

Draft Version 2.1, April 18, 2023
Section 4, Principles and Values for Governance
Blueprint for the Keweenaw Heartlands

This draft will be incorporated into the final Blueprint but is being released online in draft form in the interests of transparency. Some information included here for clarity may be moved into a separate methodology section of the final Blueprint. This and other sections completed before publication of the final Blueprint will be subject to at least one additional round of editing to ensure consistency, clarity, accuracy, and flow in the final document.

Governance is the process and structure – the who, what, when and where - by which the Management Principles and Values – the why and how – are implemented. The American social contract for governance is elegantly summarized by the words of Thomas Jefferson¹ in the Declaration of Independence: “...Governments... ...deriv[e] their just powers from the consent of the governed.” Ultimately, for a governance system to last for generations, even centuries, the people it governs must trust that it will make decisions that reflect their shared values over the long term.

The process for developing these Principles and Values for Governance is founded upon Jefferson’s principle. In this case, those who are governed and whose views drove the creation of these principles and values include, primarily, those who live in or gain their livelihoods from the Keweenaw Heartlands. In addition, the views of those who depend on the Heartlands for other purposes, like recreation and restoration or amenities that draw people to live and work in the broader area, were considered. An extensive public involvement process and a Planning Committee² including 18 stakeholders, broadly representative of the various groups of stakeholders whose lives, livelihoods, recreational uses and other interests are dependent on these lands, provided the basis for creating the principles and values and views of the Keweenaw community. Finally, the natural environment and the history and culture associated with the Keweenaw Heartlands had a seat at the table in formulating these principles and values, through proxies like The Nature Conservancy (TNC), the Michigan Department of Natural Resources and representatives of organizations on the planning committee that focus on environmental and cultural stewardship.

An example of how the views of those living and working in the area (Keweenaw and Houghton County respondents) were considered is reflected in Table 4.1, below. This table, drawn from survey responses by local³ residents, ranks the importance of various operating characteristics for the organization that ultimately governs the Keweenaw Heartlands. These views are factored into the various subsections that follow.

The same public involvement process that supported the development of the Management Principles and Values in Section 3, also drove the creation of these Governance Principles and Values. Key

¹ Drawing on a pamphlet published by James Wilson in Philadelphia in 1774 that stated: “...all lawful government is founded on the consent of those who are subject to it.”

² See Appendix XX for the names and affiliations of Planning Committee members.

³ All references in this section to local survey respondents refer to those claiming residence in Keweenaw and Houghton Counties.

Table 4.1 - Local Respondents' Ranking of Importance of Various Operating Characteristics for Public Trust of the Organization that ultimately Governs the Keweenaw Heartlands		
Characteristic	n=?	Weighted Average*
Transparent: Meetings open to the public; plans, minutes, and financial reports available for public review, etc.	322	3.70
Accountable: Free of conflicts of interest; makes purchases and awards contracts based on a competitive process; uses a competitive, open hiring process, etc.	320	3.53
Professional: Managed by highly competent, experienced professionals	319	3.26
Local: Managed by people with strong ties to the area who are respected and well-known in the community.	321	3.23
Expert Management: Most knowledge and expertise for its important professional and technical work is present within the organization's staff (forest management, trail maintenance, etc.)	321	3.23
Collaborative Management: Utilizes outside resources to provide expertise and guidance and help with important professional and technical work.	320	2.98
Backoffice Expertise: Manages accounting, HR and other functions itself rather than contracting for them.	316	2.53
*4-point scale: 4 = Very Important, 3 = Important, 2= Somewhat important, 1 = Not important at all		

stakeholder interviews, public meetings and the survey process were used to gain input which was then reviewed by the Planning Committee comprised of a cross-section of local government officials and stakeholder groups. In addition, TNC commissioned research into governance structures currently in place in Michigan, as well as exemplary structures used elsewhere across the U.S. and options for developing a customized governance structure.⁴

These governance examples were presented to the Planning Committee, which then examined the desirable and undesirable features of each, noting elements that would work under current Michigan laws or would require changes in statutes, ultimately creating the list of desired features found at the end of this section.

Overall, this section is divided into three parts:

1. Context and Existing Options
2. Principles and Values for Trusted Governance
3. Desired Features and Characteristics for a Governing Body

1. Context and Existing Options

Forming or finding a capable organization, which could be trusted to honor the principles and values for management and to balance the interests of all stakeholders over time, was an issue that emerged in nearly every interview. In addition, when responding to open-ended questions about governance, interviewees were more likely to provide

<i>Governance vs. Ownership</i>
<i>As discussed in this document, governance and ownership are potentially separate issues. In several of the models examined, the land is owned by one entity, but the power to make decisions about how the land is managed and used rests in another group. For instance, a Municipal Forest is owned by the unit of government forming it, usually a city or county. However, decisions concerning how a Municipal Forest is managed and used are made by an appointed Commission, rather than by the board of the unit of government that owns it.</i>

⁴ See Appendix X for the governance examples reviewed by the Planning Committee.

examples of why existing organizations would not be suitable than to point to an organization that was ready to take up governance or could be made ready with some tweaking.

Of fifty-eight interviewees, forty-six (79.3%) said, often emphatically, that there was no existing organization that they knew of which they would trust to own and govern the Keweenaw Heartlands. A few interviewees mentioned organizations that they felt could be modified or adapted to serve, but no organization was mentioned by more than three interviewees, and every organization named as a possibility was offered as an example of an organization that would not be trusted by other interviewees.

The organization most often mentioned by interviewees as an example that might be drawn from in designing a governing body for the Keweenaw Heartlands was the Keweenaw Outdoor Recreation Coalition (KORC).⁵ Thirty-four interviewees used KORC as an example that could be built upon in developing a governance structure. Those holding up KORC universally cited the inclusion of all stakeholder groups as being a major value they would like to see in the ultimate governing body.

However, everyone suggesting a KORC-like organization as a potential option cited one or more things that they felt would have to be addressed for it to be a suitable governing body. The four most common modifications cited were:

- A representative board – 15 mentions
- A formal structure - 14 mentions
- Independent of existing organizations⁶ - 11 mentions
- A succession plan ⁷- 5 mentions

Survey respondents were also asked “Is there an existing organization that you would trust to hold and manage the land for the benefit of the people, economy and environment of the area?” Among the 279 local respondents to this question, 157 (56.3%) checked “No.”

The 122 respondents checking “Yes” were asked to name the organization. No single organization except the Michigan Department of Natural Resources (38 responses) received more than 10% of the responses to the overall question. Other organizations with ten or more mentions included: Keweenaw Land Trust (25), The Nature Conservancy (16) and KORC – generally mentioned with some adaptation or change suggested – (16).

Unlike the surveys and interviews, the group and public meetings were not structured to answer specific questions such as which organizations might be entrusted with governance. Therefore, it isn’t possible

⁵ KORC is an outdoor recreation stakeholders group convened by the Keweenaw Community Forest Corporation (KCFC), a 501(c)(3) nonprofit operating in the area which has been involved in conserving several local properties.

⁶ Probing further on this point, these 11 interviewees mentioned that it would not be desirable for the governing body to be a subsidiary of KCFC or a similar organization.

⁷ Replies to probes about this response focused on the perception that KCFC was largely the brainchild of one person, raising concerns about organizational stability when that individual no longer serves in a leadership role.

to draw conclusions about whether those attending the public meetings might have a preferred governing organization for the lands.

Even so, the topic came up in most meetings, generally in the form of opposition to certain groups serving in the governing role. This was especially true in the meetings with organized stakeholder groups such as the snowmobile, ATV, hunting and fishing, and deer camp clubs or associations.

In every group meeting with these local clubs, members voiced strong opposition to any local conservancy serving in the governing role. Each group cited a deep-seeded lack of trust based upon their perception of broken promises that their members would retain access, made when local conservancies previously acquired lands in the area.⁸ Members were generally unable to differentiate among the various conservancies operating in the area, so it was difficult to individualize their concerns to specific organizations. However, it is possible to conclude that any existing local conservancy would face an uphill climb to gain public trust if it were to assume the governing role for the Keweenaw Heartlands.

The interview and survey processes also tried to differentiate among various types of organizations that might be entrusted with governance (nonprofit, unit of government, etc.). However, survey and interview results showed no clearly favored type of organization.

Among interviewees, 39 of 58 (67.2%) clearly favored no specific type of organization. Another eleven (19.0%) favored a nonprofit organization, five (8.6%) favored State government (generally the DNR), and three (5.2%) favored a special purpose unit of government formed for this purpose.

Conversely, fourteen (24.1%) volunteered the opinion that the land should not be governed by Keweenaw County or one of its townships. In probing the reason behind this opinion, nearly all those offering this response cited the example of the County being unable to operate the Keweenaw Mountain Lodge (KML) profitably, and its subsequent sale to a private business, as evidence that the County (and townships) were unlikely to have the capacity to successfully govern the Keweenaw Heartlands. Notably, two currently serving local government officials cited the KML example as evidence that an existing local unit of government should not own and manage the land.⁹

Trust in Local Government

It would be erroneous to conclude that stakeholder concerns expressed about local government ownership of the Heartlands reflect an overall lack of trust in local government. Instead, discussions relating to local government ownership focused on the capacity of local government to take on a complex new set of responsibilities given the scarcity of available financial and human resources. The small population and limited tax capacity of the area are barely adequate to support essential public services for residents and tourists. Without significant additional resources, local units of government would be severely strained if asked to support professional management of the Keweenaw Heartlands.

⁸ The perceived disconnect between stakeholder groups understanding of promises regarding continued access and subsequent access decisions made by conservancies reinforces the importance of transparency in decision-making discussed later in this section.

⁹ Interviewee comments focused on whether local units of government possessed the expertise and knowledge required. It may be possible to mitigate this concern if sufficient resources were available to hire or engage professional assistance.

Local respondents to the survey also had no clearly favored type of organization. The survey asked respondents to rank order how much they trusted six different types of organizations to manage the Keweenaw Heartlands. Three types received nearly identical weighted rankings ranging from 3.93 to 4.07 on a six-point scale. They included in rank order:

- A special purpose unit of government,
- A department of state government and
- A nongovernmental organization (NGO) with a stakeholder board.

Existing local units of government ranked slightly lower at 3.23, followed by an NGO with a member-elected board at 3.12, and an NGO with an independent board at 2.54).

In summary, at the time of the stakeholder input process, no existing organization was sufficiently trusted by local stakeholders, as is, to take on governance of the Keweenaw Heartlands. In addition, no specific type of organization was favored by stakeholders.¹⁰ Generally, stakeholders were much more concerned about the principles and values that would guide and constrain the governing structure and about the governing body possessing the financial resources and professional expertise to successfully operate, than they were with the specific organization or type of organization that would serve in that role.

2. Principles and Values for Trusted Governance

Both the interview protocol and survey design for the public engagement process were specifically designed to gain input on the principles and values required for stakeholders to trust the governance structure for the Keweenaw Heartlands. Governance principles and values were also deeply explored by the Planning Committee, with more than a full day of face-to-face meeting time devoted to this and related topics, as well as additional time spent on review of reports and drafts and on completion of homework assignments between meetings.¹¹

Stakeholder input on governance from the surveys, interviews and planning committee process falls into five broad categories which will be explored below:

- a. Diverse, Representative Membership
- b. Balance Term and Tenure in Office
- c. Commitment to Principles-Based Management
- d. Public Accountability
- e. Organizational Competence

Analysis of the stakeholder input regarding principles and values for governance showed remarkable consistency across various stakeholder groups, including interviews, surveys and the Planning Committee process. Stakeholder interview responses were nearly identical to responses from local

¹⁰ It is unlikely that stakeholders interviewed or surveyed understood the full range of options available in Michigan, especially the various types of special purpose units of government, so it is unlikely that stakeholder opinions would have favored one these options.

¹¹ The group and public meeting process was not designed to solicit input on this issue and produced little usable input about governance.

survey respondents and were largely consistent with Planning Committee input. However, Planning Committee input provided deeper and more nuanced understanding of related issues than the interviews and surveys.¹²

a. Diverse, Representative Governing Structure

In the interview process, key stakeholders were asked:

“Now, let’s think about the organization or organizations that will own and manage most of the land for the benefit of the area. What characteristics do you think are important for that organization?”

Diverse, representative membership on the governing body was mentioned by 45 of 58 interviewees (77.6%). On average interviewees who specified a group that should be represented on the governing body named 4.33 specific groups or constituencies that they felt should be given voice in the governance process. The types of groups or constituencies mentioned included:¹³

- User groups – 30/45
- Local units of government - 20/45
- Business/tourism/economic development - 19/45
- Conservation/preservation groups - 9/45
- At large - 6/45
- Other groups or perspectives - 7/45
- Private landowners – 1/45
- Diverse but unspecified – 10/45

As part of their response, several interviewees mentioned the possibility that specific user groups be permitted to appoint their own representatives to the governing body, versus having some third party do so. This opinion was offered most frequently by interviewees from highly organized user groups that had some kind of formal membership structure.

Survey questions on this topic were informed by the interview process. Survey respondents were asked to rate the importance of representation of specific groups in the governing structure. Table 4.2, below shows the results of that rating.

GOVERNANCE PRINCIPLES	
a. Diverse, Representative Governing Structure, including:	<ul style="list-style-type: none"> i. User groups ii. Local government and KBIC iii. Business/tourism/economic development iv. Conservation/preservation
b. Balance Term and Tenure of Office:	<ul style="list-style-type: none"> i. Terms lengths ensure stability ii. Limits on consecutive terms iii. Attendance requirements
c. Principles-Based Management:	<ul style="list-style-type: none"> i. Adhere to Principles/Values ii. Data-based planning iii. Equitable decision-making/ conflict resolution
d. Public Accountability:	<ul style="list-style-type: none"> i. External guardrails/safety nets ii. Ethical decision making iii. Transparency/information sharing iv. Inclusive strategic and operational planning
e. Organizational Competence:	<ul style="list-style-type: none"> i. Professional management ii. Board capacity building iii. Sustainable revenue model

¹² While this section primarily focuses on the input of local stakeholders (from Keweenaw and Houghton Counties), the survey reached a much broader audience and the overall responses were remarkably consistent with responses limited to local respondents, suggesting a degree of universality in the characteristics leading to trusted governance.

¹³ Some interviewees mentioned multiple groups in one of these categories, such as the snowmobile, ATV and hunting and fishing clubs as user groups to be represented.

Clearly there is strong agreement among both interviewed and surveyed stakeholders that local units of government, user groups and conservation/preservation groups should be represented in the ultimate governance structure for the Keweenaw Heartlands. There was less agreement about representation of business, tourism and economic development representation and at-large representation. Some stakeholders also emphasized that there should be a mechanism to adjust the representation structure for the governing body over time, as needs, interests and recreational uses change.

Group	n=?	Weighted Average*
The county and townships where the land is located.	322	3.38
Major User Groups like snowmobile, ATV, mountain bike, hunting and fishing, skiing clubs and quiet user groups like hiking, birders, etc.	322	3.12
Local groups concerned with preservation of the environment, history or cultural heritage of the area.	323	3.10
Institutions and governmental departments that can provide expertise and other resources (Michigan DNR, MTU, National Park Service, etc.).	323	2.97
Business, tourism and economic development interests.	321	2.40
At-large members who do not represent specific interest groups or organizations.	319	2.26
*4-point scale, 4 = Very Important, 3 = Important, 2= Somewhat important, 1 = Not Important at All		

Participation in the governing structure of institutions and governmental departments that can provide expertise and other resources was not mentioned as important by interviewees but was seen as important by survey respondents. Some interviewees specifically mentioned that expertise and resources of these institutions would be important for the governing body to tap, but that access to that expertise did not require governing body representation, and/or that these institutions did not have the same kind of direct interest in the Heartlands as those living, working or recreating in the area.

b. Balanced Term and Tenure in Office

About a quarter of the interviewees and a significant number of survey respondents raised concerns or made suggestions concerning the term and tenure in office for governing body members.¹⁴ The planning committee also raised this question in its discussions.

Comments in interviews and surveys fell into two distinct categories. The first and larger set of responses focused on the value of having a stable and apolitical board where membership doesn't change wholesale as a result of elections or other factors. The consequent stability would allow members to gain increased perspective and competence over time to deal with complex issues.

The second set of comments focused on the need for any board to refresh its membership to remain responsive to changing circumstances, to avoid public perception that the membership is closed and unresponsive, to build ongoing capacity and to avoid a crisis when factors such as intergenerational change might otherwise result in a wholesale shift of membership.

¹⁴ In response to an open-ended question regarding other desired characteristics for the governing body.

Clearly, universal term limits for governing body members are not practical if a portion of the membership will represent or be appointed by the local units of government (as suggested by the strong ranking of the importance of county and township representation discussed in the previous section). However, public election and appointment processes guarantee some degree of change over time.

The representatives of other constituencies stated that a combination of policies that are considered best-practices in organizational governance could suffice to address these concerns. Some of the best-practices widely discussed in governance publications include:

- Terms that are long enough to reduce turnover – typically three or more years.
- Limits on the number of consecutive terms – typically two to three, not exceeding six to ten years, including any partial terms.
- Attendance policies that treat a member’s excessive absences from meetings as their resignation from the board – typically missing more than one-third to one-half of the regularly scheduled meetings.

c. Commitment to principles-based management

Half (29/58) of the interviewees mentioned a commitment to principles-based management as an important principle for the operation of the Keweenaw Heartlands’ governing body.¹⁵ This was also a repeated theme in the discussions and group exercises of the Planning Committee. This concern further breaks down into three persistent themes:

- 1) Follow the established Management and Governance Principle and Values (provided in Section 3 of this Blueprint).
- 2) Act based on established data-based plans.
- 3) Utilize an equitable decision-making process, including a mechanism for addressing user conflicts.

Each of these themes is discussed briefly below.

1) Follow the established Management and Governance Principle and Values

A question asked by a participant in one of the public meetings summarizes the concerns that emerged in the interviews and Planning Committee meeting, and demonstrates that this concern is on the minds of the public, as well:

“How can we be sure that the lands will be managed according to the plan you are developing?”

This question gets at the core theme of the discussion of this issue in the planning committee and the concern expressed by the interviewees. Discussion in the Planning Committee and with interviewees

¹⁵ In response to an open-ended question without this response suggested by the question or the probes used in the interview protocol.

suggests that the most likely way this could be achieved would be embedding a requirement to this effect in the governing documents or enabling legislation for the governing body.

2) Act based on established data-based plans.

Interviewees, Planning Committee members and a few participants in public meetings expressed concern that sufficient research and planning had not been conducted to inform decision making and/or that they were concerned that decision makers follow a data-based plan.

As discussed in the Management Principles and Values section, the environmental, cultural and historical assets of the Keweenaw Heartlands have never previously been systematically and comprehensively inventoried. The Nature Conservancy has commissioned an initial inventory of these assets, which will be a tremendous aide to management planning and decision making and will serve as a fundamental guide to known areas where special care must be taken in management decision making.

However, the large size of the land and absence of previous detailed inventories means that this initial inventory should not be viewed as exhaustive, and should be supplemented, over time, with more detailed investigations. In addition, stakeholders expressed concerns that safeguards be put into place for projects that would develop or alter the land, to ensure that undiscovered environmental, cultural or historical assets are not compromised.

Two recommendations have emerged from this process to address this lack of a detailed inventory of assets, and the concern that the ongoing governance of the Heartlands follow data-based plans:

- a) Incorporate provisions in the governing documents or enabling legislation specifically requiring the governing body to develop and follow this Blueprint and a data-based plan in managing the land.
- b) Develop and implement policies and procedures to ensure that an environmental, cultural and historical site assessment is completed before any activity is permitted that would physically alter the land.

3) Utilize an equitable decision-making process, including a mechanism for addressing stakeholder conflicts.

Interviewees, especially those not associated with major user groups, expressed strong concerns about the possibility that the governance structure or process could become dominated by some stakeholder groups at the expense of others. Similarly, some interviewees and participants in meetings with major user groups expressed concern that conservation groups or others could dominate in the decision-making process and foreclose access to existing trail networks or disallow uses commonly permitted on lands enrolled under Michigan's Commercial Forest Act, such as hunting and fishing. Other interviewees and participants expressed concerns about business and tourism interests dominating and favoring development that would change the character of the area and degrade the quality of life for residents.

Other interviewees raised similar concerns as they asked that the governing body use a consensus-based approach to minimize the possibility of irreconcilable conflicts developing among stakeholder groups.

However, recognizing the risk of paralysis when consensus cannot be reached, the Planning Committee recommended that the governing procedures and policies include a path to decision making for issues that cannot be resolved by consensus.

While some of the specifically expressed concerns, such as maintaining access to existing DNR-permitted trails, could be addressed in enabling legislation or governing documents, areas of potential conflict cannot always be predicted or addressed in advance. Clearly, what various groups of stakeholders were requesting is some form of equitable and defined resolution process when a conflict among uses emerges. Some form of built-in mediation process would likely be a desirable feature for the governing body and was specifically suggested by some stakeholders.

d. Public Accountability

The principle of public accountability was raised in nearly all the interviews (53/58). It was the second most highly ranked operating characteristic, for importance, in surveys (3.53 on a 4.0-point scale) and was raised in various ways in most public meetings. Stakeholders viewed several aspects of public accountability as important including:

- 1) External guardrails/safety nets.
- 2) Adherence to established management principles.
- 3) Ethical decision-making processes.
- 4) Transparency and information sharing.
- 5) Inclusive strategic and operational planning.

Each of these aspects of accountability is discussed in more detail below.

1) External guardrails/safety nets

For interviewees, the accountability feature most often mentioned as desired was generally described as either “external guardrails” or “a safety net.” In probing the meaning behind these terms both referred to external third parties retaining the power to intervene if the entity that governed the Keweenaw Heartlands strayed from the management and governance principles developed by the stakeholder input process described in this Blueprint.

The impetus for this desire described by interviewees included several patterns that they had seen emerge with other organizations and initiatives in the area. These included governmentally run initiatives changing direction with changes in elected leadership, some organizations changing direction after interest groups “packed the room” with their supporters during decision-making or board election processes and organizations’ mission drifting as board members changed over time.

In public and stakeholder group meetings, the desire for external guardrails or safety nets most often took the form of questions like, “How will you keep the governing structure from being hijacked by special interests?” or “How can we be sure the plan will be followed over time?” In interchanges around

these and similar questions, public and group members expressed a strong desire to have a third-party positioned to pull the governance back on track.

The survey process was not designed to specifically measure stakeholder sentiment on this issue; however, it did arise in a few comments offered to various open-ended questions.

Interviewees, public and group meeting participants and planning committee members expressed several ideas for how guardrails or safety nets could be established. These ideas included:

- TNC and/or the Michigan DNR retaining some form of covenant or condition related to the land transfer giving them the right to intervene, or to “claw back” the land if the Blueprint were not followed.
- If the governing body is a nonprofit organization, including safeguards in its governing documents that could not be changed without TNC or Michigan DNR approval.
- If the governing body is a unit of government, including safeguards in the enabling legislation or governing documents which require State authorization to change.
- Including requirements in enabling legislation and/or governing documents that the governing body adhere to the Principles and Values for Management described in this Blueprint.

2) Ethical decision-making processes

Both interviewees and survey respondents expressed a strong desire to ensure that the governing body for the Keweenaw Heartlands is bound by and operates with ethical, rules-based decision-making processes. Half of the interviewees (29/58) expressed this desire in response to open-ended interview questions about characteristics required for public trust of the governing body. Accountability, specifically including ethical decision-making, was rated as important or very important by nearly all of the local respondents to the survey (289/320, 90.3%). The planning committee also selected this as one of the most important features desired for the ultimate governing body.

Comments in interviews provide further explanation of this desire/concern. Several interviewees explained that, with a very small local population, Keweenaw-based organizations and units of government tend to operate very informally. Since most residents know each other, and local vendors are generally well known personally by decision-makers, the processes for important decisions like purchasing and hiring are often handled informally, without competitive bidding or advertising for available positions.

While, in most cases, this informal decision-making process works well, and produces cost-and time-efficiencies, interviewees and planning committee members felt that it was critical that the governing body for the Keweenaw Heartlands operate on a more formal and professional basis and be required to adhere to more stringent ethics and conflict-of-interest requirements.

Interviewees and Planning Committee members also expressed strong opinions about the need for stringent adherence to a strong set of conflict-of-interest policies. Again, the small population base was cited as making it hard to conduct any transaction without someone in a decision-making role having a

real or perceived conflict-of-interest. Given the number of stakeholder and other interests that the Principles and Values for Management section of this Blueprint discusses, strict adherence to conflict-of-interest guidelines and procedures, as well as transparency in the decision-making process, will likely be critical to public and stakeholder acceptance of the validity and fairness of decisions.

Generally, when the nature of the desired ethical standards was probed, interviewees and Planning Committee members said that operating within the ethical framework and compliance with open meetings and records regulations required by Michigan law for units of government would meet their expectations, so long as the governing organization did not overly utilize exceptions such as accepting single source bids or hiring those brought on temporarily to permanently fill vacancies. Strict adherence to State or similarly stringent conflict of interest policies and procedures and open meetings and records laws was seen as an acceptable way of addressing this issue.

However, one other related area of concern came up in Planning Committee discussions. Given the strong desire of stakeholders for the governing body to incorporate members who are representative of the various stakeholder groups, Committee members were concerned that decision-makers vote on issues based on the best interests of the Keweenaw Heartlands, rather than on the best interests of the stakeholder group(s) to which they belong.

The Planning Committee discussed the Duty of Loyalty that nonprofit board members have under Michigan law, which requires them to put the interests of the organization above any other interests in deciding matters which come before the governing body.¹⁶ They expressed the strong opinion that the Duty of Loyalty should be prominently incorporated into governing documents and policies, to ensure that members of the governing body remain aware of this responsibility.

3) Transparency and information sharing

There is a platitude about transparency that goes: “If you don’t tell people what is going on, they will make something up, and it is never complimentary.” Interviewees and survey respondents were clearly aware of the principle behind this platitude, and strongly expressed their desire for transparency in all the work of the Keweenaw Heartlands governing body.

Transparency, optics or information sharing was raised as a major factor required for public trust by 37 of 58 interviewees (63.8%). Similarly, it was ranked as the most important among all characteristics required to trust the governing body by local survey respondents, achieving an average rating of 3.7 on a 4.0 point scale. Only 19 of 320 respondents rating transparency gave it a ranking lower than “Important” (3.0 on the scale).

Characteristics of transparency identified in interviews and survey comments included:

- Publicized, open board and committee meetings held at accessible times and locations.
- Public availability of all plans and studies used in decision-making.
- Public availability of all board and committee meeting records.

¹⁶ Michigan Statutes 450.2541(c) and associated case law.

- Public availability of all financial records, bid documents, etc.
- A robust public communications program, including periodic public meetings.
- If a public entity, bound by all State rules related to openness and accountability.

Based on the robust stakeholder and planning committee input on this issue, transparency is clearly a critical requirement for public trust in the organization governing the Keweenaw Heartlands.

4) Inclusive strategic and operational planning

Interviewees and planning committee members clearly recognized that the initial public input and planning process leading to this Blueprint is only the beginning, and that ongoing strategic and operational planning will be required. Twenty-six of the fifty-eight interviewees (44.8%) raised this issue even though it was not included in the questions or additional prompts used in the interview protocol. This issue was raised again and rated as important in the Planning Committee process as well.

This ongoing planning will be needed not only in the near term, as the governing body translates the principles and values in this Blueprint into operational plans, but also on an ongoing basis over the decades as various factors change over time, such as political leadership, user needs and interests or the effects of climate change on the environment and ecosystems of the Heartlands.

Two very specific sub-themes related to this ongoing planning emerged from the interviews and planning committee input. First, both the interviewees and the Planning Committee were adamant that the ongoing planning process must include an inclusive, highly participatory stakeholder engagement process, similar to the one used to create this Blueprint. Second, they called for this engagement process to be built on ongoing relationships maintained by the governing body with constituencies like Keweenaw residents and landowners, governmental officials, user and other stakeholder groups, and business and economic development leaders.

In discussing these issues, interviewees and Planning Committee members recognized that not every stakeholder group or other constituency whose expertise may be needed in the future to address issues may be interested or practical to include in ongoing governance or every aspect of ongoing planning. For instance, planning related to a specific issue, like siting of workforce housing, might require involvement of some groups and not others in specific deliberations, but the recommendations should likely be circulated to all stakeholder groups for review before being finalized to avoid the possibility of overlooking conflicts among uses, or synergies that might be possible with other plans.¹⁷

e. Organizational Competence

Creating and sustaining competence in its governance and operations was an often-repeated theme among interviewees, with 34 of 58 (58.6%) raising this as a concern even though it was not a specific

¹⁷ For example, trail-related user groups may not feel a desire to become involved in planning for a workforce housing project. However, their review of the proposed plan might identify modest changes enabling workers to access trails for travel to their workplaces.

topic of any question or prompt in the survey protocol. It was also raised as a significant concern by the Planning Committee.

In discussing this concern in detail, three sub-themes emerged:

- 1) Professional Management
- 2) Board Capacity Building
- 3) A Sustainable Revenue Model

Each of these sub-themes is discussed in more detail below.

1) Professional Management

Professional management emerged as a strong theme in the interviews, with 34 of 58 interviewees (58.6%) raising it as a concern. As one interviewee put it, “It really doesn’t matter what the structure is if the organization doesn’t have competent management.”¹⁸

In addition, nearly half (49.5%) of all local survey respondents ranked Professional Management as Very Important, the highest possible ranking, and another 31.0% ranked it as important, totaling 80.5% of all respondents highly ranking the importance of this issue. Overall, it achieved a score of 3.26 on a four-point scale. A related item, Expert Management, also rated very highly, with a slightly lower average score of 3.23, but an even larger percentage ranking it as Important or Highly Important (82.5%).¹⁹

Strong reasons for this concern emerged from further parsing interviewees’ comments about this topic. Interviewees cited a tendency for local organizations to hire local people for open positions over outsiders, even if there are no local candidates with related training or experience. Others noted that factors like availability of affordable housing or spousal employment, distance to amenities like schools, shopping and healthcare, and limited budgets sometimes make it hard for local organizations to hire from outside the area. Concerns over this issue also led directly to the inclusion of open, competitive hiring to fill all vacant positions in the previous discussion of ethical decision-making.

Beyond the chief executive officer, interviewees and survey respondents were relatively ambivalent about whether the governing organization should hire internally or contract externally. Interviewees generally indicated that it would be good if the organization could have the most important

¹⁸ It was not always possible to separate when comments related to the professional management of the governing entity versus professional management of the forest resources of the area. Both were clearly on the minds of interviewees and survey respondents, so the related elements are discussed in both the Management and Governance Principles and Values sections of this Blueprint.

¹⁹ Survey questions about Professional Management and Expert Management appear to have been confusing for respondents. Professional Management was intended to measure respondents’ desire that *the organization’s CEO/leadership team are* highly competent, experienced professionals.” Expert Management was intended to measure whether respondents felt it is important for *technical expertise like forestry or species conservation* to be present on staff versus contracted out to third parties. It is clear from comments and feedback that the difference between these characteristics was not well explained to or understood by many respondents.

competencies on staff, but it was more important that the work be completed competently, even if that requires contracting out for it. They were also ambivalent about whether back-office functions, such as accounting, are conducted in-house or contracted.

Local survey respondents were equally ambivalent on this issue, slightly favoring in-house expert management over collaboration with outside organizations to acquire needed expertise. They also did not express a strong preference for in-house versus contracted back-office support and expertise.

2) Board Capacity Building

Both interviewees and planning committee members expressed a strong desire to see a regular and robust program of capacity building for the board that governs the Keweenaw Heartlands. Interviewees pointed to the small population of the area and how, unlike a larger community or metropolitan area with a deeper talent pool, leadership positions often must be filled with people without formal training or professional experience in administrative or leadership roles. These comments spoke to the importance of familiarity of prospective board members with Roberts Rules of Order, the tenets of effective organizational governance, best-practices of well-run organizations, or the duties and responsibilities of board members under Michigan law. It was emphasized that familiarity or experience with these important elements of well-run organizations or governance structures cannot be assumed.

Planning Committee members were especially concerned about the capacity of the governing board to balance the many stakeholder interests discussed elsewhere in this Blueprint. As one wrote in critiquing a draft of this Blueprint, “We should include effectiveness and efficient governance principles. If this structure doesn’t operate effectively and efficiently and gets bogged down in infighting, micromanagement, politics, etc., then it’s difficult to make progress and move forward.” To ensure that the governing body for the Keweenaw Heartlands operates effectively and develops and retains the capacity to meet the various legal and ethical standards, interviewees and Planning Committee members believe that an ongoing, robust board capacity building program is essential.

3) A Sustainable Revenue Model

Strong concern about ensuring there is a sustainable revenue model to support governance and management of the Keweenaw Heartlands was expressed in every form of public input and participation for this Blueprint. As one survey respondent commented, “If there is no thought about the financial needs 10, 20, 50, years from now, then the plan is not well thought out.” Or, as a Planning Committee member wrote, “We want each of the [ultimate] owners. to be sustainable, and we want this governance and management structure that we are developing to be sustainable. [The Blueprint should] provide a section that emphasizes the concept of establishing a structure that lasts beyond generations, changes in use interests, etc.”

In nearly every public and group meeting, participants also raised this topic. Generally, it came in the form of questions like, “How are you going to pay for it [managing the lands]?” and questions about how the tax revenues that local units of government rely upon would be replaced under the new governing structure, especially if it were a tax-exempt nonprofit or governmental organization.

In Planning Committee sessions, as members participated in a detailed review of governance examples currently in place in Michigan, much of members' focus was on the revenue sources available to each type of organization. In rating critical and desirable revenue-related features for the ultimate governing organization, the following priorities were identified (in approximate order of importance).

Authority/eligibility to:

- Receive grants through the Michigan Natural Resources Trust Fund.
- Generate revenues from sales of timber and other forest products as well as carbon offsets.
- Establish user, parking, camping and similar fees.
- Accept gifts and bequests.
- Enter into leasing and concessionaire agreements.
- Sell (to public entities) and/or lease (to private entities) a small percentage (e.g., 5-10%) of the land for public purposes, such as public infrastructure, workforce housing, economic development and visitor services.
- Issue revenue bonds.
- Issue fines for violations of rules and regulations
- Impose and collect hotel and short-term rental taxes or fees.
- Enact voter-approved tax levies.

3. Desired Structure and Characteristics for a Governing Body

The Planning Committee was presented with research conducted by TNC concerning types of governing structures enabled by current Michigan law and exemplary structures from other states, including options for developing a customized structure for this project. Planning committee deliberations concluded that no single existing governance structure has all the highly desired features for the Keweenaw Heartlands, but some might be adapted to include most or all the features.

While the flexibility that allows a nonprofit governing structure to be designed to exactly match the desired characteristics was appealing, committee members recognized that some critical streams of funding in Michigan are available only to governmental entities. Chief among these is access to grants from the Michigan Natural Resources Trust Fund.

The committee members reviewed every example presented, and offered their insights about which features were desirable and undesirable in each. Once this process was completed, committee members ranked features' importance across the various examples, resulting in a clear differentiation between critical and desirable features. As a result of these deliberations, committee members charged TNC staff with exploring which of the various Michigan governing structures might be successfully adapted to meet the critical and desirable criteria for the governing body that emerged from the public engagement and Blueprint planning processes.

Based on this process, the committee asked TNC to return with recommendations about which example(s) could best be adapted to meet these criteria, or, if it is infeasible, to return with

recommendations for and assistance with formation of a new kind of governmental entity to assume governance of the Keweenaw Heartlands.

The balance of this section is focused on the critical and other desirable features for the governing body for Keweenaw Heartlands. The rationale and data supporting these criteria have been discussed in detail in various sections of this Blueprint.

1) Critical features for the governing organization

a) Structure and Membership

- i. Representation of major stakeholder groups, preferably on the governing board, or if that is not possible, on an advisory council or other body whose advice is required to be considered by the governing board in its decision-making. The board should consist of at least seven to ten members and represented stakeholders should include:
 - Users – specifically including representation of various major uses.
 - Local units of government, including the Keweenaw Bay Indian Community.
 - Residents and property owners.
 - Environmental, historical and cultural preservation.
 - Business, tourism and economic development.
- ii. Multijurisdictional and independent from budgeting and decision-making authority of other units of government. For example, Board members of certain authorities and commissions operating under Michigan law, have full authority for budgets and decision-making, independent of any other unit of government that may hold title to the related assets or have the power appoint their members.
- iii. Both recreation and natural resources management specifically stated as purposes in the enabling legislation.

b) Public Accountability

- i. Subject to open meeting and open records requirements generally applicable to Michigan units of government.
- ii. Subject to the ethics and conflict of interest requirements generally applicable to Michigan units of government.
- iii. Governing board members subject to a Duty of Loyalty comparable to that required under Michigan law for board members of nonprofit organizations.
- iv. Subject to environmental, historical and cultural review and preservation requirements,²⁰ for all activities which would physically modify the land.
- v. Subject to the public access requirements of Michigan’s Commercial Forest Act.
- vi. Subject to a requirement that actions be taken in accordance with the principles and values expressed in this Blueprint and the provisions of adopted management and operations plans.

²⁰ To include providing opportunity to review and comment to the Keweenaw Bay Indian Community (and/or other appropriate unit(s) of Tribal Government) for all projects involving cultural sites.

- vii. Subject to a requirement that management and operations plans be developed with robust public and stakeholder input processes.

c) Finance and Operations

- i. Eligible for grants through the Michigan Natural Resources Trust Fund.
- ii. Permitted to accept other grants and contributions.
- iii. Permitted to generate revenues through commercial forestry activities, leases or permits for cultivation or harvest of non-timber forest products, sale of carbon offsets, etc.
- iv. Permitted to generate revenues through user fees, parking charges, etc.
- v. Authority to Issue revenue bonds (e.g., for development of amenities such as visitor parking, campgrounds, etc.).
- vi. Authority to enter into leasing and concessionaire agreements.
- vii. Permitted to purchase, own and accept gifts of land.
- viii. Authority to transfer land to other public entities for public purposes, or to lease land to private entities for periods not exceeding 40 years²¹ to achieve goals established in an economic development plan adopted by a public entity; provided this authority to transfer or lease land shall be subject to any legal restrictions that apply to the land, including without limitation grant funding or legislative restrictions. Further, (a) prior to the transfer or leasing of land, the impact of the transfer or lease on the land's environmental, ecological, historical, scenic, and cultural values, as well as public access and use, must be evaluated; (b) any transfer or leasing of land, and the resulting permitted uses of the land, must be consistent with and not adversely impact that land's identified environmental, ecological, historical, scenic, and cultural values, and (c) in no event may the total amount of land transferred or leased exceed 3% of the land owned by the governing entity at any given time,²².
- ix. Required to make payments in lieu of taxes (PILT) to counties, townships and school districts where it owns land, in amounts at least equal to taxes that would be imposed on privately held lands enrolled under the Commercial Forest Act.

d) Governmental Powers

- i. Authority to impose and enforce, or to enter into contracts to enforce, regulations governing access to and use of the land and to establish and collect fines for their violation.
- ii. Authority to provide, or enter into contracts to provide, public safety services.

2) Other desirable features for the governing organization

- a. Requirement that the Michigan DNR and the Keweenaw Heartlands governing body consult with each other in developing plans and policies for the use and management of

²¹ Equal to the 39-year straight-line depreciation period for commercial and residential building assets allowable under the Internal Revenue Code, plus one year to accommodate construction.

²² Lands leased to a private party at the time of the governing organization's acquisition are not included in this calculation during the term of that lease. Upon the expiration of that lease, the lands will be included in this calculation.

their respective lands on the Keweenaw Peninsula, specifically including, but not limited to, coordination of recreational trail networks thereon and other activities that span the lands of both entities.

- b. Requirement for mediation of disputes when called for by one or more stakeholder groups represented on the governing body, with the governing board retaining authority for final decision-making if an acceptable mediated resolution is not achieved.
- c. Authority to include or expand governmental representation on its governing body to include nearby areas that are economically interdependent.
- d. Authority to coordinate timber management and harvest activities and contracts with Michigan DNR and other public or private entities.
- e. Authority to enact voter-approved mill levies.
- f. Authority to impose and collect hotel and short-term rental taxes or fees from areas that benefit from Keweenaw Heartlands tourism.
- g. Authority to coordinate enforcement of regulations, with Michigan DNR and other public or private entities.