#### Agenda Item: 6.

#### **MEMORANDUM**

**To:** Programs, Projects and Operations Subcommittee

**Subject:** Nebraska Land Trust Agreement

Date: 27 February, 2012

From: Jim Becic

The Nebraska Land Trust (NLT) is a 501 C (3) nonprofit organization that has been actively involved in land conservation in Nebraska since 2001. In this relatively short time, they have elevated themselves as a recognized leader in the development and acquisition of conservation and habitat easements within our District and throughout Nebraska.

The P-MRNRD, is a Charter Member and represented on the NLT board of directors since its inception and in 2009, entered into a three year Cooperative Agreement (attached) that contributed \$30,000,00 per year to assist in their operations. The NRD also contributed \$5,000 in two previous years to assist the Nebraska Land Trust with cash flow, to gain a legitimate track record and to enhance its authenticity with the general public.

Thus far, the NLT has performed in an exemplary manner. With over seven thousand acres statewide held in permanent protection (1,902 of which are in the Schramm Bluffs/Lower Platte Valley) and raising nearly \$6.5 million for conservation easements, their progress, projects and tapping into diverse funding mechanisms is evident and their ability to pull together difficult projects is ongoing.

The staff would like to continue the use of voluntary conservation easements and encourage the NLT to broaden its activities within the boundaries of the NRD – in particular along the state's flood prone and highly diverse and 'development desirable' river systems to include those within the Lower Platte Valley.

To this end, staff is proposing that the District continue to assist the work of the Nebraska Land Trust to develop land protection and easement acquisition strategies; develop fund raising plans, develop conservation easement templates; hold public meetings, provide easement education for the general public as well as elected officials and other conservation easement activities for specific areas within the Lower Platte Valley as well as other locations within the District beginning in Fiscal Year 2013.

It is the staff recommendation that the Programs, Projects and Operations Subcommittee recommend to the Board that the General Manager be authorized to execute the proposed Addendum to the 18 March, 2009 "Agreement Between Papio-Missouri River Natural Resources District and Nebraska Land Trust for Cooperative Assistance" that allows for an additional three year District commitment in the amount of \$30,000/year.



### Nebraska Land Trust

February 13, 2012

John Winkler, General Manager Papio-Missouri River NRD 8901 S. 154<sup>th</sup> St. Omaha, NE 68138

FEB 1 4 2012

Dear John.

As you know, for the past three years the Nebraska Land Trust (NLT) has had an ongoing Cooperative Agreement (CA) with the Papio-Missouri River Natural Resources District (PMRNRD), for the NLT to pursue land preservation in the lower Platte Valley in return for \$30,000 per year from your NRD to support our work. The Lower Platte South NRD has also provided \$30,000 per year and renewed their commitment in December, so I am writing to ask the PMRNRD to renew its commitment by extending our existing CA for another three years.

Looking back on what we've done over the term of this agreement, I hope you'll agree that the NLT has accomplished much. We started by organizing and facilitating a stakeholder process in 2009 to identify Conservation Focus Areas (CFAs) in the lower Platte Valley below Ashland. While the group was diverse, including county, development, mining, historical, educational, agricultural, and wildlife interests, there was a consensus that the NLT should focus on five specific areas in Sarpy and Cass Counties (map attached). All agreed that development in these areas could lead to serious erosion, impairment of water quality, fragmentation of valuable wildlife habitat, loss of prime agricultural land, destruction of archeological sites, and the loss of scenic views from public places including four state parks and the Mo Pac Trail.

In addition to gaining a consensus on future CFAs, the NLT moved forward on the preservation of land in the Schramm Bluffs, which became the NLT's first CFA in 2007. In the past three years we have completed three new conservation easements that preserve nearly 400 acres around Schramm State Park, which are more protected acres than the park itself! This brings our total of protected land in the Schramm Bluffs region to 484 acres. Elsewhere in the lower Platte valley, the NLT has preserved 1,902 acres in Douglas and Saunders Counties. Statewide, the NLT now holds 18 conservation easements preserving 7,379 acres in eight different counties.

Of course the number of acres protected is less important than the resources found on those acres. For example, in 2011 the NLT preserved the 158-acre Fedde Farm adjacent to Schramm State Park, which includes high quality oak/hickory woodlands, a spring-fed stream that flows into the park, an archeological site, an organic farm, scenic views from Highway 31, and pristine

woodland views from the popular nature trail in Schramm Park which passes within a few yards of the Fedde land.

The Patterson Farm has similar resources, except that it has more extensive oak woodlands, two spring-fed streams, more frontage on Highway 31, and 1,000-year-old Native American lodge sites that are so significant the State Historical Society has written a pamphlet about the "Patterson Site." Because the 700-acre Patterson Farm is so large and was previously under divided family ownership, preservation is being accomplished in increments and 234 acres have been preserved to date.

To achieve preservation of these properties, the NLT has raised significant funds from multiple sources over the past three years for the purchase of development rights. This has included \$958,010 in federal funds through the NRCS Farm and Ranch Protection Program (FRPP), \$890,355 from the Nebraska Environmental Trust (NET), and \$396,185 in donations from the landowners who sold their easements for less than the appraised value through "bargain sales." This brings the three-year total of funds raised for completed easement projects to \$2,244,550.

In addition, \$1,014,000 from the NRCS, NET, and NPPD has been obtained for two new Schramm Bluffs projects. One is a small 36-acre property near the park that has a grove of locally rare black oaks, where the landowners are engaged in woodland restoration through the removal of cedar trees. Given the encroachment of cedars into the oak/hickory woodlands of the Platte Valley, this could prove to be a valuable demonstration site for other landowners to see.

The second project is an historic 261-acre farm that extends from the Platte River into the bluffs. It includes right-of-way for the Mo Pac Trail and a rare riverfront oak woodland that has the only known population of chinquapin oaks in Sarpy County. If these project funds are added to the total, over the past three years the NLT has raised about \$3,258,550 for land preservation in Sarpy County. In a purely economic sense, this represents a very good "return on investment" for the \$90,000 that the PMRNRD has invested in this project over the same period of time.

In the context of our statewide efforts, we've raised a total of \$6,427,257 for the purchase of conservation easements, so the funds raised for lower Platte Valley land preservation equals approximately 50% of this total. Last year, 50% of our completed projects were also in the lower Platte Valley, so it would be fair to say that about half of the NLT's work is directed toward the lower Platte. By way of comparison, the combined financial support from both NRDs for lower Platte Valley work equals about 33% of our current annual budget.

However, our work in the Bluffs Region has really just begun and we plan to apply for additional funding for new projects. First on the list will be an attempt to complete preservation of the entire 700-acre Patterson Farm. New FRPP and NET grants will be needed for this project so it is not a given, but if we are successful, the Patterson Farm would become the second largest protected property in Sarpy County after Fontenelle Forest. Moreover, it will be preserved by keeping land in economic use (farming), on the tax role, and in private hands which pays for land management. In this day of tight budgets, this is a very cost effective way to preserve land.

Of course none of the funds raised for the purchase and endowment of these easements can be used for associated costs like travel, significant staff time, legal expenses, title work, title insurance, outreach, printing, and other costs. For example, our effectiveness at raising federal funds now requires us to have a federal A-133 audit for the first time. This one annual expense alone will be \$10,000, yet it is necessary if we are to continue using NRCS funds. Support from PMRNRD has been critical in our ability to fund these costs in the past and it would be very difficult for us to maintain our efforts in the future without your support.

If you would like, I'd be happy to give a 10-20 minute presentation at an upcoming Subcommittee meeting in March. Several members of your staff and at least one board member (Dorothy) also participated in a tour of the Patterson Farm last fall. At some point we would be happy to repeat this tour if there is interest from your Board.

Thank you so much for your past support, which dates all the way back to 2001 when the PMRNRD became a founding member of the NLT Board. We hope to continue our partnership with the PMRNRD in the future, because of the significant agricultural, historical, and natural resources in the lower Platte Valley that could be lost. As I often say, conservation easements are not about stopping development — they are about the preservation of special places as development occurs. We have made significant progress in identifying these special places and preserving some of them. With the PMRNRD's continued support, we will do even more in the future.

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Sincerely,

Dave Sands

**Executive Director** 

Cc:

Marlin Petermann

Jim Becic

Enclosure:

Lower Platte Valley CFA Map

Parks, and Natural River Frontage

Conservation Focus Areas and Composite Map of Steep Slopes, Prime Soils, Streams, Land Use, Viewsheds,

## AGREEMENT BETWEEN PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

#### AND

#### NEBRASKA LAND TRUST

#### FOR

#### COOPERATIVE ASSISTANCE

THIS AGREEMENT is made and entered into by and between the PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT (hereinafter referred to as the "NRD") and the NEBRASKA LAND TRUST (hereinafter referred to as "the TRUST").

WHEREAS, The TRUST is a 501 (c) (3) nonprofit organization that has adopted Standards and Practices promulgated by the Land Trust Alliance and actively acquires or stewards conservation lands and conservation easements, with the goal of land conservation in Nebraska.

WHEREAS, the mission of the TRUST is to accept conservation easements or gifts of land to preserve lands that remain essentially in their natural state; are ecologically, historically, or archeologically significant; serve as wildlife habitat, and/or are used for low impact agriculture; and,

WHEREAS, the authorities of the NRD include prevention of damages from floodwater and sediment, development and management of fish and wildlife habitat and recreational and park facilities, and forestry and range management, and the NRD wishes to increase its focus on protecting these resources in the lower Platte and Missouri River corridors (hereinafter referred to as "the Corridor"); and,

WHEREAS, the TRUST provides independent oversight to ensure public confidence in voluntary land conservation; and,

WHEREAS, the NRD desires to utilize the expertise and experience of the TRUST to explore the opportunities for acquisition of conservation easements within the Corridor; and,

NOW, THEREFORE, for and in consideration of the foregoing recitals and their mutual covenants hereinafter expressed, the parties agree as follows:

1. The TRUST has prepared <u>A Proposal For The Lower Platte Valley Preservation Project</u>, attached hereto as Exhibit "A" and incorporated herein, and agrees that it shall:

- a. Conduct educational programs with landowners, public officials and others within the NRD for the purpose of explaining conservation easements and the multiple advantages thereof; and,
- b. Develop a land protection strategy and easement templates for the acquisition of conservation easements in the Corridor; and,
- c. Develop a fund-raising plan, target lists and grant writing, record keeping and communications templates specific for the acquisition of conservation easements in the Corridor; and,
- d. Assist the NRD in negotiations and acquisition of conservation easements over priority properties.
- 2. The NRD agrees that it will cooperate with the TRUST in the Proposal incorporated as Exhibit "A" and will assist the TRUST to develop land protection and easement acquisition strategies for the Corridor; will pay the sum of \$30,000.00 annually, to the TRUST for the purpose of partially funding the activities of the TRUST undertaken pursuant hereto; and, will work with the TRUST to identify prospective donors of conservation easements, additional funding sources and partnership opportunities.
- 3. The term of this Agreement shall commence upon execution thereof by both parties; and this Agreement shall terminate on December 31, 2011, unless sooner terminated as provided below.
- 4. The following personnel shall represent the parties in carrying out the terms of this Agreement and are designated to receive notices hereunder:

For the NRD:			For the TRUST:		
James Coordina	Becic, tor	Environmental	David Director	Sands,	Executive
John Winkler, General Manager			John Ellsworth, Chairman		

5. This Agreement may be terminated by either party with or without cause on 60 days written notice delivered to the other party. If the NRD terminates the agreement without cause, the TRUST shall not be required to refund the current year's grant.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates hereinafter indicated.

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Executed by THE NEBRASKA LAND TRUST, on this 16th day of March, 2009.
NEBRASKA LAND TRUST
By David Sands Executive Director
Executed by the PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT on this _/8 day of, 2009.
PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
By John Winkler General Manager

# A Proposal For The Lower Platte Valley Preservation Project

#### Purpose

It has been 10 years since a vision for the Lower Platte River "Bluffs Region" was first advanced in a collaborative report from the Lower Platte River Corridor Alliance (LPRCA). Citing the region's beauty, geology, productive farmland, and biological diversity, the report called for "a balance between economic expansion and the preservation of rural character."

More recently, this concept of balance has been echoed and amplified by the Nebraska Innovation Zone Commission (NIZC). With a mission to bring economic development to the Interstate-80 Corridor, they have been told by experts that "natural amenities" like the Lower Platte River can be an attractor for families and businesses. In a web survey by the NIZC, 62% of respondents listed "Preservation of environmentally important areas, such as the Platte River valley, hills, streams, and woodlands" as their top priority in developing the I-80 Corridor; more than 20 % higher than any of the other 18 options.

As a result, the NIZC's Draft Regional Comprehensive Plan called for "Limited development south of Exit 432 [essentially the Bluffs Region], with a primary value placed on preservation of views and environmental quality." There are also areas upriver that have high conservation values, like the Yutan Bottoms with large remnants of tallgrass prairie, or Pahuk bluff which has ecological and historical significance. With such valuable resources located in a region projected to have 2,000,000 people by 2050, land protection efforts are a pressing need.

Of course land preservation in the Lower Platte Valley presents significant issues. An expansion of public land is one option, but realistically, a large impact through land purchase is unlikely as the cost would be too high, funds for purchase are scarce, political consensus is very difficult to obtain, willing sellers can be hard to find, and ongoing land management is a financial drain. However, there is one land preservation tool that can avoid or mitigate many of these obstacles — voluntary, permanent land preservation agreements with private landowners.

Commonly known as "conservation easements," these agreements lower the price of land preservation as they typically cost 40% to 60% less than full value and there are currently exceptional tax incentives for the donation of easements. In addition, land stays on the tax roles and in productive use such as agriculture, while avoiding the ongoing expense of management. For the landowner who would prefer to preserve their land and keep it in agriculture or wildlife habitat, conservation easements can offer an attractive financial option. Because these agreements are voluntary, they avoid controversy and conflict. With a phased approach that includes Education, Prioritization, Preservation, Partners, and Funding, significant land protection in the valley is possible.

#### Education

In Nebraska, where conservation easements are relatively unknown compared to other states, a broad education program is needed for an effort to succeed. While easements have garnered some attention in the media and the Nebraska Land Trust (NLT) has made progress in raising awareness, much still needs to be done.

A number of strategies should be employed, starting with a simple tri-fold brochure that would be distributed widely through direct mail, events, and other venues. Informational meetings throughout the corridor would be necessary and the LPRCA "Coffee Shop" meetings would be an ideal venue. For landowners with significant interest, detailed information and individual meetings must also be made available. Ultimately, informed landowners will self-select themselves as potential candidates for easement purchases.

Information would be provided to public officials as well, since municipal and county governments must approve easements according to state statute. Any educational effort should also reach out to developers and other real estate professionals, especially since conservation developments are mandated in certain areas of Douglas and Sarpy Counties. Presentations to civic groups would be valuable in building community support.

#### **Prioritization**

Conservation easements are not about stopping development; they are about preserving special places as development occurs. This means it is essential to identify special places, so that our limited human and financial resources can be focused in those areas.

There are a number of data sets in existence that could be used to identify "Conservation Focus Areas (CFAs)." Biological data relating to the needs of wildlife and existing native plant communities is available from the Nebraska Game and Parks Commission (NGPC). The Natural Resources Districts also have similar information, in addition to GIS departments and hydrologists. The Platte River Cumulative Impact Study (CIS) will show us what has been lost and what can still be saved. The Nebraska State Historical Society (NSHS) has information on historic and cultural sites. The NIZC has recommendations from an economic development perspective.

There may be some holes to fill, such as an assessment of scenic viewsheds, but mostly, existing information could be pulled together by a group with various interests and expertise, that can provide a holistic look at potential priority areas. Such a group might include NRDs, counties, the NLT, LPRCA, NGPC, USFWS, NSHS, NIZC, and others.

Once conservation focus areas are identified, a second filter will be needed to prioritize individual properties within that area. Whether there are two interested landowners in a given landscape or 20, there should be a transparent, on-the-ground process that provides guidance on individual land protection priorities. The NLT has a model for such a process, which has been used to score prospective easement properties based on agricultural, historical, and natural resources in the Schramm Bluffs of Sarpy County.

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#### Preservation

The actual acquisition of conservation easements will happen in three ways: 1) a complete donation of the easement that results in tax benefits; 2) a "bargain purchase," where a portion of the easement's value is donated while the balance is paid for; or 3) a full purchase of the easement's appraised value.

At the heart of each conservation easement are the Reserved Rights and Restrictions. Understandably, landowners want to play an active and informed role in designing these provisions and they should; it is one of the things that make these agreements attractive. While every easement must be true to the conservation values it is intended to protect, a "building envelope" for a new home or barn, farming, grazing, hunting, and other conservation compatible land uses may be part of the bargain.

Like any real estate transaction, the path to a conservation easement can involve unforeseen twists, turns, and a few dead ends. Success improves with experience and consistency in negotiations, appraisals, easement documents, baseline reports, transaction costs, enforcement, county approvals and more. Consistency and experience also breeds familiarity with the organization and the process, for landowners and county officials.

#### **Partners**

The Lower Platte South (LPSNRD) and Papio-Missouri River (PMRNRD) NRDs are potential anchors for this effort, as they share jurisdiction and responsibility for natural resources in the Bluffs Region. For example, in Phase One, the NLT created a successful model in the Schramm Bluffs of Sarpy County and the PMRNRD was an early supporter, by executing a Cooperative Agreement with the NLT in 2006 to pursue conservation easements in this area. Phase Two would start a similar effort on the west side of the river downstream from Ashland, at which point the LPSNRD would become an invaluable partner. Phase Three would extend the effort upstream to Fremont (and possibly beyond), at which point the LPNNRD may wish to become a partner.

The NLT's experience in the Schramm Bluffs makes it a good candidate to take the lead in implementing the various phases of this effort, as it has been implementing **Phase One** in this area since 2006 with good results. It also has a track record of land protection in the Lower Platte Valley, including:

- Nearly 2,000 acres of donated and purchased conservation easements, with:
  - Over four miles of Lower Platte River frontage.
  - 20 individual wetlands and several lakes used by migratory waterfowl.
  - Mature oak/hickory woodlands at the very western edge of its range.
  - Mature riparian woodlands along the river used by bald eagles.
  - Grasslands that provide habitat for declining species like bobolinks.
  - Some of the highest rated farming soils in the state.
  - Scenic views from public parks, roads, and places.
  - Two sites listed on the National Register of Historic Places.
- Receipt of a \$1.1 million NET grant to purchase Schramm Bluffs easements.
- Receipt of \$128,000 from the NRCS Farm and Ranch Protection Program and a \$78,000 NET grant to purchase a Platte Valley easement in Saunders County.

Receipt of more than \$50,000 in grants from foundations to support these efforts.

Other potential partners include the LPRCA, NGPC, NSHS, USFWS, agricultural interests, and conservation organizations, all of whom (including the three lower Platte NRDs) serve on the NLT Board of Directors.

#### Financial Incentives for Conservation Easements

There should be no illusions that permanent land conservation is cheap or quick. Over the course of many years, millions of dollars would be needed.

While the challenge seems daunting, there is good news in the form of a large increase in federal funding for the purchase of easements through several Farm Bill programs. At the head of this list, the NRCS Farm and Ranch Protection Program (FRPP) will pay up to 50% of the appraised value for a conservation easement. National funding for this program has been doubled, increasing from \$96 million in 2009, to \$200 million in 2012. It allows the landowner to donate up to 25% of the easement's value, which would lower the amount needed from a non-federal source like the NET to 25%. In fact, this is the basic formula the NLT employed to purchase a conservation easement on "Pahuk Hill."

The full donation of conservation easements is another route that will be pursued whenever feasible. For landowners who can utilize a substantial income tax deduction, donation is a faster way to realize a financial benefit, as the Farm Bill also contained a two-year renewal of significantly enhanced federal income tax deductions for these donations. In fact, of the five easements held by the NLT on the lower Platte, four were acquired through donation.

#### Funding for the Work of Conservation Easements

The Nebraska Land Trust is uniquely positioned to tackle a Platte Valley Preservation Project. Based on their experience in the Schramm Bluffs, the NLT could:

- Design and implement a comprehensive education initiative.
- Convene an advisory group to access existing information on conservation values in the corridor and identify Conservation Focus Areas.
- Identify prospective easement properties through meetings with landowners.
- Implement on-the-ground assessments of prospective easement properties and identify the highest priorities for permanent conservation.
- Obtain funding for the purchase of easements from FRPP, NET, and other sources.
- Negotiate with landowners who wish to sell and/or donate an easement.
- Perform all functions needed to complete the easement process.
- Facilitate media coverage when easements are completed, if appropriate.
- Monitoring and enforcement of easements in perpetuity.

What the NLT cannot do is tackle this effort with its current financial and human resources. It would necessitate the hiring of additional staff and require a large share of the Executive Director's time. Expenses associated with the project would escalate as

well, such as legal fees, travel, printing, appraisals, title commitments, closing costs, surveys, and more. As the attached budget shows, at least \$90,000 would be needed to fund Phase Two of the project, and more would be needed to implement Phase Three. It should also be noted that Phase One is ongoing and will continue as Phase Two is implemented. Multi-year commitments from partners would be essential for success. If funding was reasonably assured, the NLT could begin Phase Two in 2009.

#### Phase Two Operating Budget

(Includes ongoing costs for Phase One. Does not include cost of easement purchases)

Projected Annual Expenses	
Staff Salaries*	\$55,000
Legal Fees**	9,000
Appraisals***	12,000
Title & Closing Costs	2,000
Printing	2,000
Travel/Mileage	5,000
Administrative Expenses	5,000
TOTAL	\$90,000

<sup>\* 50%</sup> of Executive Directors time and 80% of new staff member's time.

#### **Projected Annual Revenues**

LPSNRD Cooperative Agreement	\$30,000
PMRNRD Cooperative Agreement	30,000
Grants and Individual Donations	30,000
TOTAL	\$90,000

<sup>\*\*</sup> Based on three easements at \$3,000 each.

<sup>\*\*\*</sup> Based on three appraisals at \$4,000 each.

#### Three-year Timeline

#### 2009

- Continue implementation of **Phase One** in the Schramm Bluffs, which has moved into the Preservation stage with a \$1.1 million NET grant to purchase easements.
- Hire new staff to begin implementation of Phase Two on other side of the river.
- Schedule informational meetings and implement other aspects of education program, focusing on the west/south side of the valley, possibly as a part of the LPRCA "Coffee Shop" meetings.
- Convene working group to gather data and identify Conservation Focus Areas (CFAs) downstream from Ashland on west/south side of the river, as well as the addition of any new areas (besides Schramm) on the east/north side of the valley.
- Apply for NET grant to fund easement purchases in newly identified CFAs.

#### 2010

- Through group and private meetings with landowners, identify those with land in CFAs who are interested in conservation easements.
- Begin prioritization of prospective properties with on-the-ground assessments.
- Begin negotiations with landowners of priority properties downstream from Ashland if NET funding is obtained.
- Submit a new NET request (if needed) and/or FRPP grant to fund easement purchases in CFAs on both sides of the valley.
- Continue to acquire easements in Schramm area as funding allows.
- Begin implementation of Phase Three as funding allows, with educational meetings upstream from Ashland, identification of CFAs in this area, and identification of interested landowners.

#### 2011

- Ongoing negotiations and easement purchases with landowners involved in Phase
   One and Phase Two.
- Begin negotiations with priority landowners in CFAs upstream from Ashland, subject to available funding.
- Submit additional funding requests as needed.

#### Ongoing

- Education
- Performance of all duties necessary to implement easements, including negotiations, document drafting, appraisals, baseline reports, title reports, press coverage, county approvals, acquisition of Stewardship Funds for monitoring and defense of easements, and more.
- Fundraising for operating costs.
- Monitoring and defense of existing lower Platte conservation easements.