

State Notes

TOPICS OF LEGISLATIVE INTEREST

Winter 2017



Michigan Natural Resources Trust Fund Board Project Recommendations for Application Year 2016

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The Michigan Natural Resources Trust Fund (MNRTF) is used to provide grants to local units of government and the Department of Natural Resources (DNR) for land acquisition and development. The purpose of these projects, as specified in Article IX, Section 35 of the Michigan Constitution, is to increase recreational opportunities and to protect land based on its environmental importance or scenic beauty. Since its inception in 1976, the MNRTF has been used to fund about 2,100 projects totaling just over \$1.0 billion. The Constitution requires that not less than 25.0% of amounts made available for expenditure be used for acquisition, and not more than 25.0% be made available for development. Michigan Natural Resources Trust Fund revenue also may be used for administration of the Fund, as well as payments in lieu of taxes.

MNRTF Background

Each year, typically in December, the MNRTF Board votes on applications received for MNRTF projects that year. Before approval is granted, each project is scored by DNR staff, and the Board meets several times to review projects, hear testimony from interested parties, and discuss the merits of each project. Following the Board's approval, the project recommendations are included in a draft bill that is presented to the Legislature by the Governor. The total dollar amount available for these project recommendations is left to the discretion of the Board. Before 2011, that dollar amount was typically based on the interest and earnings of the corpus balance of the MNRTF plus 33.3% of the lease and royalty revenue received from mineral (primarily gas and oil) leases on State land, as specified in the Michigan Constitution. In 2011, however, the MNRTF reached a \$500.0 million cap established in the Constitution, so mineral lease and royalty revenue is now credited to the Michigan State Parks Endowment Fund, which had formerly received only \$10.0 million of this revenue each year. This effectively means that all future MNRTF projects will be funded solely from interest and earnings on the balance of the MNRTF plus lapsed funds or funds retained from previous years. While the Constitution redirects mineral royalty revenue to the State Parks Endowment Fund once the MNRTF corpus balance reaches \$500.0 million, the MNRTF Board can elect not to make all funds in excess of \$500.0 million available, thereby providing additional investment capital to provide a higher dollar return in subsequent fiscal years. This effectively allows the Board to adjust for inflation, as the buying power of \$500.0 million will decrease over time.

Investment income for fiscal year (FY) 2015-16 totaled \$55.4 million on a beginning investment balance of \$578.7 million for a return of 9.6%, exceeding the assumed long-term return of 5.5%. In its deliberations, the MNRTF Board elected to make 13.2% of the original investment balance available for allocation, plus about \$3.3 million in other income and lapses, for a total amount made available of \$79.8 million. Table 1 provides a balance statement for FY 2015-16.



Table 1

Michigan Natural Resources Trust Fund Balance			
	Corpus	Reserves	Total
FY 2015-16 Beginning Investment Balance	\$500,000,000	\$78,716,900	\$578,716,900
Investment Income	--	55,427,197	55,427,197
Other Income	--	420,212	420,212
Prior Year Lapses and Withdrawals.....	--	2,913,252	2,913,252
Spending Allocations ¹⁾	--	(79,760,661)	(79,760,661)
FY 2015-16 Ending Investment Balance	\$500,000,000	\$57,716,900	\$557,716,900

¹⁾ Includes FY 2016-17 project recommendations as well as \$3.2 million in FY 2015-16 administrative costs contained in the FY 2016-17 DNR budget.

Source: Michigan Department of Natural Resources

FY 2016-17 MNRTF Project Recommendations

On December 7, 2016, the MNRTF Board approved a package totaling approximately \$47.6 million for 114 projects. These projects include 27 (21 local, six State) acquisitions for a total of \$27.7 million (\$19.9 million local, \$7.8 million State), and 87 (79 local, eight State) development projects for a total of \$19.9 million (\$17.9 million local, \$2.0 million State). While a simple calculation would seem to indicate that the amount allocated for development projects runs afoul of the "not more than 25.0%" requirement in the Michigan Constitution, the total of \$47.6 million for FY 2016-17 consists of new revenue, lapsed funds from previous years, and additional allocations made available by the MNRTF Board. [Table 2](#) provides an overview of that revenue.

Table 2

Availability and Allocation of MNRTF Revenue for FY 2016-17 Projects			
Funds Available for FY 2016-17 Projects	Total	Acquisition Grants	Development Grants
Allocation of FY 2015-16 Revenue	\$55,847,409	\$41,885,557	\$13,961,852
Reauthorization of Lapsed/Withdrawn Projects	2,913,252	2,184,939	728,313
Additional Allocation	<u>21,000,000</u>	<u>15,750,000</u>	<u>5,250,000</u>
Total Funds Made Available for FY 2016-17 Projects	\$79,760,661	\$59,820,496	\$19,940,165
Amount Awarded for FY 2016-17 Projects	47,610,900	27,670,800	19,940,100
Unawarded Amount to Reserve/Administration	32,149,761	32,149,696	65

Each year, the MNRTF Board receives project applications from local units of government and the DNR. These projects are scored by DNR staff using a rubric and then presented to the Board so priority can be assigned and grants can be awarded. The priority assigned to a project by the Board does not necessarily reflect the score given to the project by staff; other factors such as geographic distribution of projects, statewide initiatives, and testimony during Board meetings, can contribute to the assignment of project priority that does not reflect staff scoring. Additionally, because MNRTF revenue is now limited to the interest and earnings on the Fund balance, large projects are occasionally passed over so smaller projects can be funded.

In total for 2017, the MNRTF Board received 27 applications for acquisition projects, totaling \$27.7 million, and 130 applications for development projects, totaling \$27.6 million. All 27 acquisition applications were approved, but because only \$19.9 million in development funds was available,



43 of the 130 development project applications were not approved. Applicants that were not awarded a grant are free to reapply in the future. Tables 3 and 4 provide information on grant awards for FY 2016-17 acquisition and development projects, listed in the Board's order of priority.

Conclusion

The projects that were awarded grants were included in Supplemental Request 2017-1, which was submitted to the Legislature by the State Budget Office on January 11, 2017. Unlike the other budget bills that will be moving through the Legislature this spring, the MNRTF proposal will be included in an FY 2016-17 supplemental appropriation bill so local units of government and the DNR can begin to receive grant reimbursements for construction beginning as early as spring or summer 2017, depending on when the bill is enacted. While the Legislature considers the projects and the bill as a whole each year, it should be noted that in the history of the MNRTF, a project has never been added through legislative initiative, although projects have been removed from the bill in past years.



Table 3

FY 2016-17 MNRTF Board Recommendations - Acquisition

Score	Applicant	Project Title	Rec. Grant Award	Local Match	Total Project Cost	% Local Share
425	City of Lansing - Eaton County	Lansing Boat Club Land Acquisition	\$67,500	\$22,500	\$90,000	25.0 %
		Copper Harbor Trail System Access.....				
400	Grant Township - Keweenaw County	Protection Project	248,300	85,000	333,300	25.5
400	Meridian Charter Township - Ingham County	Ponderosa Land Preserve.....	514,900	636,000	1,150,900	55.3
400	Kent County	Chief Hazy Cloud Park Land Addition	2,152,500	922,500	3,075,000	30.0
390	Oakland Charter Township - Oakland County ..	Stony Creek Ravine Nature Park Expansion ..	2,216,400	738,900	2,955,300	25.0
390	Ottawa County	Bend Area Expansion	729,000	486,000	1,215,000	40.0
385	Genesee County	Flint Riverfront Restoration Acquisition Project ...	6,056,500	2,018,900	8,075,400	25.0
	DNR - Parks and Recreation Division - Emmet					
370	County	Iron Belle Trail - Bechek Property.....	145,000	0	145,000	0.0
	DNR - Parks and Recreation Division -					
370	Gogebic County	Iron Belle Trail - Cottens Property	500,000	0	500,000	0.0
370	Delta County	Cornell Land Acquisition	956,200	318,800	1,275,000	25.0
355	Kochville Township - Saginaw County.....	Kochville Township Park Acquisition	524,900	184,500	709,400	26.0
355	Genesee County - Genesee County	Hegel Road Land Acquisition	540,200	189,800	730,000	26.0
	DNR - Parks and Recreation Division -					
355	Washtenaw County.....	Iron Belle Trail - Norfolk & Western Railway				
		Easement	150,000	0	150,000	0.0
345	DNR - Wildlife Division - Monroe County	Crystal Waters Land Acquisition	3,500,000	0	3,500,000	0.0
340	Pleasanton Township - Manistee County.....	Acquisition of May Buell Park	162,000	57,000	219,000	26.0
340	City of Novi - Oakland County	ITC Regional Trailhead Park	402,500	172,500	575,000	30.0
		Eagle Harbor Township Recreation Area				
340	Eagle Harbor Township - Keweenaw County	Property Addition	98,000	33,900	131,900	25.7
340	Eagle Harbor Township - Keweenaw County	Brockway Mountain Backcountry Expansion ...	268,600	89,600	358,200	25.0
330	Littlefield Township - Emmet County	Blumke to Milton Road Trail Acquisition	99,000	33,000	132,000	25.0
330	City of Boyne City - Charlevoix County	City of Boyne City Open Space Acquisition	2,438,800	857,000	3,295,800	26.0
	DNR - Parks and Recreation Division -					
330	Cheboygan County	Black River Property.....	375,000	0	375,000	0.0
	DNR - Forest Resources Division - Crawford					
320	County	Upper Au Sable River Property.....	3,100,000	0	3,100,000	0.0
315	Boyne Valley Township - Charlevoix County.....	Boyne River Acquisition	50,000	20,400	70,400	29.0
310	Branch County	Angel Cove Park Expansion	84,300	29,700	114,000	26.1
	South Haven Area Recreation Authority - Van					
305	Buren County	14th Avenue Parcel Acquisition	300,000	100,000	400,000	25.0
280	Goodland Township - Lapeer County	Goodland Township Park Acquisition	67,000	22,400	89,400	25.1
265	Milton Township - Antrim County	Maplehurst Natural Area Acquisition.....	1,924,200	824,700	2,748,900	30.0
Totals			\$27,670,800	\$7,843,100	\$35,513,900	

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Table 4

FY 2016-17 MNRTF Board Recommendations - Development

Score	Applicant	Project Title	Rec. Grant Award	Local Match ¹⁾	Total Project Cost	% Local Share
455	City of Niles - Berrien County	Niles City Trailhead	\$220,000	\$280,000	\$500,000	56.0%
420	City of Saginaw - Saginaw County	Ojibway Island Improvements	245,000	105,000	350,000	30.0
420	Niles Charter Township - Berrien County....	Niles Township IN-MI River Valley Trail.....	300,000	667,600	967,600	69.0
415	City of East Lansing - Ingham County	Patriarche Park Baseball Field Improvements	50,000	70,000	120,000	58.3
		Pointe Park Water Access and Water Trail				
415	City of Caseville - Huron County.....	Development	296,000	104,000	400,000	26.0
		Emerson Park River Overlook and River Walk				
410	City of Midland - Midland County.....	Development	295,000	110,000	405,000	27.2
		Grand Marais Marina Restrooms/Shower & Fish				
405	Burt Township - Alger County.....	Cleaning Station	202,500	86,900	289,400	30.0
400	Chesterfield Township - Macomb County ...	Webber Paddling Park Development	265,000	114,000	379,000	30.1
395	City of Corunna - Shiawassee County...	Heritage Park and River Access Development	288,600	101,400	390,000	26.0
395	Garfield Township - Clare County.....	Lake Station Trailhead	228,400	98,000	326,400	30.0
395	City of Port Huron - St. Clair County	Pine Grove Park Improvements	275,000	120,000	395,000	30.4
390	City of Wyoming - Kent County.....	Ideal Park Redevelopment	300,000	508,300	808,300	62.9
	Paint Creek Trailways Commission -					
390	Oakland County	Paint Creek Trail Bridge 33.7 Renovation.....	300,000	456,200	756,200	60.3
390	Ontonagon County.....	NCT/IBT Trail Improvement to O Kun de Kun Falls ...	90,200	34,000	124,200	27.4
390	Port Sheldon Township - Ottawa County....	Windsnest Park	300,000	452,000	752,000	60.1
385	Delta Charter Township - Eaton County....	West Willow Highway Canoe Launch Development...	162,500	162,500	325,000	50.0
	Acme Township - Grand Traverse					
385	County.....	Bayside Park Development	300,000	300,000	600,000	50.0
385	City of St. Johns - Clinton County.....	Veteran Memorial Bathhouse Renovation	96,700	96,700	193,400	50.0
385	City of Alpena - Alpena County.....	Starlite Beach Splash Pad and Beach Improvements....	205,000	225,000	430,000	52.3
	Comstock Township - Kalamazoo					
385	County.....	Merrill Park Improvement Project.....	300,000	100,000	400,000	25.0
		Watervliet City Park-Trail Head for Paw Paw River				
385	Berrien County	Water Trail	296,000	300,000	596,000	50.3
380	Algoma Township - Kent County	River's Edge Park Development.....	50,000	62,400	112,400	55.5
380	City of Ludington - Mason County	Stearns Beach Recreation Area Water Trailhead	300,000	133,800	433,800	30.8
380	City of Holland - Ottawa County	DeGraaf Nature Center Park Entrance Improvements.....	165,000	173,000	338,000	51.2
380	Bessemer Township - Gogebic County....	Iron Belle Trailhead and Memorial Park Renovation ...	294,800	105,400	400,200	26.3
380	City of Stanton - Montcalm County.....	Stanton Veteran's Memorial Park Construction	296,000	959,100	1,255,100	76.4
380	City of Muskegon - Muskegon County....	Pere Marquette Park Recreational Improvements	220,700	147,100	367,800	40.0
380	Corwith Township - Otsego County	Vanderbilt Gateway Trailhead Park Development	300,000	153,800	453,800	33.9
380	City of Three Rivers - St. Joseph County....	Three Rivers Trail Extension	254,000	659,700	913,700	72.2

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Table 4 (continued): FY 2016-17 MNRTF Board Recommendations - Development

Score	Applicant	Project Title	Rec. Grant Award	Local Match ¹⁾	Total Project Cost	% Local Share
380	Washtenaw County.....	Border-to-Border/Iron Belle Trail Construction	300,000	1,532,000	1,832,000	83.6
375	City of Ionia - Ionia County	The City of Ionia Trailhead Park.....	221,800	315,800	537,600	58.7
375	Kalamazoo County.....	Markin Glen County Park Improvement Project.....	192,000	128,000	320,000	40.0
375	Ingham County.....	McNamara Landing Improvements	105,800	45,400	151,200	30.0
370	City of Hancock - Houghton County.....	Hancock Waterfront Recreational Pier	294,000	106,000	400,000	26.5
370	City of Beaverton - Gladwin County	Trailhead for Gladwin to Beaverton Trail.....	50,000	113,000	163,000	69.3
365	Hematite Township - Iron County	Joe Mechon Memorial Park Improvements.....	116,600	50,000	166,600	30.0
365	Littlefield Township - Emmet County.....	Hay Lake Marina Park and Watertrail Trailhead	280,000	950,000	1,230,000	77.2
365	Plainfield Township - Iosco County.....	Loon Lake Park Improvements	140,000	60,000	200,000	30.0
365	South Haven Area Recreation Authority - Van Buren County	Pilgrim Haven Development Project Phase II	100,000	40,000	140,000	28.6
360	City of Petoskey - Emmet County.....	Petoskey Downtown Greenway Non-motorized Trail South Segment.....	293,600	206,400	500,000	41.3
360	Odessa Township - Ionia County.....	Jordan Lake Trail.....	300,000	1,068,900	1,368,900	78.1
360	Village of Manchester - Washtenaw County.....	River Raisin Park.....	300,000	114,000	414,000	27.5
360	Ann Arbor Charter Township - Washtenaw County.....	Matthaei Botanical Gardens Trail Development.....	300,000	1,624,100	1,924,100	84.4
360	Clark Township - Mackinac County	Cedarville Harbor.....	294,800	618,900	913,700	67.7
360	City of St. Clair - St. Clair County	Palmer Park Boardwalk Replacement.....	225,000	75,000	300,000	25.0
360	Shelby Township - Macomb County	Shelby Township Iron Belle Connector Development - Phase 1.....	300,000	363,600	663,600	54.8
360	City of Norway - Dickinson County	Strawberry Lake Park Improvements	294,800	105,500	400,300	26.4
360	Genesee County	Genesee Valley Trail - Chevrolet Avenue to Stevenson Street	300,000	100,000	400,000	25.0
360	City of Clio - Genesee County	Clio City Park Trailhead and Restroom Development East Tawas City Park Public Bathhouse Development Project	262,500	92,300	354,800	26.0
355	City of East Tawas - Iosco County.....	Project	292,500	292,500	585,000	50.0
355	City of Grand Haven - Ottawa County	Mulligans Hollow Parking Improvements	280,000	202,700	482,700	42.0
355	Wayne County	Hines Park-Ann Arbor Trail Connector.....	300,000	790,100	1,090,100	72.5
355	Genesee County	Genesee County Iron Belle Trail Segment.....	300,000	1,167,400	1,467,400	79.6
355	City of Portage - Kalamazoo County.....	Portage South Central Trail Phase II.....	291,500	200,000	491,500	40.7
355	City of Crystal Falls - Iron County	Runkle Lake Park Improvements	155,900	54,800	210,700	26.0
350	Lyndon Township - Washtenaw County....	Huron Waterloo Loop Phase 1 Development.....	300,000	2,459,600	2,759,600	89.1
350	Ottawa County	Spoonville Trail North Segment to the Village of Nunica	200,000	1,673,800	1,873,800	89.3
350	Briley Township - Montmorency County....	Riverfront Universal & Resource Improvements	150,800	105,000	255,800	41.0
350	Long Rapids Township - Alpena County	Long Rapids Township Park Improvements	70,000	70,000	140,000	50.0

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Table 4 (continued): FY 2016-17 MNRTF Board Recommendations - Development

Score	Applicant	Project Title	Rec. Grant Award	Local Match ¹⁾	Total Project Cost	% Local Share
350	Village of Saranac - Ionia County	Boat Launch Park - Trailhead Addition & Park Improvements	181,500	78,000	259,500	30.1
345	Delta Charter Township - Eaton County	Delta Mills Park Restroom Renovation.....	175,000	175,000	350,000	50.0
345	Burt Township - Cheboygan County.....	Burt Lake Trail Development (Phase 2)	295,000	320,500	615,500	52.1
345	Laketon Township - Muskegon County....	Horton Park Improvements	300,000	100,000	400,000	25.0
345	Meridian Charter Township - Ingham County.....	Central Meridian Regional Trail Connector Project.....	272,500	122,500	395,000	31.0
	DNR - Parks and Recreation Division - Saginaw County	Riverfront Development.....	290,000	0	290,000	0.0
340	Otsego County	Otsego County Sportsplex Tennis Courts.....	175,700	124,300	300,000	41.4
340	City of Grand Haven - Ottawa County	Waterfront Stadium Park Renovation.....	280,000	674,900	954,900	70.7
340	Woodland Township - Barry County	Jordan Lake Trail.....	300,000	133,200	433,200	30.7
340	Powell Township - Marquette County	Improvements to Burns' Landing Beach Access.....	168,600	59,300	227,900	26.0
340	DNR - Parks and Recreation Division - Mecosta County	White Pine Trail Paving - LeRoy to Reed City	300,000	4,401,300	4,701,300	93.6
340	City of Rockford - Kent County	Rogue River Nature Trail Phase IV	150,000	150,000	300,000	50.0
335	Otsego County	Iron Belle Trail Otsego County South Development ...	300,000	2,020,700	2,320,700	87.1
335	St. Joseph County.....	St. Joseph River Water Trail	46,300	16,200	62,500	25.9
330	City of Flushing - Genesee County	City of Flushing Trailway Extension	300,000	239,200	539,200	44.4
330	DNR - Michigan Historical Center - Van Buren County	Kal-Haven Trail Interpretation Project	46,300	0	46,300	0.0
330	DNR - Parks and Recreation Division - Ottawa County	Grand Haven - River Channel Restroom Replacement	300,000	0	300,000	0.0
330	Village of Eau Claire - Berrien County	Village of Eau Claire Non-motorized Pathway	214,400	125,000	339,400	36.8
330	City of Boyne City - Charlevoix County	Boyne Valley Trailway Development - Phase 1	300,000	720,700	1,020,700	70.6
325	Park Township - Ottawa County	Keppel Forest Trail and Access Improvements	148,400	148,400	296,800	50.0
325	Onkama Township - Manistee County	Portage Lake Kayak & Canoe Launch/Trailhead - North Point.....	75,900	25,300	101,200	25.0
310	DNR - Parks and Recreation Division - Ontonagon County.....	Iron Belle Trail - Bridge Development	300,000	0	300,000	0.0
300	DNR - Parks and Recreation Division - Otsego County	Iron Belle Trail - Gaylord Gateway	300,000	390,800	690,800	56.6
300	DNR - Parks and Recreation Division - Luce County.....	Muskallonge Lake Campground Accessibility Improvements.....	300,000	0	300,000	0.0
290	Orion Charter Township - Oakland County.....	Clarkston Road Regional Pathway Connection Project, Phase 1B.....	300,000	183,100	483,100	37.9



Table 4 (continued): FY 2016-17 MNRTF Board Recommendations - Development

Score	Applicant	Project Title	Rec. Grant Award	Local Match ¹⁾	Total Project Cost	% Local Share
	DNR - Finance and Operations Division -	Allegan State Game Area - Shooting Range				
270	Roscommon - Allegan County	Renovations.....	150,000	450,000	600,000	75.0
305	Village of Lincoln - Alcona County	Brownlee Lake Boat Launch	15,000	5,300	20,300	26.1
305	Republic Township - Marquette County	Trail Center Roof and Universal Accessibility	47,500	19,200	66,700	28.8
Totals			\$19,940,100	\$32,293,600	\$52,233,700	

¹⁾ Some Grants awarded to the DNR were made with a match requirement. In these cases, other DNR fund sources would be used to fulfill these match requirements.