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Michigan Natural Resources Trust Fund Board Project Recommendations for Application Year 2015

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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 is permitted to 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 of 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 future 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. Because of this, the MNRTF Board established two subfunds within the MNRTF to accomplish two goals: The Stabilization Reserve receives unallocated interest and earnings to be used in years when investment returns do not produce sufficient revenue, and the Growth Reserve receives revenue to sustain the buying power of the corpus balance of the MNRTF over time.

Investment income for fiscal year (FY) 2014-15 totaled \$13.1 million on a beginning investment balance of \$595.2 million, or about 2.2%, falling short of the assumed long-term return of 5.5%. The shortfall in investment income for FY 2014-15 mirrors poor overall stock market returns for the time period. Fiscal Year 2014-15 returns were further made worse by the close of the fiscal year on September 30, 2015, when many stock market indices were at or near their lowest for the year. Since investment returns fell below the long-term expectations, the MNRTF Board recommended spending part of the Stabilization Reserve to bring the entire MNRTF expenditure for FY 2015-16 to 5.0% of the available balance. Table 1 provides a balance statement for FY 2014-15.



Table 1

Michigan Natural Resources Trust Fund Balance				
	Corpus	Stabilization Reserve	Growth Reserve	Total
FY 2014-15 Beginning Investment Balance	\$500,000,000	\$56,793,903	\$38,445,313	\$595,239,216
Investment Income		13,135,419		13,135,419
Other Income		147,218		147,218
Spending Allocations ¹⁾		(29,909,178)		(29,909,178)
FY 2014-15 Ending Investment Balance	\$500,000,000	\$40,271,587	\$38,445,313	\$578,716,900

¹⁾ Includes FY 2015-16 project recommendations as well as \$3.3 million in FY 2014-15 administrative costs.

Source: Michigan Department of Natural Resources

FY 2015-16 MNRTF Project Recommendations

On December 2, 2015, the MNRTF Board approved a package of projects totaling approximately \$28.0 million for 70 projects. Of these projects, there are 26 acquisitions for a total of \$20.0 million, and 44 development projects for a total of \$8.0 million. 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 \$28.0 million for FY 2015-16 consists of new revenue as well as lapsed funds from previous years that already were subject to those requirements. [Table 2](#) provides an overview of that revenue.

Table 2

Availability and Allocation of MNRTF Revenue for FY 2015-16 Projects			
Funds Available for FY 2015-16 Projects	Total	Acquisition Grants	Development Grants
Allocation of FY 2014-15 Revenue	\$26,594,166	\$19,116,872	\$7,477,295
Reauthorization of Lapsed/Withdrawn Projects	1,467,260	900,324	566,936
Total Funds Available for FY 2015-16 Projects	\$28,061,426	\$20,017,195	\$8,044,230
Amount Awarded for FY 2015-16 Projects	27,957,200	19,926,000	8,031,200
Unawarded Amount to Stabilization Reserve	104,226	91,195	13,030

Source: Michigan Department of Natural Resources

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, larger projects are occasionally passed over so that smaller projects can be funded.

In total for 2015, the MNRTF Board received 32 applications for acquisition projects, totaling \$27.9 million, and 117 applications for development projects, totaling \$22.1 million. Because revenue available for grants totaled just \$28.0 million, a number of projects could not be funded. Applicants that were not awarded a grant are free to reapply in the future. [Tables 3](#) and [4](#) provide information

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on grant awards for FY 2015-16 acquisition and development projects, listed in the Board's order of priority.

These projects will be included in a draft bill and presented to the Legislature when Governor Snyder makes his budget recommendation for FY 2016-17 for the rest of State government. Unlike the other budgets, though, the MNRTF bill will be an FY 2015-16 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 2016, 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.

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Table 3

FY 2015-16 MNRTF Board Recommendations - Acquisitions						
Score	Applicant	Project Title/Information	Rec. Grant Award	Local Match¹⁾	Total Project Cost	% Local Share
400	City of Grand Ledge-Eaton County	Oak Park Expansion - 3.4 acres	\$42,000	\$18,000	\$60,000	30.0%
400	City of New Baltimore-Macomb County	City of New Baltimore Land Acquisition of Schmid Marina - 12.0 acres	2,850,000	950,000	3,800,000	25.0
395	Saginaw County	GLBRT Land Acquisition - 32.43 acres	104,400	36,700	141,100	26.0
385	Plainfield Charter Township-Kent County	Grand Rogue Campground - 70.0 acres	863,300	370,100	1,233,400	30.0
380	Algoma Township-Kent County	River's Edge Park Acquisition - 1.7 acres	138,000	46,100	184,100	25.0
380	DNR - Parks and Recreation Division	EV & MR, LLC Property Acquisition - Macomb County - 6.2 acres	1,000,000	0	1,000,000	0.0
375	Williams Charter Township-Bay County	Williams Township Park Acquisition - 4.0 acres	140,600	49,400	190,000	26.0
375	DNR - Wildlife Division	Petobego SGA Land Acquisition - Grand Traverse County - 43.0 acres	2,475,000	0	2,475,000	0.0
375	Littlefield Township-Emmet County	Hay Lake Water Access Site Acquisition - 24.0 acres	167,800	59,000	226,800	26.0
370	Caledonia Charter Township-Kent County	Caledonia Lakeside Park - North Shore Land Addition - 25.0 acres	945,000	405,000	1,350,000	30.0
365	Milton Township - Antrim-Antrim County	Bigelow Property (Waters Edge Resort) Waterfront Park - 1.7 acres	464,300	199,100	663,400	30.0
360	City of Grand Rapids-Kent County	Acquisition/Expansion of Monroe North - 3.68 acres	7,584,100	2,528,100	10,112,200	25.0
360	Oscoda Charter Township-Iosco County	Oscoda Beach Park Property Acquisition - 2.0 acres	416,200	146,300	562,500	26.0
360	DNR - Parks and Recreation Division	Kuusisto Property Acquisition - Houghton County - 80.0 acres	600,000	0	600,000	0.0
350	DNR - Parks and Recreation Division	Koffman Property Acquisition - Emmet County - 6.3 acres	200,000	200,000	400,000	50.0
350	DNR - Parks and Recreation Division	Saugatuck Dunes SP Property Acquisition - Allegan County - 18.85 acres	400,000	0	400,000	0.0
345	City of North Muskegon-Muskegon County	North Muskegon Property Acquisition - 35.0 acres	167,500	55,900	223,400	25.0
330	White River Township-Muskegon County	Barrier Dunes Sanctuary Addition - 2.0 acres	300,000	541,200	841,200	64.3
325	Kent County	Millennium Park Land Addition - 27.0 acres	276,000	184,000	460,000	40.0
320	Washtenaw County	West Lake Preserve Expansion - 59.0 acres	267,300	115,000	382,300	30.1
345	Tuscola Township-Tuscola County	Tuscola Township Park Acquisition - 3.0 acres	100,000	35,900	135,900	26.4
330	St. Clair County	Pine River Property Acquisition - 38.79 acres	97,500	97,500	195,000	50.0
330	St. Clair County	Belle River Property Acquisition - 26.0 acres	65,800	28,200	94,000	30.0
330	Superior Township-Chippewa County	Superior Township Riverview Park Acquisition - 0.91 acre	96,200	33,800	130,000	26.0
305	Bear Lake Township - Manistee County-Manistee County	Acquisition of Lake Property for Kayak/Canoe Launch - 0.33 acre	82,500	27,500	110,000	25.0
270	City of Portland-Ionia County	Land acquisition for expansion of Two Rivers Park - 1.68 acres	82,500	27,500	110,000	25.0
Totals			\$19,926,000	\$6,154,300	\$26,080,300	

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.

Source: Michigan Department of Natural Resources

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Table 4

FY 2015-16 MNRTF Board Recommendations - Development

Score	Applicant	Project Title/Information	Rec. Grant Award	Local Match ¹⁾	Total Project Cost	% Local Share
420	Hampton Charter Township-Bay County	Finn Road Park Improvements	\$182,300	\$78,200	\$260,500	30.0%
405	City of Grand Rapids-Kent County	Huff Park Boardwalk Renovation & Restroom Improvements	300,000	900,000	1,200,000	75.0
400	City of South Haven-Van Buren County	North Beach Park Improvements	300,000	536,700	836,700	64.1
400	DNR - Parks and Recreation Division	Lakelands Trail Development: M-52 to Parnall Road	300,000	3,516,900	3,816,900	92.1
395	Garfield Charter Township-Grand Traverse County	Boardman Valley Nature Preserve Improvements	100,000	100,000	200,000	50.0
390	Iosco County-Iosco County	Iosco Exploration Trail, Phase 1	296,000	1,077,300	1,373,300	78.4
390	Holland Charter Township-Ottawa County	Dunton Park Shoreline Renovation & Barrier Free Kayak Launch	300,000	645,000	945,000	68.3
390	DNR - Parks and Recreation Division	Belle Isle Lake Okonoka Picnic Area Development - Wayne County	300,000	0	300,000	0.0
390	Watersmeet Township-Gogebic County	Whitefish Trail Restoration Project	108,000	110,000	218,000	50.5
390	City of Ferndale-Oakland County	Martin Road Park Improvements	75,000	75,000	150,000	50.0
390	City of Ferndale-Oakland County	Harding Park Improvements	75,000	75,000	150,000	50.0
385	City of Frankenmuth-Saginaw County	Frankenmuth Memorial Park Boat Launch Improvements	225,700	79,300	305,000	26.0
385	City of Ann Arbor-Washtenaw County	Gallup Park Universal Access Playground and Site Amenities	300,000	500,000	800,000	62.5
385	Spalding Township-Menominee County	Veterans Memorial Park Improvement Project	81,900	28,800	110,700	26.0
385	Cass County-Cass County	Dodd Park Water Trail Development Project	277,500	97,500	375,000	26.0
380	Village of Shepherd-Isabella County	Mid-Michigan Community Pathway Phase I	296,000	1,613,600	1,909,600	84.5
380	Summit Township-Jackson County	Horton Road Trail Development	94,000	94,000	188,000	50.0
380	Jackson County	Sparks Park Inter-City Trail Connector Development Project	173,500	93,500	267,000	35.0
380	Bridgeport Charter Township-Saginaw County	Bridgeport Cass River Trailhead	275,800	118,300	394,100	30.0
375	Marenisco Township-Gogebic County	Donald McKenzie Memorial Park Enhancements	295,000	105,000	400,000	26.3
375	DNR - Parks and Recreation Division	Laughing Whitefish Falls Scenic Site Access Improvements - Alger County	300,000	0	300,000	0.0
375	City of Harbor Beach-Huron County	Waterfront Enhancement Project	295,000	200,000	495,000	40.4
370	Bridgeport Charter Township-Saginaw County	Cass River Water Trail - Hoffmann Site	50,000	71,200	121,200	58.7
370	City of Jackson-Jackson County	Fourth Street Connector Development Project	300,000	290,900	590,900	49.2
370	City of St. Ignace-Mackinac County	Little Bear East Recreation Park Development	280,000	120,000	400,000	30.0
360	City of Gladstone-Delta County	Bay de Noc Trail System	300,000	1,113,200	1,413,200	78.8

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FY 2015-16 MNRTF Board Recommendations - Development						
Score	Applicant	Project Title/Information	Rec. Grant Award	Local Match¹⁾	Total Project Cost	% Local Share
345	City of Albion-Calhoun County	Albion River Trail Expansion Project	294,000	104,200	398,200	26.2
310	Genesee County	Atlas Township Section - Iron Belle Trail	300,000	413,600	713,600	58.0
310	DNR - Parks and Recreation Division	Higgins Lake Regional Trail Connector - Roscommon County	300,000	0	300,000	0.0
300	Orion Charter Township-Oakland County	Clarkston Road Regional Pathway Connection Project	300,000	394,200	694,200	56.8
355	Delta Charter Township-Eaton County	Hawk Meadow Restrooms	49,500	49,500	99,000	50.0
355	Marquette Charter Township-Marquette County	Schwemwood Iron Ore Heritage Trailhead Parking/Path/Wetland	50,000	21,700	71,700	30.3
355	City of Traverse City-Grand Traverse County	Clancy Park Improvements	45,000	79,400	124,400	63.8
350	City of Zeeland-Ottawa County	Zeeland Splash Park Expansion	50,000	50,000	100,000	50.0
345	City of South Haven-Van Buren County	Black River Park Skid Pier Replacement	37,500	12,500	50,000	25.0
330	City of Algonac-St. Clair County	Riverfront Park Lighting Replacement	50,000	170,000	220,000	77.3
325	Crockery Township-Ottawa County	Phase 2a. Extension of North Bank Trail	45,000	619,000	664,000	93.2
315	Meridian Charter Township-Ingham County	Accessible Pavilion - North Meridian Road Park	50,000	50,000	100,000	50.0
310	Village of Farwell-Clare County	Farwell Park Placemaking Improvements (Phase 1)	25,000	25,000	50,000	50.0
310	Redford Charter Township-Wayne County	Kraft Park Multi-Sports Complex Renovation	50,000	25,000	75,000	33.3
310	City of Southgate-Wayne County	Market Center Park - Pavilion Improvements	49,500	17,000	66,500	25.6
360	DNR - Parks and Recreation Division	Alpena to Hillman Trail Development Phase 1 - Alpena County	300,000	1,789,600	2,089,600	85.6
355	City of Marquette-Marquette County	Father Marquette Park Accessibility/Improvement Plan	140,000	60,000	200,000	30.0
200	City of Roosevelt Park-Muskegon County	Fordham Street Playfield Improvements	15,000	5,200	20,200	25.7
Totals			\$8,031,200	\$15,525,300	\$23,556,500	

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.

Source: Michigan Department of Natural Resources