



# **Procedures for the Conversion of Grant-Assisted Properties**

**Michigan Natural Resources Trust Fund (MNRTF)**

**Land and Water Conservation Fund (LWCF)**

**Clean Michigan Initiative (CMI)**

**Recreation Bond Fund (BF)**

**Recreation Passport (RP)**

## Introduction

This document provides the general requirements that an entity receiving a grant (grantee) must meet to properly document the conversion of a MNRTF, LWCF, CMI, BF or RP grant-assisted site. While the conversion and mitigation process are generally straightforward, the circumstances vary from case to case, and it is difficult to provide guidance to cover every possible scenario. Refer to the last page of this document for a general flow chart of the process. **After reviewing this document, it is important to consult with the Department of Natural Resources on the details of your situation. Following that consultation, specific guidance related to your situation may be provided.**

The fundamental purpose in providing these grants is to permanently increase public outdoor recreation opportunities in the state. The grantee and the Department of Natural Resources (department) enter into an agreement wherein the grantee commits to keeping the area acquired or developed with grant assistance in use for public outdoor recreation in perpetuity (except RP grants, which are 20-to-40-year commitments).

Occasionally, circumstances change, and property encumbered by these grant obligations must be utilized for a purpose other than public outdoor recreation. In these cases, the grantee must provide, at a minimum, a direct replacement for the property lost as measured in both recreation usefulness and market value. While the grant programs themselves may have some minor differences, the process identified in this document will be used for all conversion situations. The grantee will work with department staff to prepare a conversion and mitigation proposal that meets the program requirements. In cases where multiple grants and/or grant types are utilized within the same site, the most restrictive policies will prevail; however, the grantee will only be required to complete one conversion proposal for department review. The grantee may also be able to resolve multiple conversions within a single conversion proposal depending on the circumstances.

For conversion proposals involving LWCF, the National Park Service makes the final determination. For all other conversions involving the programs noted above, the department makes the final determination.

## Definition of a conversion of use

A conversion of use occurs in one or both of the following situations:

- The grant-assisted site, or a portion of the site, is no longer available for public outdoor recreation.
- Property rights in, or control of, the grant-assisted site, or a portion of the site, are conveyed by the grantee to another entity, either by deed, grant of easement or other mechanism.

## Department contact information

In every conversion, the grantee is responsible for completing all necessary steps. To obtain approval of a conversion, information listed in this procedure must be submitted by the grantee to the department for review. For assistance in working through the conversion process, contact DNR Grants Management at 517-284-7268. Grantees should contact the department as early in the process as possible to ensure that proper channels of communication are established.

## Overview of conversion resolution process

1. Early coordination and establishment of the boundary of the conversion
2. Preliminary materials
3. Preliminary department review
4. Final materials
5. Final department review and approval/denial
6. Amended project agreement (for approved conversions)

## 1) Early coordination – establishing the boundary of the conversion

The grant-assisted boundary will be considered the entire park or trail unless otherwise stipulated through the grant agreement executed between the department and the grantee.

The first step in any conversion is agreement on the area converted, including both the shape and the total size of the area. Any conversion of less than the total grant-assisted site must take into consideration the total area impacted by the proposed nonconforming use, including necessary access routes and all possible intrusions into the remaining area. In some cases, the proposed use of the area to be converted will prevent or diminish the intended recreation uses of the remaining site through noise, safety zone encroachment or visual impairment. For LWCF grants, the department may involve the National Park Service in the early coordination process to ensure proper procedures are followed and communications are established.

Only after the boundary of the conversion is established to the satisfaction of the department may the grantee begin preparing the request for conversion.

## 2) Required information – making a request for conversion, preliminary materials

To request review of a conversion, provide the following information in writing to the department. Please follow the outline shown.

- A. Description of a conversion:** Provide details for the conversion being proposed (or that has already occurred).
- Describe the total acreage of the grant-assisted property.
    - Indicate the acreage of the conversion.
    - Indicate the acreage remaining once the conversion is removed.
  - Discuss the recreation opportunities available on the grant-assisted property in general and on the conversion site.
  - Explain why the conversion is being considered or why it occurred without prior approval.
  - Include information on how the control of the property will be conveyed and include a copy of the conveyance document.
- B. Description of proposed mitigation (replacement) property:** The proposed mitigation property must meet the acquisition requirements of the original granting program, including:
- Must not be currently in public ownership.
  - Must not contain levels of contamination that will render it unsuitable for its intended use.
  - Must not have encumbrances that would impair its use for public recreation.
  - Must not have uses that are not public outdoor recreation.
  - Must be acquired in fee simple by the grantee.

Provide details of the mitigation property being proposed to resolve the conversion.

- Include the total acreage of the mitigation property.
- Briefly discuss how the mitigation property is replacing the recreation lost by the conversion (a more detailed analysis is requested below).
- Detail the total acreage of the grant-assisted site once the conversion is removed and the mitigation is added.

More than one property can be used as mitigation. Property currently owned by the grantee, or another public agency cannot be used as mitigation unless certain conditions are met. Please contact the department for information on conditions that may apply. The legal description must be included with all proposed mitigation property.

**C. Alternatives to the proposed conversion:** Discuss all practical alternatives, including noaction, to the proposed conversion and why they were rejected. If there is a viable alternative to converting grant-assisted property, the conversion will not be approved.

**D. Project boundary maps:** The following maps must be provided. These maps will be used to establish the existing project boundary and the new project boundary should the conversion proposal be approved.

- Provide a geographical location map for the project site. Include the nine-digit ZIP code.
- Provide a geographical location map showing the relationship of the conversion site and the mitigation site if not contiguous. Include the nine-digit ZIP code.
- Provide a boundary map that depicts the **original project boundary** of the grant-assisted property prior to being converted. Include the nine-digit ZIP code, the date, the grantee's signature, and the dimensions and acreage.
- Provide a site map depicting the uses of the grant-assisted property prior to being converted.
- Provide a boundary map that depicts the **original project boundary** and the **portion of the grant-assisted property being converted**. Include the nine-digit ZIP code, the date, the grantee's signature, and the dimensions and acreage.
- Provide a map that depicts the **new project boundary** of the grant-assisted property following the conversion. Include the nine-digit ZIP code, the date, the grantee's signature, and the dimensions and acreage. Two maps may be necessary to satisfy this requirement if the mitigation property is not contiguous to property remaining in the original project site.
- Provide a site map depicting the uses of any property remaining in the original project boundary and uses of the mitigation property. Two maps may be necessary to satisfy this requirement if the mitigation property is not contiguous to property remaining in the original project site.

**E. Comparison of recreational usefulness:** Provide an analysis of the recreation usefulness of the mitigation property in comparison to the conversion property. In essence, will the mitigation property replace the recreation opportunities lost through conversion of the project site? The mitigation property is not required to provide identical recreation experiences or be located at the same site as the conversion property. However, the recreation usefulness of the mitigation property should be equal or greater than the conversion property. This section should contain a description of the physical characteristics and resource attributes for both the conversion and mitigation sites with the number and types of resources and features on the site (e.g., 15 acres of wetland, 2 acres of beachfront, any unique or special features, habitats, structures, restrictions, easements, utilities, etc.).

Grantees are encouraged to discuss potential mitigation properties with the department before preparing a formal request.

**F. Local recreation plan compliance for mitigation property:** If your community has a plan in place, explain how the proposed development of the mitigation property is in accordance with the local recreation plan. If your community does not have a current recreation plan, other community planning documents may be utilized to support the request. The proposal must provide the name of the plan being used, page number and section of reference and must be available to the department for review.

### 3) Preliminary review by department

At this point, the department will conduct an analysis of the proposed conversion. You should wait before proceeding to the next step, which involves the cost of appraisals. After receiving department approval to continue with the conversion proposal, the grantee may proceed with the next steps. Adjustments to the mitigation proposal may be necessary depending on the outcome of appraisals, public review, and environmental due diligence.

## 4) Final materials

Once the department determines that the proposed mitigation has the potential to satisfy the conversion, the following steps must be completed and added to the preliminary conversion proposal. All preliminary and final materials must be compiled and submitted to the department as one proposal.

- G. Environmental due diligence:** The grantee must conduct due diligence required under Part 201 of the Natural Resources and Environmental Protection Act (1994 PA 451, as amended) prior to conducting any appraisals of the replacement properties. This information must also be provided to the appraiser prior to their review of the property.

Response Activity Plan (RAP) and Baseline Environmental Assessment (BEA): If, based on the results of due diligence, you have determined that the property is a facility and have been granted department approval to move forward with proceeding toward acquisition, a BEA and a RAP are also required. You must submit the BEA and RAP to your local Department of Environment, Great Lakes, and Energy (EGLE) office.

Notify the DNR when you submit your RAP to EGLE. Once you receive a written determination from EGLE that the RAP is adequate, submit to the DNR:

- 1) A copy of the written determination from EGLE that RAP is adequate.
- 2) A timetable for completion of the due care activities.

EGLE approval of the RAP: If EGLE approves the RAP, which indicates that the presence of contamination will not significantly reduce the overall use of the property for public recreation and resource protection and that it can be determined that due care activities will not significantly delay the completion of the acquisition and development of the site, we will provide you with written approval to proceed.

EGLE does not approve the RAP: If EGLE does not approve the RAP, which indicates that the presence of contamination will significantly reduce the overall use for public recreation and resource protection and/or it can be determined due care activities will significantly delay the completion of the acquisition and development of the site, we may deny the use of the property for mitigation.

Further information on the requirements for the preparation and review of the BEA can be obtained by contacting the Remediation and Redevelopment Division at your local EGLE office. For office locations and additional information, see the EGLE website at [Michigan.gov/EGLEERRD](http://Michigan.gov/EGLEERRD) or call 586-753-3823.

- H. Appraisals:** Appraisals must be completed by a state-certified general appraiser following [appraisal standards](#) provided by the department. These standards will be used by the department to review the appraisals for suitability. Appraisals for LWCF conversion and mitigation properties must be done in accordance with Uniform Appraisal Standards for Federal Land Acquisitions (“Yellow Book”).

The market value of the property you wish to acquire is to be determined through an appraisal conducted by a **certified general appraiser**. However, not all certified general appraisers are qualified to appraise all types of property. Most appraisers work primarily on the valuation of residential properties and may not have much experience appraising forest land, lake or river frontage, wetlands, former railroad corridors or other types of nonresidential properties.

Choose a certified general appraiser who has experience appraising the type of property being purchased. **The appraisal report standards must be given to the appraiser, who must sign, date and return the acknowledgment with the completed appraisal report.**

The department can provide a list of certified general appraisers who have had an appraisal

approved by the DNR. Selecting an appraiser from this list is not required and choosing an appraiser from the list does not guarantee that the appraisal will be approved. However, appraisers on the list have demonstrated their awareness of and ability to prepare appraisals using the DNR-required appraisal format and standards, which may lessen the time needed to complete the appraisal and to have it reviewed once submitted to DNR.

**If a qualified person estimates the proposed acquisition parcel has a value of \$750,000 or more, two separate appraisals must be prepared.**

The DNR's Real Estate Services Section will review the appraisal(s) to determine the final market value. This process may take up to 90 days.

Local units of government and appraisers should be aware that the official DNR review of the appraisal(s) may result in an opinion of market value that is different from the value concluded by the appraiser. This is addressed under Uniform Standards of Professional Appraisal Practice Standards Rule 3.3. The standards can be found online at [USPAP.org](http://USPAP.org).

Determine the market value of the conversion property and the mitigation property. The market value of the mitigation property, excluding the value of any buildings or facilities that do not enhance outdoor recreation, must be equal to or greater than the market value of the conversion property.

Appraisals of the conversion **and** mitigation properties must be performed to document that the mitigation property has a market value that is equal or greater than the conversion property.

- I. **Public review:** The proposed conversion must go through a well-publicized public review process that includes ample opportunity for the residents of the community to review and comment on the proposed changes to the grant-assisted area as well as the proposed mitigation. At a minimum, the residents must be given 30 days to review the proposed conversion, followed by a public meeting in front of the highest-level local governing body, including discussion specific to the conversion and mitigation proposal. All issues and comments raised during the review process or at the subsequent meeting must be addressed in the final conversion request materials, and a copy of the certified public notice and certified public meeting minutes must be provided.
- J. **Declaration and notice:** The following statement must be recorded as a "declaration and notice" after the property warranty deed(s) is recorded, which indicates that the property was encumbered by the Michigan Department of Natural Resources for public outdoor recreation in perpetuity:

*The lands included in this deed were encumbered by the Michigan Department of Natural Resources pursuant to project agreement \_\_\_ - \_\_\_ between the Michigan Department of Natural Resources and (Grantee), executed on (date). The project agreement describes certain requirements to ensure the long-term conservation of the property and its use for public outdoor recreation. (Grantee) is placing this notice on record as confirmation of its obligations as set forth in the project agreement, including the requirement that the consent of the Michigan Department of Natural Resources is required prior to the conveyance of any rights or interest in the property to another entity, or for the use of the property for purposes other than conservation or public outdoor recreation.*

**For conversion proposals that involve LWCF-assisted sites, the following items are also required.**

- K. **Environmental screening:** The grantee must complete the [Compliance and Stewardship \(C&S\) form](#) for both the converted area and the mitigation land. The screening form is used to identify

potential or known negative effects to environmental or cultural resources, or social conditions, as the result of the proposed action and must be completed for both the conversion and mitigation properties.

A more detailed environmental assessment report may be required if certain “triggers” apply to the conversion and mitigation proposal. If the department or National Park Service determines that an environmental assessment is required, further guidance will be provided to the grantee.

- L. State Historic Preservation Office (SHPO) Review:** Review of potential effects of the conversion and mitigation proposal on historical properties is conducted by the SHPO. A letter of “no effect” will need to be obtained from SHPO for the mitigation property. For guidance on this process, please call 517-373-1630 or visit the SHPO website at [Michigan.gov/SHPO](http://Michigan.gov/SHPO).

## 5) Final review and approval/denial

The department will conduct a final review of all information provided in the previous steps.

- For conversions involving the LWCF, if the department recommends approval of the conversion proposal it will be forwarded to the National Park Service for a final determination.
- For conversions involving all other grant programs noted above, the department will make the final determination.

The grantee will be informed of the final determination in writing.

## 6) Amended project agreement

If the conversion packet is approved, the grantee agency will receive an amended project agreement indicating the new project boundaries. The amended project agreement must be signed by the grantee agency and returned to the department before the conversion is considered resolved.

If the mitigation property is not contiguous to existing grant-assisted property, a program-specific plaque must be ordered and installed. Providing program acknowledgement through signs, plaques and written materials helps residents and visitors to the community see the benefits of recreation grant programs and the long-term importance to Michigan’s recreation opportunities. They also serve as a reminder to future local officials and park personnel that the park has long-term grant obligations. Ordering information can be obtained by the department. If a new plaque is required, a picture of the installed plaque must be submitted with the amended project agreement.

