

CONSERVATION COVER PROGRAM (PILOT)

Name of Organization: North Dakota Natural Resources Trust, Inc.

Federal Tax ID#: 36-3512179

Contact Person/Title: Keith Trego, Executive Director

Address: 1605 E. Capitol Ave., Ste. 101

City: Bismarck

State: North Dakota

Zip Code: 58501-2102

E-mail Address: nrtkeith@btinet.net

Web Site Address (Optional): www.ndnrt.com

Phone: 701-223-8501

Fax # (if available): 701-223-6937

MAJOR Directive:

Directive A. Provide access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

Directive B. Improve, maintain, and restore water quality, soil conditions, plant diversity, animal systems and to support other practices of stewardship to enhance farming and ranching;

Directive C. Develop, enhance, conserve, and restore wildlife and fish habitat on private and public lands; and

Directive D. Conserve natural areas for recreation through the establishment and development of parks and other recreation areas.

Additional Directive

Directive A. Provide access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

Directive B. Improve, maintain, and restore water quality, soil conditions, plant diversity, animal systems and to support other practices of stewardship to enhance farming and ranching;

Directive C. Develop, enhance, conserve, and restore wildlife and fish habitat on private and public lands; and

Directive D. Conserve natural areas for recreation through the establishment and development of parks and other recreation areas.

Type of organization

State Agency

Political Subdivision

Tribal Entity

Tax-exempt, nonprofit corporation, as described in United States Internal Revenue Code (26 U.S.C. § 501 (c))

Project Name CONSERVATION COVER PROGRAM (PILOT)

Abstract/Executive Summary.

The objective of the Conservation Cover Program (CCP) is to offer North Dakota's private landowners options for placing a voluntary conservation cover program on their property that will both protect existing, and create new, grassland and wetland habitat. This grant proposal will focus on conservation cover payments for lands that are expiring from current United States Agricultural Department Farm Service Agency's Conservation Reserve Program (CRP) agreements and/or cropland acres that have been repeatedly saturated with wet conditions making it difficult for traditional spring plantings.

The focus area of this pilot program will be the 15 counties of Burleigh, Morton, Stutsman, Logan, McIntosh, Ward, Sheridan, Wells, Emmons, Kidder, McLean, Oliver, Mercer, Mountrail and Dunn. These counties have 134,135 acres set to expire from CRP from 2014 -2017 and areas with higher Risk Management Agency's preventive planting provisions acres. From the year 2010 to 2013 there has been a total of 2.7 million preventive planting acres reported in these counties due to wet conditions.

The CCP will demonstrate a regional North Dakota exclusive state conservation reserve program administered by a North Dakota nonprofit organization, which promotes the voluntary participation of landowners into agriculture/conservation friendly practices. The CCP program will provide landowners with voluntary options for maintaining grassland and wetland cover with a working lands approach. The CCP program will result in better water quality, enhanced wildlife populations, and stable income on sensitive agricultural acres.

The grant proposal purpose is directive B, but also meets the directives of A and C.

CCP will provide ten year annual rental payments based on North Dakota Department of Trust Lands county average rental rates. All agreements will have a buyback option. All CCP acres will have a grazing and haying management option. All restoration of cropland to grass and wetlands will be cost-shared at 100 percent. Participants in the CCP can also select additional incentives for public access, annual maintenance, and pollinator enhancements.

Project Duration: 12 years

Total cost of CCP grant proposal:	\$4,700,000
Outdoor Heritage Grant request:	\$3,525,000
Outdoor Heritage Grant match:	\$1,175,000

Amount of Grant request: The grant request is \$3,525,000.

Amount of Matching Funds \$1,175,000.00 (\$925,000 cash and \$250,000 in-kind)

Source(s) of Matching Funds

NDNRT	\$850,000.00 (cash)
NDNRT	\$250,000.00 (in-kind)
USFWS - PFW	\$ 75,000.00 (cash)
NDGFD - PLOTS	\$150,000.00 (Non- Match Partner)

Certifications

I certify that this application has been made with the support of the governing body and chief executive of my organization.

I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted on Page 1 of this application.

Narrative

Organization Information

The North Dakota Natural Resources Trust (Trust) is under direction of a six-member board of directors, each serving a two-year term, responsible for managing the Trust's affairs. Three of the directors are appointed by the governor of North Dakota, one by the National Audubon Society, one by the National Wildlife Federation, and one by the North Dakota Chapter of The Wildlife Society. The North Dakota Game and Fish Department director is an ex-officio member.

The staff of the Trust is comprised of the executive director, executive assistant, biologist/business manager, and NAWCC staff/ND NAWMP coordinator/Trust Biologist.

From its inception, the Trust has played a role as facilitator between agricultural and conservation interests. In addition to facilitating and funding sound, on-the-ground conservation of natural resources, its goal is to identify common issues, create dialogue, and resolve conflicts.

Along with its agricultural and conservation partners, the Trust advocates for recognition, appropriate development, and protection of North Dakota's unique natural resource values. It promotes productive use of private agricultural lands and private property rights that result in long-term enhancement and protection of private lands. It

promotes effective use of North Dakota's public lands both for agriculture and recreation. It encourages good land use planning along urban river corridors and promotes enhancement and protection of the state's significant water resources. The Trust helps shape the landscape through its programs and does its best to help shape both public attitude and public policy to support natural resource protection.

The Trust's activities encompass statewide concerns for protection of wetlands, grasslands, and riparian habitat. It works from the Red River Valley in the east to the badlands in the west.

Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program

This proposal addresses Directive B which improves, maintains, and restores water quality, soil conditions, plant diversity, animal systems, and supports other stewardship practices to enhance farming and ranching. The proposal also addresses very strongly Directive C which develops, enhances, conserves, and restores wildlife and fish habitat on private and public lands. Directive A, while not requirement for participation in the CCP program, will be addressed by offering participants in CCP an additional incentive for public access if they choose to enroll into the ND Game & Fish Department's Private Land Open To Sportsmen (PLOTS).

The opportunity for North Dakotans, working in collaborative partnership, to develop the most efficient, effective, voluntary private land conservation program anywhere is both exciting and timely. At no time since settlement has the North Dakota landscape undergone such dramatic changes. From the habitat loss and fragmentation associated with energy activity in the west, to the intense agricultural activities and conversion of conservation habitat (grasslands and wetlands) of the central and most especially the east, the alteration of the landscape is both dramatic and significant in both scale and scope.

The Conservation Cover Program will have the following characteristics:

- * Focus on expiring CRP and Preventive Plant acres within 15 counties in North Dakota.
- * Provide ten years rental payments for all acres enrolled.
- * Landowners will all have early buyback option.
- * Landowner will have haying and grazing opportunities on all enrolled acres.
- * Landowner will receive 100 percent cost share for planting any cropland to grass and restoring any wetland. Landowners will receive 100 percent cost share for pollinator enhancement establishment.

* Provide additional incentives for landowners who are interested in public access, property maintenance, and pollinator enhancements.

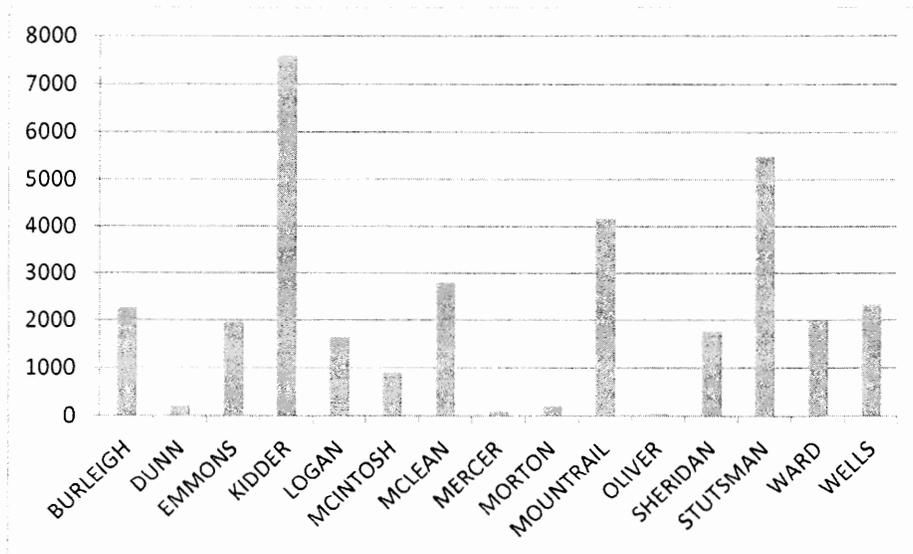
CRP EXPIRATION JUSTIFICATION

Conservation Reserve Program administered by USDA Farm Service Agency included several key changes in the 2014 Farm Bill. The overall national acreage cap for CRP was lowered again from 32 million acres to 24 million acres. As a result FSA has indicated that there will not be a general CRP sign-up in 2014. The continuous sign-up CRP, which has been very popular with landowners in North Dakota, currently has used nearly all acres available and new acres have not been awarded. In addition, participating CRP contract holders will have an “early-outs” opportunity in 2015 on CP1, CP2, CP3, CP10, and CP11 conservation practices.

Landowners looking to enroll into a grassland cover program that offers annual rental payments will have fewer federally funded opportunities even though landowner interest remains high. As an example of the high landowner interest in this program is the 43rd general CRP sign-up in 2012 which had 333,838 acres offered and 190,789 accepted, which left 143,049 acres of interested landowner offers unfunded.

In this CCP pilot area, the 15 counties between the years 2014 and 2017 will have 134,135 acres of expiring CRP contracts. These contract expirations have the potential to impact soil erosion, wildlife habitat, and farm incomes. It's important for these contract holders to have options. The CCP will provide these contract holders the opportunity to transition into a working lands program.

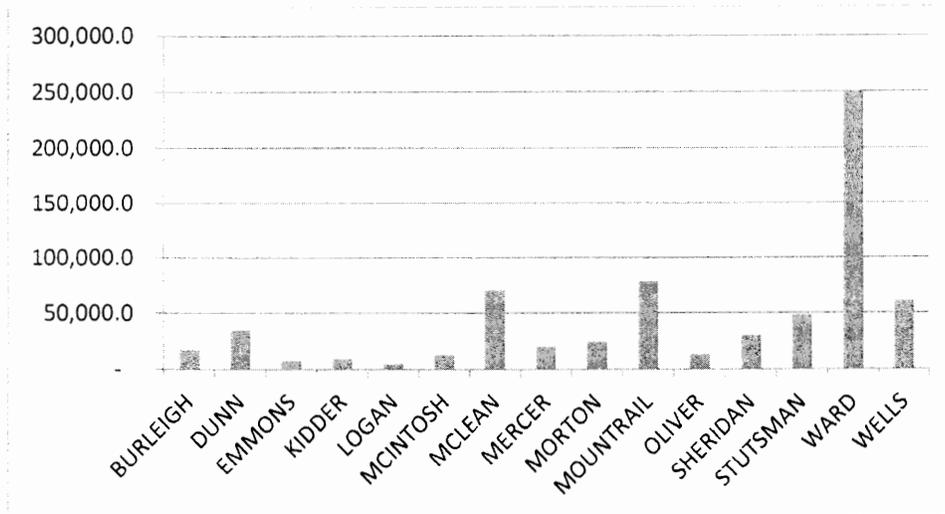
County CRP Expiring Acres (2014-2017) Four Year Average



PREVENTIVE PLANT JUSTIFICATION

In addition to the focus on expiring CRP contracts, there are many landowners who are looking for programs to place very saturated property into an annual rental payment program like CCP. Within this 15 county pilot area there was a total of 2,727,404 acres of preventive planting acres reported over a 4-year period from 2010 to 2013. The annual average in this region is 681,851 acres not planted. The highest four year annual average was Ward County with just shy of a quarter of a million acres at 249,666 and the lowest was in Logan County with a four year annual average of 4,524. The data for 2014 has not been finalized, but many of the counties in this pilot area had a late spring and wet conditions again making many of these acres physically incapable of being seeded to a spring crop.

County Preventive Plant Acres (2010-2013) Four-Year Average



Additional Incentive Offers:

Public Access – It is very important when linking OHF and CCP to provide public access. In order to increase the interest of landowners into the North Dakota Game and Fish Department's PLOTS program, the CCP will offer an incentive of \$5 per acre/per year for landowners who choose to enroll into the PLOTS program.

Maintenance – Landowners will receive a \$5 per acre/per year incentive for maintenance activities.

Pollinator Enhancement – Landowners who enroll into the CCP and want to further enhance pollinator habitat on the enrolled acres will be given an incentive of \$5 per acre/per year for establishing a pollinator food plot in existing grassland or including flowering pollinator plants into their seed mix on new grass seeding.

Goals and Timetable – The CCP will maximize the amount of acres placed into the program by technical assistance to landowners and other partners. With an average rental rate of ranging from \$36 to \$74 per acre the acreage goal for the proposal will be from 4,500 to 9,000 acres. The Trust and partners will work to promote and inform landowners within the pilot project counties during the first year. As offers are accepted and management and restoration plans are completed, it will take an additional one to two years to prepare and plant acres to grass. The CCP agreement and incentives payments will total approximately \$402,500 annually. The agreements will be ten years in duration. The total timeline on the CCP from promotion to completion will be approximately 12 years.

Management of Project

As the grant applicant, the Trust will manage the administrative aspects of the project including, but not limited to, promoting the existence of the CCP, hiring CCP delivery staff, executing contracts, making contract payments, ensuring contract compliance and, in general, working with contract holders on all aspects of the program.

The Trust has extensive experience in designing, delivering, and monitoring conservation contracts. Some current examples of the Trust's landowner partnership projects include (see Trust webpage at www.ndnrt.com for more information):

- EIP (water/grassland rental agreement in Devils Lake basin)
- Whole Farm and Ranch contracts
- Beginning Farmer program

An important aspect of delivery and ongoing monitoring will involve partner organizations. Both DU and PF have farm bill biologists around the state working with landowners providing technical assistance and help in enrolling in conservation programs. The farm bill biologists will assist with promotion efforts of CCP. In addition, staff or contract personnel will be employed wherever and whenever needed to ensure both enrollment and monitoring of CCP contracts are well handled.

Evaluation – Describe your plan to document progress and results.

Extensive data already exists to show that protection and restoration of grassland and wetland habitat, and overall appropriate land management, achieve the results of reduced soil erosion, natural flood control, improved water quality, and enhanced wildlife habitat so there will be no need to spend time or fiscal resources evaluating those individual, community, and societal benefits. Project success is measured by the number of acres enrolled, as well as the satisfaction of private landowners enrolled in CCP contracts. Trust and partner staff will monitor CCP contracts, interacting with farmers and ranchers to ensure the partnership is meeting the shared purposes. In addition, ongoing interaction with farmers and ranchers will allow project sponsors to constantly review and improve upon the CCP.

Financial Information

Project Expense	OHF Request	Applicant's Match Share (Cash)	Applicant's Match Share (In-Kind)	Other Project Sponsor's Share	Total Each Project Expense
CCP Agreements	\$3,075,000	\$500,000	\$	\$	\$3,575,000
Staff/Benefits/Travel	\$	\$	\$250,000	\$	\$ 250,000
Restoration and Mgt.	\$	\$350,000	\$	\$ 75,000	\$ 425,000
Public Access	\$ 150,000	\$	\$		\$ 150,000
Incentives	\$ 300,000	\$	\$	\$	\$ 300,000
Total Costs	\$3,525,000	\$850,000	\$250,000	\$ 75,000	\$4,700,000

Budget Narrative

CCP rental agreements between NDNRT and landowner (OHF \$3,075,000 and NDNRT \$500,000)

Staff, benefits and travel will fund one staff position to provide project management and coordination

Trust staff, benefits and travel will be in-kind and based on actual costs (\$250,000)

Restoration/management will be Trust cash (\$350,000) and will be USFWS (\$75,000).

OHF – Additional public access incentive payment (3,000 acres @ \$5/acre for 10 years = \$150,000)

Incentives – Maintenance and Pollinator Incentives (Maintenance 3,000 acres @ \$5/acre for 10 years = \$150,000 and Pollinators 3,000 acres @ \$5/acre for 10 years = \$150,000)

Public access payments will be by NDGFD PLOTS (3,000 acres @ \$5/acre for 10 years = \$150,000) – Non-Matching Funds

X I certify that a project budget will be sent to the Commission

Sustainability – Indicate how the project will be funded or sustained in future years. *

The Trust will leverage Outdoor Heritage Funds to expand the CCP through any available federal, state, and private funding.

Other complementary opportunities exist for CCP partners, as well as other North Dakota citizens and groups interested in voluntary private land conservation, to promote a more effective state-federal partnership. As future USDA Farm Bill legislation is developed, we will promote higher allocations of conservation program acres to states that have complementary conservation cover programs, such as CCP. This approach not only helps spread the cost of conservation programs between federal, state, and nonprofit agencies and organizations, but strengthens our relationships.

Partial Funding The CCP is a pilot program which requires a substantial commitment of resources from the Trust and its grant partners to deliver and monitor a voluntary private land program in a timely, professional, and responsible manner. Meaningful landscape level programs require long-term planning and ongoing commitment from both the delivering entity and participating landowners. An OHF grant of less than \$3,000,000 million (or an overall pilot program of less than \$4,000,000) would not be sufficient to build a ten year program with necessary delivery and infrastructure components.



United States Department of the Interior

FISH AND WILDLIFE SERVICE
North Dakota Partners for Fish and Wildlife Office
3425 Miriam Avenue
Bismarck, North Dakota 58501



August 1, 2014

Karlene Fine, Executive Director
North Dakota Industrial Commission
ATTN: Outdoor Heritage Fund Program
State Capitol – Fourteenth Floor
600 East Boulevard Ave., Dept. 405
Bismarck, ND 58505

RE: Conservation Cover Program (Pilot)

Dear Ms. Fine:

The U.S. Fish and Wildlife Service's Partners for Fish and Wildlife program supports the North Dakota Natural Resource Trust's Conservation Cover Program grant proposal for Outdoor Heritage Funds.

The USFWS has a long history of working closely with private landowners, providing financial and technical assistance on voluntary conservation efforts to conserve wetland and grassland habitat on private land. The U.S. Fish and Wildlife Service's North Dakota Partners for Fish and Wildlife (ND PFW) program serves as a bridge to owners and managers of private lands to develop partnerships by restoring important wildlife habitat that benefits North Dakota's farmers, ranchers and our natural resources. Our approach is simple: Engage willing partners, through non-regulatory incentives, to conserve and protect fish and wildlife values on their property. The ND PFW program was established in 1987 and since that time has worked on more than 3,600 habitat projects with more than 3,000 North Dakota farmers, ranchers and other private landowners.

As a project partner, the USFWS ND PFW program will provide \$75,000 in grant match for associated restoration and management activities in the proposal.

Sincerely,

Scott J. McLeod,
USFWS, State Coordinator, ND Partners for Fish and Wildlife



"VARIETY IN HUNTING AND FISHING"

NORTH DAKOTA GAME AND FISH DEPARTMENT

100 NORTH BISMARCK EXPRESSWAY BISMARCK, NORTH DAKOTA 58501-5095 PHONE 701-328-6300 FAX 701-328-6352

July 31, 2014

Karlene Fine, Executive Director
North Dakota Industrial Commission
ATTN: Outdoor Heritage Fund Program
State Capitol – Fourteenth Floor
600 East Boulevard Ave., Dept. 405
Bismarck, ND 58505

RE: Natural Resources Trust – Conservation Cover Program

Dear Ms. Fine:

The North Dakota Game and Fish Department's (Department) mission is to protect, conserve and enhance fish and wildlife populations and their habitats for sustained public consumptive and non consumptive use. The Department's Private Land Initiative is the mechanism for delivering the mission on to the private landscape. A main component of PLI includes the Private Land Open To Sportsmen (PLOTS) program, which creates or enhances habitat on private lands and provides public access for walk-in hunting.

We believe the NRT grant proposal compliments the Department's mission and meshes very well with the PLOTS program. The Department is writing to support the North Dakota Natural Resource Trust Conservation Cover Program (CCP) grant proposal for Outdoor Heritage Funds.

We are pleased to provide our endorsement of the Conservation Cover Program grant proposal by contributing \$150,000 of non-matching funds through the enrollment of CCP lands into the PLOTS program. We look forward to its future opportunities and accomplishments.

Sincerely,

A handwritten signature in black ink that reads "Terry Steinwand". The signature is written in a cursive, flowing style.

Terry Steinwand
Director, North Dakota Game and Fish Department



301 Fifth Avenue SE
Medina, ND 58467

PHONE: 701-486-3569 • WWW.FARRMS.ORG • EMAIL: INFO@FARRMS.ORG

August 1, 2014

Karlene Fine, Executive Director
North Dakota Industrial Commission

ATTN: Outdoor Heritage Fund Program
State Capitol – Fourteenth Floor
600 East Boulevard Ave., Dept. 405
Bismarck, ND 58505

Dear Ms. Fine:

As a nonprofit organization, the mission of FARRMS is to further the sustainability of thriving farms and rural communities. Our goal is to educate and promote diversified farms and build up local foods systems. Our hope is to create thriving communities and draw young people interested in agriculture back to the farm. We are writing in support of the North Dakota Natural Resource Trust's Conservation Cover Program grant proposal for Outdoor Heritage Funds.

The vision of FARRMS is to empower people to dream and realize those dreams creating thriving, exciting, diverse, and sustainable rural communities. We establish links between people, good food, living farms and the environment through hands-on educational experiences. We model sustainability by acting with appreciation and respect for the environment, society, and just economics. FARRMS builds a better world through powerful, creative actions.

Sustainability is central to our organization. FARRMS has determined "sustainability" to contain the following components:

- Approaches to community and agriculture which foster self-renewal, are in harmony with natural cycles and conserve natural resources.
- Activities which benefit and nurture the land and rural community.
- Activities and approaches which are socially as well as economically just and contribute to the common prosperity of the community.
- Cultural and agricultural practices which ensure the health and diversity of the land and the life it supports.

Consistent with the mission and vision of FARRMS, the Conservation Cover Program will provide agricultural producers with a voluntary, simplified, and flexible approach that will conserve existing, and create



301 Fifth Avenue SE
Medina, ND 58467

PHONE: 701-486-3569 • WWW.FARRMS.ORG • EMAIL: INFO@FARRMS.ORG

new, grassland and wetland habitat. Private landowners will have options to choose from in working with delivery partners to design a working lands approach that fits both their operation's fiscal need and practical day-to-day management needs. We believe this partnership will benefit farmers and ranchers, as well as provide conservation benefits.

We are happy to provide our endorsement of the Conservation Cover Program grant proposal and look forward toward its future opportunities and accomplishments.

Sincerely,

Sue Balcom
Executive Director

North Dakota Beekeepers Association

August 1, 2014

Karlene Fine, Executive Director
North Dakota Industrial Commission
ATTN: Outdoor Heritage Fund Program
State Capitol – Fourteenth Floor
600 East Boulevard Ave., Dept. 405
Bismarck, ND 58505

Dear Ms. Fine:

The North Dakota Beekeeper's Association is writing in support of the ND Natural Resources Trust's Conservation Cover Program grant proposal for Outdoor Heritage Funds.

Honey bee pollination is valued at \$14.6 billion in the United States and North Dakota is among the leading honey producing states. Grasslands provide habitat needed to maintain healthy bee populations in the state, including a source of food and a place to lay their eggs. The Conservation Cover Program grant proposal will provide agricultural producers with a voluntary, simplified, and flexible approach for conserving existing grasslands and seeding new grasslands. Private landowners will have options to choose from in working with delivery partners to design a working lands approach that fits both their operation's fiscal need and practical day-to-day management needs. We believe this will benefit agricultural producers and bee keepers, as well as provide conservation benefits.

We are happy to provide our endorsement of the Conservation Cover Program grant proposal and look forward toward its future opportunities and accomplishments.

Sincerely,



Bonnie Woodworth
Director-at-Large
North Dakota Beekeepers Association

August 1, 2014

Karlene Fine, Executive Director
North Dakota Industrial Commission
ATTN: Outdoor Heritage Fund
Program State Capitol — Fourteenth
Floor
600 East Boulevard Ave., Dept. 405
Bismarck, ND 58505

Dear Ms. Fine:

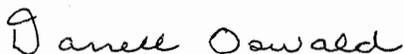
The North Dakota Grazing Lands Coalition is a grassroots group organized in 1996 to promote the health and sustainability of North Dakota's 13.5 million acres of grazing lands. The NDGLC believes that through voluntary actions, respect for private property rights, and education on the values and multiple benefits of well managed grazing resources, their goals are achievable. We are writing in support of the North Dakota Natural Resource Trust's Conservation Cover Program grant proposal for Outdoor Heritage Funds.

Coalition members have a very strong focus on the importance of managing for soil health and systems biodiversity as a key to sustainable farming and ranching. They continue to implement and demonstrate new technologies that improve soil health, productivity and profitability, reduce input costs, and integrate livestock and crops in a whole farm systems approach.

Consistent with the Coalition mission, the Conservation Cover Program will provide agricultural producers with a voluntary, simplified, and flexible approach for conserving existing grasslands and seeding new grasslands. Private landowners will have options to choose from in working with delivery partners to design a working lands approach that fits both their operation's fiscal need and practical day-to-day management needs. We believe this partnership will benefit farmers and ranchers, as well as provide conservation benefits.

We are happy to provide our endorsement of the Conservation Cover Program grant proposal and look forward toward its future opportunities and accomplishments.

Sincerely,

A handwritten signature in cursive script that reads "Danell Oswald".

Chairman
North Dakota Grazing Lands Coalition