

North Dakota Natural Resources Trust Strategic Plan

2017-2022



**ND Natural Resources Trust
Board of Directors**

**NORTH DAKOTA
NATURAL RESOURCES TRUST
2017 - 2022
Strategic Plan
Board of Directors**

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Randy Renner, ND Chapter the Wildlife Society
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EXECUTIVE OVERVIEW

The North Dakota Wetlands Trust (Trust) was created by the 1986 Garrison Diversion Reformulation Act (P.L. 99-294) to assist in the preservation, restoration, management, and enhancement of North Dakota wetlands and associated upland habitat. Visionary stakeholders realized the delicate balance existing between ecological and economic forces and the need for a nongovernmental organization that could be innovative and pro-active, could mediate and demonstrate a new way of doing business. In December 2000, Congress enacted the Dakota Water Resources Act (DWRA - P.L. 89-108) which renamed the Wetlands Trust the Natural Resources Trust and expanded the Trust's mission beyond wetlands and associated upland habitat to include conservation of grassland and riparian areas.

Under terms of the 1986 Reformulation Act the United States Bureau of Reclamation (BOR) gave North Dakota the initial \$12 million toward initiation of the North Dakota Wetlands Trust. The state of North Dakota pledged an amount equaling 10 percent of the federal contribution (\$1.2 million) payable, equally split between the North Dakota Game and Fish Department, the State Water Commission and the Garrison Conservancy District and based on a negotiated schedule; that money has been received by the Trust.

Under the provisions of the DWRA, the federal government through the BOR, will provide the Trust an additional \$25 million. The money will accrue to the Trust as 5 percentage of the State MRI and Red River Water Supply annual project appropriation. There were no additional state contributions under DWRA. Over the period of 2001-2017 the Trust has received \$10,349,300 of the \$25 million authorized by DWRA. Today, the Trust oversees total assets of approximately \$26.6 million.

In the 31 years of Trust existence, the organization has grown from a "managing" Board of Directors with a part-time contract manager to a policy-making Board guided by a strategic plan and supported by a professional staff of four full-time employees and one part-time. Since inception, the Trust has evolved from primarily a "granting organization" to one with a strategic plan that emphasizes achievement of perpetual natural resource benefits for future generations of North Dakotans to use and enjoy. The Trust has facilitated the following results:

Projects and grants completed for wetland, grassland, and riparian habitat conservation through the end of 2016 include:

- 73,512 acres of wetlands (preserved, restored, managed, and enhanced)
- 275,478 acres of grassland and riparian habitat (restored, seeded, protected, managed, and enhanced)
- 6,049.39 acres acquired by Trust
- \$159,598 in property taxes paid to local political subdivisions (counties, townships, school districts)
- 169 grants have been approved by the Board of Directors for \$4.8 million for wetland conservation and education
- 4,000+ landowners have been involved in Trust funded projects and grants
- \$7.4 million in direct landowner payments



It is for these stakeholders the North Dakota Natural Resources Trust focuses its mission:

“...To preserve, enhance, restore, manage wetlands and associated wildlife habitat, grassland conservation and riparian areas in the State of North Dakota.”

North Dakota Citizens
Producers
Landowners
Taxpayers
Statewide Elected Officials
Legislators
Agricultural Organizations
Conservation Organizations
All Future Generations
Wetland, Grassland, and Riparian Area Inhabitants

Background and Rationale:

The North Dakota Natural Resources Trust (originally the North Dakota Wetlands Trust) was born out of conflict over the Garrison Diversion project's adverse impacts on the state's wetlands.

In December 2000, Congress enacted the Dakota Water Resources Act (DWRA) which renamed the Wetlands Trust the Natural Resources Trust and expanded the Trust's mission beyond wetlands and associated upland habitat to include conservation of grassland and riparian areas. The expansion of the Trust through the DWRA was less compensatory and more proactive than the creation of the original Trust in terms of natural resource management. DWRA authors and supporters envisioned the potential for expanded natural resource development and protection to be beneficial for North Dakota agriculture, its citizens, and the state's quality of life.

North Dakota's wetlands are among the most biologically productive places on earth. Wetlands provide feed and water for livestock and wildlife. They provide food and resting places for migrating and nesting birds. Wetlands offer year-round habitat for resident creatures--from muskrats to pheasants. Wetlands also perform a variety of societal functions by storing water, thereby reducing the chance of flooding, recharging aquifers, and filtering runoff to improve water quality.

Grasslands, especially native grasslands, are a habitat type perhaps even more adversely impacted than wetlands in North Dakota. North Dakota's native grasslands covered over 37 million acres prior to settlement, including about 35 percent of all northern mixed-grass prairie in the United States. As of 1997, less than 12 million acres of the state's nonfederal lands were in native rangeland or grazing lands.

Tall grass prairie, which covered the Red River Valley in pre-settlement times, has almost entirely been converted to cultivated agriculture except for a few remnant acres on private land and segments of the Sheyenne Valley National Grasslands in Richland County. Much of the mid and short grass prairie which dominated in the drift prairie and coteau, generally in association with wetland complexes, has been converted to cropland. Even in the slope country south and west of the Missouri River, native grassland has been broken at an alarming rate, often in response to poorly thought out features of farm programs that have provided financial incentives for poor land stewardship. Much of the land broken in the coteau and slope is steep, with light soils, poorly suited to cropping. Healthy, functioning grassland complexes are as important, if not more important, than wetlands in controlling water runoff, positively influencing water quality and holding soil in place.

Riparian habitat has always been in short supply in North Dakota. North Dakota has fewer total woodland acres than any other state. Many of our prairie water courses have either intermittent or very low flows, limited flood plains and support marginal riparian forests easily damaged by natural disaster, disease, or overuse by livestock.

Well over 90 percent of North Dakota’s lands are privately owned. It goes without saying that habitat improvement and protection of wetlands, grasslands, and riparian areas require cooperative work between government, the nonprofit sector, and private landowners. The Trust is in a unique position to carry out some of this work itself but perhaps more importantly has the ability to facilitate the education and relationships necessary to plan and implement sound private land conservation among many partners.

A six-member Board of Directors is mandated by federal law—three members are appointed by the governor of North Dakota, one member is appointed by the National Audubon Society, one member by the National Wildlife Federation, and one member by the North Dakota Chapter of the Wildlife Society. In addition, the Board has appointed the North Dakota Game and Fish Department director as a nonvoting ex-officio director to the Trust. The Trust is not part of government; it is a nonprofit, citizen-directed organization. Board members are citizens representing North Dakota’s wetland, conservation, water, and agricultural interests.

The Trust Board can be innovative and has many options:

- The Trust can acquire land.
- The Trust can obtain conservation easements.
- The Trust can acquire water rights.
- The Trust can fund incentives for conservation practices by landowners.
- The Trust can work to improve natural resource conservation techniques.
- The Trust can work on cooperative projects with private landowners, conservation groups, and government agencies.
- The Trust can help children and adults learn and understand why wetlands, grasslands, and riparian areas are so important to North Dakota’s economic future and our citizen’s quality of life.

Inherent to any strategic plan developed for the North Dakota Natural Resources Trust is the reality of limited fiscal and staff resources. This reinforces the irrefutable truth this organization “can do just about anything, it just can’t do everything.” Responsible action then requires established priorities, focus, and a role for the Trust that is well defined, yet continually challenged. We must ask these questions:

“What can we do that others can not?”

“What can we do better than others?”

“What are the current (and ever-changing) windows of opportunity we should recognize and act upon?”

“What can we do that, in retrospect, will cause citizens to say the improvement in our wetland, grassland, and riparian resources would not have happened without the vision, leadership, and action of the North Dakota Natural Resources Trust.”

There are several areas of activity where the Trust might be considered “one of the crowd” doing the same on-the-ground activity as others.

Landowners and the general public may have difficulty distinguishing Trust work from that of others. That doesn’t make the Trust’s work unimportant. However, the question might be asked, “If the Trust was not doing this work, would it be done by someone else?” If the answer is YES, then the work in question is perhaps neither innovative nor unique.

The Trust Board of Directors recognizes that even though the Trust is a small organization, it can play a critical role in natural resource conservation for North Dakota. To do this, the Trust must carefully weigh which relationships, which projects and activities, and which strategic directions will pay the most perpetual dividends in the future.

The Trust must form partnerships with other agencies, organizations, and landowners which will sustain natural resource conservation and management. The Trust must not only do what other agencies and organizations are doing because the need for innovative wetland, grassland, and riparian protection and management is too great.

The Trust can most effectively make a difference by restoring and enhancing wetlands, grasslands, and riparian areas and then transferring future management to responsible agencies, organizations, or individuals. This ensures the Trust’s financial resources are not over-encumbered by management and overhead costs.

2017 – 2022 Strategic Planning

The Trust has had three previous iterations of strategic planning, each using a slightly different approach. Those planning documents are available for review at the Trust office. For the 2017 – 2022 strategic planning cycle the Board has chosen to work with staff and partners on an incremental update to the previous strategic plan.

The North Dakota Natural Resources Trust adopts the following **STRATEGIC PRIORITIES** to advance its mission and address current and emerging problems, opportunities and trends:

STRATEGIC PRIORITY 1

Effective On-the-Ground Project Delivery

The Trust fulfills its mission by delivering on-the-ground conservation in a wide variety of ways, encompassing wetland, grassland and riparian habitat and working directly with agricultural producers on crop and range land:

- Protection of existing habitat is by far the most economical and efficient method of conservation delivery.
- Enhancement of existing habitat that has been diminished by neglect, poor management, or negatively impacted in other ways is also a proven conservation delivery option.
- Once habitat has been fragmented or destroyed it is far more expensive and time consuming to restore, but habitat restoration remains an important aspect of the Trust's conservation delivery.
- Creation of new habitat where none existed is an important component of our conservation delivery strategy.
- Since much of North Dakota's landscape is and will remain in crop production, project delivery that improves any aspect of land use on these cropped acres will improve the overall status of conservation across the state. This includes, but is not limited to, the following types of actions:
 - Promotion of Best Management Practices
 - Promotion of No-Till agriculture to minimize soil erosion and enhance water quality
 - Promotion of Precision Ag practices that target appropriate conservation practices to sensitive lands
 - Work on and support for a strong conservation title in the Farm Bill that provides an appropriate regulatory component (i.e. Swampbuster, Conservation Compliance and Sodsaver) and a broad array of voluntary conservation options for producers.

STRATEGIC PRIORITY 2

Enhanced and Expanded Partnerships

All conservation funding and delivery involves partnerships. At a minimum, it involves the delivering organization and the private landowner or public agency whose land is being positively impacted. Far more common and effective are funding and delivery partnerships that involve multiple (sometimes a dozen or more) entities working towards a common goal or multiple goals. As a non-governmental entity the Trust is uniquely positioned to explore and implement partnerships that are designed to meet traditional or unusual needs and address nearly any situation. Partnership opportunities involve, at a minimum, the following:

- Conservation groups
- Agricultural groups
- Individual agricultural producers
- Landowners
- The energy industry

- Business groups
- Individual businesses
- Government
 - Federal
 - State
 - Local

Partnerships could benefit from a more formal Consensus Building process. In that regard, the Trust will continue efforts to structure and fund such a process that will result in, at a minimum:

- A shared definition of conservation
- Enhanced communication across and among disciplines
- A more broadly held vision of good land stewardship
- Emphasis on soil health and sustainability
- A shared vision of the importance of natural resources to our citizen’s quality of life

STRATEGIC PRIORITY 3

Environmentally Responsible Energy Development

Energy development has added a dynamic dimension to North Dakota’s economy, but it has been balanced by a cost to the landscape. Our partnerships are facilitating connections with the energy industry to offset the impacts made in all forms of resource development. Examples like facility siting, infrastructure development, and direct/indirect landscape impacts are some of the scenarios being addressed. Understanding that purposeful conversation and planning can limit direct wildlife mortality/disturbance and habitat fragmentation, which are the most common and significant impacts of broad industrial energy development.

Avoiding, minimizing and mitigating (in that order of priority) adverse impacts of all forms of energy development is the traditional approach to landscape protection. In addition, voluntary conservation actions in concert with, and often funded by, energy development companies are becoming a more common and effective way of delivering effective conservation actions in response to energy development impacts.

Oil/Gas

- Work with Covenant Consulting and other partners to implement the Badlands Advisory Group (BAG) Action Plan.
- Work with a diverse set of partners to utilize voluntary conservation funding provided by energy companies to deliver effective conservation to offset the negative impacts of energy development.
- Seek out additional funding (i.e. Outdoor Heritage funds, additional energy company contributions, state and federal dollars, NGO dollars) to further offset adverse impacts from energy development.
- Advocate efforts to enhance North Dakota’s statutory and regulatory process to guide oil and gas development with fewer adverse landscape impacts.

Wind

- Work with a diverse set of partners to utilize voluntary conservation funding provided by energy companies to deliver effective conservation to offset the negative impacts of energy development.
- Seek out additional funding (i.e. Outdoor Heritage funds, additional energy company contributions, state and federal dollars, NGO dollars) to further offset adverse impacts from energy development.
- Advocate efforts to enhance North Dakota's statutory and regulatory process to guide wind development with fewer adverse landscape impacts.

Solar

- Stay current on evolving activities in order to provide guidance and advice on ways to minimize adverse landscape impacts.

Biomass

- Use of corn in the production of ethanol has led to land use decisions that have had an adverse impact on water quality and wildlife habitat. Limited conservation strategies exist to deal with these business realities. Efforts should be directed at working with partners in the agriculture industry and individual producers to explore production methods and land use practices that capture conservation opportunities.
- The use of biomass (primarily perennial grasses) for energy production has the potential to produce conservation benefits. The use of native and tame grasses for ethanol production, for example, can create a landscape that has nesting, brood rearing and recreational opportunities concurrent with agricultural and energy values.
- Support for a strong energy title in the 2018 Farm Bill and partnership work with agricultural and energy partners to maximize wildlife benefits from biomass energy production is an effective strategy.

STRATEGIC PRIORITY 4

Continued Strong Fiscal Management

Effective management of both Trust funds and outside funds is required to meet both the fiduciary and conservation responsibilities of the organization.

These efforts involve all aspects of management of Trust funds, as well as a strong link to the partnership efforts already cited as being so critical to effective and efficient delivery of conservation. They include, but are not limited to:

- Sound Investment Policy
- Accurate Annual Budgets
- Successful Annual Audits
- Consistent Annual earnings from Trust Funds
- Continued Interest in Conserve ND Endowment
- Effective BOR Coordination

Outside Grants and other funding opportunities including, but not limited to:

- North American Wetlands Conservation Act
- Farm Bill Conservation Programs

- Outdoor Heritage Fund Grants
- State Wildlife Grants
- Bush Foundation Grants
- North Dakota Consensus Council Grants

STRATEGIC PRIORITY 5

Education/Outreach (External Communication)

An appropriate level of communication with stakeholders is critical to the success of conservation delivery. The Trust uses a variety of tools to communicate regarding specific on-the-ground project opportunities, public policy issues and issues that affect partnerships, stakeholders and the public at large. In the area of more traditional communication, activities will include, but are not limited to, the following:

- Newspaper and Magazine Articles written by Trust staff or done by contract
- Trust Newsletters
- Trust prepared and issued Press Releases
- Radio
- Television
- Event Sponsorships
- Outreach through Partner Newsletters and Mailings
- Participation in Outdoor Days
- Participation in Legislative Receptions
- Participation in Legislative Sportsman’s Caucus Events

In the area of electronic and social media, outreach methods will include, but not be limited to, the following:

- Trust website
- Social Media
 - Facebook
 - Instagram
 - Twitter
- Outreach through partners websites
- Interaction with partners social media sites

Small Grants

The Trust’s Small Grant Program is focused on two outcomes. First is a focus on conservation educational activities that are unique, diverse and represent outreach not usually done by Trust staff. Second is a partnership building approach that enhances relationships with both traditional and new partners. The success of the Small Grant Program is reflected by grantee reporting and feedback containing metrics including, but not limited to:

- Number of Participants
- Amount of Participant Activity
- Results of Participant Surveys
- Documented follow up of action by Participants, using knowledge and skills acquired through the Trust sponsored grant, to deliver conservation projects, education or advocacy

Human Resources

Board Role = Vision + Policy

Duane Hauck	Gubernatorial Appointee, Chair
Randy Renner	ND Chapter the Wildlife Society
Dave Dittloff	National Wildlife Federation
Marshall E. Johnson	The National Audubon Society
Gary Melby	Gubernatorial Appointee
Jerry Doan	Gubernatorial Appointee
Terry Steinwand	ND Game and Fish Department, Ex-officio Member

Staff Role = Day to Day

Keith Trego	Executive Director
Kathy Kirschman	Admin Assistant/Biological Tech
Terry Allbee	Business Manager/Biologist
Jesse Beckers	Conservation Program Coordinator
Rick Warhurst	North American Wetland Conservation Act/ ND Action Group Coordinator

FINANCIAL DETAILS

The Garrison Diversion Reformulation Act of 1986 called for the creation of a nonprofit corporation 501(c)(3) called the North Dakota Wetlands Trust. The Trust's funding was based on \$12 million in federal money. The state was required to contribute 10 percent (\$1.2 million).

In December 2000, Congress passed the Dakota Water Resources Act (DWRA) which broadened the Trust's mission and allocated an additional \$25 million in federal dollars, tied to a portion of the DWRA annual appropriations, to the Trust. The Trust will eventually have an unspendable trust fund of \$38.2 million.

Federal Contributions

The original \$12 million federal contribution was made from 1987 to 1996. The DWRA has contributed \$10,359,300 of the additional \$25 million. These DWRA contributions, made by the US Bureau of Reclamation, are five (5) percent of the annual Garrison Diversion Unit budget for the Red River study and state MRI.

Operating Reserve Fund

Public Law 111-85-Oct. 28, 2009, sec. 209 states that the Trust may use principal for operational expenses, provided that the principal allocation shall not exceed 105 percent of the previous fiscal year's operating costs. If operating reserve fund principal is used it must be restored to the operating reserve fund at the earliest opportunity. At the discretion of the board, either earnings from Trust investments or outside sources of funding may be used to restore the principal withdrawn from the operating reserve fund.

State Contributions

The state's 10 percent match evenly split between the North Dakota Game and Fish Department, State Water Commission, and Garrison Conservancy District began in 1986 and was completed in 2009.

Investment Management

The Trust funds are currently invested and managed by SEI Investments, Inc., of Oaks, Pennsylvania. SEI has managed the Trust funds since 1999. SEI divided the investments into six accounts.

The federal contributions are held in the federal and operating reserve account. The state contributions are held in the state account, and the remaining spendable funds are in held in the main and one income accounts.

All accounts use investment strategy approved by the Board of Directors in 2011. In 2009, the Board implemented a two-year income sweeping strategy.

Budgeting

Budgets are developed by staff and revised and approved by the Board of Directors on an annual basis. In addition, budgets are projected for four ensuing years. The budget includes estimated cost of anticipated program delivery and management based on the strategic plan and estimated revenues by investment funds.

2017 -2022 Strategic Plan Expenditures

FIVE YEAR BUDGET PROJECTIONS

	2017	2018	2019	2020	2021
BUDGETED INCOME					
Income Carryover	2,050,000	1,500,000	1,000,000	1,000,000	1,000,000
Investment Income:	835,000	850,000	850,000	850,000	850,000
Coop Agreements	778,537	480,000	480,000	480,000	480,000
Project Income	780,631	603,327	393,327	393,327	393,327
TOTAL INCOME	4,450,688	4,043,154	3,123,154	3,123,154	3,123,154
BUDGETED EXPENSES					
Grants	101,917	100,000	100,000	100,000	100,000
Administration	388,644	400,000	400,000	400,000	400,000
Coop Agreements	778,537	480,000	480,000	480,000	480,000
Projects	2,831,590	2,750,000	2,000,000	2,000,000	2,000,000
TOTAL BUDGET	4,100,688	3,730,000	2,980,000	2,980,000	2,980,000
NET INCOME	350,000	313,154	143,154	143,154	143,154