

Amanda Brazee

From: Amanda Brazee
Sent: Tuesday, September 20, 2016 2:45 PM
Subject: LSOHC Allocation Information: Chair's Proposal, Admin Budget & Process Guidelines
Attachments: ML17_FY18 Member Allocations - Chairs Proposal.pdf; MMB-AugustRevenueReview-2016.pdf; Allocation Process Guidelines - 2016_strikeout and underline.pdf

Dear Council Members:

Please find attached Chairman Anderson's [Chair's Proposal for Allocations](#) for your consideration. This and other materials for the Sept. 29th LSOHC meeting have been posted on the [LSOHC website](#).

Chair Anderson wishes to draw your attention to three important considerations as you review his proposal:

- 1. Reserve Considerations and Forecast Changes:** At the August 23-24 meeting, the council voted to recommend MMB's 5% reserve scenario of \$110,326,000 vs MMB's 10% reserve scenario of \$104,847,000. On 9/12/2016, MMB released an [August Revenue Review](#) memo that revealed lower than anticipated general sales tax revenues in August 2016. The reduction in general sales tax was approximately 4.9%. If this reduction carries into the November forecast (released in mid-December), the council's previously agreed upon allocation total of \$110,326,000 could severely reduce or eliminate the [5% reserve balance](#).
- 2. Consideration of Admin. Budget:** At the Sept. 29th council meeting, the council will consider FY 2018 and FY 2019 administrative budgets (\$579K and \$598K respectively). Both FY budgets will be included in the draft bill language, but only the FY 2018 budget (\$579K) will be part of this year's allocation recommendation total. The FY 2019 budget will be part of next year's allocation total even though both budgets are detailed in the bill for ML 2017.
- 3. Consideration of Non-Scalable Programs:** Five proposals stated they are non-scalable and require full funding for their projects to be viable. Those proposals are [HRE-06](#) Lake Wakanda Enhancement Project, [FA-09](#) Bushmen Lake, [HA-06](#) Goose Prairie Marsh WMA Enhancement, [HRE-08](#) Fairmont Lakes Foundation Dutch Creek Habitat Restoration, and [FA-06](#) Protect Key Forest Habitats in Cass County Phase III.

[HRE-06](#) & [FA-09](#) received recommendations for funding from 9 or more members. Fully funding these two programs, and funding the other programs with support from 9 or more members, at the Average Member Allocation level would bring the total council allocation recommendation to \$104,136,000 (including the \$579,000 FY 2018 Admin. Budget, Contract Management 2017, Restoration Evaluations and a 5% reserve in the OHF).

The Chair's Proposal takes the above factors into consideration and suggests recommending for funding those projects that received allocations from a supermajority of 9 members and leaves a 5% reserve in the OHF. It is intended to be a starting point for dialogue as the council moves forward with this important process.

Attached also are the [process guidelines](#) adopted by the council for the allocation discussion, including some procedural edits suggested by staff for your review.

Thank you for your time and consideration.

Mark

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ML 2017 / FY 2018 LSOHC Allocations - Chair's Proposal

Chair's Allocation Recommendation: \$104,136,600

*Note: Proposals highlighted in yellow require full funding to be viable


Project ID	Project Title	Organization	Fund Request	# of Members Allocating	Chair's Proposal (Average Member Allocation *)	Cumulative	Mode** (most frequent value)	
O1	Contract Management 2017	MN DNR	\$ 150,000	n/a	\$ 150,000	\$ 150,000	n/a	
O2	Restoration Evaluations	MN DNR	\$ 150,000	n/a	\$ 150,000	\$ 300,000	n/a	
n/a	LSOHC Administrative Budget 2018	n/a	\$ 579,000	n/a	\$ 579,000	\$ 879,000	n/a	
HRE 01	Minnesota Trout Unlimited Coldwater Fish Habitat Enhancement and Restoration - Phase IX	MN Trout Unlimited	\$ 3,260,000	12	\$ 2,403,000	\$ 3,282,000	\$ 2,000,000	
HRE 03	St. Louis River Restoration Initiative - Phase IV	MN DNR	\$ 6,305,000	12	\$ 3,392,000	\$ 6,674,000	\$ 2,000,000	
PA 05	Cannon River Watershed Habitat Complex - Phase VII	The Trust for Public Land	\$ 2,054,900	12	\$ 1,436,000	\$ 8,110,000	\$ 1,000,000	
WA 01	Accelerating the Waterfowl Production Area Program - Phase IX	Pheasants Forever, Inc.	\$ 18,744,500	12	\$ 5,500,000	\$ 13,610,000	\$ 5,000,000	
WA 02	Shallow Lake & Wetland Protection Program - Phase VI	Ducks Unlimited	\$ 20,410,000	12	\$ 5,750,000	\$ 19,360,000	\$ 5,000,000	
CPL	Conservation Partners Legacy Grant Program - Phase IX: Statewide and Metro Habitat	MN DNR	\$ 11,634,000	12	\$ 9,294,000	\$ 28,654,000	\$ 11,634,000	
HRE 02	DNR Stream Habitat - Phase II	MN DNR	\$ 6,130,000	11	\$ 2,166,000	\$ 30,820,000	\$ 2,000,000	
HRE 07	Wolverton Creek Habitat Restoration	Buffalo-Red River Watershed District	\$ 3,015,000	11	\$ 1,877,000	\$ 32,697,000	\$ 2,000,000	
PRE 01	DNR Grasslands - Phase IX	MN DNR	\$ 13,184,800	11	\$ 3,950,000	\$ 36,647,000	\$ 4,000,000	
PA 01	DNR WMA and SNA Acquisition - Phase IX	MN DNR	\$ 15,000,000	11	\$ 4,437,000	\$ 41,084,000	\$ 2,000,000	
PA 03	MN Prairie Recovery Project - Phase VII	The Nature Conservancy	\$ 3,778,300	11	\$ 1,901,000	\$ 42,985,000	\$ 2,000,000	
PA 04	Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition - Phase VIII	The Nature Conservancy	\$ 6,175,000	11	\$ 2,683,000	\$ 45,668,000	\$ 3,000,000	
PA 06	Accelerated Native Prairie Bank Protection - Phase III	MN DNR	\$ 8,994,000	11	\$ 2,481,000	\$ 48,149,000	\$ 2,000,000	
WRE 01	Accelerated Shallow Lakes and Wetland Enhancement - Phase IX	MN DNR	\$ 3,000,000	11	\$ 1,755,000	\$ 49,904,000	\$ 2,000,000	
WRE 02	Living Shallow Lake Enhancement & Wetland Restoration Initiative - Phase V	Ducks Unlimited	\$ 14,900,000	11	\$ 4,716,000	\$ 54,620,000	\$ 5,000,000	
HRE 06	Lake Wakanda Enhancement Project	Kandiyohi County	\$ 921,100	10	\$ 921,100	\$ 55,541,100	\$ 921,100	Recommending full funding
PA 02	Accelerating the Wildlife Management Area Program - Phase IX	Pheasants Forever, Inc.	\$ 18,814,000	10	\$ 5,603,000	\$ 61,144,100	\$ 2,000,000	
PA 07	RIM Buffers for Wildlife and Water - Phase VII	BWSR	\$ 10,000,000	10	\$ 5,333,000	\$ 66,477,100	\$ 10,000,000	
PA 08	Prairie Chicken Habitat Partnership of the Southern Red River Valley - Phase III	Mn Prairie Chicken Society/Pheasants Forever	\$ 8,138,000	10	\$ 1,908,000	\$ 68,385,100	\$ 2,000,000	
WA 03	RIM Wetlands - Phase VIII	BWSR	\$ 25,000,000	10	\$ 8,125,000	\$ 76,510,100	\$ 10,000,000	
FA 04	Southeast Minnesota Protection and Restoration Phase V	The Nature Conservancy	\$ 8,699,700	10	\$ 2,375,000	\$ 78,885,100	\$ 3,000,000	
HA 02	Metro Big Rivers - Phase VIII	MN Valley Trust	\$ 6,643,900	10	\$ 2,262,000	\$ 81,147,100	\$ 4,000,000	
HA 04	Fisheries Habitat Protection on Strategic North Central Minnesota Lakes - Phase III	Leech Lake Area Watershed Foundation	\$ 6,974,000	10	\$ 1,716,000	\$ 82,863,100	\$ 2,000,000	
HRE 04	Knife River Habitat Rehabilitation - Phase III	Lake Superior Steelhead Association	\$ 5,200,000	9	\$ 1,758,000	\$ 84,621,100	\$ 1,000,000	
HRE 05	Shell Rock River Watershed Habitat Restoration Program - Phase VI	Shell Rock River Watershed District	\$ 4,122,400	9	\$ 1,779,000	\$ 86,400,100	\$ 2,000,000	
WA 04	Wild Rice Shoreland Protection - Phase V	BWSR	\$ 1,400,000	9	\$ 750,000	\$ 87,150,100	\$ 1,400,000	
FA 01	Carnelian Creek Conservation Corridor	Minnesota Land Trust	\$ 5,265,200	9	\$ 2,458,000	\$ 89,608,100	\$ -	
FA 02	Laurentian Forest - St. Louis County Habitat Project	MN Deer Hunters Association	\$ 8,309,600	9	\$ 2,400,000	\$ 92,008,100	\$ -	
FA 05	Minnesota Forests for the Future - Phase V	MN DNR Forestry	\$ 8,000,000	9	\$ 2,291,000	\$ 94,299,100	\$ 3,000,000	
FA 08	Critical Shoreland Habitat Protection Program - Phase IV	Minnesota Land Trust	\$ 5,226,500	9	\$ 1,700,000	\$ 95,999,100	\$ -	
FA 09	Bushmen Lake	The Conservation Fund	\$ 4,611,500	9	\$ 4,611,500	\$ 100,610,600	\$ -	Recommending full funding
HA 03	Mississippi Headwaters Habitat Corridor Project - Phase II	Mississippi Headwaters Board	\$ 8,998,500	9	\$ 2,396,000	\$ 103,006,600	\$ -	
PRE 02	Anoka Sand Plain Habitat Conservation - Phase V	Great River Greening	\$ 4,735,100	9	\$ 1,130,000	\$ 104,136,600	\$ 1,000,000	Cutoff for funding
PA 09	Martin County/Fox Lake DNR WMA Aquisition - Phase II	Fox Lake Conservation League, Inc.	\$ 2,478,900	8	\$ 823,000	\$ 104,959,600	\$ -	
FA 07	State Forest Acquisition - Richard J. Dorer Memorial Forest - Phase IV	MN DNR Forestry	\$ 7,000,000	8	\$ 1,333,000	\$ 106,292,600	\$ 2,000,000	
HA 01	MN DNR Aquatic Protection and Enhancement - Phase IX	MN DNR	\$ 7,023,000	8	\$ 1,616,000	\$ 107,908,600	\$ -	
FA 03	Camp Ripley ACUB - Phase VII	Morrison SWCD	\$ 3,000,000	7	\$ 1,041,000	\$ 108,949,600	\$ -	
HA 06	Goose Prairie Marsh WMA Enhancement	Wild Rice Watershed District	\$ 1,820,000	7	\$ 593,000	\$ 109,542,600	\$ -	
HRE 08	Fairmont Lakes Foundation Dutch Creek Habitat Restoration	Fairmont Lakes Foundation, Inc.	\$ 1,580,000	6	\$ 665,000	\$ 110,207,600	\$ -	
FA 06	Protect (Acquire) Key Forest Habitats in Cass County - Phase VIII	Cass County	\$ 1,404,000	6	\$ 451,000	\$ 110,658,600	\$ -	
HA 05	Wildlife and Rare Species Habitat	The Conservation Fund	\$ 13,260,800	6	\$ 1,583,000	\$ 112,241,600	\$ -	
WRE 03	Restoration of Non-native Cattail Dominated Wetlands in Rainy Lake	Voyageurs National Park	\$ 1,782,700	5	\$ 522,000	\$ 112,763,600	\$ -	
			\$ 316,994,400		\$ 112,763,600			

*Rounded down to nearest \$1K

**Mode: amount most likely to be selected at random in a set of values; cells with the value zero included.

DATE: September 12, 2016

TO: Governor Mark Dayton
Lt. Governor Tina Smith

FROM: Myron Frans, Commissioner 

SUBJECT: August Revenue Review

Net general fund revenues totaled \$1.418 billion in August, \$42 million (2.9 percent) less than forecast. Lower than expected net individual, sales, and corporate tax revenues in August generated the negative variance. Net individual income tax receipts in August were \$13 million below the forecast, driven by lower than expected income tax withholding. For fiscal year 2017, year to date receipts are now \$2.371 billion, \$73 million (3.0 percent) less than forecast.

Monthly Receipts for August 2016

(\$ in millions)

	February 2016		
	Forecast ¹	Actual	\$ Difference
Individual Income Tax	\$707	\$694	\$(13)
General Sales Tax	548	521	(27)
Corporate Franchise Tax	35	23	(12)
Other Revenues	169	179	10
Total Revenues²	\$1,460	\$1,418	\$(42)

1. Adjusted for legislative change
2. Totals may not add due to rounding

All results are preliminary and subject to revision. Monthly revenue variances should be interpreted with caution. Wide swings in variances may be caused by variations in the rate at which receipts are received and refunds are issued. A more complete report covering the July, August and September receipts will be issued as part of Minnesota Management and Budget's October *Revenue and Economic Update*. That report will also update FY 2016 revenues to reflect the official closing of the fiscal year.

cc: Senator Tom Bakk, Majority Leader
Senator David Hann, Minority Leader
Rep. Kurt Daudt, Speaker of the House
Rep. Paul Thissen, Minority Leader

Proposed changes indicated via strikeout and underline:

Lessard-Sams Outdoor Heritage Council Allocation Process Guidelines

Adopted by the council on 8/24/16

- 1) Members fill out allocation spreadsheets and submit to staff by ~~September 9th~~ the annual deadline. ~~No~~ Allocations should not be made under the cutoff for direct funding (\$400,000 – under this and it is eligible for CPL funding). Allocations ~~may~~ should be zero or above \$400,000, but ~~may~~ should not exceed the request amount.
- 2) Staff collects and prepares the information showing both individual and collective funding recommendations. The collective information shows both the individual member allocations, the average member allocation amounts and the number of members recommending funding.
- 3) ~~Both spreadsheets are~~ This information is distributed to members no later than 3 days before the meeting at which the council will determine the initial allocations. The information will simultaneously be made available to the public via the Lessard-Sams Outdoor Heritage Council (LSOHC) website.
- 4) The Chair's Proposal is distributed to members indicating the average allocation to programs with 9 or more members recommending funding as an initial start to discussion. The average member recommendation for all proposals should be presented along with the mode of allocations for each proposal.
- 5) The council will then discuss the projects. ~~"above the line" without any motions to change an allocation up or down based on the discussion.~~ The discussion could ~~be about~~ include the need to fully fund, limit funding to a lower level than the average, restrict funding to a specific part of any request, etc.
- 6) Once that discussion is concluded, the council will open discussion on other projects. These discussions would be to better understand different perspectives of council members.
- 7) Allocations will then proceed as determined by the council at that time.