

NORTHERN COUNTIES LAND USE COORDINATING BOARD

Minutes

Thursday, October 2, 2008

Kootasca Senior Center, Northome, MN

Call to Order: The meeting was called to order at 9:30 a.m. by Chairman Fink with the following in attendance. (All actions of the Board were supported unanimously unless otherwise indicated.)

Member Counties Present:

Commissioner Brian Napstad, Aitkin
Commissioner Jim Johnson, Cook
Commissioner Charles Lepper, Koochiching
Commissioner Wade Pavleck, Koochiching
Commissioner Todd Beckel, Lake of the Woods
Commissioner Don Jensen, Pennington
Commissioner Skip Swanson, Pennington
Commissioner Dennis Fink, St. Louis
Commissioner Mike Forsman, St. Louis

Others Present:

Mike Carroll, Department of Natural Resources, Bemidji
Josh Stromlund, Lake of the Woods County Staff
Dale Krystosek, Senior Wetland Specialist, Board of Water and Soil Resources
Mike Ward, Superintendent, Voyageurs National Park
Kathleen Pryzybylski, Management Asst./Admin. Officer, Voyageurs National Park
Doug Franchot, Heart of the Continent Partnership/Voyageurs National Park Assoc.
Ron Harnack, Water Resources Consulting
Carol Pavleck, Koochiching County resident
Douglas Skrief, NCLUCB Staff

Introductions

Agenda Additions

- 1) Local: Re-listing of wolf as threatened species
- 2) Local: Query on county levy amounts
- 3) State: Rule updates on Shoreland, WCA and the Lanning Bill
- 4) Federal: Introduction of VNP Superintendent Mike Ward
m. Beckel s. Johnson

Administrative Actions

1. Approval of Minutes: September 4, 2008 meeting
m. Napstad s. Lepper

2-3. Financial Report and Payment of Bills:

The Treasurer reported a general fund balance of \$72,579.11 as reported in the agenda to which were added annual 2008 dues from Roseau County of \$2,500.00, bringing this balance to \$75,079.11. The Land Use Conflict Management balance is \$15,005.28. Expenses of \$1,132.16 were made for professional services. Total accounts balance: \$90,084.39.

The Executive Director submitted an invoice for \$933.75 for one month of professional services and expenses. Estimated room rental and coffee expenses for the day were estimated at \$55.

m: Napstad s: Beckel

The Chair noted generally more Board activity and the adequate administrative services provided.

4. 2009 Proposed Budget Reserve Discussion Continued

Treasurer Napstad reviewed previous discussion on establishing a budget reserve, noting that St. Louis County as fiscal agent was not willing because of overhead expense to manage surplus as an income generating fund. Comm. Johnson noted that counties generally maintain a fifty percent budget reserve beyond the annual budget. Treasurer Napstad considered that since 2009 dues would be about \$20,000,

perhaps relief of membership dues in 2009 and offering a gratis year to new members might be possible. Discussion on enlisting new memberships touched on related costs, such as per diems, scheduling, time pressures and need for a membership commitment beyond a year. Counties have been attracted by issues, while reduced fees can make a difference. Additional members, such as Itasca, Kittson, Marshall, Beltrami and Clearwater Counties would be welcomed. As there is not a deadline, first steps might include drafting a letter reviewing benefits of membership and common concerns, especially the need to approach legislative bodies with a common purpose. Lead people should be identified to approach in each potential member county. A discount on dues could be added as an incentive. Treasurer Napstad recommended a draft for review at the November meeting.

Correspondence and Meetings

1) The Chair related highlights of a “very amendable” two-hour meeting with Minnesota Board of Water and Soil Resources Executive Director John Jaschke which covered areas of common interest, including: a) that of the Board’s membership in Wetland Rulemaking committees; b) the Lanning bill to establish water districts statewide, which now seems dead for the year; c) new rules to establish wetland credits when easements protect legacy lands, though this being a legislative budget year movement on this might best wait; d) representation of BWSR at Board meetings, especially because greater than 80 percent counties have unique interests.

2) The Chair inquired, at the behest of the Board, to follow up with the Minnesota Rural Counties Caucus on the status of the LCCMR Statewide Conservation and Preservation Plan. Administrator Dan Larson, while unaware of the issue, is now reviewing materials. Comm. Beckel said it will be an MRCC issue.

3) The Chair noted the Board’s October meeting was listed on the Minnesota Environmental Partnership website, as submitted by a citizen, and that the Board’s director had issued an email letter to correct the meeting time posted.

Discussion Issues

LOCAL

1) The Chair distributed an article from Duluth News Tribune relating to the return of the Great Lakes population of gray wolves to the federal threatened species list, rescinding a U.S. Fish and Wildlife Service’s 2007 decision to de-list the animal. This decision places the gray wolf back under federal protection and management. The ruling was a technical legal decision that focused on federal rule-making procedures and was initiated by a group challenging the distinct population designation assigned the wolf. The state will respond, said Mr. Carroll. Rewriting of the law may be necessary as appeals on technical grounds are not usually successful. The Board considered and agreed that due to its high level of concern on the matter to send Board minutes to Mr. Carroll and Craig Engwall, both of the DNR, together with an expression of strong concern.

2) The Chair noted a judicial decision on the Echo Trail. Environmental interests challenged an EIS regarding logging. The judge agreed with the Forest Service on all issues but one, that of there being no cumulative impact on water quality inside the BWCAW should the logging be carried out. The judge agreed the Forest Service had followed the rules. The federal agencies are improving the quality of EISs, noted the Chair, reducing challenges on the basis of technicalities. Mr. Carroll added that the Forest Service and the state will have to conduct more site specific hydrological studies adjacent to potential logging areas. The court case may have delayed the sale, increasing costs, noted Comm. Napstad.

3) County Levies Percentages: Koochiching – 3 percent; Lake of Woods - 3.9; Pennington – 6.9 which includes bonding but within 3.9; Cook – 3.6; Aitken – 3, with dedicated funds; St. Louis – maximum of 4.8 with bonding. Public defender costs were also reviewed as were disparities between state aid to cities, which is high and perhaps related to lobbying efforts, and counties. Aid to counties may not be at full level in the coming year due to state budget deficits.

4) Citizens Guide to the St. Louis County budget was distributed to Board members by the Chair.

STATE

PRESENTATION

1) Northeast Minnesota Wetland Banking Strategy. The Chair introduced Mr. Ron Harnack, noting that action would be limited to further discussion and the kinds of action the Board might follow. Mr. Harnack reviewed a northeast Minnesota wetland strategy developed by the Minnesota Board of Water and Soil Resources that included the suggestion of establishing a cooperative, though this was not pursued by BWSR due to a lack of appropriations. After discussion with interested parties, Mr. Harnack outlined a possible cooperative and a wetland bank for those greater than 80 percent counties with significant wetlands and public ownership. Opportunities for mitigation in the rest of the state exceed the >80 counties, and regulations limit where mitigation can take place. This proposal would request legislative general fund appropriation of \$200,000 to establish a northeast wetland banking cooperative. NCLUCB or a regional development agency or a combination might serve as the cooperative and manager.

Establishment of banking credits, with a \$2 million budget, likely bondable, would act as an economic stimulus for the region. This would short-circuit the time between the completion of the strategy and establishing a bank. The benefits would include: better functioning wetlands; assurance of the meeting of regulations; more efficient use of resources; reducing costs for individuals; enhanced wetland values; a more integrated, and thus a more efficient, approach.

Mr. Harnack would see an administrative arm in the northeast, part of a state wetland program but preserved by and managed by a northeast cooperative. Two million dollars would be seed money; anyone could use it; it would be limited to the northeast counties in order to maintain value for the 80 percent counties. The Chair noted a parallel to recently proposed legislation that would have provided funds, and then as credits were sold, the generated cash would have helped private organizations to mitigate, akin to a revolving loan fund. Mr. Harnack was not confident that the federal government would accept such a plan.

Mr. Krystosek noted that BWSR Exec. Dir. Jaschke has said it will be a tough sell to give credit for existing easements on public lands. Identification of a demonstrable threat is necessary, such as development, which is hard to establish on properties already set aside. Environmental groups would likely support Mr. Harnack's proposal. BWSR is holding off till the end of the study. It might be better to develop both plans coincidentally. Because the proposal has a \$2.5 million fiscal note, said the Chair, the remainder of this and the next biennium may be a difficult time to forward the project. Mr. Krystosek noted that the project has been tied to economic development, notably mining developments.

Mr. Carroll noted that all con-con ditches affect both the state and counties. The only potential return on these is if there would be an allocation of credits. The threat is agriculture, not mining. The DNR will push the issue that the con-con ditches to be cleaned out, under 103E, would be credited as wetlands under the auspices of preservation. The state would argue that the counties should be given credit.

Comm. Beckel generally supports a cooperative, but in relation to marginal farmland, he notes a disparity. Lake of the Woods County has 13 percent uplands compared with St. Louis county's over 50 percent. If the cheapest land is targeted, such as marginal farmland, he would oppose the plan.

The Chair related Mr. Harnack's concern: is NCLUCB the needed cooperative entity? Does it make sense that local units of government with tax authority establish and administer it or is an RDC, for example, a better option? This fits on the edge of NCLUCB's mandate. Comm. Pavleck expressed support of a cooperative model and sees NCLUCB as a good option, as long as all counties' concerns are addressed. A cooperative would save the state money. Comm. Jensen recalled Koochiching Comm. Joel Maggert's 1990 proposal suggesting state payments for wetland mitigation. He was not sure NCLUCB was an appropriate organization to manage the cooperative as not all member counties are over 80 percent wetlands and conflict of interest might arise. The Chair would see an entity structured under the Board in which Board and county assets would be protected, using MCIT under AMC as a stand-alone model.

Mr. Harnack said that if the Board would like to move forward, he would speak with Dan Jordan and the regional development bodies and prepare a fact paper to be used by lobbyists to forward the idea – at a cost of \$5,000. Lobbying for the plan would entail a fee of another \$5,000.

Mr. Krystosek added that BWSR would be willing to talk about this. Wetland bankers would see this as competition. BWSR might argue for completing the inventory first. The Chair noted that Mr. Jaschke would wait for the completion of the inventory. Comm. Beckel underscored elected officials' input. Comm. Napstad saw in a cooperative an opportunity to participate, but cautioned that the united voice of the Board might be affected; he urged a clear agreement addressing the distribution of credits among counties, protecting farmlands for example.

The Chair noted the cost of capital; the state may ask for repayment, and the private sector may argue against an unfair advantage.

Mr. Stromlund pointed out the disparities among counties and the difficulties in treating all values of the land. He urged caution in regards to easements that stipulate restrictions in perpetuity as they relate to potential timber value. Also, marginal farmland is another concern as not every county has CRP, though

this is a major issue in western counties. Comm. Forsman recalled a recent meeting with Rep. Dill and Sen. Bakk in which the potential of emergency bonding in the coming term was seen as dim. The argument that this would be a revolving fund might benefit passage. He saw merit in the RDCs' and the Iron Range Resources' and the Board's involvement, after determining funding. He supported hiring Ron to meet and confer and to continue to discuss the Board's involvement.

Comm. Pavleck supported gaining control of the process, noting that private wetland bankers are not acting in the interest of the public though they may have a role. He supported Mr. Harnack's involvement and the notion that a subcommittee or subgroup of the Board would possibly become the cooperative. Comm. Johnson reported on his involvement in a Coastal Zone Management Board and noted his concern over the disturbance of wetlands that, after gaining credits, led to flooding in Grand Marais. Comm. Swanson argued that \$2 million was a small price to pay to solve the problem.

The Chair urged members to review the plan. Two issues are: one, who will be the responsible party for the proposal and how will they demonstrate to the legislature their capacity to perform the role of a cooperative; and, two, creation of a pro forma to show how the organization would handle administrative costs and maintain a perpetual fund. The Board will not be a taxing authority. The drafting of a proposal would be separate from lobbying.

FEDERAL PRESENTATION

Heart of the Continent Partnership: Kathleen Przybylski, management assistant/administrative officer with Voyageurs National Park, reviewed the background of this American and Canadian group. It seeks to promote the economic, natural and cultural heart of the continent whose core is VNP, the Superior National Forest, and Quetico Provincial Park. This core area reflects motorized, non-motorized, and all-season use. The origins go back to informal information sharing over a number of years added to the momentum of celebrating the centennial in 2009 of Superior National Forest and Quetico Provincial Park. A name was adopted in 2007 and a structure was developed. There have since been seven meetings over 18 months.

Stakeholders were identified, which originally included federal and provincial land agencies and, in discussion, county officials. A core group of ten agencies and organizations attends most meetings, including the Friends of Voyageurs National Park. A communication committee has been established to enlist more participation. Meetings are open for participation or observation. The next meeting will be held at the Great Lakes Aquarium on October 23-24. A science lecture will be held on the Thursday on the impact of climate change. A meeting will be held in International Falls in January, 2009, and in Atikokan, Ontario, in the spring of 2009. A planned event is the "Canoe the Heart" trip through the Quetico to Voyageurs to a gateway community. An invitation was extended to commissioners to attend meetings.

Mr. Doug Franchot, with a long association with the VNP Association, reviewed values of the HOCP including respect, openness, trust, inclusivity and non-policy orientation. The non-policy orientation is seen as a built-in protection as government entities cannot be involved in policy making. This emerging organization has no vision of change of tangibles but is focused around communities and to encourage conversations among a broad range of interests.

Comm. Johnson saw parallels in a Cook County organization that holds discussions and that makes for less contentious relations. Comm. Napstad noted a sometimes narrow vein of type of individuals who use the parks, and he encouraged that the membership reflect a range of viewpoints.

Ms. Przybylski noted that a web site is being established; a science series will lead to symposiums to promote research; and informational activities and centennial activities are being pursued. Mr. Franchot said that business benefits will be pursued, and currently a charter is being discussed. Comm. Forsman encouraged participation of those with a local viewpoint. Mr. Carroll encouraged development of a charter, noting interest expressed to him by representatives of industry, environmental groups, the U.S. Forest Resource Council in HOCP, and that he had no way of responding; communications must improve and a charter must define an outcome. Mr. Franchot encouraged questions and mutual visits at meetings. Comms. Pavleck and Johnson noted a history of hard feelings related to establishment of parklands.

Introduction of Voyageurs National Park Superintendent Mike Ward. Supt. Ward reviewed a continuing move toward common ground between the park and local interests, whether it is from an environmental, economic or historical viewpoint. He applauded communication with counties and looked forward to working on issues of common interest. Presence of park officials at previous Board meetings was noted.

NCLUCB

The Chair distributed a paper on video conferencing alternatives, including some budget calculations, and that it will be a future agenda item.

STATE

Shoreland Update Comm. Napstad reported that the DNR was disappointed that only 16 people attended the last Shoreland Rule Update meeting in St. Cloud though there was strong commissioner representation. The question of interconnected waterways was raised. The DNR demonstrated no appetite for involving other organizations in the process. Impaired tributaries to the Minnesota River was discussed; the DNR indicated that it would hesitate to address agricultural issues. Density issues such as lot size and setbacks were discussed. Comm. Napstad was not optimistic about making progress on a statewide plan. Counties that have ordinances have mostly more restrictive ordinances than the state. Those without much shoreland will not see much change. The identification of impaired waters in special protection districts results in changes of rules because designations vary over time, leading to complications in rulemaking. To revise statewide will be difficult. The question of WCA violations was raised, including the number of inspections of all types of violations or only those pertaining to wetlands. It is likely that there will be only minor adjustments to the rules. The merging of a shoreland ordinance and the MPCAs impaired waters philosophy may prove impossible. Comm. Napstad will continue to attend the meetings as a NCLUCB representative.

Meeting adjourned at 12:25 p.m.

Next Meeting Date and Location: **Nov. 6, 2008, 9:30 a.m. Iron Range Resources Classroom Chisholm.**

Respectfully submitted by Douglas Skrief, Administrator and Exec. Dir.