

CASS
COUNTY
LAND
DEPARTMENT
ANNUAL
REPORT

2017



Cass County Mission:

“The mission of Cass County is to deliver quality public services to the citizens in an effective, professional and efficient manner.”

Cass County Land Department Mission:

“Manage the County’s forest land base within the confines of MN Statutes 282 and to improve the quality and value of the County’s forest land resources.”

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COUNTY COMMISSIONERS
2017

District 1

Neal Gaalswyk

District 2

Robert Kangas

District 3

Jeff Peterson

District 4

Scott Bruns

District 5

Dick Downham*

*CHAIR

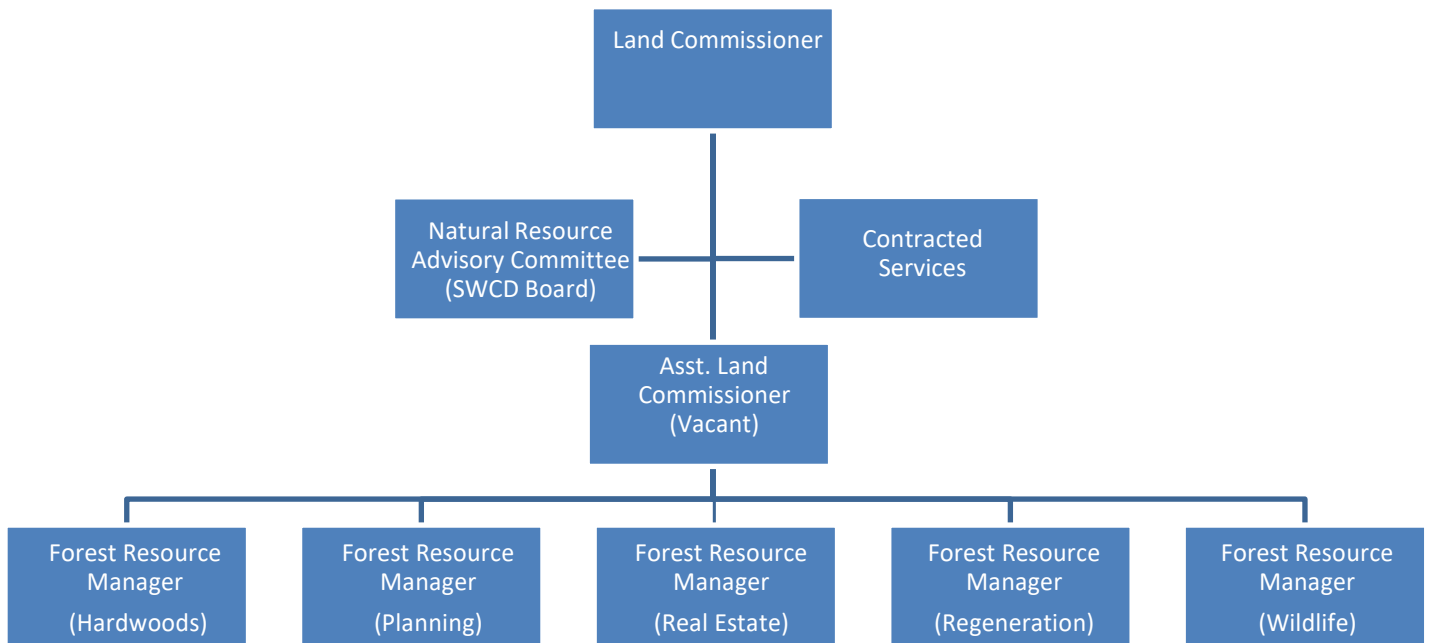
NATURAL RESOURCE ADVISORY COMMITTEE

2017 SWCD BOARD

| | |
|------------|------------------|
| District 1 | Thomas Kuschel* |
| District 2 | Kenneth LaPorte |
| District 3 | James Ballenthin |
| District 4 | David Peterson |
| District 5 | Jane Ekholm |

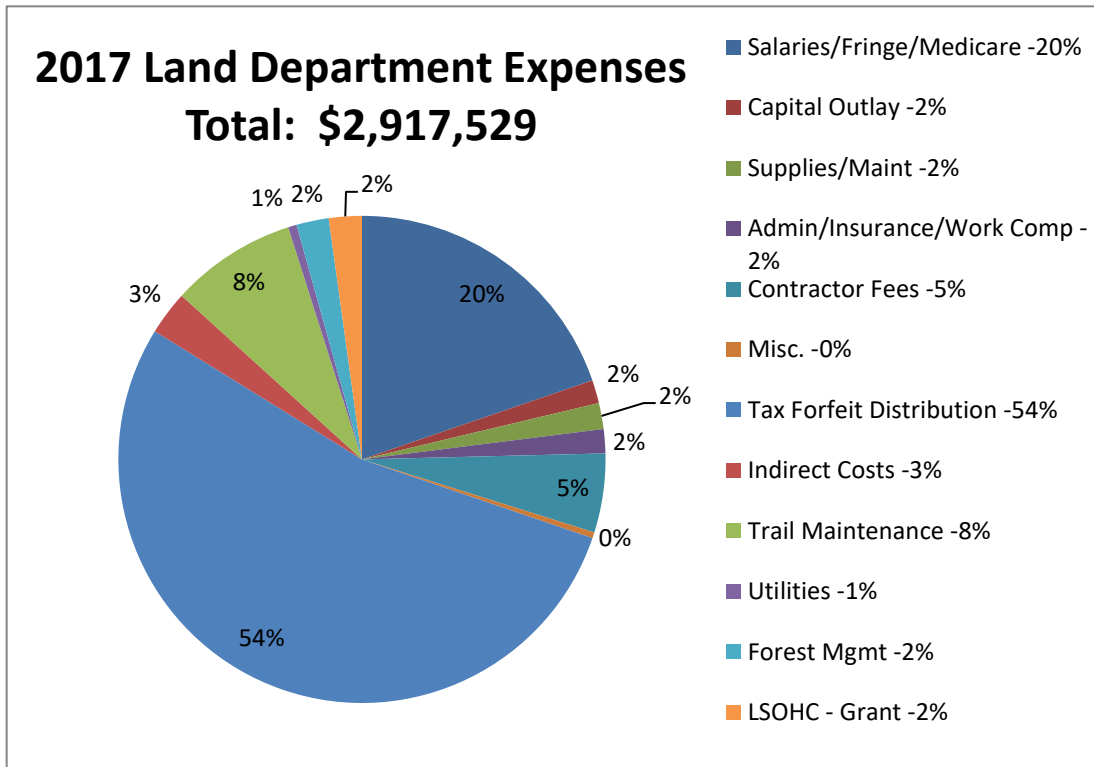
*CHAIR

2017 CASS COUNTY LAND DEPARTMENT ORGANIZATIONAL CHART

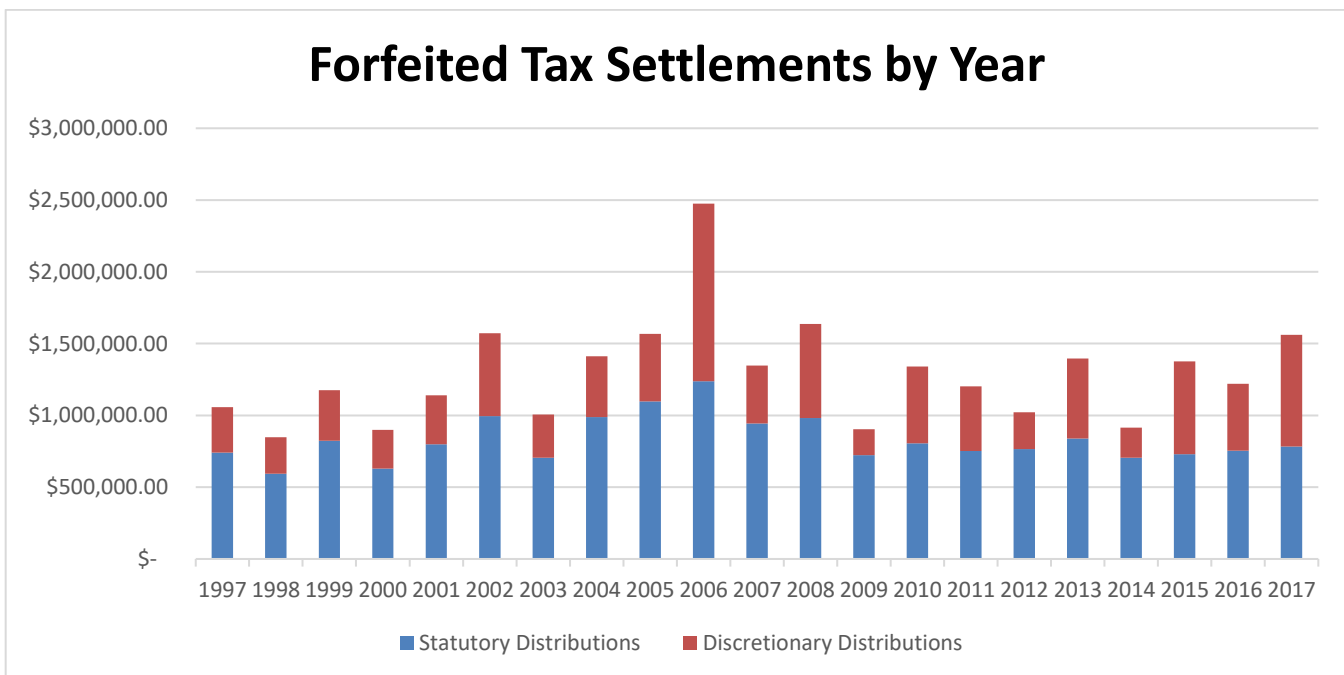


| Land Department Expenses | | | |
|--|--------------------|--------------------|--------------------|
| | 2015 | 2016 | 2017 |
| Permanent Salaries | \$422,060 | \$402,923 | \$403,525 |
| IRS 125 - Flex | \$146 | \$124 | \$0 |
| Fringe Benefits and PERA | \$111,039 | \$106,858 | \$105,504 |
| Retired Employee Benefits | \$37,581 | \$35,313 | \$35,089 |
| FICA / Medicare | \$32,134 | \$30,376 | \$30,289 |
| Unemployment Compensation | \$0 | \$0 | \$0 |
| Workers Compensation | \$6,724 | \$14,411 | \$20,852 |
| County Uniforms & Clothing | \$1,782 | \$1,683 | \$1,917 |
| Postage & PO Box Rental | \$1,871 | \$1,887 | \$1,274 |
| Telephone / Internet | \$2,162 | \$1,797 | \$2,137 |
| Printing, Publishing, Graphics | \$1,321 | \$2,145 | \$0 |
| Committee, Membership Dues, and Licenses | \$9,688 | \$3,899 | \$5,873 |
| Utilities | \$15,223 | \$14,172 | \$14,441 |
| Trail Maintenance (Snowmobile/ATV/Ski) | \$287,673 | \$289,962 | \$244,069 |
| Professional, Technical, Contract Service | \$193,483 | \$144,564 | \$152,712 |
| Repairs, Maintenance & Janitorial - Building | \$29,431 | \$27,248 | \$24,430 |
| Travel Expenses | \$1,131 | \$1,724 | \$1,722 |
| Equipment Rental / Lease | \$6,002 | \$6,339 | \$6,230 |
| Insurance (Property/Casualty) | \$25,830 | \$28,034 | \$22,602 |
| Misc. Charges | \$1,048 | \$1,211 | \$3,781 |
| Office Supplies | \$591 | \$533 | \$260 |
| Field Supplies | \$5,502 | \$6,100 | \$3,807 |
| Vehicle Repair and Expense | \$5,868 | \$7,695 | \$6,235 |
| Vehicle Fuel | \$11,202 | \$8,790 | \$9,558 |
| Capital Outlay, Equipment, Fixtures | \$13,701 | \$51,801 | \$44,936 |
| Refunds & Remittance | \$6,872 | \$310 | \$0 |
| Forest Management | \$17,656 | \$46,868 | \$56,489 |
| Wildlife Management | \$4,220 | \$7,400 | \$6,115 |
| Land Asset Mgmt. | \$0 | \$0 | \$2,960 |
| Interfund Transfer (out) | \$1,376,217 | \$1,219,192 | \$1,562,050 |
| Indirect Costs (out) | \$75,000 | \$85,000 | \$85,000 |
| Sub Total | \$2,703,158 | \$2,548,359 | \$2,853,857 |
| LSOHC-Grant* | \$1,019,770 | \$465,070 | \$63,672 |
| Total Expenses | \$3,722,928 | \$3,013,429 | \$2,917,529 |

*The LSOHC-Grant is listed here as a pass-through grant in the overall fiscal management of the department.



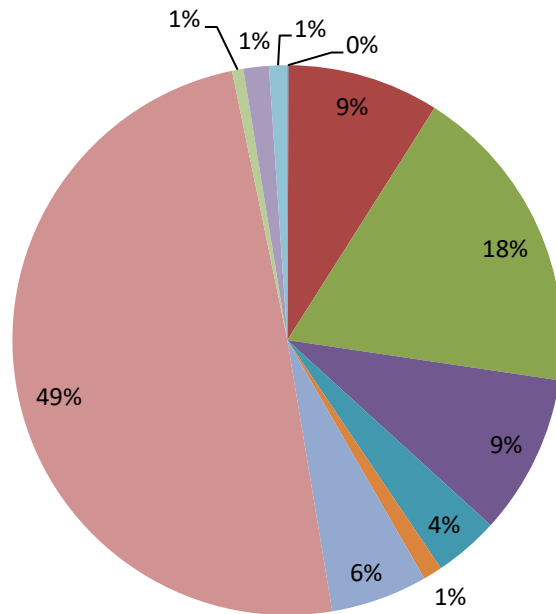
Note: 54% of the Department’s expense accounts for \$1,562,051 transferred back as tax forfeited settlements to townships, towns/cities, schools, reforestation, trails, and general fund.



Land Department Revenue

| | 2015 | 2016 | 2017 |
|--|--------------------|--------------------|--------------------|
| Aggregate Material | \$8,060 | \$24,455 | \$3,206 |
| Land Sales | \$231,448 | \$483,210 | \$378,872 |
| Inter Fund Transfer (Reforestation/Trails) | \$646,822 | \$464,269 | \$779,463 |
| LSOHC - Grant | \$587,000 | \$948,650 | \$400,000 |
| PILT Payments | \$162,460 | \$162,267 | \$162,198 |
| Gas Tax Allocations | \$41,783 | \$42,202 | \$47,798 |
| State Grants ATV/Snowmobile/X-Ski | \$239,409 | \$174,390 | \$241,670 |
| Timber Sales/Extensions | \$1,738,077 | \$1,833,007 | \$2,098,296 |
| Leases | \$33,337 | \$16,490 | \$28,322 |
| Easements | \$35,906 | \$84,186 | \$63,287 |
| Misc. Revenue/State Aid/ Fees/Trespass | \$11,478 | \$2,629 | \$45,536 |
| Total | \$3,735,780 | \$4,235,755 | \$4,248,648 |

2017 Land Dept Revenue



- Aggregate Material - 0%
- Land Sales - 9%
- Inter Fund Transfer (Reforestation/Trails) - 18%
- LSOHC - Grant - 9%
- PILT Payments - 4%
- Gas Tax Allocations - 1%
- State Grants ATV/Snowmobile/X-Ski - 6%
- Timber Sales/Extensions - 49%
- Leases - 1%
- Easements - 1%
- Misc. Revenue/State Aid/ Fees/Trespass - 1%

Timber Sold - All Sales (1/1/17-12/31/17)

| Product | Cords sold (2017) | Total Price (2017) | Average Price/Cd (2015) | Average Price/Cd (2016) | Average Price/Cd (2017) |
|----------------------|-------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| Aspen | 31,041 | \$1,191,957.96 | \$29.15 | \$39.52 | \$38.40 |
| Birch | 5,230 | \$123,660.27 | \$18.82 | \$25.81 | \$23.64 |
| Black Spruce | 89 | \$1,793.00 | \$5.04 | \$15.94 | \$20.15 |
| Maple | 2,324 | \$46,376.10 | \$17.60 | \$21.37 | \$19.96 |
| Ash | 1,277 | \$16,937.53 | \$15.92 | \$15.69 | \$13.26 |
| Balsam Fir | 743 | \$11,013.80 | \$11.14 | \$18.36 | \$14.82 |
| Balsam Poplar | 98 | \$2,946.30 | \$19.24 | \$16.97 | \$30.06 |
| Basswood | 2,086 | \$41,940.43 | \$17.69 | \$20.73 | \$20.11 |
| Cedar | 0 | \$0.00 | \$0.00 | \$8.50 | \$0.00 |
| Jack Pine | 1,125 | \$40,743.65 | \$22.61 | \$27.28 | \$36.22 |
| Jack Pine Pulp | 20 | \$245.61 | \$8.10 | \$20.90 | \$12.28 |
| Mixed Hardwood | 10 | \$160.00 | \$0.00 | \$15.00 | \$16.00 |
| R. Pine Bolts & Pulp | 715 | \$47,940.25 | \$23.14 | \$41.05 | \$67.05 |
| Red Oak | 9,139 | \$349,884.84 | \$32.22 | \$48.57 | \$38.35 |
| Spruce | 393 | \$5,262.57 | \$17.27 | \$22.79 | \$13.39 |
| Tamarack | 760 | \$5,033.61 | \$9.74 | \$3.67 | \$6.62 |
| R&W Pine Bold | 0 | \$0.00 | \$28.16 | \$30.00 | \$0.00 |
| R. Pine Bolts | 781 | \$52,495.00 | \$0.00 | \$120.40 | \$67.22 |
| R. Pine Pulp | 228 | \$2,767.25 | \$9.82 | \$13.47 | \$12.14 |
| White Spruce | 178 | \$6,439.85 | \$15.55 | \$28.11 | \$36.18 |
| Bur Oak | 1,090 | \$18,549.02 | \$16.98 | \$19.67 | \$17.02 |
| Yellow Birch | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Cords | 57,327 | \$1,966,147.04 | \$24.75 | \$34.65 | \$34.12 |
| | | | | | |
| R. Pine Sawtimber | 64.30 | \$7,979.22 | \$170.01 | \$139.13 | \$124.09 |
| R&W Pine Sawtimber | 55.60 | \$6,356.51 | \$199.96 | \$105.12 | \$114.33 |
| Total MBF | 119.90 | \$14,335.73 | \$176.33 | \$121.48 | \$119.56 |
| | | | | | |
| Salvage Acres | 51.73 | \$16,483.65 | | | |
| | | | | | |
| Grand Total | | \$1,996,966.42 | | | |

Timber Sold (2017)

| | |
|--------------------------------|--------------|
| Number of Timber Tracts Sold | 71 |
| Timber Acres Sold | 2,985.6 |
| Average Value per Acre Sold | \$668.87 |
| Average Revenue per Auction | \$166,413.87 |
| Average Revenue per Tract Sold | \$21,126.29 |

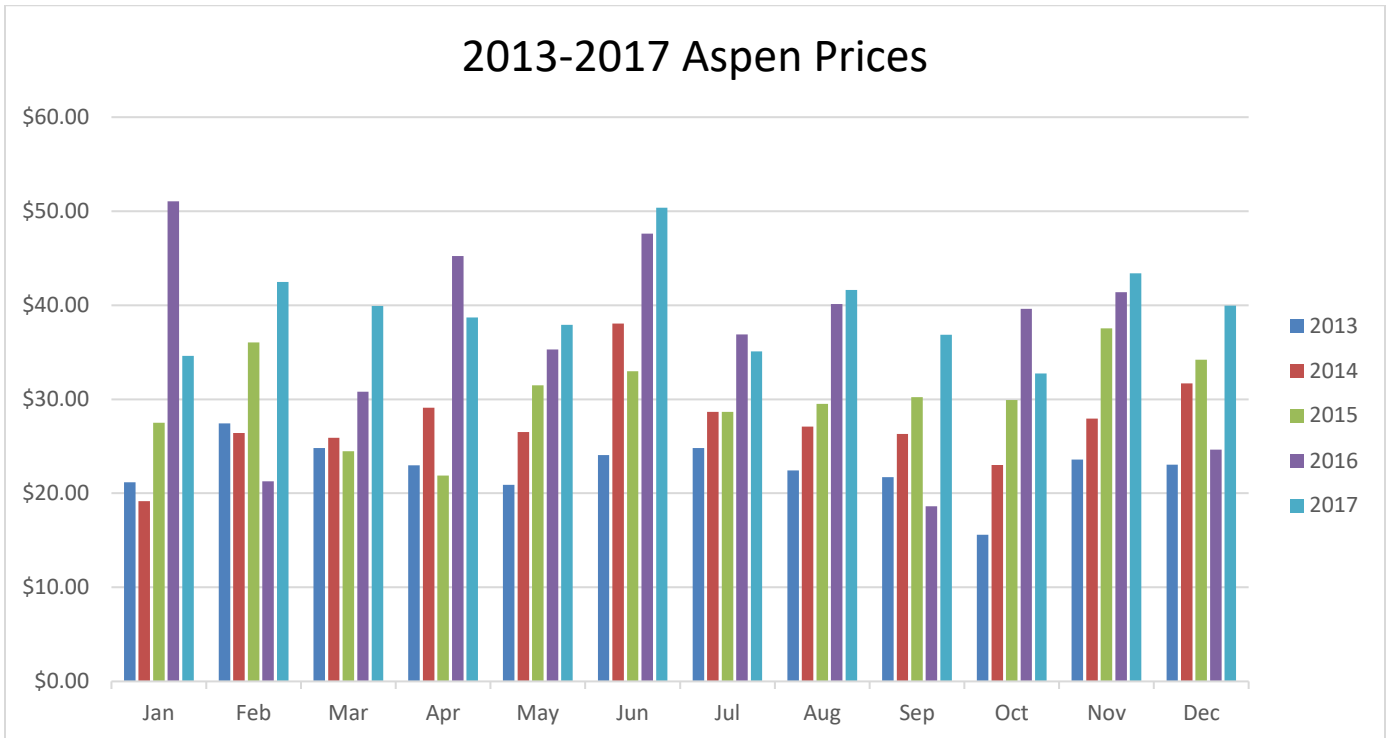
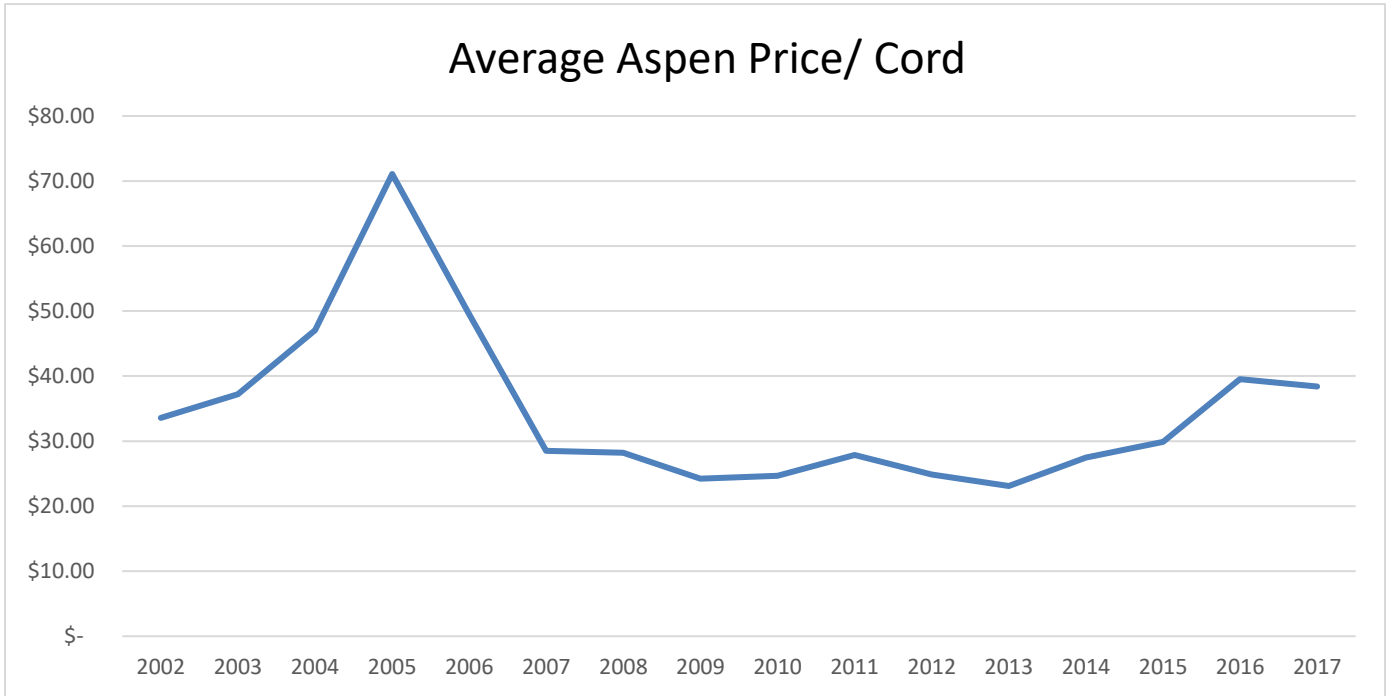
**** Grand total of timber sold will not match Timber Sale Revenues due to 2-year sales.**

The Land Department contacted 52 private landowners in 2017 regarding timber management adjacent to their property.

Timber Types Sold By Acres

| Between 1/1/2017 and 12/31/2017 | | | |
|---------------------------------|--------------|--|--------------|
| <i>Timber Type</i> | <i>Acres</i> | <i>Timber Type</i> | <i>Acres</i> |
| ASH | 19 | WHITE SPRUCE | 0 |
| LOWLAND HARDWOOD | 55 | WHITE CEDAR | 0 |
| ASPEN | 1798 | BALSAM FIR | 65 |
| PAPER BIRCH | 122 | BLACK SPRUCE | 51 |
| BALSAM POPLAR | 32 | TAMARACK | 39 |
| NORTHERN HARDWOOD | 143 | UPLAND GRASS | 2 |
| OAK | 335 | LOWLAND BRUSH | 3 |
| WHITE PINE | 26 | MARSH | 3 |
| RED PINE | 242 | NOT LISTED | 14 |
| JACK PINE | 37 | <i>Total Acres For All Timber Types:</i> | 2986 |

Aspen Market Trends



Conservation Trust Fund 73

Background:

The MN legislature in the years 1998 - 2000 directed Cass County and other counties to sell former State lakeshore lease lots and to legally reserve the principal amount of the proceeds in perpetuity (approximately \$4.1M). The interest earnings on the principal amount (approximately \$100.0K per year) are available to Cass County for “improvement of natural resources”. The financial activity is designated locally as Fund 73.

| 2017 Conservation Trust Fund Account 73 | |
|--|-----------------------|
| Interest Earned in 2001-2016 | \$2,145,073.27 |
| Interest Earned in 2017 | \$72,747.63 |
| Total Interest Earned | \$2,217,820.90 |
| Less Expenditures from 2003-2016 | \$1,682,890.13 |
| Less Expenditures from 2017 | \$86,200.00 |
| Total Expenditures | \$1,769,090.13 |
| Total Revenues Reserved for Natural Resources | \$728,219.56 |
| Permanent Trust Funds | \$4,124,700.00 |
| Fund 73 Total Cash | \$4,852,919.56 |

This fund was used for the Shingobee Connection and Trail 77 Phase 1 match.

Firewood Permit Sales

23 Firewood Permits with a total amount of \$750 were issued in 2017. Firewood permits are available over the counter on a first come first served basis. Permits are written up post-timber harvest for the public to purchase. Not all sales have firewood permits filed. If merchantable timber is left on the site after the logger has completed the sale, then permits are written.

Forest Road Maintenance

The Land Department graded the Deerfield, Bull Moose, Moose Lake –Bungo and Old Grade forest access roads twice during 2017 (31 miles). Mowing and brushing occurred on 52 miles of forest roads and hunter hiking trails. Additionally, 24 road access permits were issued during 2017. Access permits are issued to residents who need to travel along forest access roads for trapping or hunting purposes during break-up or trail closure periods.

The 2017 legislative session resulted in an appropriation for county forest road maintenance in fiscal years 2018 and 2019. The distribution was made to the 14-member counties in the Minnesota Association of County Land Commissioners and is based on the commercial forested acres in each county. The July 2018 distribution to Cass County Land Department was in the amount of \$42,665. These dollars are being used for forest road maintenance activities like grading, culverts, gravel and brushing.

Grants and Trails

Cass County received \$207,768 in state aid grants and spent \$244,069 on snowmobile, ATV, and cross-country ski trails in 2017. There is carryover in grants due to the difference in the fiscal year versus the calendar year. The funds are received by the Land Department and dispersed to local clubs around the county to do trail grooming, signing, grading, brush work, and monitoring programs. The Land Department works with 4 snowmobile, 2 ATV, and 1 cross-country ski clubs in 2017. State aid and local club involvement is needed annually to sustain the County trail system.

| Cass County Trail Inventory 2017 | | |
|---|----------------|--------------------|
| <i>Trail Designation</i> | <i>Surface</i> | <i>Trail Miles</i> |
| Snowmobile Trails | Natural | 443 |
| Snowmobile / Bike Trails | Paved | 114 |
| ATV Trails | Natural | 55 |
| X Ski Trails | Natural | 26 |
| Hunter Walking Trails | Natural | 20 |
| Horse Trails | Natural | 7 |
| State Forests - DNR | | |
| ATV and OHM Trails | Natural | 70 |
| OHV Trails | Natural | 11 |
| Horseback/Mountain Bike | Natural | 27 |
| County Totals | | 773 |

Cass County does not maintain any paved or natural surface trails. All paved trails in Cass County are built and maintained by the local taxing districts or the State of MN. Natural surface trails are maintained by the State of MN or local clubs. The County offers assistance to clubs with some matching dollars for grants and bidding out projects. The match is normally about 35% of the total cost of the project.

Forest Stewardship Council (FSC) Certification

In 2017, the Land Department completed a surveillance audit using Rainforest Alliance under the Forest Stewardship Council (FSC) standard. The County has been certified since 2001 and sought this certification to assure the public and consumers of products from the forest that the lands are being managed in an environmentally, economically, and socially sound manner.

The auditing process is conducted by an independent third party that evaluates whether the Land Department's forest practices and operations align with the FSC standard. The audit resulted in no major or minor non-conformances and no new observations. The Land Department retained its FSC certification of the county managed forest lands.

This certification continues to validate that the county's forest lands are sustainably managed and will continue to provide multiple benefits for future generations, based on principles that promote sustainable forest management, including objective standards and measures to protect water quality, biodiversity wildlife habitat and species at risk.

Public Land Surveys

The Land Department completed 9 survey projects for 14 miles of property line certified and posted. The total cost was \$52,657 with an average cost of \$3,761.00/mile. The contracts require the survey companies to find or restore all controlling corners of the project corridor, provide a signed certificate of survey, and post the boundary inter-visibly every 330 feet. with 'Welcome to Cass County Land' signs. The projects have provided an opportunity to set-up timber sales in areas where unknown property lines prevented forest management in the past. By signing and monumenting, the parcels will provide better public access opportunities and define the property lines into the future.

Land Purchases

The Land Department was successful in obtaining Lessard-Sams Outdoor Heritage Fund grants for \$442,000 in 2016 to purchase key tracts of forest habitat land. In 2017, 40 acres of land were acquired with LSOHC funds in Cass County with the consent of Townships.

Through a grant from LSOHC, the Minnesota Deer Hunters Association acquired 1958 acres in Byron and Poplar Townships from Potlatch. The parcels were donated to Cass County to be managed as County forest lands. No county levy funds were used in either acquisition.

These types of project align with the Cass County Forest Resources Management Plan by consolidating the land base, providing increased wildlife habitat protection and public access for recreational opportunities like hunting, fishing and the taking of game. More importantly, by permanently protecting these forest lands into the future, then good quality water will continue to benefit the community and the people who live here.

Land Sales

The Land Department hosted one public tax-forfeited land auction in 2017. In addition, unsold parcels from previous land sales were available for over-the-counter purchase on a first come, first served basis. A total of 20 parcels were sold in 2017 for \$378,872 of revenue. The lands being sold are parcels classified as non-conservation land and identified in the Forest Resource Management Plan to return to the tax rolls. These parcels may have no public access, public access surrounded by private property, platted land, or isolated acreage. The Land Department sold 197 acres in 2017. The Department plans on holding a Land Sale Auction during the summer of 2018 with new parcels available for purchase. Parcels continue to be available over-the-counter year-around.

Reforestation

The Land Department planted 126,720 trees on 199 acres in the spring of 2017. In the fall, 149.5 acres were bud capped to help prevent deer browse. In addition, 79 acres were site prepped for planting in the spring of 2018.

Easements

1. Transfer right of way easement #83-9-140-25-22 located in section 9 Smokey Hollow Township from Barbara G. Guse under the agreement dated November 2, 1999 to Kyla M. Clark and Adam J. Todd.
2. Reciprocal ingress egress easement to Charles H. Nelson and Shirley J. Nelson across Tax Forfeit land located in Section 3 of Birch Lake in exchange the County will receive an easement for forest management purposes only from Charles H. Nelson and Shirley J. Nelson, LARKEK LLC (Nelson Family) to permanently access nearly 1000 acres of county managed lands in Sections 3 and 11 of Birch Lake Township.
3. Ingress egress easement granted to David Olmscheid and Jared Markus across Tax Forfeit land in Section 28 Byron Township.
4. Transfer right of way easement #17-13-140-28-02 granted to Elizabeth Nolan Nordstrom and Duane V. Nordstrom, as Trustees of the 2003 Charles Nolan Nordstrom Trust under agreement dated December 15, 2003 to Timothy M. French.
5. Transfer right of way easement #16-3-138-31-44 granted to Christopher and Elizabeth Flier on December 8, 2016 to Sara Ellegood and Greg Bramhall.
6. A trail, drainage and utility easement to the City of Lakeshore for the CSAH 77 reconstruction project in Section 32, City of Lake Shore.
7. Ingress egress easement granted to Allan and Joy Huigens across Tax Forfeit land in Section 11 of Birch Lake Township.

8. Ingress egress easement granted to Rehwaldt Family, Susan K Froyd, James and Cheryl Tibesar Trustees, and Mark G and Carol L Wadzink across Tax Forfeit land in Section 11 of Birch Lake Township.
9. Approach surface easement to satisfy the state's licensing requirements for a private airport license to Jeff and Arby Snell on Tax Forfeit land in Section 11 Birch Lake Township.
10. A reciprocal ingress egress easement to Potlatch across Tax Forfeit land located in Section 20 Hiram Township. In exchange, the County will receive an easement to cross Potlatch land in Section 20 Hiram Township to provide permanent summer access to over 700 acres pf Tax Forfeit land.