

School Trust Lands Aggregate Leasing, Land Sales, and Exchanges

Dan Roark, Attorney
Lands & Minerals, DNR
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Overview

- In both FY06 and FY07, \$150,000 was appropriated from the Forest Suspense Account “to accelerate land exchanges, land sales, and commercial leasing of school trust lands.”
- In each year from FY08-FY13, \$200,000 was appropriated from the Forest Suspense Account “to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands.”

Overview

Fiscal Year	Appropriated	Total Expended	Total Returned	Expended (Sales & Exchanges)	Expended (Aggregate)
2006	\$150,000	\$97,893	NA	\$97,893	NA
2007	\$150,000	\$155,379	\$46,728	\$155,379	NA
2008	\$200,000	\$79,208	NA	\$21,114	\$58,095
2009	\$200,000	\$112,349	\$208,443	\$42,909	\$69,440
2010	\$200,000	\$71,163	NA	\$11,523	\$59,639
2011	\$200,000	\$98,807	\$230,030	\$28,697	\$70,110

Aggregate



Aggregate

- Substantial deposits of construction aggregate resources exist on school trust lands
- The DNR makes great effort to try and convert the aggregate resources on school trust lands into revenue for the school trust fund through the leasing of construction aggregates
- The process involves marketing, resource and future revenue protection, inventory fieldwork (ie. determination of resource quantity and quality), development of a site-specific management plan to both manage the resources and protect the environment, and determination of the lease rate to assure maximum revenue to the school trust

Aggregate

- **Highlights:**

- Enbridge -In **FY10**, a lump sum payment of **\$874,155** was paid by Enbridge for deposit directly into the permanent school fund. This payment was made for the aggregate that will not be available for mining during the existence of the pipeline, however this aggregate may still be sold in the future after the pipeline is no longer in use. This aggregate encumbrance payment is in addition to the utilities license fees charged to Enbridge.

Aggregate

- **Highlights** (cont'd):
 - Soring Pit(Marketing and Inventory) – This gravel pit was put out for bid to assure the best return for the trust. The successful bid will pay at least **\$105,750** in rental payments for **5 years** of the lease.
 - In the summer of 2009, this pit also generated more than **\$98,000** for the school trust.

Aggregate Revenue

Fiscal Year	Revenue
2002	\$335,170
2003	\$141,750
2004	\$158,804
2005	\$283,817
2006	\$460,718
2007	\$172,449
2008	\$219,416
2009	\$344,294
2010	\$1,085,786*
2011	\$381,117

Average Annual Revenue
FY2002 to 2007 =
\$258,785

Average Annual Revenue
FY2008 to 2011 =
\$507,653

*Includes Enbridge Aggregate Encumbrance

State Earth Materials Leases on Permanent School Trust Lands

Program Information

The Department of Natural Resources offers commercial leases on **Permanent School Trust lands** and other State owned land types for the purpose of the commercial production of **construction aggregates** [PDF](#) (sand and gravel, crushed stone) or landscape stone by private entities. DNR also offers commercial leases of stockpiles from former iron mining operations.

- The DNR administers approximately **2.5 million acres of Permanent School Trust Lands, viewable on this map** [PDF](#) (~1 mb, 8.5"x11"), and has a fiduciary responsibility to generate revenue from those lands for the Trust. The sale of construction aggregates is one way to generate revenue.
- The **locations of active and historic State earth materials leases and potential leases sites on Permanent School Trust Lands are shown on this index map** [PDF](#) (~3 mb, 11"x17"). The index map displays the locations of 44 active earth materials leases, 105 historic earth materials sites previously leased, 4 sites planned for bid offerings in 2010, and 18 sites for which a future lease offering is being considered.



If your business would like to learn more about these opportunities, please contact:

Glenn Melchert, Geologist

glenn.melchert@state.mn.us

MN DNR - Division of Lands and Minerals

Land Sales

- DNR typically holds one or two public land sales a year
- The number of parcels offered has increased since 2006
- For the five years prior to the appropriation, annual land sales revenue averaged approximately \$193,000 (not including high value lakeshore sales) and \$396,000 including the high value lakeshore lots; from 2006 to 2010 annual land sales revenue averaged approximately \$343,000
- Land sales have recently decreased with the economic downturn

Trust Fund Land Sale Revenue (by calendar year)

Year	Parcels Offered	Parcels Sold	Acreage	Net Revenue
2001	10	10	239.4	\$229,601
2002	13	13	65.06	\$872,770*
2003	5	5	58.19	\$106,680
2004	7	7	92.69	\$173,220
2005	6	6	44.89	\$596,290**
2006	19	9	322.6	\$468,250
2007	28	15	379.13	\$542,510
2008	21	4	84.5	\$75,565
2009	19	6	150.65	\$312,860
2010	28	11	367.12	\$317,115

* Three Legislative Approved Lake Lots were sold accounting for 8.7 acres and \$514,340 of sales income.

** Includes a 1.13-acre parcel that sold for \$500,000 (\$102,530 over minimum).

Land Exchanges

Fiscal Year	Number of Exchanges	State Acreage	Exchange Land Acreage
FY01*	9	489.33	6184.34
FY02	7	1906.94	1766.9
FY03	4	43.59	261.12
FY04	7	859.51	1130.54
FY05	2	437.00	536.04
FY06	0	0	0
FY07**	8	5,149	11,199
FY08	3	110	96.47
FY09	1	17	20
FY10	2	352	480
FY11	4	2099	2629

*Lakeshore Lease Lot exchanges.

**Includes two large state park exchanges.

Land Exchanges

- In FY 06 and 07 the DNR completed the exchange of 4,908 acres of school trust lands within state parks and state recreation areas for 10,913 acres of other DNR administered land
- In the Fall of 2010 the DNR completed two internal exchanges of school trust lands
- Exchange #886 exchanged 998 acres of school trust land with designated old growth for 1,429 acres of other DNR administered land

Land Exchanges

- Exchange #890 exchanged 89 acres of school trust land, that had diminished revenue generating potential because of its use as a school forest by the Longville School District growth, for 160 acres of other DNR administered land
- The DNR is beginning work on the next areas for land exchanges of school trust lands. Approximately 20,000 acres of old growth forest have been identified on school trust lands. The next parcels for exchange are water access sites and wildlife management areas, and the DNR is starting the process to identify revenue generating state lands for exchange.

Land Exchanges

- The DNR along with the PSFAC have identified the BWCAW Sale & Exchange as a priority for the DNR exchange efforts
- During FY10 and 11, the DNR focused its exchange efforts on the BWCAW
- This focus will continue in the coming fiscal years

Thank you.

Contact information:

Daniel.Roark@state.mn.us