

Recommendation

The Department of Natural Resources is currently working on two land exchanges involving school trust lands and other DNR administered lands located in Koochiching County and Cass County. Please find background information and maps depicting the location of the lands involved. The DNR is recommending approval by the Permanent School Fund Advisory Committee to proceed with these exchanges.

Statutory authority

Minnesota Statute, Sec. 92.121, states the following with regards to Permanent School Fund Lands:

“The commissioner of natural resources shall exchange permanent school fund land as defined in the Minnesota Constitution, article XI, section 8, located in state parks, state recreation areas, wildlife management areas, scientific and natural areas, or state waysides or on lands managed by the commissioner as old growth stands, for other lands as allowed by the Minnesota Constitution, article XI, section 10, and section 94.343, subdivision 1, that are compatible with the goal of the permanent school fund lands in section 127A.31 when, as a result of management practices applied to the permanent school fund lands and associated resources, revenue generation has been diminished or is prohibited and no alternative has been put into effect to compensate the permanent school fund for the income losses.”

On February 25, 2010, the Land Exchange Board approved the DNR’s request to appoint the PSFAC as temporary trustee of the School Trust lands involved in these exchanges.

Minnesota Statute, Sec. 94.342, subd.5, reads:

“School trust land may be exchanged with other Class A land only if the Permanent School Fund Advisory Committee is appointed as temporary trustee of the school trust land for purposes of the exchange.

The committee shall provide independent legal counsel to review the exchanges. The Land Exchange Board resolution for each exchange is included in the background materials.”

In past exchanges such as these, the PSFAC has requested that the Attorney General’s Office provide them with legal counsel. An Assistant Attorney General, who has fulfilled this role in the past, has agreed to serve as the PSFAC’s legal counsel. This attorney has conducted title reviews of the lands to be received by the school trust, has found the title to be marketable, and is prepared to provide the PSFAC with the results of this title review.

Land Exchange 886 – Project Summary

This land exchange project involves 998 acres of school trust land and 1429 acres of Consolidated Conservation land located in Koochiching County.

The school trust land is valued at \$140,000 and the Consolidated Conservation land is also valued at \$140,000. Maps for this project are found on Exhibit A.

Estimated future timber revenue for this exchange in the next 50 years (using today's values) is approximately \$32,000 on the Consolidated Conservation land.

The old growth stand on the school trust land is comprised of Northern White Cedar trees. Northern White Cedar grows in a wide range of sites, from dry rock outcrops to swamps. Once abundant throughout northern Minnesota, cedar has declined in abundance largely due to problems with reproduction. Cedar rarely regenerates after a major disturbance such as logging or fire. It regenerates best in situations where there is an over-story of trees. Young cedar is favorite food of the white tail deer.

Other than the value as critical habitat, cedar also has a long history of use in construction from siding and roofing to decking and fencing. Due to the scarcity of cedar and the use of alternative materials, the stumpage value of cedar has decreased to less than \$11 per cord, half of the average stumpage value for all other tree species.

More information on cedar can be found at:

http://files.dnr.state.mn.us/natural_resources/npc/forested_rich_peatland/fpn63.pdf

The PILT payment to Koochiching County will not change as a result of this exchange. The payment for the school trust land is at the same rate as these consolidated conservation lands in a state forest. Total state land ownership in the county would not be changing as a result of this exchange.

The intent is to transfer the trust land classification to more suitable lands that have better potential for generating future income for the Permanent School Fund. Currently, the school trust lands are in designated old growth forest stands. The designation of these lands precludes timber harvest and limits other revenue generation activities. By exchanging the trust land with the Consolidated Conservation land, the potential for generating income for the trust is greater than having it remain classified as old growth. The current trust lands are isolated, land locked parcels, whereas the Consolidated Conservation lands have legal access, and a greater potential for generating future income to the trust.

Benefits to the School Trust

The benefits to the school trust in exchanging this land in Koochiching County are that the lands that will become school trust land are better suited for long term management and would have a higher likelihood future income return as they are legally accessible. While this exchange will not provide immediate economic short term return for the trust, the potential for long term asset return to the trust is greater.

More information on old growth forests may be found within the DNR's Old-growth Forests Guideline - Implementation Results 2002:

http://files.dnr.state.mn.us/natural_resources/forests/oldgrowth/draftinterimreport_122602.pdf

Costs associated with this exchange include Department of Natural Resources and Attorney General's Office staff time, abstracts, and appraisal work. These costs have been paid out of the Forest Suspense Account and total \$16,584 with 64 total hours spent on this exchange. This cost value does not include management time spent on the project, nor the time of the Land Exchange Board members and their staff.

Land Exchange 890 – Project Summary

This land exchange project involves 89 acres of school trust land and 160 acres of Forestry acquired land located in Cass County. The school trust land is valued at \$145,000 and the acquired land is also valued at \$145,000. Maps for this project are found on Exhibit B.

The purpose of this exchange is to resolve a use of the lands that limits revenue generation activities. In 1997, the Longville School Forest was created on 80 acres of school trust land in Cass County via a certificate of establishment from the Commissioner of Natural Resources. Since then, the Longville School District has operated a school forest site on the parcel. They have developed the site with trails, shelters and docks.

The DNR would like to convey the land being used for school forest purposes by direct sale to the Longville School District, however, trust land can only be sold by public auction. The proposed exchange would change the school forest parcels to acquired, a land type that can be directly conveyed with legislation. The DNR will seek legislation during the 2011 session authorizing a direct sale to the Longville School District. Upon completion of the exchange and passage of the legislation, the DNR would be allowed to directly sell the school forest parcels to the Longville School District.

In February 2010, the Department of Natural Resources requested the Land Exchange Board to appoint the Permanent School Fund Advisory Committee as the temporary trustee of the trust fund land for purposes of this land exchange.

Benefits to the School Trust

The benefits to the school trust in exchanging this land in Cass County are:

- The timber on parcels to become trust is accessible and can be harvested to generate income for the School Fund. Estimated future timber income in the next 50 years (using today's values) is approximately \$69,500.

- The current school trust lands are mostly low lying parcels with water, providing few opportunities for timber production. Estimated future timber income in the next 50 years (using today's values) is approximately \$18,400.

Costs associated with this exchange include Department of Natural Resources and Attorney General's Office staff time, abstracts, and appraisal work. These costs have been paid out of the General Fund and total \$8,848 with 55 total hours spent on this exchange.

This cost value does not include management time spent on the project, nor the time of the Land Exchange Board members and their staff.

Based on the Forest Inventory Module¹ data, no timber has been harvested from these trust lands in at least 30 years.

Minnesota School Forest Program

Minnesota Statute, Sec. 89.41 authorizes any school district in the state, the University of Minnesota, or other public education institutions to establish and maintain forests. These forests are commonly known as "school forests." The property may be acquired by purchase or gift. Tax forfeited lands may be sold by the county board to the institution in the same manner as tax forfeited lands are conveyed to a governmental entity for public use.

The attached "Planting the Seed: How to Start a School Forest" booklet is good overview of the most common questions about the program. Please use it to for more in depth information. Specific questions about the program or Longville School Forest can be directed to Amy Kay Kerber, School Forest Program Manager.

School Forest Quick Facts

- 115 School Forests in Minnesota, sites are statewide
- Over 7,000 acres are in the School Forest Program
- The School Forest Program reaches over 1200 teachers and 28,000 students annually.
- Property Ownership:
 - 60% school district acquired land – purchased or donated
 - 40% of School Forest are on tax-forfeited land deeded to the school district under Minn. Stat. sec. 89.41
 - 2 School Forests are on trust land: Longville and Nashwauk-Keewatin (Nashwauk-Keewatin is managed for community recreation use, school use, and public lake access)
- DNR Foresters develop a Stewardship Plan and work with School Forest Committees to manage the site. Land owner makes final management decisions, but in order to remain active in School Forest Program or retain status, Stewardship Plan recommendations need to be followed and a minimum of 5 education activities a year must be conducted.
- Sale of timber and non-timber forest products from School Forest lands is permitted under Minnesota Statute, Sec. 89.42. For this parcel, all forest product receipts go into the forest suspense account which is then certified for forest management costs. Those costs are taken from the account to reimburse the general fund and Forest Management Investment Account for the forest management expenditures, with the remainder going to the Permanent School Fund.

¹ **Forest Inventory Module (FIM):** The FIM provides a database and application through which field foresters can maintain an integrated and centralized inventory of the forests on publicly owned lands managed by the Division of Forestry and other divisions. In the field, foresters collect raw plot and tree data. Those data are summarized in stand-level data that are linked to a spatial representation of stand boundaries.

History of Longville School Forest

1995-1996: Longville School Forest was established on school trust land. .

1997-2008: Northland School District (ISD #118) used site for education activities on a regular, consistent basis. Northland School District erected structures (kiosks, outhouses, gazebo, etc.), built trails and board walks, and installed signs on property. See attached photo inventory of structures. Funds for School Forest activities were generated through community activities. No products were sold from parcel.

Partnerships with many community groups formed to aid in site development, maintenance, and increase site recreation use by community, e.g., *Pedalpushers* group established and maintains a butterfly garden for community enjoyment, Boy Scouts and other youth groups use site for activities year round.

Longville School Forest slowly becomes a central feature of the Longville Community – listed as a tourist stop by local businesses and residents, daily recreational use by community members (trail running, walking, and bird watching), location for senior class camping trip, main gathering point for a variety of town activities.

2008: Previous to 2008/2009 school year, Northland School Board was under the impression that School Forest designation would gave them title to the land. Land status as school trust land remaining in state ownership confirmed and investigation into process to correct situation began.

2009: two-year lease initiated with Northland School District to allow frequent site use and maintenance of structures, trails, and signs. The annual lease fee is \$695, Northland School District, Longville School Forest Committee pays \$500 and DNR School Forest Program pays \$195.

Spring 2010: Northland School District, due to budget crisis, voted to close Longville Elementary. Northland School District would still like to maintain School Forest for use.

The Future:

As it is, the Longville School Forest is a parcel of land that has been developed 100% by the local community into a recreation and education destination. The trails, kiosks, boardwalks, and structures make it an inviting place for everyone. Northland School District, the City of Longville, and the Longville Foundation have all expressed interest in continuing to support this parcel as a community resource. Northland School District's recent decision to close Longville Elementary means that all Northland School District Elementary students will be educated at Remer Elementary – approximately a 40 minute drive. Remer Elementary and High School have a 40 acre School Forest adjacent to their school building. This brings into question whether or not the school district will use the Longville School Forest in the future.

There is no question that there is great community interest to support the site's use an education and recreation destination in the future. Several community members have

contacted the School Forest Program to pledge their support (financial, maintenance, promotional, etc.) to keep the site available as a community resource. There is also a group of educators interested in establishing a charter school in Longville (to counter the 2 hours/day of bus time for the students).

Given the lack of revenue to be generated from the site and the established education and recreation use by the community the Longville School Forest is an ideal parcel to transfer/directed sale to a partner organization (City of Longville, Longville Foundation, future charter school) for continued community use.

Exhibit A

**Land Exchange 886
Consolidated Conservation Lands**



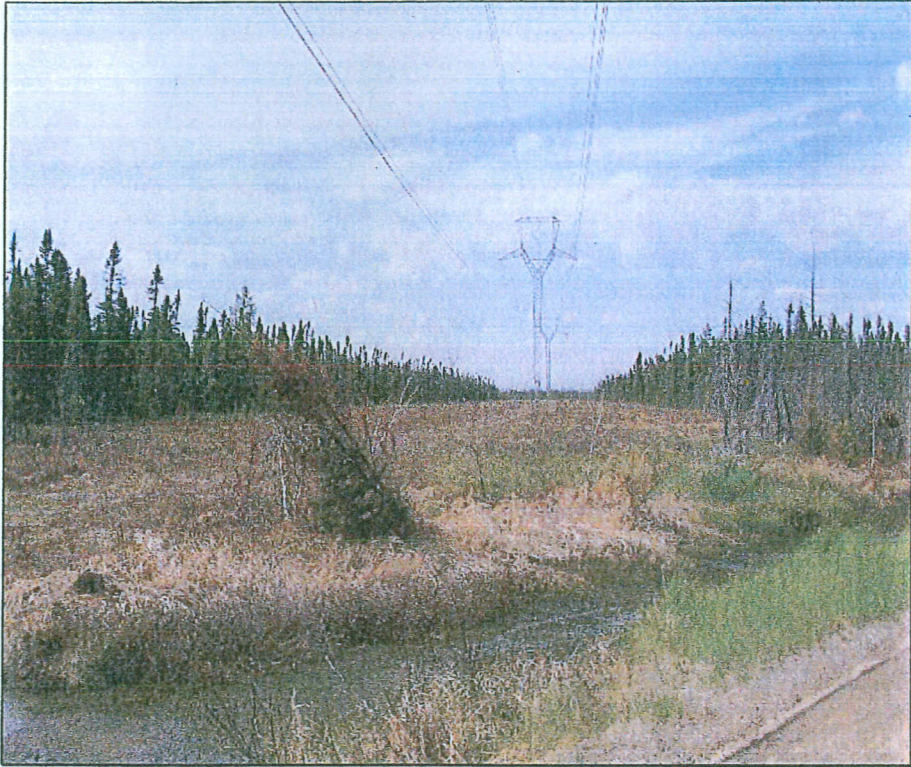
**View of subject property taken from Co Rd 96 facing northwest.
Photograph taken by David Massopust on June 24, 2009.**



**View of subject property taken from Co Rd 96 facing northeast.
Photograph taken by David Massopust on June 24, 2009.**

Exhibit A

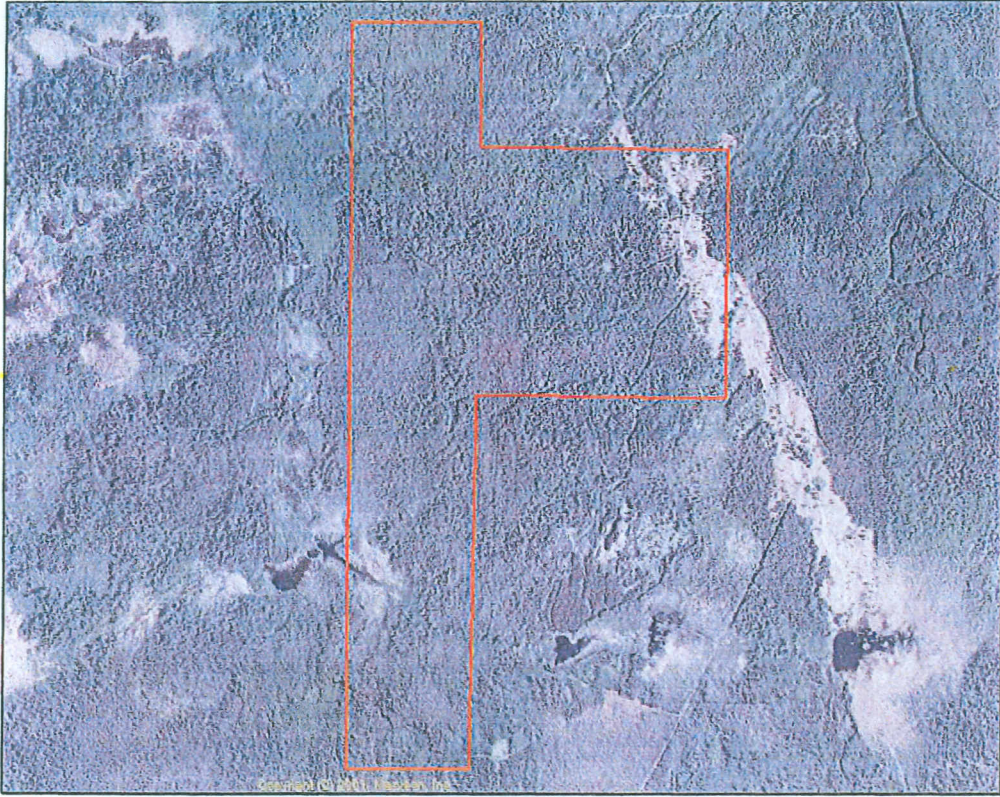
**Land Exchange 886
Consolidated Conservation Lands**



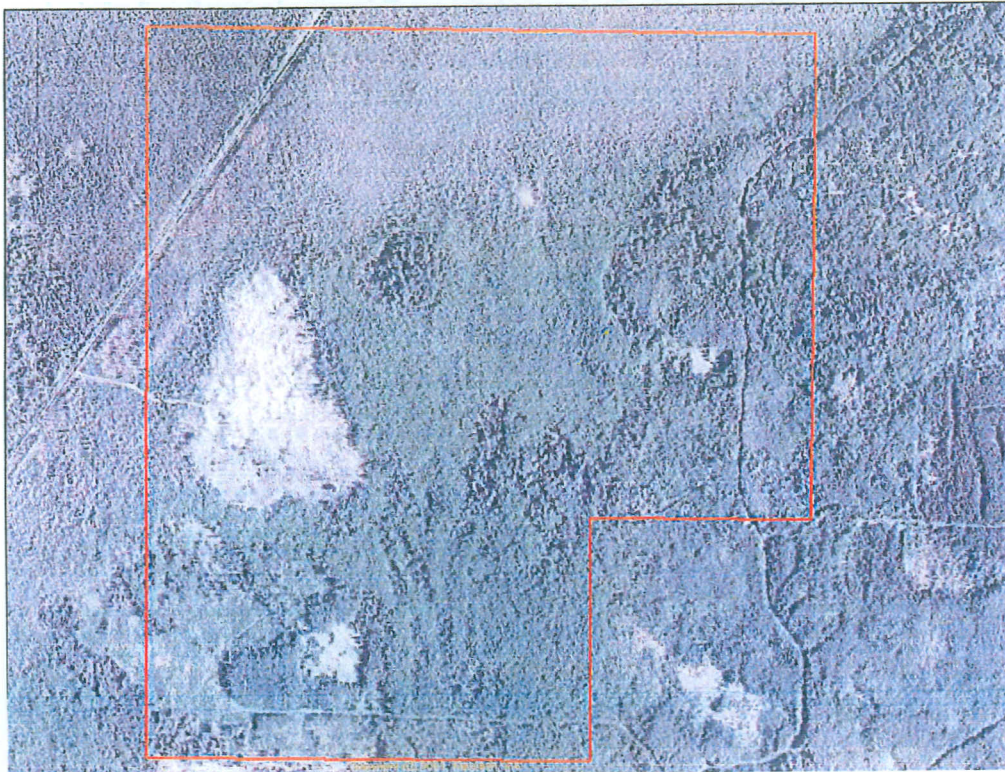
**View of the transmission lines that bisect the subject property taken from Co. Rd. 96 facing northwest.
Photograph taken by David Massopust on June 24, 2009.**

Exhibit A

**Land Exchange 886
Trust Lands**



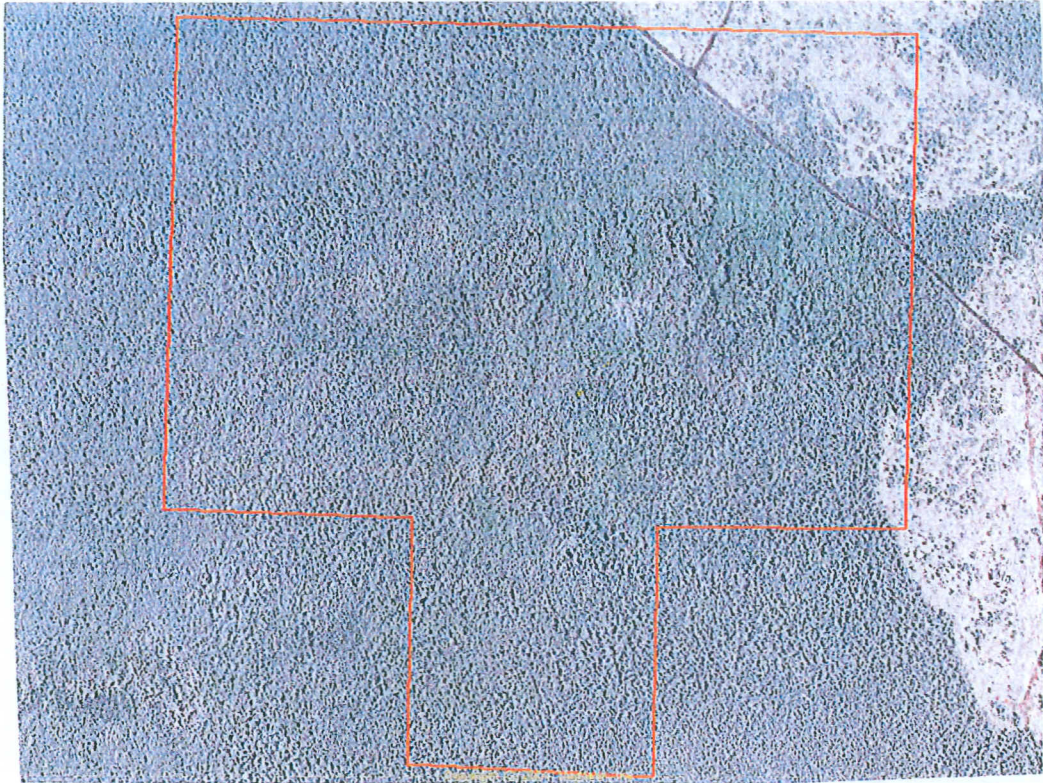
Parcel 1



Parcel 2

Exhibit A

Land Exchange 886

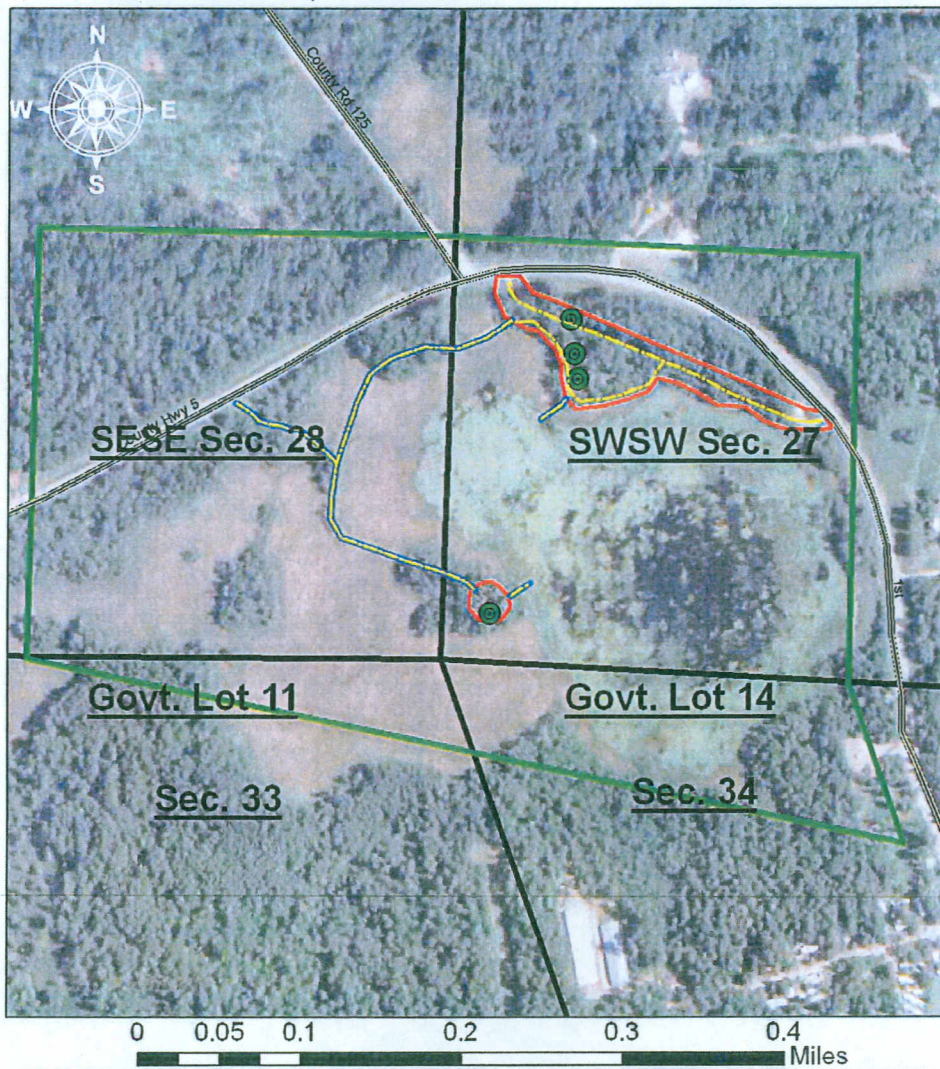


Parcel 3

Exhibit B

Land Exchange 890 Trust Lands

Longville School Forest T.141N. R.28W



areas under lease	Total Acreage = 4.6 acres
Roads and Trails	Trail Boardwalk Dock Areas
--- all existing trails and roads	0.6 Ac. 12 ft. width
Improvements	Upland Areas w/improvements
● shelters, restrooms, miscellaneous	4.0 Ac. upland
□ Future Longville School Forest Area	□ Section Level Public Land Survey

Mapped by Paul Lundgren 14-September, 2009

Exhibit B

Land Exchange 890

Structures Located on Trust Fund Parcels, Longville School Forest 07/22/2009



Butterfly Garden

Exhibit B

Land Exchange 890



Main Gazebo



Monument near main Gazebo

Exhibit B

Land Exchange 890



Shelter on Island



Vault Toilet

Exhibit B

Land Exchange 890
Acquired Land

