

North Dakota Natural Resources Trust Strategic Plan

2012-2016



Reviewed by the

**ND Natural Resources Trust
Board of Directors**

January 2012

**NORTH DAKOTA
NATURAL RESOURCES TRUST
2012 - 2016
Strategic Plan
Board of Directors**

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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 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 a percentage of the annual project appropriation. There were no additional state contributions under DWRA. Over the period of 2001-2011 the Trust has received \$8,233,400.00 of the \$25 million authorized by DWRA. Today, the Trust oversees total assets of approximately \$24 million.

In the 24 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 include:

- 68,459 acres of wetlands (preserved, restored, managed, and enhanced)
- 251,420 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)
- 146 grants have been approved by the Board of Directors for \$4.8 million for wetland conservation and education
- 3,800+ landowners have been involved in Trust funded projects and grants
- \$4.8 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

Today the principal amounts to \$21,433,400 million, with total Trust assets of approximately \$24 million. Eventually the Trust will have an unspendable trust fund of \$38.2 million dollars.

The Trust may expend earnings generated from federal contributions. All state contributions and associated earnings have been determined to be spendable. In addition, in 2009 the Trust's federal enabling legislation was modified to allow the establishment of an Operating Reserve Fund from the federal contributions. Monies in the Operating Reserve Fund may be spent under specific conditions and then repaid based on criteria contained in the agreement between the Trust and BOR.

As of June 30, 2011, the Trust had a federal contribution fund and operating reserve fund of \$20.4 million, a state contribution fund of \$1.1 million, and spendable earning of \$2.2 million, presenting the total assets on hand previously referenced of \$24 million.

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 holding back water 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 the 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 predominated 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 Trust 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, however, 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.

2012 – 2016 Strategic Planning

A planning process was initiated to assist the Trust in creating a strategic plan to advance its mission and address current and emerging challenges and trends.

In April 2011, phone interviews were completed with Board members. The interview consisted of questions relating to the organization's strengths, weaknesses, opportunities, and threats. The Board also was asked to identify the main things the Trust needed to pay attention to and plan for during the next ten years.

The interview responses were reported in a document circulated specifically for the planning session of April 27, 2011. The document is on file at NDNRT and may be reviewed upon request.

The raw interview responses were categorized into three "challenge" areas—as the Trust needs to pay attention to and plan for during the next five to ten years as follows:

1. Trust Management
2. Trust East
3. Trust West

Strategic Process

In April 2011 the NDNRT Board and selected partners engaged in a planning retreat. Using a process called Strategic Exploration and a planning tool called the Implications Wheel™, possible strategies to address the three major problems were identified along with the implications if those strategies were pursued. Small groups were formed to expedite the tasks of exploration and analysis. Each small group explored one issue and presented their conclusions and recommendations for the full group to review. The full group rated how much they agreed with the conclusions and recommendations, and they ranked the

degree of priority the Trust should give each recommended goal in its strategic plan. The ratings and rankings were reported in a document titled “Strategic Priorities Summary Report,” which is on file at NDNRT and may be reviewed upon request.

Strategic Goals

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

STRATEGIC PRIORITY 1

Goal: By 2016, the TRUST will assist in protection and/or restoration of 1,000 acres of wetlands 4,000 acres of grasslands.

Rationale:

- Could result in increased public awareness and conservation implementation.
- Leverage staff resources.
- Could leverage financial resources.
- Could promote flood resiliency.
- May develop new partners.
- Accomplish our mission.

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment (Measures of Progress or Success)
<ul style="list-style-type: none"> • Explore partnership possibility with the Red River Basin Commission and other conservation interests 	0-2 years	EB and Staff	Funding through grants or programs	Cooperative agreement or MOU; a specific project collaboration completed
<ul style="list-style-type: none"> • Look for water storage/conservation opportunities 	0-3 years	ED and Staff	Location in the state, longevity of projects, funding partners	Number of water storage/conservation acres completed
<ul style="list-style-type: none"> • Conduct more outreach with agriculture community on solutions to flooding that are mutually acceptable 	0-3 years	ED	Finding mutually acceptable projects and ideas; project length	Cooperative agreement or MOU; a specific project collaboration completed
<ul style="list-style-type: none"> • Explore partnership possibility within the Devils Lake Basin 	0-3 years	ED, Staff		

Goal 1 Status Report:

<Enter date and report here>

STRATEGIC PRIORITY 2

Goal: By 2013, the TRUST will develop a conservation strategy to help deliver potential special initiatives identified in the 2012 Farm Bill.

Rationale:

- Leverage staff resources
- Could leverage financial resources
- Accomplish our mission

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment (Measures of Progress or Success)
<ul style="list-style-type: none"> • Pull together available technical expertise. 	2012-2013 0-1 year	Trust staff ED and Staff	<p>Provisions of 2012 farm bill (if it is even written and passed in 2012) won't be well known until late in the year.</p> <p>Need cooperation from USDA, the Trust should be one partner in a larger conservation partnership, avoid duplication of existing efforts by PF and DU</p>	<p>Thorough technical analysis of which farm bill programs work best and cost effectiveness of each.</p> <p>Publication of material for use by Trust and other Conservation Organizations</p>
<ul style="list-style-type: none"> • Identify staffing and/or partner capacity needs. 	2012-2013 1-2 years	Trust staff and Partners ED and Staff	<p>Next (2012?) farm bill will likely have different delivery needs due to budget constraints and program changes.</p> <p>avoid duplication of existing efforts by PF and DU, granting opportunities</p>	<p>Clear Trust staff assignments for farm bill delivery; clarity among partners regarding who will take the lead in various farm bill areas.</p> <p>effective delivery of additional conservation programs in ND</p>
<ul style="list-style-type: none"> • Identify potential projects. 	2012-2013 1-3 years	Trust staff and Partners ED, Staff and other conservation organizations	<p>Next (2012?) farm bill will likely have different delivery needs due to budget constraints and program changes.</p>	<p>Successful delivery of farm bill components.</p> <p>completion of wetland and grassland goal acreage</p>

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment (Measures of Progress or Success)
			Landowner contacts and interest is critical, financially attractive to landowners	

Goal 2 Status Report:

<Enter date and report here>

STRATEGIC PRIORITY 3

Goal: By January 2014, the NDNRT will work to strengthen its leadership role in western North Dakota conservation.

Rationale:

- We need to minimize negative habitat impacts.
- Oil & gas activity will/is/has the most significant impact on ND natural resources.
- Oil & gas has the greatest financial potential to assist the Trust with future growth.
- There is no lead NGO.

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment (Measures of Progress or Success)
<ul style="list-style-type: none"> • Prioritize the activities of the Trust in the west • The Trust will identify potential industry & conservation partners. • The Trust will make personal contacts with industry leaders 	2012-2014 0-1 year	Executive Director, staff and board ED and Staff	Western energy development is creating the biggest landscape impact ND has ever seen. Focus of efforts to maximize conservation benefits.	Development of a clear picture of what can be done to address energy impacts. Complete a report prioritizing activities.
	2012-2014 0-1 year	Executive Director, staff and board ED and Staff	At present the Trust has no strong relationships with the energy industry, so establishing these will take considerable time and effort. Need to establish common ground and identify mutual benefits of natural resources, financial and public approval.	New relationships with energy companies and renewed and/or strengthened relationships with conservation partners active in the western part of the state. The number of industry and conservation partners.
	2012-2014 1-2 years	Executive Director, staff and board ED	Acceptance by industry leaders and their availability of time to discuss mutual interests.	Strong established relationships with industry leaders. Both number of actual contacts and number of successful

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment (Measures of Progress or Success)
<ul style="list-style-type: none"> Public education and awareness campaigns. 	2012-2014 02/04/2011	ED and staff ED, Contract Services	<p>Trust has limited public relations capability. Will likely need to contract and/or integrate with granting process.</p> <p>Regional or statewide, target audience to effectively deliver message.</p>	<p>industry partnerships.</p> <p>Enhanced public awareness of west river natural resource challenges and strong public support for efforts that protect or enhance natural resources.</p> <p>Follow-up survey on public attitude.</p>

Goal 3 Status Report:

<Enter date and report here>

STRATEGIC PRIORITY 4

Goal: Immediately and ongoing thereafter, the NDNRT will pursue specific funding sources to fund special projects as they present themselves.

Rationale:

- Would allow for an increase in conservation practices being put on the landscape.

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment <small>(Measures of Progress or Success)</small>
<ul style="list-style-type: none"> • Explore options for hiring staff dedicated to special projects. <p>Explore possibility of accessing and leveraging certain oil tax monies for environmental enhancement purposes.</p>	<p>2012-2013 Nov. 15, 2011 - Jan 31, 2012</p> <p>2012</p>	<p>BOD and ED</p> <p>Trust staff Executive Director and Board committee</p> <p>BOD,ED, Trust Staff</p>	<p>Income - Budget and Project; Part-time or Full time; and Multi project availability</p> <p>Consider during 2012 budget preparation.</p> <p>Consider status of other natural resource funding efforts.</p>	<p>Number of projects and funds received by Trust</p> <p>1. Position Description/Job announcement.</p> <p>2. Fundraising goals and timeframes.</p> <p>3. Fund raising progress.</p>

Goal 4 Status Report:

<Enter date and report here>

STRATEGIC PRIORITY 5

Goal: By the end of 2013, the NDNRT will evaluate the possibility of securing new money to be retained with earnings being used for future conservation projects.

Rationale:

- Would allow for more conservation practices being put on the landscape.
- Could result in a targeted plan on how to expand the trust corpus.
- Could improve public support for conservation.
- Could improve statutory and public policy with regard to conservation.
- Could result in expanded programs and a positive for the resource.
- Could result in receiving additional funding for voluntary conservation measures for the energy industry.

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment (Measures of Progress or Success)
<ul style="list-style-type: none"> • Increase fund raising efforts and explore options.*1 	2012–2013	Fundraiser - either new staff or contract BOD, ED coordinating with CPAs, financial planners, and others with fund raising knowledge.	New area for Trust with little background or expertise. Could be competing with other conservation partners. Staffing and existing fundraising expertise.	Feedback and evaluation of concept from contacts/ respondents.
<ul style="list-style-type: none"> • Increase public support for conservation programs. 	Ongoing 0-4 years	Trust staff, board and partners BOD, ED, and Staff - Other Conservation Organizations	Likely will involve more targeted funding and additional staff. public awareness of benefits and willingness improve public policy	Increased proactive citizen involvement in conservation promotion and funding resulting in, among other things, improved laws/public policies on conservation and more funding. 2013 legislative session
<ul style="list-style-type: none"> • Increase public awareness/education. *2 	Ongoing 0-4 years	Trust staff, board and partners and possible outside	Might involve more staff and/or consulting public awareness of benefits and	Proactive public responses on important long term

Strategies	Timelines	People Responsible or Involved	Considerations	Assessment (Measures of Progress or Success)
<ul style="list-style-type: none"> Develop new partnerships. Ensure portfolio diversity. 	<p>Ongoing 0-4 years</p> <p>2012 - 2016 0-4 years</p>	<p>consulting BOD, ED, and Staff</p> <p>Exec. Director and all staff BOD, ED, and Staff</p> <p>Primarily Trust financial advisors and to a less extent staff and Board finance committee Finance Comm, ED, Terry and SEI</p>	<p>willingness improve public policy</p> <p>Not a lot of potential partners left, so new relationships might take considerable effort Private industry, individuals, and others. All federal, state and NGO are partners already</p> <p>Trust has limited ability to recommend or assess proper diversity other than through action of financial advisors Type of diversity, risk of loss, and rate of gain</p>	<p>conservation issues 2013 legislative session</p> <p>New partners active and conservation efforts Number of new partnership and new funds</p> <p>Stability of investment earnings Increase in assets and increase in security from loss</p>

*1Raising money for an "endowment" might be considerably more difficult than raising project money. Also, have found through past grant applications that a nonprofit with an existing endowment is sometimes at a disadvantage in gathering additional funds.

*2Trust's granting option might be the ideal vehicle to fund or partially fund this effort

Goal 5 Status Report:

<Enter date and report here>

Human Resources

Board Role = Vision + Policy

Scott Peterson,	ND Chapter The Wildlife Society, Chair
Tom France,	National Wildlife Federation
Genevieve Thompson,	The National Audubon Society
Gary Melby,	Gubernatorial Appointee
Jack Olin,	Gubernatorial Appointee
Duane Liffbrig,	Gubernatorial Appointee
Terry Steinwand,	ND Game and Fish Department, Ex-officio Member

Staff Role = Day to Day

Keith Trego,	Executive Director
Linda Roeder,	Executive Assistant
Terry Allbee,	Business Manager/Biologist
Karen Kreil,	Biologist

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 \$8,233,400 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 were 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 two 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.

Additional Information

2012-2016 Strategic Plan Expenditures

FIVE YEAR BUDGET PROJECTIONS

	2012	2013	2014	2015	2016
BUDGETED INCOME					
Investment Income:	800,000.00	825,000.00	850,000.00	875,000.00	900,000.00
Income Carryover	0.00	200,000.00	250,000.00	250,000.00	200,000.00
Project Income	800,000.00	825,000.00	850,000.00	875,000.00	900,000.00
TOTAL INCOME	1,600,000.00	1,850,000.00	1,950,000.00	2,000,000.00	2,000,000.00
BUDGETED EXPENSES					
Grants	35,000.00	0.00	0.00	0.00	0.00
Projects	1,365,000.00	1,600,000.00	1,700,000.00	1,800,000.00	1,800,000.00
TOTAL BUDGET	1,400,000.00	1,600,000.00	1,700,000.00	1,800,000.00	1,800,000.00
NET INCOME	200,000.00	250,000.00	250,000.00	200,000.00	200,000.00