership.
9. Review, monitor, and report expenditures.
10. Ensure open/public process (outreach and active public involvement).
11. Managing (i.e., hiring and firing) staff.
12. Fundraising.
13. Marketing and public relations.
14. Participate in member deliberations.

Members were then asked who they wanted to do each of the Duties/Tasks. Members spent much time discussing this and seemed to get dead-locked on the composition of the Decision-Making Board/ Commission/Council. The chart on the following page shows the discussion of the members.

The following charts shows the results of the brainstorming session and discussion of the members.

Roles and responsibilities:

	Legislature	Governor	Decision-Making Board/Commission	Advisory experts or panels	Staff
Adopt strategic plan	Approve		Responsible Approve	Responsible	
Appropriate funds from the Trust Fund	Responsible				
Evaluate and screen proposals					
Initial screen					Responsible
Review and recommend				Responsible	
Evaluate and award grants			Responsible		

Ryan asked the group is they would be comfortable if the two co-chairs, staff and himself worked to create one or more proposal, hopefully fewer than nine, so that the group can start to compare and contrast the proposals at the next meeting.

Wayne Enger asked if it was possible to have a list of possible choices for each of the activities.

The committee discussed additional dates, and they came to the conclusions that on Jan 31st and Feb 7th they would start at 10:30 a.m., extending the time rather than to try and schedule additional meeting dates.

Dave Bishop suggested that there is no sanction in going beyond the Feb. 15th due date, and in his mind the date was the first of March when the legislature convenes. He stated that he feels that the date was arbitrarily chosen as they did not know when session was going to start.

Loren Solberg also stated that the Feb. 15th deadline is a goal, but not necessarily "the magic date".

4:37 p.m. Adjourn

Attachment A – John Helland, MN House Research – Notes of Presentation

THE NORTH CAROLINA ENVIRONMENT. & NATURAL RESOURCES TRUST FUNDS

- 1) Natural Heritage Trust Fund: Governed by a 12-member board, with four appointees each by the Governor, the General Assembly (House), and the Senate. Board members are private citizens who must be knowledgeable in the acquisition and management of natural resources.

The Fund was created by statute in 1987 and is funded by 25% of the state deed tax revenues, along with revenue received through environmental license plate sales. In the last year, grants have been given out in both the Spring and the Fall, totaling \$19 million annually.

None of the North Carolina trust funds have a peer review process, and coordination between them for projects proposed and grants given is not always achieved. At times, during budget shortfalls, their governor and legislature have intercepted deposits intended for the trust funds and diverted them for other purposes, but this is a rare occurrence.

The Heritage Trust Fund concentrates on protecting large tracts of land within environmental corridors, and use connectors to link separate tracts of land. When land is acquired, the Board may direct up to 20 percent of the acquired land value to be placed in a specific stewardship account for management of the land. Awards have been given to the North Carolina Zoological Park and the Dept. of Agriculture's plant conversation program, as well as for historic preservation projects.

- 2) Parks and Recreation Trust Fund: Governed by a 11-member citizen board, with three appointees by the governor, and four each by their house and senate. Funded by 75% of the state deed tax revenues, the money in the trust is allocated at 65% to state parks for acquisition and development (state has 30 state parks); 30% as dollar-to-dollar matching grants for local government park and recreation purposes; and 5% for coastal water access along the Atlantic coast beaches. Awards are given out twice a year, since this trust fund's inception in 1994.

- 3) Clean Water Management Trust Fund: Established in 1996 and governed by a 21-member board, with seven citizens each appointed by their governor, and state and senate. This fund receives money through legislative appropriations and is now awarding \$100 million in grants annually.

Grants are awarded to state agencies, local governments and non-profit conservation groups to:

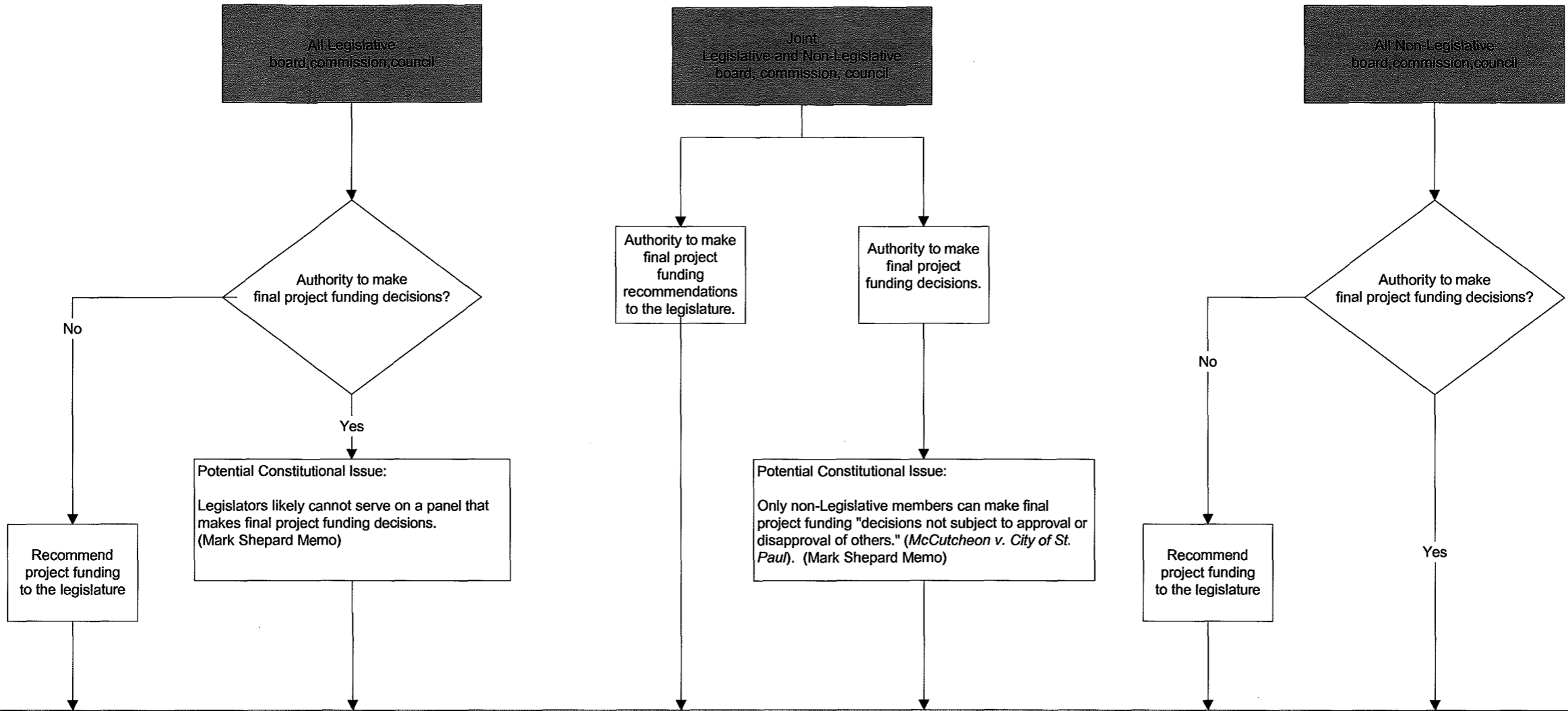
- a) Enhance or restore degraded waters;
- b) Protect unpolluted waters from degradation;
- c) Contribute toward a network of riparian buffers and greenways for environmental, recreation and educational benefits.

Matching grants up to 20% of a project's costs are required for locals and non-profits. The trust fund funds about one-third of the requests it receives. It attempts to assist in achieving clean water quality, as the "Clean Water Legacy" effort in Minnesota is trying to do. The trust fund board estimates that over \$15 billion is needed to protect and restore water quality in North Carolina.

For further information on these trust funds, go to (in order) www.ncnhtf.org; www.partf.net; and www.cwmtf.net.

Trust Fund Governance Structure Decision Tree

The Trust Fund must be appropriated by the legislature



Options:

- Governance Structure (board membership size and balance, advisory panels, appointment process,)
- Long Range Planning
- Grants Administration (regional grants)
- Other Funds to Enhance Trust Fund Expenditures

OPTIONS

Tentative Proposal by the Co-Chairs of the Environment and Natural Resources Trust Fund Advisory Task Force

GOVERNANCE:

Joint Board/Commission/Council

- Makes final project funding recommendations to the Legislature.
- Decisions require a two-thirds majority vote of the full membership (11 members).
- Establishes and uses expert advisory panels.
- Adopts and regularly reviews the long-term strategic plan.
- Operates within current administrative structure (LCC)
- Sunset: June 30, 2016 – applies to all recommendations

Membership of the Joint Board/Commission/Council

- Total of 16 members
 - 6 citizen
 - 5 House
 - 5 Senate
- Appointment process
 - Legislative members appointed by the House and Senate.
 - Citizen members appointed by the Governor (2), House (2) and Senate (2), based on recommendation of Citizen Selection Committee.
- Selection of Chair and leadership
 - Elected by membership, chair rotation between citizen membership and legislative membership
- Membership Terms
 - Recommend the legislature consider development of term limits for the citizen and legislative appointees, such as;
 - Citizen Membership: Staggered 3-year terms, with a maximum of two terms
 - Legislative Membership: 2- year terms, with a maximum of 3 terms.

Citizen Selection Committee

- Total of 5 – 8 members, representing a geographic balance and diversity in natural resource interests, appointed by the Governor.
- Selection Committee:
 - Identifies citizen Joint Board/Commission/Council member candidates from the open appointments process “pool.”
 - Requests and reviews special application for citizen Board/Commission/Council member candidates.
 - Interviews and recommends a “pool” of individual member candidates to the Governor, House and Senate.

Membership Criteria for Joint Board/Commission/Council

Citizen Membership

- Criteria for citizen members to the Joint Board/Commission/Council includes:
 - Demonstrated expertise and experience in the science, policy, or practice of the protection, conservation, prevention and enhancement of the State's air, water, land, fish, wildlife and other natural resources (as defined in 116P).
 - Demonstrated ability to work in a collaborative environment.
 - A strong knowledge of the natural resource issues in the variety of geographic regions of the state.

Legislation Membership

- Criteria for legislative members to the Joint Board/Commission/Council includes:
 - Limit automatic appointments to be the chairs of the environment finance/budget committees in the House and the Senate, or the Chairs' designees.
 - At least 2 of the 5 must be minority members.

REGIONAL GRANTS

The Co-Chairs discussed the possibility of creating regional mini-grant program that would seek to:

- Take advantage of an existing administrative structure that has strong citizen involvement.
- Leverage local and federal funding.
- Help build local capacity for natural resources activities, education and awareness.
- Address unique needs of areas served.
- Capture potentially high-return, local citizen efforts.

Key elements include:

1. Block grants are recommended by the Joint Board/Commission/Council to existing regional organizations such as the Resource Conservation and Development Councils.
2. Funding expenditures must follow:
 - a. Constitutional and statutory authorizations.
 - b. Long-range plan.
3. Grant recipients must report their grant awards and evaluation results to the Board/Commission/ Council.
4. Must maximize funding to projects and minimize the administrative dollars.

OTHER OPTIONS RECOMMENDED

LONG RANGE PLANNING

- Provide adequate funding for Task Force recommendations for additional long range planning activities.

GRANT ADMINISTRATION

- Recommend a stronger role of staff in the screening and initial evaluation of proposals.

OTHER FUNDS TO ENHANCE TRUST FUND EXPENDITURES

- Encourage the Governor and Legislature to recognize the need for natural resource project funding in the capital bonding considerations.

MISCELLANEOUS

- Provide adequate funding for Task Force recommendations for increased outreach and communications.

- Name of the Joint Board/Commission/Council

Ideas:

Environmental Trust Fund Joint Commission (ETFJC)

Environment and Natural Resources Trust Fund Joint Commission (ENRTFJC)

Environment Joint Commission (EJC)

Trust Fund Governance Structure Definitions

Board/Commission/Council

Board/Commission/Council: A formal body that either: (1) has the authority (granted by the legislature) to expend legislative appropriations; or (2) advises the legislature, directly.

- **All Legislative Board/Commission/Council:** Body composed exclusively of senators or representatives, currently holding office.
- **All Non-Legislative Board/Commission/Council:** Body composed exclusively of persons not currently holding office as a senator or representative.
- **Joint Board/Commission/Council:** Body composed of some combination of legislative and non-legislative members.

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ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

Environment and Natural Resources Trust Fund Advisory Task Force

Tuesday, February 7, 2006

Time: 11:00 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Agenda

1. Review and approve minutes from January 31, 2006
2. Review key points raised at the January 31st Advisory Task Force meeting
3. Review revised co-chair's proposal
4. Advisory Task Force action on draft Final Report

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Charlie Berg, Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Craig Shaver,

Ex-Officio: Kathy Tingelstad and Bob Schroeder

ENVIRONMENT & NATURAL RESOURCES TRUST FUND

ADVISORY TASK FORCE

100 REV. DR. MARTIN LUTHER KING JR. BLVD. - ROOM 65

ST. PAUL, MINNESOTA 55155-1201

PHONE: 651/296-2406 FAX: 651/296-1321

TTY: 651/296-9896 OR 1-800-657-3550

EMAIL: lcmr@commissions.leg.state.mn.us

WEB: www.lcmr.leg.mn

Environment and Natural Resources Trust Fund Advisory Task Force

Tuesday, January 31, 2006

Time: 10:30 – 4:00 p.m.

Location: Room 5, State Office Building - St. Paul, MN

Co-Chairs: Loren Solberg and Dave Zentner

Meeting Minutes

Members Present:

Dave Bishop
Charlie Berg
Karen Bowen
Jeff Broberg
Joe Duggan
Wayne Enger

Ron Erhardt
Gary Laidig
Ryan Heiniger
Phyllis Kahn
Jane Krentz (via phone)
Pam Landers

Steve Morse
Craig Shaver
Loren Solberg
Dave Zentner

Members Absent:

LCMR members present: Rep. Lyn Carlson, Rep. Kathy Tingelstad, Rep. Pete Nelson, Rep. Denny McNamara, Rep. Dennis Ozment

**** Attached to the minutes is the "Common Understandings" & the "Co-Chair Proposal" which members discussed as working documents at the meeting. ****

Meeting called to order: 10:38 a.m.

Loren Solberg welcomed new member Charlie Berg. Loren stated that Charlie is replacing Earl Renneke. He also stated that Pam Landers is in Albertville with a flat tire. Susan Thornton stated that Jane Krentz will be joining the group this afternoon via phone.

Approval of the Minutes from 1/10/2006

Motion by Jeff Broberg to approve the 1-10-2006 minutes as presented. Seconded by Joe Duggan. Motion passed.

Each chair made a statement regarding the deliberations over the week, those statements are transcribed below.

Co-chairs: Loren Solberg & Dave Zentner

Task Force Members: Charlie Berg, Dave Bishop, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ron Erhardt, Ryan Heiniger, Phyllis Kahn, Jane Krentz, Gary Laidig, Pam Landers, Steve Morse, Craig Shaver,
Ex-Officio: Kathy Tingelstad and Bob Schroeder

[4:47] Dave Zentner: (transcribed)

We have spent a great deal of time, last Thursday and yesterday trying to work out some recommendations for you. Before I get to that I do want to say these things: Loren Solberg's reputation preceded our working together and his reputation I got is that he is straight shooter and collegial person. I want to acknowledge, I know we are not done with our work Loren, but it has been a great joy for me to work with you and we have had as different view on this subject as you could have to begin the discussions. I really appreciate the straight shooter that you have been. I think we need to also acknowledge the help that Loren and I got from John Velin, Susan Thornton and especial by Ryan Church, our facilitator – greatly appreciative of that.

The context for our recommendation this morning is going to be as co-chairs is that we felt our responsibility was to provide leadership and yet not be dictators and to try and narrow the choices so that we could meet the deadline that both Chairman Solberg and I remain committed to that we and have our report to the legislature by Feb. 15 and to do that without being too prescriptive we attempted to re-examine what we mean by consensus. We have agreed hopefully from Chairman Solberg's point of view and mine we are not going to do a lot of voting and we are going to operate with a strong majority. What does that mean? It means by that with 16 of us we may have 14 people that agree to our recommendation or at least 10 or 11 people that agree to a recommendation we are going to attempt that.

[7:00] As we have tried to focus all along, we need to end up with a result that is not predictability dead on arrival when it reaches the legislature. We need to balance that need with our challenge to bring real change to this process and to this system. We need to show improvement in the grant cycle, and the administration and we think the recommended proposal does that.

We need to deal with this in a fashion that Loren and I feel is successful in reducing the taint around the pork barrel politics and charges about special interests. We do this in a way that reduces or eliminates the taint of what you hear very frequently that what this is all about is a contest between legislative and executive

Both are founded in trying to develop a process here that really improves the delivery of these dollars to our natural resources. We need to keep the legislature involved. We need to put citizens in a decision making process, we need to have very strong criteria for Citizen appointments, we need to have a governance system that is a hybrid, and that is what we are recommending, that requires rotating chairs and a super majority. The legislative appointees come from areas of natural resources interest, either personally or the appropriate committee.

I said at the start, we are trying to lead, not be dictators. We realize that there may be strong difference around the table, but we do support the recommendation that we bring forth today. This is not something that we got together for two days and say oh well, I really believe in my heart that if this were to be the final proposal that it would be meaningful change for this process and a substantial improvement. And also as Loren and I have met, I have had no little concern that this meets the original proposal that Governor Pawlenty proposed – meets constitutional purpose, be focused and that it empower citizen expert and that it be disciplined around a strategic plan. And I believe that this does that. I think that would concluded chairman Solberg where I sit this morning

[9:40] Loren Solberg: (transcribed)

Thanks Dave, I want to react or give a few of my perspectives as well. As I stated before, Dave and I have spent a great deal of time with Ryan and others. We trying to come up with some sort of recommendation we can live with I think on all sides and accomplish the goals that we set out. I didn't get the opportunity of hearing or knowing Dave Zentner's name before. Over the course of these negotiations I have a new friend that I hold with the highest and highest respect. He is a man of integrity and deep convictions and a tough negotiator and he carries the message to bring to the table

that we wanted to bring to the table very articulately. Dave has also proved another thing and that is to be fair and understanding. I will also say one thing, when I first can into the legislative process that there is one thing that someone told me: your word is the only thing you are going to leave with, that is what your bring here and going to leave with. Haven't got anything else that you are going to leave with. Dave I will say that I have a great deal of respect for your integrity and your work at this is the highest regards.

Our negotiations had two things in common at all times. To try and build consensus and to try and find some kind of middle ground, that can be as Dave said, accepted by and passed by the legislature as well. I want to also thank Ryan Church, our facilitator and the staff. Particularly Ryan. Staff was there to take notes, gave us some history, they never gave us advice or inserted their views on things. We did ask them some questions once in a while.

Ryan said many times, "what I heard both of you say was. . .?" He would articulate what we were saying, it took Dave and me a long time to say that, but Ryan was able to pick those things out that he heard both of us say. That is kind of where we got the common ground. As we left the meeting, both of us were a little bit mad, I think, because we didn't get our way. A little mad and a little happy - that is where we should be, that is where most people would want us to be. As we go through this I hope everyone leaves the table today a little bit mad. Both leave a little mad and a little happy. I think the recommendations, we are looking at are the middle ground concepts.

We tried to make sure we weren't being too prescriptive at times. New concepts that were brought in, Ryan said I heard both of your say. . . and then he would ask how can we accomplish what you both said. I think there are some things in here where Ryan brought us to say "Oh" Many times I think Dave and I were both thinking with our mouth open and we would say something and then we would say that was a stupid thing for me to say, because when I thought about what I was saying, that was not where we wanted to go. Get that in the forefront. Not everyone gets everything that they want. Looking for the middle ground and something that can be accepted. I think it also brings forth meaningful reform to the forefront and meaningful change. After we left yesterday after a long session, Dave stated something that struck me and it was, "10 years from now, will this make a difference, will we say we have accomplished something that made a difference?" And that hit me when you said that.

Because I never thought of that as a goal, but I think as I reflect on that I think that the changes that we are recommending will make a huge difference in the mission, and the purpose of the Trust Fund 10 years from now. Any kind of a recommendation that comes from this is a recommendation to the legislature and we want to be able to sell that in a very positive way and I think that we can. Additionally the judgement, of course, of all of our work on this will be what happens to the environment and environmental protection 10 years from now, we also wanted to keep in mind too to make sure we were supplementing and not supplanting. And we thought out some ideas and sometime we had to back up on some of the things we brought forward. In fact I don't think it will take 10 years when we re-look at something that we brought forward. The long term with some of these recommendation would be a positive effect. I didn't come to this conclusion I thought everything was fine to be honest with you. I was happy with everything we were doing but sometimes perception is reality and if it was perceived that it was pork barrel and it was perceived that it wasn't doing the job then we have to make those changes. I think these are positive changes. So with that for the rest of the day, we are going to turn it over to Ryan

I am turning the meeting over to Ryan.

Loren emphasized that this needs to be a recommendation and not a prescription.

Ryan reviewed the meeting objectives:

Meeting Objectives

1. Present and discuss options (common understanding).
2. Evaluate options (pro's and con's).
3. Narrow the field (test areas of consensus).

A list of common understanding / tentative agreement was passed out to members. Ryan explained that they looked at the nine options, and summarized them into 3 options. Secondly, they made a decision tree diagram. Ryan handed out a list of items that seemed to have agreement (common understandings). Ryan asked members if the things on this list clear, does anyone have serious reservations with this and is there anything to add.

Tape paused while people reviewed this list.

Phyllis Kahn – very important are the definitions in 116.02 the language regarding the Outdoor Recreation. Wants to specifically add this back in addressing this and adding it to the bullets under “Common Understanding”. Jeff Broberg wanted her to clarify the controversy around that. She stated that some people do not want recreation funded under this. Dave Bishop stated that 116.02 need to be reviewed and see if any changes need to be made to those definitions. Phyllis Kahn said the definitions in 116.02 clearly stated that this clearly stated that the outdoor recreation system be included with the possible funding. Ryan – need to look at 116.02 and look at those definitions.

Steve Morse stated that the issue of grant administration is to simplify the process, not just shorten the process, but to simplify it. We are the only process that has this 2 stage process, the extensive hearing process and the legislative process. Simplify for the citizens. Dave Bishop the criticism of the process is that it is closed, not open, cut and dried and not opportunities for review and that is wrong. Dave Bishop believes that this process is a good one. Steve said it is open and accessible, but it is not simple, too many steps. Jeff Broberg - the legislature is open and also closed, it is complicated – needs to be simplified to get the money on the ground. Dave Bishop - if we wanted to simplify than we should have done unicameral and that was not embraced. You do not want to simplify the legislative process that is full of danger. Dave Zentner – all of the common understanding are relative to this task force and we need to move on. Stated that a veteran legislator has a different view that the citizens – his world view is very different. Loren Solberg – the grant portion of it have been addressed by Dave and himself the simplicity has been addressed. Ryan Heiniger on the point of simplicity the pre-screening process would be initial in helping with this. Ron Erhardt – the LCMR already does that. Are you talking about simplify are you talking about, simplify the grant review and selection process?

Break for Lunch / Resume [1:51:05]

Presentation and Discussion of Co-chair Proposal

Ryan passed out the Co-chairs proposal for discussion. Ryan read the Proposal. Ryan went back to the decision tree chart.

Citizen Selection Committee Discussion

Members discussed the open appointment process and the Citizen Selection Committees. Dave Zentner stated that it was important the appointment of the wrong citizens could end up being a disaster. Need to be serious on how we select them. Bishop the political impact of large member groups putting pressure on this reform process and that those groups would want someone on this board. Is this your way of getting around the political impacts of this. Ryan asked the chairs to articulate why this was important to them? Loren's concern was that a process be open and people know about it. Want a screening process and to articulate their expertise. He feels that the Regents process took power away from the legislature. The governor appointing this committee has a job to

do. He didn't want this process to be low hanging fruit for the special interest / non-profit groups. Reduce the impacts and perception of pork-barrel from the non-profit groups.

Steve Morse – How long would a grant cycle take from RFP issue to money available to spend.
Loren Solberg – we envisioned the commission can make that determination. Small grants may lose focus. Small grants of local significance – go through the regional program. If large dollar amount go through the process the take no more than a year.

Phyllis Kahn – When you look at how little the recommendations change from July to end of session when incorporated into a bill. You could pass the LCMR appropriation bill on the first day of session – not lose a whole field season. Get agreement to not be used for a bargaining tool, you could cut 5 months off of the process. There are very crucial set of months for a project to get started – need to get an agreement to get it done first.

Karen Bowen – wanted confirmation that the two pieces go in tandem (common understandings & co-chair proposal) and work together. Ryan Church stated that it is up to himself and staff to put this together into one document.

Loren Solberg – They tried their best to not get too prescriptive on who was appointments. Only specified the appointments from the environment finance committees. May have an interest and not be on that committee because of the certain chair controls etc. Dave Zentner – want the legislature to give people who have expertise in NR also, probably need to state that clearer.

Jeff Broberg – questioned the governance – what does LCC mean?

Loren Solberg – Didn't want to create a totally new administration for paychecks etc. The wanted to use one that is already in place in the legislature. LCC is Legislative Coordinating Commission.

Joe Duggan – asked if this maintains the current 2 step process for screening? Board and then go through the legislature and signed by the governor? Dave Zentner – that is correct, Phyllis Kahn - except for the regional grants?

The funding should be in a separate bill standing alone so that it can go through fast.

Dave Bishop - Governor still has a line item veto power on these projects. Negative power not the power to appropriate.

Ron Erhardt - Clarified an annual cycle.

Dave Zentner – staff and technical review would be more aggressive group than it currently is.

Steve Morse – This is really a dual recommendation / structure. Melded proposal and also have regional groups that are appointed at the local level.

Loren Solberg passed out a map of the Resource Conservation and Development Councils. One of the recommendations is for citizen driven group. This would be just one example of how that can be done. Regional body, citizen driven, this is just one example of an existing system that could be used.

Ryan Heiniger – Would they operate under a governance system under the legislature or their own?
Loren Solberg under their own plan, still need to report back, limits on the money and must follow the strategic plan.

Phyllis Kahn – mentioned the distribution of the arts board regional councils.

Pam Landers – stated similar to the initiative foundations that are regional distributed around the state.

It was asked who are the people who make up of the Rc&D board? Response was government, local volunteer, elected and civic appointments form the governing group and the staff is provided.

Phyllis Kahn – looking over the 40 years history. Stand alone bill have more visibility than if it gets lost in the larger bill.

5 minute break – 2:25:46

Dave Bishop – stated more comfortable if operates in a legislative framework.

Ryan Heiniger – environment is a passionate subject. Legislative has influence over state agencies and can work in that way.

Phyllis Kahn – like the advisory committee and screening. Regional arts board model – decide how much money that would get. The legislature does not have much control over funding. Trust Fund is the only discretionary funding for the environment.

Craig Shaver – bonding is absolutely discretionary.

Wayne Enger – MN people are passionate about conservation. Citizens can make good decisions about conservation. They won't let anyone down, not in there nature, they get stuff done because that is what they do.

Karen Bowen – MN arts board, divides the different media into visual, music etc.

Jane Krentz joined by phone: 2:44:30

Ryan Church asked to clarify what the group likes about the arts board is the specific areas of funding.

Steve Morse – use the citizen portion to be like the arts board, and keep the LCMR as is it is. Arts board model gets a direct appropriation. One group will be overwhelmed to keep track of this amount of money in the future growth.

Pam Landers – likes Steve Morse idea. Like the arts board model to be able to use all of the citizen input. Arts board does not say anything about a long-range strategic plan. Someone makes sure the committees are following the strategic plan.

Loren Solberg – proposal needs to come before the legislature and pass. The arts board model would be difficult to get legislative adoption. They incorporated the arts board model in the regional block grant part of the proposal. It could be big money, could end up giving it all the those regional areas.

Ryan Heiniger– stated that the legislature should be more willing to listen to us if we come forward with a model, even if it is the Arts Board, because we have studied it.

Ryan Church asked members to articulate the strengths of the various models before them.

These ideas were recorded on flip chart paper.

Dave Zentner – need to present a clear idea, so that when this report hits the road, it is clear who does what and what the recommendation is.

Ryan Heiniger – stated he likes the arts board idea. Doesn't like the regional block grants. More temporal projects that way than long term stuff - wants an all Citizen board and see where that takes us for the next 10 years.

Jane Krentz (via phone) – how do you create focus on each of the regional areas? How coordinated?

Karen Bowen –The big group is to make sure that these groups are talking to each group and communicating.

Charlie Berg – asked the group if the Co-chair proposal has enough merit to consider working on it?

Steve Morse – he doesn't want it going back to the legislative process when it is awarded. That would be considered a great improvement.

Discussion was to take the Co-chair proposal incorporate the block grant piece and the regional piece and piece the agreement together. Phyllis Kahn citizens could form the 501c3 group.

Ryan Church spoke to getting some consensus so that we can take this to the next step.

Ryan Heiniger requested a hypothetical funding cycle. Who decides how much money goes where?

Kathy Tingelstad commended the Task Force on their work.

Bob Schroeder addressed the Task Force and asked for clarification and suggested they needed to draft legislative language. Members discussed that the main charge of the Task Force was the report recommendations. There was further discussion about meeting one more time to review legislative language. No conclusion was reached.

4:00 p.m. Adjourn

See the attachments:

- Co-Chair Proposal
- Common Understandings

OPTIONS

Tentative Proposal by the Co-Chairs of the Environment and Natural Resources Trust Fund Advisory Task Force

GOVERNANCE:

Joint Board/Commission/Council

- Makes final project funding recommendations to the Legislature.
- Decisions require a two-thirds majority vote of the full membership (11 members).
- Establishes and uses expert advisory panels.
- Adopts and regularly reviews the long-term strategic plan.
- Operates within current administrative structure (LCC)
- Sunset: June 30, 2016 – applies to all recommendations

Membership of the Joint Board/Commission/Council

- Total of 16 members
 - 6 citizen
 - 5 House
 - 5 Senate
- Appointment process
 - Legislative members appointed by the House and Senate.
 - Citizen members appointed by the Governor (2), House (2) and Senate (2), based on recommendation of Citizen Selection Committee.
- Selection of Chair and leadership
 - Elected by membership, chair rotation between citizen membership and legislative membership
- Membership Terms
 - Recommend the legislature consider development of term limits for the citizen and legislative appointees, such as;
 - Citizen Membership: Staggered 3-year terms, with a maximum of two terms
 - Legislative Membership: 2- year terms, with a maximum of 3 terms.

Citizen Selection Committee

- Total of 5 – 8 members, representing a geographic balance and diversity in natural resource interests, appointed by the Governor.
- Selection Committee:
 - Identifies citizen Joint Board/Commission/Council member candidates from the open appointments process “pool.”
 - Requests and reviews special application for citizen Board/Commission/Council member candidates.
 - Interviews and recommends a “pool” of individual member candidates to the Governor, House and Senate.

Membership Criteria for Joint Board/Commission/Council

Citizen Membership

- Criteria for citizen members to the Joint Board/Commission/Council includes:
 - Demonstrated expertise and experience in the science, policy, or practice of the protection, conservation, prevention and enhancement of the State's air, water, land, fish, wildlife and other natural resources (as defined in 116P).
 - Demonstrated ability to work in a collaborative environment.
 - A strong knowledge of the natural resource issues in the variety of geographic regions of the state.

Legislation Membership

- Criteria for legislative members to the Joint Board/Commission/Council includes:
 - Limit automatic appointments to be the chairs of the environment finance/budget committees in the House and the Senate, or the Chairs' designees.
 - At least 2 of the 5 must be minority members.

REGIONAL GRANTS

The Co-Chairs discussed the possibility of creating regional mini-grant program that would seek to:

- Take advantage of an existing administrative structure that has strong citizen involvement.
- Leverage local and federal funding.
- Help build local capacity for natural resources activities, education and awareness.
- Address unique needs of areas served.
- Capture potentially high-return, local citizen efforts.

Key elements include:

1. Block grants are recommended by the Joint Board/Commission/Council to existing regional organizations such as the Resource Conservation and Development Councils.
2. Funding expenditures must follow:
 - a. Constitutional and statutory authorizations.
 - b. Long-range plan.
3. Grant recipients must report their grant awards and evaluation results to the Board/Commission/ Council.
4. Must maximize funding to projects and minimize the administrative dollars.

OTHER OPTIONS RECOMMENDED

LONG RANGE PLANNING

- Provide adequate funding for Task Force recommendations for additional long range planning activities.

GRANT ADMINISTRATION

- Recommend a stronger role of staff in the screening and initial evaluation of proposals.

OTHER FUNDS TO ENHANCE TRUST FUND EXPENDITURES

- Encourage the Governor and Legislature to recognize the need for natural resource project funding in the capital bonding considerations.

MISCELLANEOUS

- Provide adequate funding for Task Force recommendations for increased outreach and communications.
- Name of the Joint Board/Commission/Council

Ideas:

Environmental Trust Fund Joint Commission (ETFJC)

Environment and Natural Resources Trust Fund Joint Commission (ENRTFJC)

Environment Joint Commission (EJC)

Common Understandings and Points of Tentative Agreement Environment and Natural Resource Trust Fund Advisory Task Force

COMMON UNDERSTANDINGS

- The Trust Fund expenditures must follow the constitutional "mandate".
- The Trust Fund must be appropriated by the Legislature.
- The Trust Fund expenditures must provide a long term benefit to Minnesota's environment and natural resources.
- The Trust Fund expenditures must supplement and not supplant other natural resource funding.

GOVERNANCE – FUNDING DECISIONS FOR EXPENDITURES

- Ensure open public process in the development of the strategic plan and project funding review.
- Increase the involvement of MN citizens in the Trust Fund strategic plan and expenditure decisions.
- Increase the public outreach for reporting the funding accomplishments.
- Require participation of members appointed to the Board/Commission/Council in all meetings related to funding decisions recommendations.
- Require a Conflict of Interest process for members of the Board/Commission/Council.
- Establish and use technical review committee(s) in proposal evaluation and project outcome evaluation.
- Peer review for research proposals.
- Expenditures for research should be directly focused on the natural resources identified in the Trust Fund Constitution and long-range plan.

LONG RANGE PLANNING

- The strategic plan required in M.S. 116P.08, Subd. 3, should provide measurable outcomes for expenditures and determine areas of emphasis for funding.
- The development of the long-range plan should include strong citizen input.
- The long-range plan (strategic plan) adopted by the Board/Commission/Council must reflect the Trust Fund Constitution, M.S. 116P. 08, Environment and Natural Resources Trust Fund allowed expenditures.

GRANT ADMINISTRATION

- Increase the frequency of the funding cycle in consideration of dollars awarded to more than biennial (annual).
- Streamline the administration of the project expenditures for recipients.
- Continue to allow for direct administrative expenses for the project expenditures, as needed.

OTHER FUNDS TO ENHANCE TRUST FUND EXPENDITURES

- Seek to maximize the leveraging of non-state dollars in project funding.
- Restore the funding for MN Future Resources Fund for environment and natural resource expenditures.

1/30/2006 4:46 PM

DRAFT

FEB - 7 2006

Report of the Environment and Natural Resources Trust Fund Advisory Task Force

February 15, 2006

Task Force Authorizing law, appointments and membership

Minnesota Constitution Article XI, Sec. 14

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]

Per ML 2005, First Special Session, Chapter 1, Article 2, Section 156:

Sec. 156. [ENVIRONMENT AND NATURAL RESOURCES TRUST FUND; ADVISORY TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] (a) An advisory task force to examine the process for making recommendations on expenditures from the environment and natural resources trust fund is created, consisting of:

- (1) four former members of the current Legislative Commission on Minnesota Resources from the house of representatives, appointed by the executive committee of the commission;
- (2) four former members of the current Legislative Commission on Minnesota Resources from the senate, appointed by the executive committee of the commission; and
- (3) eight public members who are not current or past members of the Legislative Commission on Natural Resources or the Citizens Advisory Council, established under Minnesota Statutes, section 116P.06, but who have submitted trust fund proposals for funding, appointed by the governor.

(b) The members of the task force shall select a chair who shall preside and convene meetings of the task force. At least two house members and two senate members appointed must be from the minority caucus. Current legislative members of the task force are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the task force. Public members of the task force shall be compensated as provided in Minnesota Statutes, section 15.0575.

(c) The task force shall examine the current process for recommending appropriations from the environment and natural resources trust fund and make recommendations for changes in the process. (d) By February 15, 2006, the task force shall report on its recommendations to the governor and the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance.

Subd. 2. [SUNSET.] The duties of the Legislative Commission on Minnesota Resources to recommend expenditures from the environment and natural resources trust fund expire on June 30, 2006.

Advisory Task Force Membership

Governor Pawlenty appointments

David Zentner – Co-chair, Karen Bowen, Jeff Broberg, Joe Duggan, Wayne Enger, Ryan Heiniger, Pam Landers, Craig Shaver

LCMR Executive Committee appointments

Loren Solberg – Co-chair, Charlie Berg**, Dave Bishop, Ron Erhardt, Phyllis Kahn, Jane Krentz, Gary Laidig, Steve Morse, Earl Renneke**

** Earl Renneke resigned on January 6, 2006. He was replaced by Charlie Berg.

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**House Research Issue Brief – “State Environmental Trust Funds”
Environment and Natural Resources Trust Fund Background
Background Appendices**

A History of the Trust Fund appropriated dollars
Flow Chart diagram of the current LCMR funding process and schedule
Current eligible/ineligible cost for grant recipients
Trust Fund Vision and Mission adopted 1990
M.S. Chapter 116D.11 Energy and Environmental Strategy Report
Projections of Assets in the Environmental Trust Fund, Nov. 14, 2005, State
Board of Investment

EXECUTIVE SUMMARY

The Advisory Task Force for the Environment and Natural Resources Trust Fund ("Task Force") was established in ML 2005, First Special Session, Chapter 1, Article 2, Section 156 to "examine the process for making recommendations on expenditures from the environment and natural resources trust fund...."

The Task Force was composed of sixteen members with many years of legislative and citizen expertise in natural resource and governance issues. Although Task Force members had diverse perspectives, they shared a common goal of assuring the preservation and enhancement of Minnesota's natural resources through the best possible stewardship of Trust Fund expenditures. This report reflects the consensus views of the Task Force on how this goal can best be achieved.

The Advisory Task Force held its first meeting on Sept. 27, 2006, and met an additional seven times before the report deadline of February 15, 2006.

The Task Force deliberations served to balance two overriding interests:

- The interest in providing meaningful citizen involvement in the environment and natural resources Trust Fund decision making process; and
- The interest in maintaining the constitutional responsibility of the legislature to appropriate money and oversee the spending of any appropriation.

The Task Force concluded that the goal of increasing citizen input could be achieved by:

- Adding non-legislative citizen appointments to make final funding recommendations by creating a Joint Board/Commission/Council.
- Regularly rotating the Chair between the citizen and legislative members.
- Requiring a two-thirds majority vote for all final funding decision recommendations.
- Creating a Citizen Selection Committee appointed by the Governor to make recommendations for the citizen appointments.
- Providing for the establishment and use of technical expert advisory committees to assist in strategic plan development and proposal review and evaluation.
- Allocating a portion of the Trust Fund dollars to regions, to engage citizens at the local level and to invest in projects that address the unique needs of the area served.

The Task Force also concluded that the constitutional responsibility of the legislature to appropriate money and oversee the spending of any appropriation could be assured by:

- Maintaining legislative members on the Joint Board/Commission/Council to determine final project funding recommendations.
- Recommending final project funding recommendations to the full legislature for review and appropriation.

Key Findings of the Task Force:

- The Trust Fund expenditures must follow the constitutional "mandate" as defined in MS 116P.02 and allowed in MS 116P.08.
- The Trust Fund must be appropriated by the Legislature.
- The Trust Fund expenditures must provide a long-term benefit to Minnesota's environment and natural resources.
- The Trust Fund expenditures must supplement and not supplant other natural resource funding.

Summary of Task Force Recommendations:

The Advisory Task Force Recommendations for changes to the process used for expenditures from the Environment and Natural Resources Trust Funds are in the four major areas of:

- Governance
- Long Range Planning
- Grant Administration
- Other Funds to Enhance Trust Fund Expenditures

The Task Force Recommendations include:

The full recommendations are on page xx.

Governance:

In order to provide increased citizen involvement the Task Force recommends replacing the current Legislative Commission on Minnesota Resources (LCMR) and Citizen Advisory Committee (CAC) process for making recommendations for the Trust Fund expenditures to the Legislature with a ~~46~~ 17 member Joint BCC composed of citizen and legislative appointed membership.

The ~~46~~ 17 members would be composed of: ~~6~~ 7 citizen appointees, 5 House members and 5 Senate members. The citizen members would be appointed by the Governor (~~2~~) (5), the Senate (~~2~~) (1) and the House (~~2~~) (1).

The citizen members would be appointed by the Governor, House, and Senate from recommendations received by the Citizen Selection Committee appointed by the Governor. The House and Senate appoints legislative members.

The chair of the Joint BCC would be elected by the membership and rotate between citizen and legislative members. A super majority of ~~44~~ 12 of the ~~46~~ 17 members (two-thirds) would be required for Trust Fund expenditure recommendations.

Technical Advisory Expert Committees should be established to assist in long range planning for expenditures and proposal review and evaluation.

The legislature would receive the Joint BCC recommendations for review and appropriation to forward to the Governor for signature.

Long Range Plan:

The Joint BCC should adopt a strategic long range plan for Trust Fund expenditures with measurable outcomes and determine areas of emphasis for funding.

Grant Administration and Funding Cycle

To make the funding available on a more timely basis, the funding cycle would be:

- (1) Changed from biennial to annual;
- (2) The Legislature would be encouraged to review the funding recommendations at the beginning of its annual legislative session for adoption;
- (3) Regional Block Grants are encouraged; and
- (4) An account should be set up to fund emerging issues outside of the proposed annual grant cycle with final approval by the Governor.

Other Funds to Enhance Natural Resources

- Trust Fund Expenditures should seek to maximize leveraging of non-state dollars in project funding
- The Governor and the Legislative should restore the funding for the MN Future Resources Fund for environment and natural resource expenditures.

INTRODUCTION

Advisory Task Force Charge

The Advisory Task Force for the Environment and Natural Resources Trust Fund was established in ML 2005, First Special Session, Chapter 1, Article 2, Section 156 to “examine the process for making recommendations on expenditures from the environment and natural resources Trust Fund...”

Draft Note: Membership appointments and full Text of section 156, authorizing legislation, to be on inside cover page.

Advisory Task Force Meetings

The Advisory Task Force held its first meeting on Sept. 27, 2006, and met an additional seven times before the report deadline of February 15, 2006. All materials distributed at the Advisory Task Force meetings and meeting minutes are available on the web at www.lcmr.leg.mn. In addition, the audio of all Advisory Task Force meetings is located at this web site.

Facilitation of the Advisory Task Force was conducted under contract with the Department of Administration.

Information Gathering

The Task Force reviewed the Constitutional amendments for the Trust Fund and MS 116P, the statute that implements the constitutional amendment. Various constitutional issues related to governance structures and expenditure options were provided by House and Senate Research for discussion.

The Advisory Task Force also reviewed the current process for Trust Fund expenditures and programs and processes used by other states, local and national foundations and other state grant programs. Included in the review were presentations from:

- **House, Senate and the Office of the Governor.** House and Senate conference committee members and a representative from the Governor’s office shared their thoughts on the establishment of the Advisory Task Force and its charge.
- **Public Testimony.** The public was invited to share comments and suggestions to improve the process for Trust Fund expenditures. On November 17, 2005, twenty-three people presented testimony. An additional sixteen written comments were received.

- **Citizen Advisory Committee for the Environment and Natural Resources Trust Fund (CAC).**
All current and former CAC members were invited to share their perspectives with the Task Force during the November 17, 2005 meeting. Three CAC members provided testimony. In addition Nancy Gibson, Chair of the CAC, provided written comments.
- **States with Constitutionally Dedicated Natural Resource Funding and/or Established Trust Funds.**
Representatives of Great Outdoors Colorado, the Nebraska Environmental Trust, and the Missouri Department of Conservation presented overviews of the programs and activities in their states. House Research provided an Issue Brief on "State Environmental Trust Funds" (Appendix xx).
- **Foundations and State Grant Programs.** The McKnight Foundation, the National Fish and Wildlife Foundation, and the Minnesota Arts Board presented overviews of their funding governance and process.

FINDINGS AND CONCLUSIONS

The Task Force deliberations served to balance two overriding interests:

- The interest in providing meaningful citizen involvement in the environment and natural resources Trust Fund decision making process; and
- The interest in maintaining the constitutional responsibility of the legislature to appropriate money and oversee the spending of any appropriation.

The Task Force concluded that the goal of increasing citizen input could be achieved by:

- Adding non-legislative citizen appointments to the make final funding recommendations by creating a Joint Board/Commission/Council.
- Regularly rotating the Chair between the citizen and legislative members.
- Requiring a two-thirds majority vote for all final funding decision recommendations.
- Creating a Citizen Selection Committee appointed by the Governor to make recommendations for the citizen appointments.
- Providing for the establishment and use of technical expert advisory committees by the JBCC to assist in strategic plan development and proposal review and evaluation.
- Allocating a portion of the Trust Fund dollars to regions, to engage citizens at the local level and to invest in projects that address the unique needs of the area served.

The Task Force also concluded that the constitutional responsibility of the legislature to appropriate money and oversee the spending of any appropriation could be assured by:

- Maintaining legislative members on the JBCC to determine final project funding recommendations.
- Recommending final project funding recommendations to the full legislature for review and appropriation.

The Task Force identified the following additional findings and conclusions, based on the results of their information gathering and deliberations.

Guiding principles for Trust Fund Expenditures:

- The Trust Fund expenditures must follow the constitutional "mandate" as defined in MS 116P.02 and allowed in MS 116P.08.
- The Trust Fund must be appropriated by the Legislature.
- The Trust Fund expenditures must provide a long-term benefit to Minnesota's environment and natural resources.
- The Trust Fund expenditures must supplement and not supplant other natural resource funding.

Governance

- Ensure an open public process in the development of the strategic plan and project funding review.
- Increase the involvement of MN citizens in the Trust Fund strategic plan and expenditure decisions.
- Increase the public outreach for reporting the funding accomplishments.

Long Range Planning

- The long-range plan (strategic plan) must conform to the Trust Fund Constitution and M.S. 116P. 08, Environment and Natural Resources Trust Fund allowed expenditures, and definitions in M. S. 116P.02.
- The strategic plan required in M.S. 116P.08, Subd. 3, should provide measurable outcomes for expenditures and determine areas of emphasis for funding.

Grant Administration

- Increase the frequency of the funding cycle.
- Provide for regional grants to address unique needs of the regions.
- Increase responsiveness to emerging issues.

Other Funds to Enhance Trust Fund Expenditures

- Additional state and non-state sources of funds should be leveraged to enhance and maximize the impact of Trust Fund expenditures.

RECOMMENDATIONS

The Advisory Task Force Recommendations address four major areas including,

- Governance
- Long Range Planning
- Grant Administration
- Other Funds to Enhance Trust Fund Expenditures

The Advisory Task Force also recommends that a sunset of June 30, 2016, apply to all of its recommendations.

Governance Structure and Membership

- A ~~46~~ 17 member Joint Board/Commission/Council (JBCC) composed of legislative members and citizen appointed members should be established to make final recommendations on the Trust Fund expenditures to the legislature.
- The JBCC should consist of a membership size that can provide for streamlined decision making and represent diverse points of view and opinions of elected and non-elected citizens.
- All appointments made to the JBCC should take into consideration the appointee's qualifications and interest in the mission of the Trust Fund.
- Members would be expected to participate in all meetings related to funding decision recommendations.
- A conflict of interest process would apply to all members of the JBCC.

Composition and Duties

- A Joint BCC of ~~46~~ 17 members composed of legislative and non-legislative citizen members should be established:
 - ~~6~~ 7 citizen members
 - 5 House members
 - 5 Senate members
- The Joint BCC would make final project funding recommendations from the Trust Fund to the Legislature.
- Funding decision recommendations would require a two-thirds majority vote of the full membership (~~44~~ 12 members).
- As appropriate, the Joint BCC should establish and use technical expert advisory panels.
- Citizen appointed members would be selected to chair the technical expert advisory panels.
- The Joint BCC should adopt and regularly review a long-term strategic plan.
- The Joint BCC would operate within the current legislative administrative structure.

Membership

- Appointment process
 - Legislative members would be appointed by the House and Senate.
 - Citizen members would be appointed by the Governor (~~2~~) (5), House (~~2~~) (1) and Senate (~~2~~), (1) based on the recommendations of Governor's appointed Citizen Selection Committee.
- The Joint BCC chair should be elected by Joint BBC membership. The Chair would rotate between citizen membership and legislative membership.
- Membership Terms
 - The Task Force recommends that the legislature develop term limits for the citizen and legislative appointees, such as:
 - Citizen Membership: Staggered 3-year terms, with a maximum of two full terms
 - Legislative Membership: 2- year terms, with a maximum of 3 full terms.

Citizen Membership Criteria

- Criteria for citizen members to the Joint Board/Commission/Council should include:
 - Demonstrated expertise and experience in the science, policy, or practice of the protection, conservation, prevention and enhancement of the State's air, water, land, fish, wildlife and other natural resources (as defined in 116P).
 - Demonstrated ability to work in a collaborative environment.
 - A strong knowledge of the natural resource issues faced across the variety of geographic regions of the state.

Legislative Membership Criteria

- Criteria for legislative members to the Joint Board/Commission/Council should include:
 - Limiting automatic appointments to be the chairs of the environment finance/budget committees in the House and the Senate, or the Chairs' designees.
 - At least 2 of the 5 appointments from the House and Senate must be minority members.

Citizen Selection Committee Composition and Duties

- A committee totaling 5 – 8 members, representing a geographic balance and diversity in natural resource interests, should be appointed by the Governor to recommend citizen members for appointment to the Joint BCC.
- The Citizen Selection Committee Duties would include:
 - Identification of citizen Joint BCC member candidates from the open appointments process "pool."
 - Requesting and reviewing special applications for citizen member candidates.
 - Interviewing and recommending a "pool" of member candidates to the Governor, House and Senate.

Long-Range Plan

The Joint BCC should recommend adequate funding for the Advisory Task Force recommendations for increased citizen outreach and communications as part of the long-range planning and grant-making functions. Additionally, the Advisory Task Force recommends that:

- The strategic plan required in M.S. 116P.08, Subd. 3, should provide measurable outcomes for expenditures and determine areas of emphasis for funding.

The long-range plan (strategic plan) adopted by the Joint BCC must conform to the Trust Fund Constitution, M.S. 116P.08, Environment and Natural Resources Trust Fund allowed expenditures, and definitions in M.S. 116P.02.

Grants Administration

The Legislature would be encouraged to review the project funding recommendations from the Joint BCC for adoption at the beginning of the annual legislative session. Additionally, it is recommended that the Joint BCC should:

- Increase the frequency of the funding cycle to an annual cycle (Example of annual cycle in Appendix xx).
- Continue to allow for direct administrative expenses for the project expenditures, as needed
- Establish and use technical review committee(s) in proposal evaluation and project outcome evaluation.
- Continue to conduct peer reviews for research proposals.
- Focus expenditures for research directly on the natural resources identified in the Trust Fund Constitution and long-range plan.
- Simplify the grant application and review process.
- Streamline the administration of the project expenditures for recipients.
- Continue to ensure the accountability of the expenditures and provide for the auditing of the expenditures.

The Advisory Task Force also recommends that staff of the Joint BCC be given a stronger role in the screening and initial evaluation of proposals.

In addition to making specific project funding recommendations, the Joint BCC should consider recommending funding for Regional Block Grants and an Emerging Issues Account.

Regional Block Grants

The Joint BCC should consider establishing Regional Block Grants (on a nonformulaic basis) for a portion of the funding to:

- Take advantage of an existing administrative structure that has strong citizen involvement
- Leverage local and federal funding.

- Help build local capacity for natural resource activities, education and awareness.
- Address unique needs of areas served.
- Capture potentially high-return, local citizen efforts.

The Joint BCC should consider providing the block grants to existing regional organizations, such as the Resource Conservation and Development Councils.

The Regional Block Grant expenditures would need to conform to Constitutional and statutory authorizations and the adopted long-range plan.

Grant recipients would report their grant awards and evaluation results to the Joint BCC and would be expected to maximize the funding provided to projects, minimize the administrative dollars, and leverage additional funds.

Emerging Issues Account

The Joint BCC is encouraged to establish an emerging issues account to be appropriated by the legislature for the JBCC to respond rapidly to emerging issues brought to their attention. Expenditures would need to conform to the adopted strategic long-range plan. Recommendations for the account expenditures would be subject to approval by the Governor.

Other Funds to Enhance Trust Fund Expenditures

- Trust Fund expenditures should seek to maximize the leveraging of non-state dollars in project funding.
- Recipients of funding should be encouraged to partner with 501c (3) organizations, such as the National Fish and Wildlife Foundation.
- It is recommended the Governor and the Legislature restore the funding for the MN Future Resources Fund for environment and natural resource expenditures.
- The Governor and Legislature are encouraged to recognize the need for natural resource project funding in the capital bonding considerations.

Advisory Task Force on the Trust Fund

Appendix to report - Possible Annual Funding Calendar

For further determination by the JBCC. Note the first year will be more difficult because of appointments and organizational issues

Early to mid fall - issue RFP

Late fall to early winter - deadline date and evaluate proposals

Winter Legislature considers and approves a stand alone bill early in the session

July 1 of each year - first date money can be spent by recipients by Constitution

From the deadline for proposals to money available to spend is 6 to 7 months once the cycle matures

3.305 Legislative Coordinating Commission; bicameral legislative administration.

Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission, committee, or other entity in the legislative branch composed exclusively of members of the senate and the house of representatives.

(b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the Office of Legislative Auditor, and any other joint legislative service office.

Subd. 1a. **Approval of budgets; compensation.** The budget request of a legislative commission or joint office shall be submitted to the Legislative Coordinating Commission for review and approval before its submission to the appropriate fiscal committees of the senate and the house of representatives. In reviewing the budgets, the Legislative Coordinating Commission shall evaluate and make recommendations on how to improve the efficiency and effectiveness of bicameral support functions and services and on whether there is a continuing need for the various legislative commissions. The executive director of the Legislative Coordinating Commission shall recommend and the commission shall establish the compensation of all employees of any legislative commission or joint office, except classified employees of the Legislative Audit Commission.

Subd. 2. **Transfers.** The Legislative Coordinating Commission may transfer unobligated balances among general fund appropriations to the legislature.

Subd. 3. **Employees.** All employees of legislative commissions and joint offices are employees of the legislature in the unclassified service of the state, except classified employees in the legislative auditor's office.

Subd. 4. **Administrative staff for commissions.** The executive director of the Legislative Coordinating Commission shall provide and manage office space and equipment and hire, supervise, and manage all administrative, clerical, and secretarial staff for all legislative commissions, except the Legislative Advisory Commission and the Legislative Audit Commission.

Subd. 5. Repealed, 1Sp2003 c 1 art 2 s 136

Subd. 6. **Bicameral working groups.** The Legislative Coordinating Commission may establish joint commissions, committees, subcommittees, task forces, and similar bicameral working groups to assist and advise the coordinating commission in carrying out its duties. The customary appointing authority in each house shall appoint the members of any such entity. The coordinating commission may delegate to an entity, in writing, specific powers and duties of the coordinating commission. All entities established by the commission under this subdivision expire on January 1 of each odd-numbered year, unless renewed by affirmative action of the commission.

Subd. 7. **Membership on legislative commissions.** The

appointment of a member to a legislative commission, except a member serving ex officio, is rendered void by three unexcused absences of the member from the meetings of the commission. If an appointment becomes void, the legislative commission shall notify the appointing authority of this and request another appointment.

Environmental Trust Fund Advisory Task Force

February 6, 2006

Co-Chairs Solberg and Zentner:

We want you to know that the time and effort that each of you have put into this Advisory process is greatly appreciated. This is an important issue that we are addressing and your focused attention and commitment is critical to making progress on behalf of the state's resources.

After our meeting last week there remained considerable uncertainty as to what constituted the consensus of the group. For example, several of us were of the understanding that the citizen members of the Commission/Council would total more than six, as was reported in the media.

When we left the discussion last Tuesday, the proposal included three separate allocation and grant processes for ETF dollars. 1) A regional grants program; 2) A joint commission process that would require subsequent legislative approval and; 3) a block grant allocation that would fund projects considered and awarded by the citizen members of the Commission. It is very uncertain that this will speed up and simplify the process.

The amount of the block grant allocation is unclear as is its process. It may be very confusing to grant applicants to know to which program they should apply. Yet this concept was proposed and discussed to address some very specific issues that are part of the common understandings that were adopted by the group. These include: 1) Increase the involvement of citizens. This gives the appointed members direct responsibility for a portion of the ETF dollars. 2) Increase the frequency of the project awards. Although the legislature could do annual appropriations, this is inconsistent with the usual and customary practices of biennial budgeting, and the practice may well fall out of favor with legislators, but an appointed panel could easily do this. 3) Simplification of the process. This means a shorter process with fewer steps. A key to achieving this is to not have a dual step process that requires approval through a hearing process, followed by a complete legislative process. 4) Maximize the leveraging of non-state dollars. This is different from the traditional practice of the LCMR of trying to leverage project dollars. This new model would be most successful if done through a 501c(3) organization that could have the ETF dollars that they could then use to secure additional private funds before grants are awarded.

As worthy as the above goals are, it is very uncertain that the proposal that was discussed on January 31st will achieve these objectives. We would like to suggest some modifications to the Co-Chairs model to move us closer to realizing the goals that are laid out in our Common Understandings document. Specifically these would result in a true partnership between the legislative and appointed members of the governing board and a clearer and faster grant award process for applicants.

Joint Board/Commission/Council Governing Panel Membership

Goal: Reflect a true partnership between the appointed members and elected officials.

- Equal citizen and legislative representation.
- 16 member maximum

The desire for the majority party political party in each chamber to always hold most of the seats appointed from that chamber runs contrary to the desired non-partisan nature of the envisioned panel. The legislative appointments can approximately represent the political make up of each chamber. This political concern should not override the need for equal representation of appointed citizens in the process.

Joint Board/Commission/Council Governing Panel Responsibilities

Goal: Simplify and Increase funding cycle frequency

- The full panel would recommend to the legislature appropriation of ETF funds allocated amongst the issue priorities contained in the strategic plan.
- The appointed members of the panel would be responsible for hearing all specific project proposals and awarding grants.
- All actions would require support of a super majority of members present.
- Grants would be awarded at least annually.
- The duration of the process from initial project application until the funds are awarded and available would not exceed six months.

This structure could allow for the appointed members of the governing panel to form a 501c(3) to be used to leverage other funding sources.

This process would allow the legislative members of the panel to focus on the critical policy level tasks of devising and updating the strategic plan, appropriating the ETF resources to the priority areas of that plan, and overseeing results and outcomes of the projects and programs. The legislature would always retain the right to directly appropriate ETF dollars to specific projects that are consistent with the constitution. This plan would provide the desired increased involvement of citizens in the expenditure process, while following the plan and parameters defined by the legislature.

This entire process should sunset again in six years to encourage a full review of its effectiveness at that time.

Joseph J. Duggan

Steph. Moore
J. M. S. Behm
Wayne Enger