



# Minnesota Department of Natural Resources

## OFFICE OF THE COMMISSIONER

500 Lafayette Road  
St. Paul, Minnesota 55155-4037

January 25, 2005

To the 2005 Minnesota Legislature:

On behalf of Governor Pawlenty, I am pleased to submit the Governor's recommended FY 2006 - 07 biennial budget for the Department of Natural Resources (DNR). The recommended request is \$636,254,000. The recommended budget includes a General Fund reduction of \$11,634,000 to include both direct and open appropriations.

The DNR recommended budget consists of a variety of funds. Funds include: General Fund (33%), Game and Fish Fund (29%), Natural Resources Fund (20%), Special Revenue (6%), and Federal (5.6%). These funds are not evenly distributed to DNR programs. Some programs are almost entirely General Fund (Lands and Minerals, Waters and Forestry) and others are almost entirely dedicated funds (Fish and Wildlife and Trails and Waterways).

In the budget process, the Governor asked agencies to develop "priority based budgets" focused on their missions. The mission of DNR is to work with the citizens to conserve our natural resource heritage and to provide for sustainable recreation and economic opportunities. As our management team approached General Fund spending, priority was given to the conservation of natural resources.

This "Conservation First" approach is followed in priority by critical needs for sustainable commercial and recreational use of natural resources. The DNR goal is to conserve a solid natural resource base upon which economic and recreational activities might take place.

The Governor's recommended FY 2006 - 07 biennial budget request will allow DNR to carryout the following activities:

1. Division of Lands and Minerals will lease lands for exploration and mining, regulate mineral exploration, conduct essential mineral research as well as oversee DNR land transactions.
2. Division of Waters will guide and regulate the physical integrity of Minnesota's lakes, rivers and water supplies.
3. Division of Forestry will sustain Minnesota forest ecosystems, provide a sustainable supply of forest resources and protect lives and property from wildfires.
4. Division of Parks and Recreation will provide open access to all state parks, including park and forest campgrounds, and conserve Minnesota's natural and cultural resources.
5. Division of Trails and Waterways will provide a system of trails and water recreation facilities.
6. Division of Fish and Wildlife will protect and manage aquatic resources and associated fish communities for their ecological, commercial and recreational values. They will conserve, manage and enhance wildlife populations and their habitats with an emphasis on maintaining Minnesota's hunting and trapping heritage.

7. Division of Ecological Services will collect and link ecological data and manage fish, wildlife and native plant populations and their habitats.
8. Division of Enforcement will provide natural resource protection and public safety through information, education and law enforcement services.
9. Operations Support (e.g., Facilities, Equipment, Financial, Human Resources, Information Systems, Information and Education and the Commissioner's Office) will provide essential support services.

Over the past twenty-two months, the DNR management team has spent considerable time examining and changing the DNR spending patterns. We have made changes to enhance efficiency and allow more dollars to be used in field-based programs.

The recommended budget includes increased appropriations from dedicated funds where additional effort is needed and fund balances allow. This has been done with particular attention to ensuring the dedicated funds are being spent only for the purposes for which they were received. There are recommendations that move some dedicated fund spending from direct appropriations to statutory. This would allow more timely and effective spending of dedicated dollars.

In the area of open appropriations, the Governor is recommending that funding made available for payment in-lieu of taxes be held constant at the projected FY 2006 level (estimated at approximately \$13,000,000). The Governor believes that this is a vital program, but in FY 2007 there is a projected increase of \$3,000,000. This would be a 23% increase over FY 2006. He has requested that funding be held at the FY 2006 level.

As you review the Governor's recommendations, I look forward to working with you.

Sincerely,



Gene Merriam  
Commissioner

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	12,610	12,861	12,861	12,861	25,722
<b>Recommended</b>	<b>12,610</b>	<b>12,861</b>	<b>14,981</b>	<b>14,982</b>	<b>29,963</b>
Change		0	2,120	2,121	4,241
% Biennial Change from 2004-05					17.6%
<b>General</b>					
Current Appropriation	91,817	85,977	85,977	85,977	171,954
<b>Recommended</b>	<b>91,817</b>	<b>85,977</b>	<b>74,761</b>	<b>74,761</b>	<b>149,522</b>
Change		0	(11,216)	(11,216)	(22,432)
% Biennial Change from 2004-05					-15.9%
<b>Natural Resources</b>					
Current Appropriation	54,387	55,762	55,762	55,762	111,524
<b>Recommended</b>	<b>54,387</b>	<b>55,762</b>	<b>50,958</b>	<b>49,402</b>	<b>100,360</b>
Change		0	(4,804)	(6,360)	(11,164)
% Biennial Change from 2004-05					-8.9%
<b>Game And Fish</b>					
Current Appropriation	82,350	82,292	82,292	82,292	164,584
<b>Recommended</b>	<b>82,350</b>	<b>82,292</b>	<b>79,911</b>	<b>82,058</b>	<b>161,969</b>
Change		0	(2,381)	(234)	(2,615)
% Biennial Change from 2004-05					-1.6%
<b>Remediation</b>					
Current Appropriation	100	100	100	100	200
<b>Recommended</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>
Change		0	0	0	0
% Biennial Change from 2004-05					0%
<b>Permanent School</b>					
Current Appropriation	0	0	0	0	0
<b>Recommended</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>350</b>	<b>700</b>
Change		0	350	350	700
% Biennial Change from 2004-05					n.m.

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	16,436	16,657	14,981	14,982	29,963
General	89,010	92,134	74,761	74,761	149,522
Minnesota Resources	1,662	1,407	0	0	0
Natural Resources	46,204	65,246	50,958	49,402	100,360
Game And Fish	73,610	91,052	79,911	82,058	161,969
Remediation	59	141	100	100	200
Permanent School	0	0	350	350	700
<b>Open Appropriations</b>					
General	17,355	17,482	30,129	29,419	59,548
Natural Resources	176	254	434	333	767
Game And Fish	725	818	812	807	1,619
<b>Statutory Appropriations</b>					
General	2	382	22	0	22
Natural Resources	2,223	4,681	12,654	12,647	25,301
Special Revenue	20,292	21,895	19,284	19,184	38,468
Game And Fish	2,823	3,810	10,735	10,585	21,320
Federal	13,967	20,593	18,222	17,169	35,391
Remediation	37	3,000	2,000	1,169	3,169
Reinvest In Minnesota	2,060	2,860	2,441	2,441	4,882
Miscellaneous Agency	99	60	45	45	90
Gift	1,510	2,626	1,463	1,462	2,925
Permanent School	3	537	19	19	38
<b>Total</b>	<b>288,253</b>	<b>345,635</b>	<b>319,321</b>	<b>316,933</b>	<b>636,254</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	154,904	160,310	153,128	154,653	307,781
Other Operating Expenses	68,099	103,914	90,297	90,014	180,311
Capital Outlay & Real Property	15,321	24,068	16,712	15,654	32,366
Payments To Individuals	3	0	0	0	0
Local Assistance	47,966	55,736	45,023	43,223	88,246
Other Financial Transactions	1,960	1,582	767	1	768
Transfers	0	25	13,394	13,388	26,782
<b>Total</b>	<b>288,253</b>	<b>345,635</b>	<b>319,321</b>	<b>316,933</b>	<b>636,254</b>
<b><u>Expenditures by Program</u></b>					
Land & Minerals Resource Mgmt	8,181	10,102	23,607	23,542	47,149
Water Resources Mgmt	14,016	14,900	14,172	13,023	27,195
Forest Management	58,700	66,953	61,832	61,411	123,243
Parks & Recreation Mgmt	41,728	44,635	38,668	38,756	77,424
Trails & Waterways Mgmt	26,197	35,270	29,069	28,870	57,939
Fish & Wildlife Management	67,687	81,983	79,521	80,853	160,374
Ecological Services	11,416	20,046	16,762	15,921	32,683
Enforcement Nr Laws&Rules	24,395	33,272	30,180	30,702	60,882
Operations Support	35,933	38,474	25,510	23,855	49,365
<b>Total</b>	<b>288,253</b>	<b>345,635</b>	<b>319,321</b>	<b>316,933</b>	<b>636,254</b>
<b>Full-Time Equivalent (FTE)</b>	<b>2,510.2</b>	<b>2,530.9</b>	<b>2,399.5</b>	<b>2,358.9</b>	

NATURAL RESOURCES DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2005	Governor's Recomm.		Biennium
		FY2006	FY2007	2006-07
<b>Fund: ENVIRONMENT &amp; NATURAL RESOURCE</b>				
<b>FY 2005 Appropriations</b>	<b>12,861</b>	<b>12,861</b>	<b>12,861</b>	<b>25,722</b>
<b>Technical Adjustments</b>				
One-time Appropriations		(12,861)	(12,861)	(25,722)
<b>Subtotal - Forecast Base</b>	<b>12,861</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change Items</b>				
LCMR Projects	0	14,981	14,982	29,963
<b>Total Governor's Recommendations</b>	<b>12,861</b>	<b>14,981</b>	<b>14,982</b>	<b>29,963</b>
<b>Fund: GENERAL</b>				
<b>FY 2005 Appropriations</b>	<b>85,977</b>	<b>85,977</b>	<b>85,977</b>	<b>171,954</b>
<b>Technical Adjustments</b>				
Approved Transfer Between Appr		0	0	0
One-time Appropriations		(39)	(39)	(78)
Transfers Between Agencies		(3,300)	(3,300)	(6,600)
<b>Subtotal - Forecast Base</b>	<b>85,977</b>	<b>82,638</b>	<b>82,638</b>	<b>165,276</b>
<b>Change Items</b>				
General Fund Reduction Plan	0	(3,171)	(3,171)	(6,342)
Minerals Management Fee	0	(1,526)	(1,526)	(3,052)
Road Easement Application Fee	0	(20)	(20)	(40)
Surcharge on Summer Water Use	0	330	330	660
Trust Land Management Costs	0	(3,500)	(3,500)	(7,000)
Water Permit Fee Increases	0	10	10	20
<b>Total Governor's Recommendations</b>	<b>85,977</b>	<b>74,761</b>	<b>74,761</b>	<b>149,522</b>
<b>Fund: NATURAL RESOURCES</b>				
<b>FY 2005 Appropriations</b>	<b>55,762</b>	<b>55,762</b>	<b>55,762</b>	<b>111,524</b>
<b>Technical Adjustments</b>				
Approved Transfer Between Appr		0	0	0
One-time Appropriations		(1,489)	(1,489)	(2,978)
Transfers Between Agencies		(4,152)	(4,152)	(8,304)
<b>Subtotal - Forecast Base</b>	<b>55,762</b>	<b>50,121</b>	<b>50,121</b>	<b>100,242</b>
<b>Change Items</b>				
All Terrain Vehicle (ATV) Gas Tax Study	0	75	0	75
Fishing Pier Adjustments	0	(154)	(154)	(308)
LCMR Projects	0	1,600	0	1,600
Lottery in-Lieu Sales Tax	0	1,637	1,756	3,393
Minerals Management Fee	0	1,946	1,946	3,892
Nongame Wildlife Educ, Info, & Promotion	0	100	100	200
Off-Highway Vehicle Funding Levels	0	100	100	200
Statutory Appropriation for Parks	0	(8,971)	(8,971)	(17,942)
Trust Land Management Costs	0	3,500	3,500	7,000
Water Recreation Funding Levels	0	1,004	1,004	2,008
<b>Total Governor's Recommendations</b>	<b>55,762</b>	<b>50,958</b>	<b>49,402</b>	<b>100,360</b>
<b>Fund: GAME AND FISH</b>				
<b>FY 2005 Appropriations</b>	<b>82,292</b>	<b>82,292</b>	<b>82,292</b>	<b>164,584</b>
<b>Technical Adjustments</b>				
Approved Transfer Between Appr		0	0	0
One-time Appropriations		(242)	(242)	(484)
<b>Subtotal - Forecast Base</b>	<b>82,292</b>	<b>82,050</b>	<b>82,050</b>	<b>164,100</b>
<b>Change Items</b>				

NATURAL RESOURCES DEPT

Change Summary

Dollars in Thousands

	FY2005	Governor's Recomm.		Biennium
		FY2006	FY2007	2006-07
Comprehensive Lakes Management	0	85	85	170
Fishing Pier Adjustments	0	154	154	308
Heritage Enhancement	0	325	325	650
Maintenance of Service - Game and Fish	0	2,065	4,213	6,278
Prairie Wetland Complexes and Monitoring	0	925	925	1,850
Red Lake Fisheries Management	0	100	100	200
Shoreland Habitat Management Program	0	200	200	400
Special Mgt. Species - Sturgeon Tagging	0	25	28	53
Statutory Approp. - Fish and Wildlife	0	(6,135)	(6,135)	(12,270)
Stream Restoration	0	64	64	128
Wallop-Breaux Water Access Funding	0	253	249	502
Water Recreation Funding Levels	0	(200)	(200)	(400)
<b>Total Governor's Recommendations</b>	<b>82,292</b>	<b>79,911</b>	<b>82,058</b>	<b>161,969</b>
<b>Fund: REMEDIATION</b>				
FY 2005 Appropriations	100	100	100	200
Subtotal - Forecast Base	100	100	100	200
<b>Total Governor's Recommendations</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>
<b>Fund: PERMANENT SCHOOL</b>				
FY 2005 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
<b>Change Items</b>				
Aggregate Inventory on School Trust Land	0	50	50	100
Revenue Enhancements on School Lands	0	300	300	600
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>350</b>	<b>350</b>	<b>700</b>
<b>Fund: GENERAL</b>				
Planned Open Spending	17,482	30,892	33,948	64,840
<b>Change Items</b>				
General Fund Reduction Plan	0	(763)	(4,529)	(5,292)
<b>Total Governor's Recommendations</b>	<b>17,482</b>	<b>30,129</b>	<b>29,419</b>	<b>59,548</b>
<b>Fund: NATURAL RESOURCES</b>				
Planned Open Spending	254	434	333	767
<b>Total Governor's Recommendations</b>	<b>254</b>	<b>434</b>	<b>333</b>	<b>767</b>
<b>Fund: GAME AND FISH</b>				
Planned Open Spending	818	812	807	1,619
<b>Total Governor's Recommendations</b>	<b>818</b>	<b>812</b>	<b>807</b>	<b>1,619</b>
<b>Fund: GENERAL</b>				
Planned Statutory Spending	382	22	0	22
<b>Total Governor's Recommendations</b>	<b>382</b>	<b>22</b>	<b>0</b>	<b>22</b>
<b>Fund: NATURAL RESOURCES</b>				
Planned Statutory Spending	4,681	2,943	2,936	5,879
<b>Change Items</b>				
Cross-Country Ski Pass Fee Increase	0	140	140	280
Electronic Open Burning Permits	0	80	80	160
Road Easement Application Fee	0	20	20	40
Sale of Tax-forfeited Riparian Lands	0	500	500	1,000
Statutory Appropriation for Parks	0	8,971	8,971	17,942
<b>Total Governor's Recommendations</b>	<b>4,681</b>	<b>12,654</b>	<b>12,647</b>	<b>25,301</b>
<b>Fund: SPECIAL REVENUE</b>				

	<i>Dollars in Thousands</i>			
	FY2005	Governor's Recomm.		Biennium
		FY2006	FY2007	2006-07
<b>Planned Statutory Spending</b>	21,895	19,034	18,934	37,968
<b>Change Items</b>				
State Forest Nursery Stock Surcharge	0	250	250	500
<b>Total Governor's Recommendations</b>	21,895	19,284	19,184	38,468
<b>Fund: GAME AND FISH</b>				
<b>Planned Statutory Spending</b>	3,810	2,622	2,622	5,244
<b>Change Items</b>				
License Center - Full Funding ELS Costs	0	75	75	150
Statewide Electronic Registration	0	312	312	624
Statutory Approp. - Fish and Wildlife	0	7,726	7,576	15,302
<b>Total Governor's Recommendations</b>	3,810	10,735	10,585	21,320
<b>Fund: FEDERAL</b>				
<b>Planned Statutory Spending</b>	20,593	18,222	17,169	35,391
<b>Total Governor's Recommendations</b>	20,593	18,222	17,169	35,391
<b>Fund: REMEDIATION</b>				
<b>Planned Statutory Spending</b>	3,000	2,000	1,169	3,169
<b>Total Governor's Recommendations</b>	3,000	2,000	1,169	3,169
<b>Fund: REINVEST IN MINNESOTA</b>				
<b>Planned Statutory Spending</b>	2,860	2,330	2,330	4,660
<b>Change Items</b>				
Critical Habitat License Plate Sales	0	111	111	222
<b>Total Governor's Recommendations</b>	2,860	2,441	2,441	4,882
<b>Fund: MISCELLANEOUS AGENCY</b>				
<b>Planned Statutory Spending</b>	60	45	45	90
<b>Total Governor's Recommendations</b>	60	45	45	90
<b>Fund: GIFT</b>				
<b>Planned Statutory Spending</b>	2,626	1,463	1,462	2,925
<b>Total Governor's Recommendations</b>	2,626	1,463	1,462	2,925
<b>Fund: PERMANENT SCHOOL</b>				
<b>Planned Statutory Spending</b>	537	19	19	38
<b>Total Governor's Recommendations</b>	537	19	19	38
<b><u>Revenue Change Items</u></b>				
<b>Fund: GENERAL</b>				
<b>Change Items</b>				
Administrative Penalty Order (APO)	0	2	5	7
Minerals Management Fee	0	(137)	(112)	(249)
Surcharge on Summer Water Use	0	330	330	660
Trust Land Management Costs	0	(3,500)	(3,500)	(7,000)
Water Permit Fee Increases	0	261	261	522
<b>Fund: NATURAL RESOURCES</b>				
<b>Change Items</b>				
Cross-Country Ski Pass Fee Increase	0	140	140	280
Electronic Open Burning Permits	0	80	80	160
Fee Increase - Special Fuelwood Permits	0	2	2	4
Minerals Management Fee	0	3,112	3,644	6,756
Road Easement Application Fee	0	20	20	40
Sale of Tax-forfeited Riparian Lands	0	500	500	1,000

NATURAL RESOURCES DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2005	Governor's Recomm.		Biennium
		FY2006	FY2007	2006-07
Trust Land Management Costs	0	3,500	3,500	7,000
<b>Fund: SPECIAL REVENUE</b>				
<b>Change Items</b>				
Fee Increase - Special Fuelwood Permits	0	1	1	2
State Forest Nursery Stock Surcharge	0	250	250	500
<b>Fund: GAME AND FISH</b>				
<b>Change Items</b>				
Special Mgt. Species - Sturgeon Tagging	0	25	28	53
<b>Fund: REINVEST IN MINNESOTA</b>				
<b>Change Items</b>				
Critical Habitat License Plate Sales	0	111	111	222
<b>Fund: MISCELLANEOUS AGENCY</b>				
<b>Change Items</b>				
Minerals Management Fee	0	(1,134)	(1,389)	(2,523)
<b>Fund: PERMANENT SCHOOL</b>				
<b>Change Items</b>				
Fee Increase - Special Fuelwood Permits	0	3	3	6
Minerals Management Fee	0	(1,841)	(2,143)	(3,984)
Revenue Enhancements on School Lands	0	0	200	200



# NATURAL RESOURCES DEPT

## Change Item: General Fund Reduction Plan

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$3,934)	(\$7,700)	(\$8,100)	(\$8,525)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$3,934)	(\$7,700)	(\$8,100)	(\$8,525)

### Recommendation

The Governor recommends General Fund expenditure reductions of \$3.934 million in FY 2006 and \$7.700 million FY 2007 from current level funding.

### Background

In the budget process, the Governor asked agencies to develop "priority based budgets" focused on their missions. The mission of DNR is to work with the citizens to conserve our natural resource heritage and to provide for sustainable recreation and economic opportunities. As the DNR management team approached General Fund spending, priority was given to the conservation of our natural resources.

This "Conservation First" approach is followed in priority by critical needs for sustainable commercial and recreational use of natural resources. The DNR goal is to conserve a solid natural resource base upon which economic and recreational activities might take place.

The DNR General Fund expenditure reduction plan by program is as follows:

	<u>FY 2006</u>	<u>FY 2007</u>
	(\$ in thousands)	(\$ in thousands)
<b>Direct Appropriations</b>		
Waters	(52)	(52)
Forestry	(1,187)	(1,187)
Fish and Wildlife	(109)	(109)
Ecological Services	(31)	(31)
Enforcement	(641)	(641)
Operations Support	<u>(1,151)</u>	<u>(1,151)</u>
Total Reduction to Direct Appropriations	(\$3,171)	(\$3,171)
<b>Open Appropriations</b>		
Lands and Minerals	0	(3,000)
Forestry	<u>(763)</u>	<u>(1,529)</u>
Total Reduction to Open Appropriations	(763)	(4,529)
<b>TOTAL AGENCY REDUCTION</b>	(\$3,934)	(7,700)

### Direct Appropriations

#### Administrative Efficiency

The change item reflects that DNR is making changes to enhance its administrative efficiency and increase program accountability. Reductions are proposed to historical spending levels in the areas of attorney fees, departmental fleet expenditures and office space operations. The reduction to attorney fees reflects an ongoing effort to resolve issues through early intervention, education, mediation and negotiation. DNR fleet expenditures have been reduced by 10% and further gains are expected. The DNR is developing an office facilities master plan to enhance both efficiency and effectiveness. Focusing on these administrative efficiencies allows spending reductions without impact to field-based programs.

The paragraphs below identify the specific program results of the General Fund expenditures:

The paragraphs below identify the specific program results of the General Fund expenditures:

**Lands and Minerals** will lease lands for exploration and mining, regulate mineral exploration, conduct essential mineral research and oversee DNR land transactions.

**Waters** will guide and regulate the physical integrity of Minnesota's lakes, rivers and water supplies.

**Forestry** will sustain Minnesota forest ecosystems, provide a sustainable supply of forest resources, and protect lives and property from wildfires. The U.S. Forest Service is taking over the lead in wildfire response in northeast blow-down area, eliminating the need for one helicopter contract for wild fire response. This accounts for part of the reduction. In addition, reductions in its cooperative forest management activity means professionally-prepared stewardship plans will not be completed on 10,000 acres of private forestlands, and forestry assistance will no longer be provided to some local communities.

**Parks and Recreation** will provide access to state parks, including park and forest campgrounds, and preserves Minnesota's natural and cultural resources.

**Trails and Waterways** will provide a system of trails (both motorized and non-motorized) and water recreation facilities (to include water access sites, safe harbors, canoe and boating routes and fishing piers).

**Fish and Wildlife** will protect and manage aquatic resources and associated fish communities for their ecological, commercial, and recreational benefits; conserve, manage, and enhance wildlife populations and their habitats, with an emphasis on maintaining Minnesota's hunting and trapping heritage; and license hunters and anglers through a network of agents as well as through a central location.

**Ecological Services** will collect and link ecological data in the management of fish, wildlife, and native plant populations and their habitats.

**Enforcement** will provide natural resource protection and public safety through training, information, education and law enforcement services. Spending on the program's recruitment effort will be curtailed as officers, supervisors and managers integrate recruiting into their participation in community events. Officers will decrease their response to calls where coverage overlaps with other law enforcement agencies, specifically, in areas involving response to hazardous material and controlled substance situations and to citizen complaints on nuisance wildlife.

**Operations Support** will provide essential support services to the entire agency. Services will include facilities planning and management; purchasing and asset management; financial management; human resources; information systems; information and education; and the commissioner's office. Of the total reduction to Operations Support, \$600,000 previously funded the DNR's maintenance shop operations. The full cost of running the maintenance shops is now included in the DNR's fleet rate. Reductions in Regional Operations will limit multi-disciplinary projects and other community-based projects, and lessen the DNR assistance to local governments on development and land use issues.

### Open Appropriations

**Land and Minerals** receives an annual open appropriation for PILT (payment in lieu of taxes), calculated by formula and paid to counties for each acre of state-owned land in their jurisdiction. Under current law, counties make an inflationary adjustment once every five years. This change item recognizes the ongoing importance of PILT, but holds funding levels at the amount projected for payment in FY 2006. Without this change item, the PILT payment for FY 2007 was projected to increase by 23%. This change item assumes a re-examination of the statutory provisions that allow inflationary adjustments to be made to the land market values upon which PILT is calculated.

**Forestry** will reduce its debt service obligation. Debt service payments for the two CL-215 air tankers will end in FY 2006, eliminating a payment of \$763,000 in FY 2006 and \$1.529 million in FY 2007 from the General

Fund direct appropriation for Forest Management. Without this debt service expense, Forestry will be able to use direct appropriated funds for firefighting expenses and decrease the amount needed from the General Fund open appropriation for firefighting.

**Relationship to Base Budget**

An expenditure reduction of \$3.934 million in FY 2006 is a 3.4% decrease from the General Fund direct and open appropriations of \$113.552 million. A reduction of \$7.7 million in FY 2007 is a 6.6% decrease from General Fund direct and open appropriation funding of \$116.586 million.

**Key Measures**

The DNR has in place its "Strategic Conservation Agenda" that describes priorities and measures progress. It uses 75 measurable indicators and targets to paint a picture of natural resource conditions, DNR activities and the expected results. The agenda will be updated on a regular basis as progress is made toward existing targets. New indicators and targets will be added.

**Alternatives Considered**

In preparing its General Fund reduction proposal, the DNR has reviewed its operating priorities. The expenditure reductions detailed in this change item fall in the lower priority rankings.

**Statutory Change:**

This change item requires amendments to the following statutes:

M.S. 477A.12, subdivisions 1 and 3

M.S. 477A.145

# NATURAL RESOURCES DEPT

Change Item: Heritage Enhancement

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish – Heritage				
Expenditures	\$325	\$325	\$325	\$325
Revenues	0	0	0	0
Net Fiscal Impact	\$325	\$325	\$325	\$325

## Recommendation

The Governor recommends appropriating \$250,000 from the Heritage Enhancement Account in the Game and Fish Fund to the Forest Management Program in FY 2006 and FY 2007 for continued development and application of DNR's Ecological Classification System (ECS). These appropriations fund the second phase in field level implementation of the ECS.

The Governor also recommends an appropriation of \$75,000 from the Heritage Enhancement Account to the Fish and Wildlife Management Program in FY 2006 and FY 2007 to manage the gray wolf population in Minnesota. This funding allows the DNR to prepare for delisting the gray wolf from the Endangered Species Act, as proposed by the U.S. Fish and Wildlife Service.

## Background

### Forestry Management

Implementing the Ecological Classification System (ECS) was funded in its first phase with appropriations in the FY 2004-05 biennium. DNR completed the field guide for the Laurentian Mixed Forest Province and provided training to DNR staff working in this region.

Funding from the requested appropriations in FY 2006-07 will allow the Division of Forestry to continue this effort and complete the field guide for the Eastern Broadleaf Province. Continuing the development and application of ECS tools is critical to adding value to traditional forest inventory efforts by using native plant community classifications that more effectively address wildlife habitat, biodiversity, and forest production issues. The native plant community field guides will help field managers make better management decisions by identifying specific site capabilities for producing valued forest products, wildlife habitat, and other natural resource values.

### Wolf Delisting and Management

In July 2004 the U.S. Fish and Wildlife Service proposed delisting the eastern distinct population of the gray wolf from the Endangered Species Act. The DNR will take on new responsibilities as the delisting process begins and management authority reverts to the state. The additional funding under this change item allows the DNR to start work now in preparation for the delisting process.

In anticipation of delisting, the *Minnesota Wolf Management Plan (February 2001)* was prepared by DNR in consultation with the Minnesota Department of Agriculture. The management plan can be found on the DNR Web site at [http://files.dnr.state.mn.us/natural\\_resources/animals/mammals/wolves/wolfplan2000.pdf](http://files.dnr.state.mn.us/natural_resources/animals/mammals/wolves/wolfplan2000.pdf). The plan was developed by holding public information meetings, convening a wolf management roundtable to develop consensus recommendations, and by utilizing the wealth of biological, sociological, cultural, and economic data, reports and experience available to the DNR.

The wolf management plan details staffing needs including a wolf specialist position to provide overall coordination of wolf management activities. This change item provides funding for the DNR wolf specialist position beginning in FY 2006 along with non-salary support costs. Other costs recommended in the wolf management plan will not be incurred until delisting is finalized.

**Relationship to Base Budget**

Forestry: this change item will increase the direct appropriations to the Forestry Management Program in FY 2006 by \$250,000, which is less than 1% of direct appropriations to Forestry from all funding sources. This is the only appropriation requested to Forestry from the Game and Fish Fund.

Fish and Wildlife: this change item will annually increase the appropriations to the Fish and Wildlife Management Program by \$75,000 for wolf delisting. This is less than a 1% increase in direct appropriations to Fish and Wildlife from the Game and Fish Fund.

**Key Measures**

Forestry - ECS implementation.

Funding in FY2006 and FY2007 will be used to:

- ◆ Complete the native plant community field guide for the Eastern Broadleaf Province of the DNR's ECS.
- ◆ Provide complete introductory field guide training to DNR staff and other field managers working within the Eastern Broadleaf Province.
- ◆ Complete statewide ECS silvicultural interpretations to complement the native plant community field guides. These interpretations are needed to help match the right forest management practices to the right sites and more effectively achieve forest product, wildlife habitat, and other natural resource values.
- ◆ Provide training to DNR field staff in the use of the ECS silvicultural interpretations.
- ◆ Map native plant communities and land types, and
- ◆ Begin identifying forest productivity by native plant community.

Fish and Wildlife – Wolf delisting. This change item will allow DNR to manage wolf populations as management authority reverts back to the state. Wolf management programs will include monitoring and management of wolf and prey populations and habitats, research on wolf populations, public information and education pertaining to wolves, coordination and support of wolf depredation management, and enforcement of wolf protection laws.

**Alternatives Considered**

Forestry – ECS implementation. Continued development and implementation of the ECS is important to a number of department programs. If additional funding is not provided from the Heritage Enhancement account to continue this effort, it would have to be funded from other Forest Management direct appropriations, resulting in decreased accomplishments in other priority activities.

Fish and Wildlife – Wolf delisting. Increased wolf management responsibilities are mandated by law. If additional funding is not appropriated, these responsibilities would have to be funded at the expense of other wildlife species and public/private habitat management programs.

# NATURAL RESOURCES DEPT

Change Item: LCMR Projects

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
Environmental Trust Fund				
Expenditures	\$14,981	\$14,982	0	0
Revenues	0	0	0	0
State LAWCON Fund				
Expenditures	1,600	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$16,581	\$14,982	0	0

## Recommendation

The projects recommended by the Legislative Commission on Minnesota Resources (LCMR) are displayed as part of the Department's Biennial Budget request. The Governor is not making specific recommendations on these projects.

## Background

### Contract Administration \$150,000

For pass through project agreement administration activities assigned to the commissioner in this section.

### Development of Scientific and Natural Areas \$134,000

To develop and enhance lands designated as scientific and natural areas.

### Prairie Stewardship of Private Lands \$100,000

To develop stewardship plans and implement prairie management on private prairie lands on a cost share basis with private or federal funds.

### Local Initiative Grants-Conservation Partners and Environmental Partnerships \$500,000

To provide matching grants of up to \$20,000 to local government and private organizations for enhancement, restoration, research, and education associated with natural habitat and environmental service projects.

### Minnesota ReLeaf Community Forest Development and Protection \$500,000

To protect forest resources, develop inventory-based management plans, and provide matching grants to communities to plant native trees. At least \$390,000 of this appropriation must be used for grants to communities.

### Biological Control of European Buckthorn and Garlic Mustard \$200,000

To research potential insects for biological control of invasive European buckthorn species for the second biennium and to introduce and evaluate insects for biological control of garlic mustard

### State Park and Recreation Area Land Acquisition \$2,000,000

To acquire in-holdings for state park and recreation areas. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources.

### LAWCON Federal Reimbursements \$1,600,000

For priorities established by the Commissioner for eligible state projects and administrative and planning activities consistent with M.S. 116P.14, and the federal Land and Water Conservation Fund Act.

### State Park & Recreation Area Revenue-Enhancing Development \$200,000

To enhance revenue generation in the state park and recreation system.

### Gitchi-Gami State Trail \$500,000

To design and construct approximately two miles of Gitchi-Gami state trail segments

### Casey Jones State Trail \$1,200,000

For land acquisition and development of the Casey Jones State Trail in southwest Minnesota.

### Paul Bunyan State Trail Connection \$400,000

To acquire land to connect the Paul Bunyan State Trail within the City of Bemidji.

### Local Initiative Grants-Parks and Natural Areas \$1,200,000

To provide matching grants to local governments for acquisition and development of natural and scenic areas and local parks as provided in M.S.85.019 Subds. 2 and 4a, and regional parks outside of the metropolitan area. Grants may provide up to 50% of the nonfederal share of the project cost, except non-metropolitan regional park grants may provide up to 60% of the nonfederal share of the project cost. Of this appropriation, \$500,000 is for land acquisition for a proposed county regional park on Kraemer Lake in Stearns County.

**Local and Regional Trail Grant Initiative Program \$700,000**

To provide matching grants to local units of government for the cost of acquisition, development, engineering services, and enhancement of existing and new trail facilities.

**Development and Rehabilitation of Minnesota Shooting Ranges \$300,000**

To provide technical assistance and matching grants to local communities and recreational shooting and archery clubs for the purpose of developing or rehabilitating shooting and archery facilities for public use. Recipient facilities must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis.

**Minnesota County Biological Survey \$1,000,000**

To accelerate the survey that identifies significant natural areas and systematically collects and interprets data on the distribution and ecology of native plant communities, rare plants, and rare animals.

**Completing Third-Party Certification of DNR Forest Lands \$250,000**

For third party assessment and certification of 4.47 million acres of DNR administered lands under forest sustainability standards established by two internationally recognized forest certification systems, the Forest Stewardship Council system and the Sustainable Forestry Initiative system.

**Sustainable Management of Private Forest Lands \$874,000**

To develop stewardship plans for private forested lands, implement stewardship plans on a cost-share basis and for conservation easements matching federal funds.

**Partial Pass Through Projects****Restoring Minnesota's Fish and Wildlife Habitat Corridors - Phase III \$4,062,000**

For direct expenditure by DNR and for agreements with Pheasants Forever, Minnesota Deer Hunters Association, Ducks Unlimited Inc., National Wild Turkey Federation, the Nature Conservancy, Minnesota Land Trust, the Trust for Public Land, Minnesota Valley National Wildlife Refuge Trust Inc., U.S. Fish and Wildlife Service, Red Lake Band of Chippewa, Leech Lake Band of Chippewa, Fond du Lac Band of Chippewa, and U.S.D.A. Natural Resources Conservation Service to plan, restore, and acquire fragmented landscape corridors that connect areas of quality habitat to sustain fish, wildlife, and plants. Expenditures are limited to 11 project areas as defined in the work program. Land acquired with this appropriation must be sufficiently improved to meet at least minimum habitat and facility management standards as determined by the commissioner of natural resources.

**Metropolitan Area Wildlife Corridors – Phase II \$3,530,000**

For direct expenditure by DNR and for agreements with the Trust for Public Land, Ducks Unlimited Inc., Friends of the Mississippi River, Great River Greening, Minnesota Land Trust, Minnesota Valley National Wildlife Refuge Trust Inc., Pheasants Forever Inc., and Friends of the Minnesota Valley to plan, improve, and protect important natural areas in the metropolitan region, as defined by M.S. 473.121 Subd. 2, and portions of the surrounding counties through grants, contracted services, conservation easements, and fee acquisition. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources.

**Hydrology, Habitat and Energy Potential of Mine Lakes \$500,000**

For direct expenditure by DNR and for agreements with Architectural Resources Inc., Northeast Technical Services Inc., Minnesota Geological Survey, and University of Minnesota to coordinate an effort of the Central Iron Range Initiative establishing ultimate mine water elevations, outflows, and quality; designing optimum future mine land configurations for fish habitat and lakeshore development; and evaluating wind pumped hydropower potential and to assessing the geology and mine pit morphometry.

**Pass Through Projects****Land Exchange Revolving Fund for Aitkin, Cass, and Crow Wing Counties \$500,000**

For an agreement with Aitkin County for a six-year revolving loan fund to improve public and private land ownership patterns, increase management efficiency, and protect critical habitat in Aitkin, Cass, and Crow Wing counties. By 6-30-11, Aitkin County shall repay the \$500,000 to the Commissioner of Finance for deposit in the Environment and Natural Resources Trust Fund.

**Best Management Practices for Parks and Outdoor Recreation \$200,000**

For an agreement with Minnesota Recreation and Park Association to develop and evaluate opportunities to more efficiently manage Minnesota's parks and outdoor recreation areas.

**Metropolitan Regional Parks Acquisition, Rehabilitation, and Development \$2,000,000**

For an agreement with Metropolitan Council for sub-grants for the acquisition, development, and rehabilitation in the metropolitan regional park system, consistent with the metropolitan council regional recreation open space capital improvement plan.

**Minnesota River Trail Planning \$200,000**

For an agreement with University of Minnesota to provide trail planning assistance to three communities along the Minnesota River state trail.

**Regional Park Planning for Nonmetropolitan Urban Areas \$86,000**

For an agreement with University of Minnesota to develop a plan for a system of regional recreation areas for major out-state urban complexes in Minnesota.

**Mesabi Trail \$1,000,000**

For an agreement with St. Louis and Lake Counties Regional Rail to acquire and develop segments of the Mesabi Trail.

**Cannon Valley Trail Belle Creek Bridge Replacement \$300,000**

For an agreement with Cannon Valley Trail Joint Powers Board for replacement of the Belle Creek bridge on the Cannon Valley Trail. This appropriation must be matched by at least \$44,000 of non-state funds.

**Arrowhead Regional Bike Trail Connections Plan \$83,000**

For an agreement with Arrowhead Regional Development to analyze the Arrowhead's major bike trails and plan new trail connections

**Birding Maps \$100,000**

For an agreement with Audubon Minnesota to create a new birding trail guide for the North Shore/Arrowhead region and reprint and distribute guides for three existing birding trails.

**Recycling Treated Municipal Wastewater for Industrial Water Use \$300,000**

For an agreement with Metropolitan Council to determine the feasibility of recycling treated municipal wastewater for industrial use, characterize industrial water demand and quality, and determine the costs to treat municipal wastewater to meet specific industrial needs.

**Green Roof Cost Share and Monitoring \$350,000**

For an agreement with Ramsey Conservation District to install green, vegetated roofs on four commercial or industrial buildings in Roseville and Falcon Heights and to monitor their effectiveness for storm water management, flood reduction, water quality, and energy efficiency. The cost of the installations must be matched by at least 50% non-state money.

**Woodchip Biofilter Treatment of Feedlot Runoff \$270,000**

For an agreement with Stearns County Soil & Water Conservation District and the University of Minnesota to treat feedlot runoff with woodchip bio-filters to remove pollutants and assess improvements to surface water quality.

**Improving Water Quality on the Central Sands \$587,000**

For an agreement with University of Minnesota and the Central Lakes College Agricultural Center to reduce nitrate and phosphorus losses to groundwater and surface waters of sandy eco-regions through the development, promotion, and adoption of new farming and land management practices and techniques.

**Hennepin County Beach Water Quality Monitoring Project \$100,000**

For an agreement with Hennepin County to develop a predictive model for on-site determination of beach water quality to prevent outbreaks of waterborne illnesses and provide related water-safety outreach to the public.

**Southwest Minnesota Floodwater Retention Projects \$500,000**

For an agreement with Area II MN River Basin Projects, Inc. to acquire easements and construct four floodwater retention projects in the Minnesota River Basin to improve water quality and waterfowl habitat.

**Bassett Creek Valley Channel Restoration \$175,000**

For an agreement with City of Minneapolis for design and engineering activities for habitat restoration and water quality and channel improvements for Bassett Creek Valley.

**Restoration of Indian Lake \$200,000**

For an agreement with MN Environmental Services and Bemidji State University to demonstrate the removal of excess nutrients from Indian Lake in Wright County.

**Land Cover Mapping for Natural Resource Protection \$250,000**

For an agreement with Hennepin County to develop GIS tools for prioritizing natural areas for protection and restoration and to update and complete land cover classification mapping.



**Open Space Planning and Protection \$250,000**

For an agreement with Anoka Conservation District to protect open space by identifying high-priority natural resource corridors through planning, conservation easements, and land dedication as part of development processes.

**3rd Crops for Water Quality - Phase 2 \$500,000**

For an agreement with Rural Advantage and the University of Minnesota to accelerate adoption of 3rd crops to enhance water quality, diversify cropping systems, supply bio-energy, and provide wildlife habitat through demonstration, research and education.

**Bio-conversion of Potato Waste into Marketable Biopolymers \$350,000**

For an agreement with Bemidji State University to evaluate the bioconversion of potato waste into marketable biopolymers, plant based plastics.

**Planning for Economic Development via Energy Independence \$240,000**

For an agreement with the University of Minnesota – Duluth to evaluate the socioeconomic benefits of statewide and community renewable energy production and distribution by analyzing system installation, technical capabilities, cost-competitiveness, economic impacts, and policy incentives.

**Dairy Farm Digesters \$336,000**

For an agreement with The Minnesota Project for a pilot project to evaluate anaerobic digester technology on average size dairy farms of 50-300 cows.

**Wind to Hydrogen Demonstration \$800,000**

For an agreement with University of Minnesota, West Central Research and Outreach Center to develop a model, community-scale wind to hydrogen facility.

**Natural Gas Production from Agricultural Biomass \$100,000**

For an agreement with Sebesta Blomberg and Associates to demonstrate potential natural gas yield using anaerobic digestion of blends of chopped grasses or crop residue with hog manure and determine optimum operating conditions for conversion to natural gas.

**Phillips Biomass Community Energy System \$900,000**

For an agreement with Phillips Community Energy Cooperative to assist in the distribution system equipment and construction costs for a biomass district energy system. This appropriation is contingent on all appropriate permits being obtained and a signed commitment of financing for the biomass electrical generating facility being in place.

**Laurentian Energy Authority Biomass Project \$466,000**

For an agreement with Virginia Public Utility to lease land and plant approximately 1,000 acres of trees to support a proposed conversion to a biomass power plant.

**Enhancing Civic Understanding of Groundwater \$150,000**

For an agreement with Science Museum of Minnesota to create ground water exhibits and a statewide traveling groundwater classroom program.

**Cedar Creek Natural History Area Interpretive Center and Restoration \$400,000**

For an agreement with University of Minnesota, Cedar Creek Natural History Area to restore 400 acres of savanna and prairie; construct a Science Interpretive Center to publicly demonstrate technologies for energy efficiency; and create interpretive trails.

**Environmental Problem-Solving Model for Twin Cities Schools \$75,000**

For an agreement with Eco Education to train high school students and teachers on environmental problem solving.

**Tamarack Nature Center Exhibits \$95,000**

For an agreement with Ramsey County Parks and Recreation Department to develop interactive ecological exhibits at Tamarack Nature Center.

**Relationship to Base Budget**

Project funding is available for FY 2006-07.

**Key Measures**

See individual project proposals. Also, see LCMR Web site at <http://www.lcmr.leg.mn/lcmr.htm>

# NATURAL RESOURCES DEPT

Change Item: Lottery in-Lieu Sales Tax

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	\$1,637	\$1,756	\$1,597	\$1,597
Net Fiscal Impact	\$1,637	\$1,756	\$1,597	\$1,597

### Recommendation

The Governor recommends an FY 2006-07 appropriation of \$2.779 million to the Trails and Waterways Management Program from the Natural Resources Fund. These appropriations will help maintain service in Trails and Waterways at or near FY 2004-05 levels.

The Governor also recommends an FY 2006-07 appropriation of \$614,000 from the Natural Resources Fund to the Parks and Recreation Management Program to fund the incremental increase over the level of funding appropriated to Parks from the State Parks and Trails Account in FY 2004-05.

These recommendations are based on Lottery revenue increases projected for the FY 2006-07 biennium.

### Background

Of total Lottery in-lieu receipts deposited to the Natural Resources Fund and the Heritage Enhancement Account in the Game and Fish Fund, 22.5% is credited to an account to be spent only for state parks and state trails, 3% is credited to an another account to be spent only on local trail grants. (The total distribution of Lottery in-lieu receipts and corresponding use of these receipts is specified in M.S. 297A.94, paragraph e.)

The Minnesota State Lottery prepares the projection of lottery sales, and the estimated revenues for FY 2005 through FY 2007 have been incorporated into the state budget forecast for the Natural Resources Fund. The Lottery's revenue projection for FY 2005 has been adjusted upward. In-lieu-of-sales tax receipts above the amounts appropriated for FY 2005 are reflected in the year-end account balances and are available for appropriations in FY 2006 and FY 2007.

### Relationship to Base Budget

Appropriations to the Trails and Waterways Management Program in FY 2004 and FY 2005 from the State Parks and Trails Account and from the Local Trail Grants Account—a total of \$1.243 million each year—were specified as one-time appropriations. The Department of Natural Resources (DNR) requests that the appropriations be continued in FY 2006 and FY 2007. Since the Lottery's sales projections are higher, more revenues are available for appropriation: \$1.374 million in FY 2006, increasing to \$1.405 million in FY 2007.

The previous appropriations to the Parks and Recreation Management Program were not one time; the appropriations to the program continue in FY 2006-07 budget plan. The new appropriations to Parks, as referenced in the second paragraph above, will be in addition to current level funding in FY 2006-07 from the State parks and Trails Account.

### Key Measures

The Lottery in-lieu-of-sales tax is an important funding source for the two DNR programs included in this change item, as it is for local governments who apply for the local trail grants. Outcomes from the use of Lottery in-lieu funding in FY 2006 and FY 2007 covered under this change item are as follows:

**Parks** **\$263,000 (FY 2006)** **\$351,000 (FY 2007)**

⇒ Additional appropriations from the Lottery in-lieu will be used to provide camping and other public services in state parks.

**Trails and Waterways****State Trails****\$742,000 (FY 2006)****\$760,000 (FY 2007)**

- ⇒ This appropriation is for operation and maintenance of 418 miles of paved state trails and associated facilities.
- ⇒ The funds will make it possible to extend the maintenance seasons on state trails.

**Local Trail Grants****\$632,000 (FY 2006)****\$645,000 (FY 2007)**

- ⇒ In each year of the biennium, the appropriation will assist in funding about 6-10 local trail projects that provide connections where people live to significant resources (e.g. state parks, state trails). The number of projects is based on a historical average project request of about \$65,000.

**Alternatives Considered**

Reduced operation and maintenance of state trails and facilities would result if the annual appropriation to the Trails and Waterways Management Program from the State Parks and Trails Account were not authorized.

Funds deposited to the Local Trail Grants Account are restricted by statute for use only on local trail grants. The DNR has not considered alternatives for this account.

## NATURAL RESOURCES DEPT

Change Item: Maintenance of Service - Game and Fish

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund – Game and Fish				
Expenditures	\$2,065	\$4,213	\$4,213	\$4,213
Revenues	0	0	0	0
Net Fiscal Impact	\$2,065	\$4,213	\$4,213	\$4,213

### Recommendation

The Governor recommends an increased appropriation of \$6.278 million from the Game and Fish Fund in FY 2006-07 to allow user fees to finance the increasing costs of supporting resource management projects, protecting fish and wildlife habitat, conducting scientific research on populations, providing law enforcement activities, assuring administration, and ensuring public participation.

(in \$000s)	FY 2006	FY 2007	Total
Fish and Wildlife	\$1,329	\$2,710	\$4,039
Ecological Services	61	125	186
Enforcement	547	1,117	1,664
Lands and Minerals	35	71	106
Operations Support	93	190	283
Total	\$2,065	\$4,213	\$6,278

### Background

In 2000, fish and wildlife stakeholders supported and the legislature passed hunting and fishing license fee increases to restore and enhance fish and wildlife management programs and services. Those increases in user fees were used in consultation with stakeholders to enhance specific fish and wildlife management programs and services. If this initiative is not approved, it will result in a scaling back of those services, despite the fact that the user fees continue to be collected and to build a balance in the Game and Fish Fund that could be used to support those services.

The Game and Fish Fund Budgetary Oversight Committee expressed support for maintaining the existing programs and complement of department employees in its August 2004 letter to the Department of Natural Resources (DNR) Commissioner, "Recommendations for FY 2006-07 Game and Fish Fund Budget". The Committee recommended that, "...sufficient funds [be] appropriated to cover step raises and projected insurance increases agreed to by the administration during employee contract negotiations. This will help maintain funding for necessary programs." (The recommendations of the Committee are available at DNR's website at ([http://files.dnr.state.mn.us/aboutdnr/gamefishoversight/2003boc\\_budget\\_recom\\_fy0607.pdf](http://files.dnr.state.mn.us/aboutdnr/gamefishoversight/2003boc_budget_recom_fy0607.pdf)).

### Relationship to Base Budget

The Department's biennial budget includes \$139.3 million from the Game and Fish Fund (excluding stamp, surcharge and Heritage Enhancement funds.) The \$6.3 million appropriation represents a 4.5% increase in Game and Fish Funds to the department over the biennium.

### Key Measures

This appropriation will allow the department to maintain level of effort and seek the outcomes found in *A Strategic Conservation Agenda 2003-2007*.

### Alternatives Considered

Without this appropriation the department would have to reduce services amounting to \$2.065 million in FY 2006 and \$4.213 million in FY 2007. Money is currently available in the unappropriated balance of the Game and Fish Fund to sustain these services. The General Fund was not considered to be an option given the current status of General Fund revenues and budgets in state government.

# NATURAL RESOURCES DEPT

## Change Item: Off-Highway Vehicle Funding Levels

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	\$100	\$100	\$100	\$100
Revenues	0	0	0	0
Net Fiscal Impact	\$100	\$100	\$100	\$100

### Recommendation

The Governor recommends \$200,000 per year for the Off-Highway Vehicle Safety and Conservation Grant Program in the Enforcement Program. The Governor also recommends that the funding level in the Off-Road Vehicle Account in the Natural Resources Fund be reduced by \$100,000 per year for the Trails and Waterways Management Program in order to sustain the account. Impacts to those programs are as follows:

Account Name (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
<u>Trails and Waterways</u>				
Off-road Vehicle Account	(\$100)	(\$100)	(\$100)	(\$100)

Account Name (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
<u>Enforcement</u>				
Off-road Vehicle Account	10	10	10	10
Off-highway Motorcycle Account	10	10	10	10
All-terrain Vehicle Account	180	180	180	180
Total	\$200	\$200	\$200	\$200

### Background

The \$200,000 increase to the Enforcement Program, will be used to fund and implement the Off-Highway Vehicle Safety and Conservation Grant Program established by 2003 legislation under M.S. 84.901.

The \$100,000 annual reduction in Trails and Waterways Management Program expenditures from the Off-Road Vehicle account is proposed to sustain the account.

### Relationship to Base Budget

Currently, the Off-Highway Vehicle Safety and Conservation Grant Program is not funded nor implemented.

The reduction of Off-Road Vehicle in the Trails and Waterways Management Program expenditures will more closely align current activity levels with the funding source.

### Key Measures

With this appropriation, the Off-Highway Vehicle Safety and Conservation Grant Program will be implemented through a volunteer program administered through the Enforcement Program. Key measures will be: improved safety and responsibility of riders and reduced environmental impacts on state forestland and other public lands.

### Alternatives Considered

Presently under consideration, changes to M.S. 84.901 to establish a grant program patterned after a similar program in Wisconsin.

### Statutory Change:

Changes will be needed to M.S. 84.901.

# NATURAL RESOURCES DEPT

## Change Item: Operations Support Funding

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	0	0	0	0

### Recommendation

The Governor recommends the appropriations from the General Fund, Natural Resources Fund, and Game and Fish Fund used to fund certain administrative support services in Operations Support be redirected to the operating divisions. This initiative seeks to raise the awareness of agency program managers and hold them accountable for total program costs. This change item is budget neutral to the General Fund, Natural Resources Fund, and the Game and Fish Fund.

### Background

Many of the costs associated with operating natural resource programs are detached from the operating budget of that specific program. Costs for human resource management, facilities and some fleet management, safety, computing and network services historically have been expended as central support costs. The reported costs of specific natural resource programs therefore have not included expenditures on these central services.

Under this proposal, the direct appropriations that have paid for the centralized support services would be redirected to the operating divisions. The operating divisions would in turn be billed internally for services provided by central support units.

The table below details the direct appropriations budgeted in FY 2006 to each of these support units:

(in \$000s)	General Fund	Natural Resources Fund	Game and Fish Fund
Human Resources	\$1,140	\$19	\$666
Facilities and Operations Support (FOS)	3,982	345	1,798
Management Information Systems (MIS)	<u>1,732</u>	<u>745</u>	<u>1,228</u>
Total Budgeted FY 2006 Direct Appropriations	6,854	1,109	3,682
Proposed FY 2006 General Fund Reduction	<u>(714)</u>	<u>0</u>	<u>0</u>
TOTAL FY 2006 Direct Appropriations	\$6,140	\$1,109	\$3,692

In each of FY 2006 and FY 2007 the \$6.14 million, \$1.109 million, and \$3.692 million from the three funds will be redistributed to the DNR's eight operating divisions. The agency will develop a set of indices with which to bill the operating divisions for the cost of the central support services. For example, one formula will determine how to distribute facilities management funding based on number and type of buildings, square footage, and extent of other facilities to be maintained. A program may be assessed quarterly based on number of FTEs to pay for human resource management services, to include payroll processing oversight, position audits and classification evaluations, recruitment and hiring assistance, and succession planning. Operating divisions will also be billed based on number of computers, data lines, and servers for MIS network services, computer support staffing, system applications development and maintenance, and software and user-licensing services.

### Relationship to Base Budget

This change item is budget neutral to the agency and each of the funds noted. The initiative is a redistribution of the direct appropriations requested to fund a portion of Operations Support.

**Alternatives Considered**

The alternative considered is essentially the status quo. In prior budget requests support services have been funded through Operations Support. The weakness of that approach is that the full costs of significant support services remain detached from natural resource program delivery. As a result, both external audiences and agency managers find it more difficult to know the true costs of operating programs. More of the overhead or indirect costs will be captured when reporting on the costs of natural resource program delivery under this approach.

# NATURAL RESOURCES DEPT

## Change Item: Prairie Wetland Complexes and Monitoring

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Heritage Account				
Expenditures	\$925	\$925	\$925	\$925
Revenues	0	0	0	0
Net Fiscal Impact	\$925	\$925	\$925	\$925

### Recommendation

The Governor recommends increasing the appropriation to the Department of Natural Resources (DNR) from the Heritage Enhancement Account in the Game and Fish Fund by \$1,850,000 in the FY 2006-07 biennium in order to accelerate protection and restoration of prairie wetland habitat complexes and begin implementation of a comprehensive wetland-monitoring program.

This effort includes appropriating \$600,000 annually to the Fish and Wildlife Management Program for protection and restoration of prairie wetland complexes on public and private lands. It also includes appropriating \$325,000 annually to the Ecological Services Program. Of the amount appropriated to Ecological Services, \$75,000 is to the Prairie Stewardship program for protection and restoration of native grassland habitats and \$250,000 is to a comprehensive wetland-monitoring program to evaluate whether the state is achieving its goals of no-net-loss of wetlands and increasing wetlands area around the state.

### Background

The conversion of Minnesota's prairie pothole region to one of the most productive agricultural areas in the world has not been without cost. Less than 10% of the region's wetlands and 1% of its native grasslands remain. Recognizing this loss, and the impact on water quality, flooding, and fish and wildlife habitat, state and federal agencies have implemented conservation programs including acquisition, easements, set aside, and cost sharing of habitat management practices. Although successful, these programs have fallen far short of the state's conservation needs. The backbone of the prairie pothole region was prairie wetland complexes – native grasslands mixed with a range of wetland types and sizes in four to nine square mile blocks. Few such areas remain protected in Minnesota. The *Minnesota Wetland Conservation Plan (1997)* identifies the restoration of wetland complexes in the prairie pothole region as high priority. The future success of conservation programs in this region depends on targeting program efforts to restore and protect these complexes through information sharing, coordination, and accelerated funding.

The DNR, Board of Water and Soil Resources, U.S. Fish and Wildlife Service, and nonprofit conservation organizations are working as partners to develop a common vision and coordinated strategy of conservation, protection, restoration, enhancement, and monitoring of prairie wetland complexes. Strategies include but are not limited to providing technical assistance and cost sharing to private landowners to implement such things as sustainable grazing and sediment control; long-term easements or fee title from willing landowners; fish management as related to wetlands; and restoration, improvement, and enhancement of native grasslands, wetlands, stream banks, and lakeshore on public and private lands. Monitoring efforts will be directed at implementing a systematic statewide program to track changes in wetland abundance and distribution. Minnesota will be the first state in the nation to launch such a comprehensive monitoring effort.

The DNR proposes to accelerate and target its prairie wetland and grassland conservation efforts by: 1) accelerating funding for the Prairie Stewardship program to assist private landowners to restore and manage native prairie; 2) protecting and restoring critical prairie wetland habitat through acquisition and management of prairie wetland complexes on public and private lands; and 3) initiating an assessment of wetland status and trends to measure our state's progress in achieving a net gain of wetland acres. The U.S. Fish and Wildlife Service and The Nature Conservancy have pledged to provide at least \$3.36 million. A total of \$247,770 in federal funds and \$83,140 in state funds have already been provided to help develop the methodology for the comprehensive wetland-monitoring program. Additional federal dollars are expected to help implement the monitoring program; an annual commitment of \$50,000 has already been secured and an additional \$200,000 per



year is being sought. About \$375,000 of federal funds have been received for grants to private landowners to improve prairie habitat. Additional dollars are also likely to be leveraged from other state conservation partners.

**Relationship to Base Budget**

The long-term funding request of \$925,000 of Heritage Enhancement funds per year increases the DNR allocation of Heritage dollars from the current \$8.985 million by approximately 11%.

**Key Measures**

The DNR's *A Strategic Conservation Agenda 2003-2007* identifies prairie wetland complexes and wetland quantity as key indicators of measuring the department's progress in achieving its natural resource conservation mission. The department is committed to working with other agencies, organizations, and landowners to target the restoration and protection of high quality prairie wetland complexes. WMA acquisition, Prairie Stewardship efforts and other conservation efforts (RIM, CREP, WRP, WREP) will be coordinated and geographically focused to promote the development of contiguous blocks of wetland/grassland habitats that provide optimum wildlife benefits, including waterfowl production. Wetland monitoring data is critically needed to assess and report progress toward 1) the state's statutory goals of achieving no net loss and increasing wetland quantity and quality (M.S. 103A.201); and 2) achieving the state's objectives for prairie wetland wildlife.

**Alternatives Considered**

The state is already making an investment in wetland and grassland protection, but some key indicators, such as populations of waterfowl and other important wildlife species dependent on these habitats, continue to decline. An expanded and integrated investment in key areas is needed to reverse these trends.

## NATURAL RESOURCES DEPT

### Change Item: Water Recreation Funding Levels

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
Game and Fish Fund				
Expenditures	(\$200)	(\$200)	(\$200)	(\$200)
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	1,004	1,004	1,004	1,004
Revenues	0	0	0	0
Net Fiscal Impact	\$804	\$804	\$804	\$804

### Recommendation

The Governor recommends annual spending from the Water Recreation Account in the Natural Resources Fund be increased to the Trails and Waterways Management Program by \$650,000 to address increasing costs of public water access facility management and rehabilitation.

Annual appropriations to the Ecological Services Program from the Water Recreation Account will increase by \$204,000. Of that, \$154,000 is for a grant program to increase invasive species management and to develop and implement comprehensive vegetation management plans; and \$50,000 is to fund current aquatic plant management activities, with a corresponding decrease in annual appropriation from the Game and Fish Fund for this same purpose.

Annual appropriations to the Fish and Wildlife Management Program from the Water Recreation Account will increase by \$150,000, also to fund current aquatic plant management activities, with a corresponding decrease in annual appropriation from the Game and Fish Fund for this same purpose.

### Background

The Department of Natural Resources (DNR) has increased the number of public water access sites by 200 in the last decade. Boat registrations increased by approximately 50,000 from 1999 to 2003. Demand for and use of public water access have increased, with corresponding effects on public water access facilities. Additional funding is needed for the increasing costs of maintaining existing facilities. Greater boat, trailer and vehicle size has resulted in the need to expand parking spaces and maneuvering areas and to lengthen boat launch ramps. The increased expenditures will be used for improved maintenance and enhancements to high and medium use water access sites. These enhancements include additional dock facilities and ramp extensions to facilitate boat launching and landing and sanitary facilities.

Eurasian watermilfoil, curly-leaf pondweed, and other invasive species are infesting more lakes each year. Existing grant dollars are focused on management and control of Eurasian watermilfoil, but additional dollars are needed to address the growing problems caused by other invasive species such as curly-leaf pondweed and nuisance growths of native plant species, and to develop comprehensive aquatic vegetation management plans.

The DNR's aquatic plant management program regulates the removal of aquatic plants through a permitting system, to ensure that fish and wildlife habitat is protected. Requests for plant removal permits generally come from lakeshore owners who are seeking improved access for watercraft and swimming. Program costs have been paid for with a variety of sources including Game and Fish, Water Recreation, Heritage Enhancement, General, and General Funds. Permit fees are deposited into the Game and Fish Fund; the annual revenue from those permits is approximately \$260,000 but the annual program cost to the Game and Fish Fund is about \$460,000. This recommendation would transfer \$200,000 in expenditures from the Game and Fish Fund to the Water Recreation Account.

### Relationship to Base Budget

An appropriation increase of \$650,000 per year to the Trails and Waterways Management Program is a 13% increase in appropriations to the Program from the Water Recreation Account.

The additional \$204,000 per year to the Ecological Services Program is a 12% increase in the amount appropriated to the Program from the Water Recreation Account. Of this amount, \$154,000 is for a new grant

program (not an expansion of current program activity) to manage invasive species and vegetation planning. The remaining \$50,000 for aquatic plant management is a new annual appropriation from the Water Recreation Account to fund existing programs, but is offset by a reduced appropriation by the same amount from the Game and Fish Fund.

The additional \$150,000 per year to the Fish and Wildlife Management Program is a 17% increase in the amount appropriated to the Program from the Water Recreation Account. This is a new annual appropriation from the Water Recreation Account to fund existing programs, but is offset by a reduced appropriation by the same amount from the Game and Fish Fund.

**Key Measures**

- ⇒ 25 to 30 additional public water-boarding docks at high and medium use sites.
- ⇒ 70 to 75 additional portable toilets at high and medium use sites.
- ⇒ Improved maintenance at 450 public water access sites.
- ⇒ Water access launch ramp extensions at high use sites.
- ⇒ Comprehensive vegetation management efforts to improve recreational use on at least 10 to 15 lakes per year.

**Alternatives Considered**

Legislation to regulate launching of boats, reduced operation and maintenance of facilities (including a number of portable toilets and boarding docks) was considered.

**NATURAL RESOURCES DEPT****Program: ECOLOGICAL SERVICES****Change Item: Nongame Wildlife Education, Information, & Promotion**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	\$100	\$100	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$100	\$100	0	0

**Recommendation**

The Governor recommends an additional \$200,000 appropriation in the FY 2006-07 biennium from the Non-game Wildlife Management Account in the Natural Resources Fund to improve the development of information and educational materials that promote wildlife observation and habitat management opportunities and expands promotion of the Non-game Wildlife Check-Off. Annual contributions to the Non-game Wildlife Management Account the past four years (FY 2001-04) have exceeded the annual appropriation level of \$1.028 million, providing additional resources that are available for a two-year increased appropriation.

**Background**

The number of Minnesota citizens participating in bird watching, wildlife tourism, bird feeding and wildlife photography increased from 1.3 million in 1996 to 1.9 million in 2001 – an increase of 46% in five years (U.S. Fish and Wildlife Service, 2002). The amount of money spent in search of bald eagles, loons, and peregrine falcons in the wild, as well as cardinals and warblers at bird feeders, increased from \$383.2 million in 1996 to \$523.5 million in 2001 – an increase of 36.6% in five years. Along with this growth in participation, local communities are increasingly interested in learning how to provide wildlife watching opportunities that attract the birding community and private citizens are interested in providing habitat for wildlife on their property. The growing interest of local units of government in promoting lakeshore restoration is just one example of the type of work that cannot be adequately addressed with current funds but will be expanded with an increased appropriation.

Furthermore, the Non-game Wildlife program is largely dependent on private donations. In 1980 the legislature established the Non-game Wildlife Check-off (M.S. § 290.431), allowing citizens who file income tax or property tax refund claims to designate \$1 or more for the management of non-game wildlife. Annual contributions to the account have averaged \$1 million. Growth in contributions has been largely static for the past 15 years; in fact, the number of citizens contributing has declined while the average contribution has increased.

This targeted investment for two years is a two-fold effort to focus on the development and delivery of more information and education products and to target those products and other measures towards increasing tax check-off contributions.

Non-game Wildlife program staff in the Ecological Services Program will be responsible for this initiative. At the end of the biennium, program staff will evaluate the outcomes of this two-year pilot and assess program changes that may be necessary in the future.

This investment will have two primary outcomes:

- 1) a two-year focused effort to develop and produce more information and education materials that benefit citizens interested in non-game wildlife and local communities interested in exploring other recreational venues; and
- 2) development of new marketing venues for promoting the Non-game Wildlife Check-off.

DNR's Non-game Wildlife program has a proven record in this area and is recognized as a national leader in the development of educational materials and the promotion of wildlife observation opportunities.

The Non-game Wildlife program is broadly supported by a wide range of stakeholder groups and citizens.

**Relationship to Base Budget**

The current annual appropriation from the Non-game Wildlife Management Account is \$1.028 million. At the close of FY 2004 the account balance was \$1.078 million. Annual receipts into the account the last four years have averaged \$1.131 million. As a result, the proposed increase of \$100,000 for each of two years during the FY 2006-07 biennium should have a minimal impact on the overall fund balance as long as annual contributions remain steady. One of the major purposes of the initiative is to explore ways to actually increase revenues. This represents a 9.7% increase above FY 2004-05 appropriations levels.

In addition to the appropriation from the Non-game Management Account, the program also receives an annual appropriation from the General Fund (\$218,000 in FY 2005) and the Heritage Enhancement Fund (\$194,000 in FY 2005).

**Key Measures**

The Department of Natural Resources *A Strategic Conservation Agenda 2003-2007* identifies Wildlife Observation and Birding as a key indicator to measure the department's progress in achieving its natural resource outdoor recreation mission. The specific target is to assist local communities with four birding trail and wildlife festival events or products per year. Achieving this target will help serve the increasing numbers of wildlife observers.

**Alternatives Considered**

The alternative of using general fund dollars was considered, however, in order to match increasing revenue, general fund appropriations would need to be reduced in other priority areas of the department. Dollars from a dedicated fund with a current fund balance allows sufficient matching funds without impacting other programs.

**NATURAL RESOURCES DEPT****Program: ECOLOGICAL SERVICES****Change Item: Stream Restoration**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish Fund				
Expenditures	\$64	\$64	\$64	\$64
Revenues	0	0	0	0
Net Fiscal Impact	\$64	\$64	\$64	\$64

**Recommendation**

The Governor recommends \$64,000 per year from the Game and Fish Fund to increase technical guidance for development, design and implementation of stream restoration projects.

**Background**

Rivers are among the most greatly impacted ecosystems in Minnesota. Degraded rivers provide degraded values: water quality, biological condition (e.g., loss of species diversity), erosion and sediment movement, hydrology (amount and timing of water flow) and aquatic habitat are all affected. Restoration of rivers will improve fish and wildlife habitat, recreational opportunities, water quality, and property values, while reducing erosion and downstream flooding.

Minnesota's rivers provide critical habitat for many fish and wildlife species of greatest conservation need. However, numerous waters have been negatively impacted by the channelization and construction of dams, many of which were built in the early 1900s. Channelization reduces stream length, eliminates fish and wildlife habitat, and disconnects a stream from its floodplain. Dams block migration of fish and other aquatic species and reduce the overall productivity of streams by interfering with sediment and nutrient transport. As these dams age, local communities need to make decisions about whether they should be repaired, modified, or removed. Dam removal or modification offers excellent opportunities for restoring critical fish and wildlife habitat. However, the increasing need to offer technical assistance for these types of projects cannot be met with current staff resources.

The Ecological Services Program has taken an active role in over 50 stream restoration projects by providing guidance on restoration practices, collecting stream channel data, making channel design recommendations and providing project funding. Division staff provides assistance on up to 25 projects a year.

This request will add one full-time field position in the stream habitat program to provide technical assistance and on-site guidance, collect and analyze data, and provide restoration design recommendations that follow natural channel design principles.

This investment will aid in the development of a priority list of potential restoration projects, increase the number of stream restoration projects for which design work and other assistance is provided, speed up the implementation process for projects, ensure projects are designed for long-term sustainability, and expand channel monitoring efforts.

Minnesota's stream habitat program is considered a national leader in the field of stream restoration ecology. Restoration returns a river to a condition where its dimensions, pattern and profile are matched with the water and sediment provided by its watershed, so that the channel neither accumulates nor removes sediment from its bed. The best blueprints for these design concepts come from scientific observations of the natural, stable channel form. This work requires specific knowledge and application of watershed hydrology, river morphology, sediment size, and channel behavior. When the design plans are completed, successful restoration requires constructing the channel to specifications in terms of its location and pattern on the land, bed and bank elevations, channel width and shape, bank sloping and floodplain grading, installation of tree revetments for bank stability, and landscaping.

## NATURAL RESOURCES DEPT

Program: ECOLOGICAL SERVICES

Change Item: Stream Restoration

Fish and Wildlife staff regularly consults with Ecological Services about the stream habitat program and trout stream habitat work. Staff in Ecological Services and Waters also converse regularly about restoration work associated with dam removal and modification projects. Requests for assistance with restoration projects also come from groups outside the agency, including the U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, U.S. Forest Service, watershed groups, and municipalities. A wide range of stakeholder groups and citizens supports the stream habitat program.

### **Relationship to Base Budget**

The current annual appropriation to the stream habitat program is \$411,400 from the Game and Fish Fund, \$73,000 from the RIM General Fund and \$61,500 from the Heritage Enhancement Fund. The initiative represents a 15.6% increase in the program's Game and Fish Fund appropriation.

### **Key Measures**

The DNR's *A Strategic Conservation Agenda 2003-2007* identifies stream restoration as a key indicator to measure the DNR's progress in achieving its water resources management mission. Specific targets are to monitor stream physical characteristics, establish an information base to assist with restoration designs, complete a coordinated stream restoration priority list, and pursue capital bonding for restoration projects.

### **Alternatives Considered**

The Game and Fish Fund is the most appropriate source of dollars for this initiative because it will have direct benefits to game fish populations and fishing.

Capital bonding has been considered for funding this position, but activities would be limited to only those directly associated with the projects funded through bonding.

## NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Change Item: Comprehensive Lakes Management

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish				
Expenditures	\$85	\$85	\$85	\$85
Revenues	0	0	0	0
Net Fiscal Impact	\$85	\$85	\$85	\$85

### Recommendation

The Governor recommends \$170,000 from the Game and Fish Fund over the FY 2006-07 biennium to expand the Comprehensive Lake Management Planning Program. This request would cover costs associated with one staff position and associated operational costs to be the lead technical expert on comprehensive management plans and to help coordinate the Department of Natural Resources' (DNR's) implementation of the Governor's water quality and impaired waters initiatives.

### Background

There has been general agreement that many aspects of lake management in Minnesota could be improved. In the mid 1960s, an ad hoc Statewide Lakes Committee was established by state agencies and the University of Minnesota to look at improving coordination between lake management authorities and information sharing. During the last decade, citizens, government agencies, and private organizations have made several attempts to better identify and define lake management issues. This culminated in a recommendation for increased funding for a variety of lake management activities, completion of a Generic Environmental Impact Study on Minnesota lakes, and formation of the Lakes Advisory Council administered by the Environmental Quality Board.

In 2003, the Pawlenty Administration launched what was to be known as the "Governor's Water Quality Initiative" and selected several pilot projects around the state. Staff from many agencies as well as the public was assigned to draft work plans for each pilot area. These plans are now completed and are ready for implementation. The work outlined in these plans is very progressive and will take considerable staff time and resources to complete.

### Relationship to Base Budget

This change item would increase the Fish and Wildlife Management Program appropriation in FY 2006-07 from the Game and Fish Fund by \$170,000.

### Key Measures

The goal of this change level request is to accomplish the following:

1. Establish additional and more effective partnerships of citizen and governmental agencies to protect water resources;
2. Ensure land use decision-makers and developers have a greater understanding of the impacts of their decisions;
3. Oversee the development of Certified Lake Association Aquatic Plant Management Plans; and
4. Assist in coordinating, implementing and reporting successes of the Governor's Water Quality Initiative, including impaired waters.

### Alternatives Considered

Use existing staff to implement Comprehensive Lakes Management. Existing staff does not have the necessary time or resources to effectively work on these issues without compromising other high priority management tasks.



## NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Change Item: Critical Habitat License Plate Sales

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
RIM				
Expenditures	111	111	111	111
Revenues	111	111	111	111
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends Critical Habitat Match (CHM) license plates become available for recreational vehicles (RVs) and recreational trailer owners. The existing CHM program generates funds to protect critical habitat through a \$30 contribution per plate for passenger automobiles, pick-up trucks, and vans.

### Background

Minn. Stat. §168.1296. Subd. 1, provides authority to sell CHM license plates for passenger automobiles, pickup trucks, or vans. Allowing RV and recreational trailer owners to purchase the CHM plates will give them the opportunity to participate in this valuable program to help Minnesota's critical natural resources.

There are 39,700 RVs and 102,200 recreational trailers licensed in Minnesota. If participation is similar to the rate for passenger vehicles, the CHM plate program could anticipate selling an additional 3,700 CHM license plates to RV and recreational trailer owners. This would generate an additional \$111,000 per year (3,700 plates times \$30 contribution/plate) to the CHM plate program.

The CHM plate program has been successful with over 108,000 registered plates that generate over \$3.2 million per year. Since its inception in 1996, conservation-minded motorists have contributed a total of \$11 million to the plate program. The expansion of the program would strengthen partnerships to achieve habitat conservation.

CHM funds are appropriated to the commissioner of natural resources to acquire and improve critical wildlife and fish habitat as directed in Minn. Stat. § 84.943.

### Relationship to Base Budget

The potential increased funding for the expansion of CHM to include recreational vehicles and trailers is \$111,000, which represents a 3.5% increase over current revenues of \$3.2 million.

### Key Measures

The key measure for this initiative is the acquisition and development of critical habitats across the state as defined in Minn. Stat. § 84.944.

### Alternatives Considered

The alternative to this program is to not expand the program. The disadvantage is that there are RV license purchasers who would like to participate in the CHM program, but are currently unable to so. This restriction also diminishes the ability of the DNR to fully implement CHM and protect critical habitats across the state.

### Statutory Change:

Changes to be made to Minn. Stat. § 84.944.

**NATURAL RESOURCES DEPT****Program: FISH & WILDLIFE MANAGEMENT****Change Item: License Center - Full Funding ELS Costs**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish				
Expenditures	0	0	0	0
Statutory Expenditures	\$75	\$75	\$75	\$75
Revenues	0	0	0	0
Net Fiscal Impact	\$75	\$75	\$75	\$75

**Recommendation**

The Governor recommends a \$150,000 increase over the biennium in the statutory appropriation from the Game and Fish Fund to cover the vendor operating costs of the electronic licensing system (ELS). This change is needed to provide funding to cover the vendor transaction costs for statutorily mandated free licenses issued through ELS.

**Background**

The funding to cover the ELS vendor operating costs typically comes from the ELS statutory account that receives a commission (4.7%) on game and fish licenses sold. This change is needed to provide funding to cover the vendor transaction costs for free licenses that do not provide a commission to the statutory account.

In game and fish license year 2003 a total of 18,314 licenses were issued with no fee. The ELS vendor transaction costs for these licenses were covered using either General Fund monies or reimbursement from the Game and Fish Fund appropriated to the Fish and Wildlife Management Program. These costs were not anticipated and were taken from funds already designated for other purposes. In license year 2004, three new licenses/applications (youth archery, firearm antlerless deer applications and the Northwest Youth Antlerless Season Permit) were added to the list of free licenses and/or applications issued through ELS. These additions increase the number of licenses that will not provide a commission to the statutory account.

**Relationship to Base Budget**

Ongoing new costs of \$150,000 over the biennium will be required to cover ELS transaction costs for licenses that will not provide a commission to the statutory account.

**Key Measures**

With the additional appropriation of \$75,000 annually, the transaction costs for free licenses issued through ELS will be covered and funds will not be needed from appropriations designated for other purposes.

**Alternatives Considered**

An alternative is to continue to use General Fund and/or other appropriated Game and Fish funds to cover these costs. This option would result in penalizing other high priority programs.

**Statutory Change:**

Changes need to be made to Minn. Stat. § 97A.485, Subd. 7.

## NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Change Item: Red Lake Fisheries Management

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish				
Expenditures	\$100	\$100	\$100	\$100
Revenues	0	0	0	0
Net Fiscal Impact	\$100	\$100	\$100	\$100

### Recommendation

The Governor recommends \$200,000 over the biennium be appropriated from the Game and Fish Fund to more intensively monitor, analyze and manage the Upper Red Lake recreational fishery. Funding would support two positions and associated operational costs to conduct creel and lake surveys and develop management strategies that will ensure that a fishable population is maintained after the lake is reopened to angling for walleye.

### Background

Red Lake (Beltrami County) covers 275,000 acres. All of the Lower Lake (167,000 acres) and 60,000 acres of the Upper Lake are within the Red Lake Indian Reservation. Only members of the Red Lake Band of Chippewa Indians have access and harvest rights to reservation waters. The eastern portion of the upper lake (48,000 acres) is state water and available for recreational fishing by licensed anglers. The current regulations for the state portion of Upper Red Lake and its tributaries prohibit the angling for, taking of, or possession of walleye. This regulation has been in place since the year 2000 to allow the walleye population to recover to sustainable levels and to eventually allow recreational angling.

From 1994 to 1997, the average number of young-of-the-year walleye captured by shoreline seining declined to less than one per seine haul. These numbers indicated that the walleye population had collapsed. In 1997, the State and the Red Lake Band formed a Fisheries Technical Committee to investigate how to recover the walleye population. The Fisheries Technical Committee formulated a recovery plan and created a Memorandum of Agreement (April 1999 signed by Minnesota Department of Natural Resources (DNR), Red Lake Band, and the Bureau of Indian Affairs) to prohibit commercial and recreational harvest of walleye until the population recovered.

Lake-wide assessment data shows very promising progress towards walleye recovery. Walleye abundance has increased dramatically from the mid-1990s when the walleye population crashed. Walleye fry were stocked in the lake in 1999, 2001, and 2003 as part of the recovery plan. These stockings are largely responsible for the observed increase in walleye abundance and it is anticipated that these fish will start providing natural reproduction over the next year or so. Evaluations of the fishery indicate that angling could reopen to some limited harvest during the open-water season in 2006. Staff are assessing regulation options with a citizens advisory committee that would allow angling but still protect the recovering population by limiting harvest.

With the reopening of Red Lake to fishing, the DNR will need to do more intense monitoring and analysis to ensure a fishable walleye population is maintained and to make any necessary management adjustments. Red Lake and Cass Lake have shared staff and operational resources in the Large Lake Monitoring Program. However, once Red Lake is opened to angling, there will no longer be sufficient staff time or resources to continue to effectively monitor and manage both lakes.

### Relationship to Base Budget

This appropriation would increase the Fish and Wildlife Management Program appropriation in FY 2006-07 from the Game and Fish Fund by \$200,000 over the FY 2006-07 biennium.

**Key Measures**

The goal of this change level request is to ensure continued recovery of Red Lake walleye while allowing a sustainable level of angler harvest.

1. Maintain at a minimum at least 1 ½ lbs of walleye spawning stock biomass per acre of water.
2. Conduct annual creel surveys to monitor angler harvest levels so that harvest is maintained within a harvestable surplus level.

**Alternatives Considered**

One alternative would be to reassign current management staff to work on Red Lake. This would result in reduced management of other high priority fishing waters.

## NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Change Item: Shoreland Habitat Management Program

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish				
Expenditures	\$200	\$200	\$200	\$200
Revenues	0	0	0	0
Net Fiscal Impact	\$200	\$200	\$200	\$200

### Recommendation

The Governor recommends \$400,000 over the biennium from the Game and Fish Fund to expand the Shoreland Habitat Management Program to more intensively monitor and evaluate shoreland activities, to increase the technical support and the number of projects conducted in the northern half of the state, to develop incentives to maintain natural shorelands, to work closer with the horticulture and landscaping industries to provide services, and to control invasive species by conducting additional maintenance activities on existing shoreland habitat sites. This funding would cover costs associated with one position, invasive species control efforts, maintenance activities on existing sites, and operational costs to ensure the successful restoration of shoreland habitat.

### Background

Minnesota's lakeshores have been impacted by environmental conditions that have limited the distribution and abundance of aquatic plants. Changes in hydrologic regimes, water quality degradation, and physical habitat structure changes result in conditions that may reduce the abundance and diversity of aquatic plant communities. Lakeshore owners frequently alter riparian and aquatic plant communities by physical destruction using chemical or other methods. The loss of aquatic vegetation affects fish and wildlife habitat, shoreline erosion, water quality, aesthetics and other lake-related values.

Healthy shorelands have long been recognized as critical for water quality, aquatic plants, and fish and wildlife that live in or near Minnesota's lakes and streams. In 2003, a Bemidji State University study showed that lake water clarity is significantly related to lakeshore property values. The study states that the worst land use practices include the removal of trees, native plants, and aquatic vegetation along shorelands. As native shoreland habitat is lost to development, shorelands lose their ability to support the fish, wildlife, and clean water that are appealing to people attracted to Minnesota's water resources.

As an outcome of the 1998 legislative session, the Department of Natural Resources (DNR) Division of Fish and Wildlife received \$200,000 for activities related to aquatic plant restoration. This appropriation was increased to \$300,000 in 2002. This funding provides education, technical assistance and grants to private citizens, conservation organizations, and local governments to restore altered shoreland habitat in order to expand diversity and abundance of native aquatic plants, improve and protect quality of shoreland habitat, and enhance and protect water quality. Since 1998, the DNR has restored a total of 154 sites comprising 39,752 linear feet and 34.74 acres of shoreland habitat. Increased interest and demand for these types of services has exceeded the current resources. By expanding the program, the DNR will be able to work closer with the horticulture and landscaping industries to better meet the public's demand.

### Relationship to Base Budget

This appropriation would increase the Fish and Wildlife Management Program appropriation in FY 2006-07 from the Game and Fish fund by \$200,000 per year.

**Key Measures**

The goal of this change level request is to ensure enough resources are available to meet increasing demands for technical advice and financial support for shoreland habitat restoration. Success will be measured as follows: doubling the number of projects completed in the northern half of the state to ensure that the goals stated in the DNR's Strategic Conservation Agenda about shoreland habitat restoration are achieved (10-15,000 linear feet of shoreland each fiscal year), providing increased levels of technical assistance to lakeshore owners and industry representatives, and providing for invasive species control on ten existing shoreland habitat restoration sites.

**Alternatives Considered**

Reassign existing staff to have more of their time to be spent on shoreland habitat restoration at the expense of other components of the Aquatic Management Program.

## NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Change Item: Special Management Species - Sturgeon Tagging

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish Fund				
Expenditures	\$25	\$28	\$31	\$35
Revenues	25	28	31	35
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends revenues collected through the proposed initiation of special management species application and tagging authority be appropriated for the Fish and Wildlife Management Program to cover the costs of implementing a fish tagging management program. The first species to be managed under the proposal would be the lake sturgeon. It is estimated that from 5,000 to 7,000 tags will be issued to sturgeon anglers at an individual cost of \$5 each and accruing an estimated \$25,000 to \$35,000 to the Game and Fish Fund.

### Background

The Department of Natural Resources (DNR) is proposing to amend Minn. Stat. §§ 84.027, 97A.551, and 97C.085 so the commissioner of natural resources has the ability to require anglers to apply by application for a tag for certain fish species as another means of monitoring fish management efforts. This change item would result in an appropriation of revenues generated from the application process.

Chapter 14 Rule Making process will be used to identify species being managed under this system and details for reporting tagging of special management species.

Special management species applications and tags would be issued through the Electronic Licensing System (ELS). Reporting cards would be sent to registered anglers. These cards would be returned to the Department when special management species were harvested. Data would be generated on the numbers of anglers harvesting these species as well as the number, size and sex of fish harvested. This reporting data would be collated, analyzed, and summarized in an annual report. This management tool would provide additional information for managing specific fisheries and improve enforcement efforts. The appropriation would direct revenues collected for special management species to the Fish and Wildlife Management Program to cover the costs for implementing this effort including ELS programming changes, printing and mailing costs for registration materials, follow-up surveys for participating anglers, data collation and analysis, generation and distribution of an annual harvest report, and enforcement efforts. This proposal requests that the \$5 application fee for special management species tags be appropriated to cover the basic costs for implementing this program.

### Relationship to Base Budget

The potential increased funding for the special species management for a sturgeon tagging program is 0.04 – 0.06% of the FY 2005 budget for the Fish and Wildlife Management Program (total \$57,150,300).

### Key Measures

The key measure for this change item is healthy populations of special management species (e.g., lake sturgeon), which can provide sustainable harvest levels to meet to the growing interest of anglers.

**Alternatives Considered**

One alternative to this initiative is to not implement a special management species program. The disadvantage of this option would be reduced data necessary for making population management decisions and determining sustainable harvest levels for sport fishing. This could potentially result in the angling closure for a fishery. Further, a number of lake sturgeon anglers have asked the DNR to implement a program that would supplement other efforts to estimate sturgeon harvest.

A second alternative is to implement the program without an appropriation for implementation costs. The disadvantage of this option is that implementation would be at the expense of other existing programs.

**Statutory Change:**

Changes to be made to Minn. Stat. § 84.027, 97A.551, and 97C.085.



## NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Change Item: Statewide Electronic Registration

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Game and Fish				
Expenditures	0	0	0	0
Statutory Expenditures	312	312	312	312
Revenues	0	0	0	0
Net Fiscal Impact	\$312	\$312	\$312	\$312

### Recommendation

The Governor recommends an annual appropriation of \$624,000 over the FY 2006-07 biennium for establishing an Electronic Licensing System (ELS) for registering deer harvested by hunters. This system will use technology more effectively to gather deer harvest data and will improve the Department of Natural Resources' (DNR's) ability to monitor and measure the results of deer season management quickly and efficiently.

### Background

Currently, Minnesota uses a paper-based system to register data from hunters on the harvest of more than a quarter of a million deer annually. This paper-based system requires annual orders of supplies, multiple visits to license agents by Department staff to deliver and pick up forms, and hand entry of over 200,000 records of harvest data. By converting to an electronic registration system, data acquisition and availability will be immediate. The new system will allow Department staff to become more efficient due to the elimination of printing materials, supplying registration stations, and entering data.

The new system would enhance management capabilities by allowing deer harvests to be monitored during the season in real time and by reducing the current four-month wait for complete season harvest data to a matter of days.

The Department has been operating a pilot electronic deer registration pilot project in several regions of the state for the past three years and the technology has proven successful. There are currently 1,700 ELS vendors and 800 deer registration stations. Some combination of those two sets of vendors and stations will be required to assure effective statewide coverage and customer service.

### Relationship to Base Budget

Ongoing new costs of \$312,000 annually will be required to cover ELS transaction and agent payment fees. There is also a one-time startup cost of approximately \$120,000 for additional terminals that will be covered out of existing dedicated funds for deer management.

### Key Measures

The new system will produce instant access to harvest data on more than a quarter of a million deer annually, including date, age and sex, and permit area where taken. This information is invaluable in monitoring current harvests and planning future harvests to maintain deer populations within limits of habitat and social tolerance.

### Alternatives Considered

Alternatives considered included use of portable handheld personal digital assistants (PDAs) and phone registration. Ultimately, costs of those approaches would be prohibitive because of the necessary new systems and equipment that would be required, whereas the current proposal uses a system of equipment and agents that is already in place.

**Statutory Change:** Changes to be made to MN Stat. § 97A.485, Subd. 7.

**NATURAL RESOURCES DEPT**

**Program: FISH & WILDLIFE MANAGEMENT**

**Change Item: Statutory Appropriation For Fish and Wildlife**

**Recommendation**

The Governor recommends appropriations for seven dedicated accounts or funds within the Game and Fish Fund be changed to be statutory appropriations. These funds include Deer/Bear Management and Computerized Licensing (231), Deer Habitat Improvement (232) Waterfowl Habitat Improvement (233), Trout and Salmon Management (234), Pheasant Habitat Improvement (235), Wildlife Acquisition (237), and Wild Turkey Management (238).

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Fund 231/Deer Bear Management &amp; Computerized Licensing</b>				
Expenditures	(\$332)	(\$332)	(\$332)	(\$332)
Statutory Expenditures	397	397	397	397
Net Fiscal Impact	65	65	65	65
<b>Fund 232/Deer Habitat Improvement</b>				
Expenditures	(1,269)	(1,269)	(1,269)	(1,269)
Statutory Expenditures	1,411	1,411	1,411	1,411
Net Fiscal Impact	142	142	142	142
<b>Fund 233/Waterfowl Habitat Improvement</b>				
Expenditures	(808)	(808)	(808)	(808)
Statutory Expenditures	843	843	843	843
Net Fiscal Impact	35	35	35	35
<b>Fund 234/Trout and Salmon Management</b>				
Expenditures	(1,030)	(1,030)	(1,030)	(1,030)
Statutory Expenditures	1,030	880	810	810
Net Fiscal Impact	0	(150)	(220)	(220)
<b>Fund 235/Pheasant Habitat Improvement</b>				
Expenditures	(546)	(546)	(546)	(546)
Statutory Expenditures	890	890	890	890
Net Fiscal Impact	344	344	344	344
<b>Fund 237/Wildlife Acquisition</b>				
Expenditures	(2,030)	(2,030)	(2,030)	(2,030)
Statutory Expenditures	3,013	3,013	3,013	3,013
Net Fiscal Impact	983	983	983	983
<b>Fund 238/Wild Turkey Management</b>				
Expenditures	(120)	(120)	(120)	(120)
Statutory Expenditures	142	142	142	142
Net Fiscal Impact	22	22	22	22
<b>ALL FUNDS</b>				
Expenditures	(6,135)	(6,135)	(6,135)	(6,135)
Statutory Expenditures	7,726	7,576	7,506	7,506
Net Fiscal Impact	\$1,591	\$1,441	\$1,371	\$1,371

**Background**

This change would make account balances more readily available for expenditure in accordance with statutory language for each fund (Minn. Stat. §§ 97A.075; 97A.071). The Game and Fish Fund Budgetary Oversight Committee supports using the balances in dedicated accounts for intended purposes (August 2004 letter to the Department of Natural Resources (DNR) Commissioner, "Recommendations for FY 2006-07 Game & Fish Fund Budget"). Revenues are generated through the sale of hunting and fishing licenses and stamps and deposited into the Game and Fish Fund. With fixed biennial appropriations, balances in the dedicated accounts are generated and are not available for spending. This change would allow the expenditure of fund balances in the accounts only for the purposes identified in statute without constantly seeking adjustments to direct appropriations. DNR expenditures would not be able to exceed the balances in the accounts. Expenditures from these dedicated accounts are controlled by statute and annually reviewed by citizen oversight committees.

A primary benefit of statutory appropriations is that funds generated through specific hunting and fishing license revenues would be used to benefit appropriate programs and activities in a more timely manner. A secondary benefit would be a reduction in administrative overhead.

**Relationship to Base Budget**

As of the close of the FY 2004-05 biennium, balances are projected in each account as follows: Deer/Bear Management and Computerized Licensing (231) \$226,000; Deer Habitat Improvement (232) \$556,000; Waterfowl Habitat Improvement (233) \$195,000; Trout and Salmon Management (234) \$291,000; Pheasant Habitat Improvement (235) \$457,000; Wildlife Acquisition (237) \$996,000; and Wild Turkey Management (238) \$120,000. If this initiative passes, these balances would be used over several years.

**Key Measures**

The key measure is more timely utilization of user fees for authorized activities and purposes as follows.

- ◆ WMA acquisitions and management
- ◆ Deer population and habitat management
- ◆ Waterfowl habitat management
- ◆ Trout and salmon habitat management
- ◆ Trout waters acquisitions
- ◆ Pheasant habitat acquisition and management
- ◆ Wild turkey population surveys, monitoring and research
- ◆ Wild turkey habitat acquisition and management

**Alternatives Considered**

The alternative to this option is to maintain existing direct appropriations. The disadvantage with this option is that projected unused balances continue to accrue rather than be used for the intended purposes as identified in statute and as requested by the payers of the user fees.

**Statutory Change:**

Changes to be made to Minn. Stat. §§ 97A.075; 97A.071.

## NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Change Item: Electronic Open Burning Permits

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	80	80	80	80
Revenues	80	80	80	80
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends allowing the DNR to recover the costs of operating an electronic burning permit system via the Internet. This system will provide an alternative to applying for permits through agents who currently issue other DNR permits and licenses through the Electronic Licensing System (ELS). Permits issued by volunteer fire wardens will still be available at no charge.

### Background

Minnesota adopted the first open burning laws in 1918, in the aftermath of several disastrous forest fires. In 1993, the DNR was also given statutory responsibility for open burning in non-forest areas that had previously been regulated by MPCA rules.

Under present laws written burning permits are required statewide, except when the ground is snow covered. Only vegetative materials may be burned. Campfires are excluded.

The DNR is responsible to administer open burning laws statewide. Volunteer fire wardens and forestry field offices issue more than 60,000 burning permits on paper forms each year. This system costs about \$170,000 a year to administer.

Although permits will still be available from the volunteer fire warden system at no charge, the addition of electronic permits benefits the public and improves wildfire protection in the following ways:

- ◆ The volunteer fire warden system is becoming more difficult to continue in certain geographic areas because fewer people are home during the day to issue permits and many people are concerned about admitting strangers to their homes.
- ◆ Paper permits cannot be tracked or revoked when extreme fire weather occurs. An electronic system allows improved ability to issue permits when appropriate.
- ◆ Nearly one third of the volunteer fire wardens are already ELS vendors.
- ◆ Citizens are requesting electronic access to burning permits over the Internet, so they can procure a permit from home at their convenience. An informal survey of customers indicated that approximately 85% would be willing to pay a small fee for the convenience of an annual electronic permit.

### Specifics of the Proposal

To provide an electronic permit alternative, the DNR proposes to recover costs through fees for electronic permits. The fees would cover system operation and issuing vendor costs. Proposed fees:

- ◆ Five dollars for an annual, noncommercial open burning permit to an individual; and
- ◆ Five dollars each, up to a \$50 maximum, for multiple permits to commercial enterprises.

Due to the fact that electronic permits would be valid for an entire year, fewer permits will likely be issued. The DNR estimates 20,000 electronic permits per year versus the 60,000 paper permits currently issued.

The proposed change will reduce administrative workload, increase customer convenience, bring additional management capability to the current system, provide for system cost reductions, and identify real-time fire permit activity to both DNR and fire protection cooperators (such as fire departments and county sheriffs).

## NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Change Item: Electronic Open Burning Permits

Electronic permits offer an unprecedented convenience in that they are valid for an entire year and can be activated by phone through an automated 24-hour system.

### **Relationship to Base Budget**

The base budget (direct, open, and statutory appropriations in all funds) is approximately \$60 million in FY 2006.

Fees from the issuance of electronic burning permits will be deposited to a burning permit account within the Natural Resources Fund and used to operate the burning permit system. The fee structure is intended to cover the costs of this activity. Fees will not over-recover costs or build up excess funds in the account.

### **Key Measures**

Presently the DNR issues over 60,000 paper permits per year. These are usually valid for one day to two weeks, with three days being the standard during periods of moderate fire danger. Electronic permits will be valid for an entire year, with a telephone activation system being used to track individual burning events for each permit. The DNR expects that permit numbers for the electronic system will be about 20,000 per year.

Permits will still be available at no charge from the volunteer fire warden system. However the convenience of electronic permits is expected to result in increased customer satisfaction among permit holders overall.

### **Alternatives Considered**

The alternative is to continue the present paper permit system, with no electronic permit alternative. However, as stated above, the paper system is expensive and it is becoming increasingly difficult to recruit volunteers.

### **Statutory Change:**

The change item will require an amendment to Minn. Stat. § 88.17, Subd. 1 to allow for electronic permits, a new subdivision to create a burning permit account within the natural resources fund, and a new subdivision to authorize a fee for the electronic permits.

# NATURAL RESOURCES DEPT

Program: **FOREST MANAGEMENT**

Change Item: **Fee Increase - Special Fuelwood Permits**

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures				
Revenues				
Other Funds: <b>School Trust Fund</b>				
Expenditures				
Revenues	\$3	\$3	\$3	\$3
Other Funds: <b>FMIA</b>				
Expenditures				
Revenues	2	2	2	2
Other Funds: <b>Con-Con (counties)</b>				
Expenditures				
Revenues	1	1	1	1
Net Fiscal Impact	(\$6)	(\$6)	(\$6)	(\$6)

## Recommendation

The Governor recommends amending Minn. Stat. § 90.195 to raise the minimum fee for special fuelwood permits from \$5 to \$25. Raising the minimum permit fee would reflect the current costs of issuing the permits, which average \$24.55 each.

## Background

The commissioner of natural resources may issue permits to salvage or cut a maximum of 12 cords of fuelwood for personal use from state-administered forest lands per year. This wood can be cut from either or both of the following sources:

- ◆ dead, down, and diseased trees; or
- ◆ other trees that are of negative value under good forest management practices.

Currently, fees are charged that are not less than \$5 and not more than the current market value of the fuelwood. The Department of Natural Resources (DNR) Forestry offices issue 750 to 850 fuelwood permits each year. Based on FY 2004 data, the average fee charged for these permits was \$22; however, 520 of the 820 permits issued in this fiscal year were for less than \$20 each.

## Relationship to Base Budget

The approximately \$6,200 per year generated by increasing special fuelwood permits to a minimum of \$25 is a small portion of the Division of Forestry's annual "base" direct appropriation of \$33 million in FY 2006. However, the increase in the minimum charge of a permit from \$5 to \$25 is important in helping the Division of Forestry recoup the administrative costs of issuing these permits.

## Key Measures

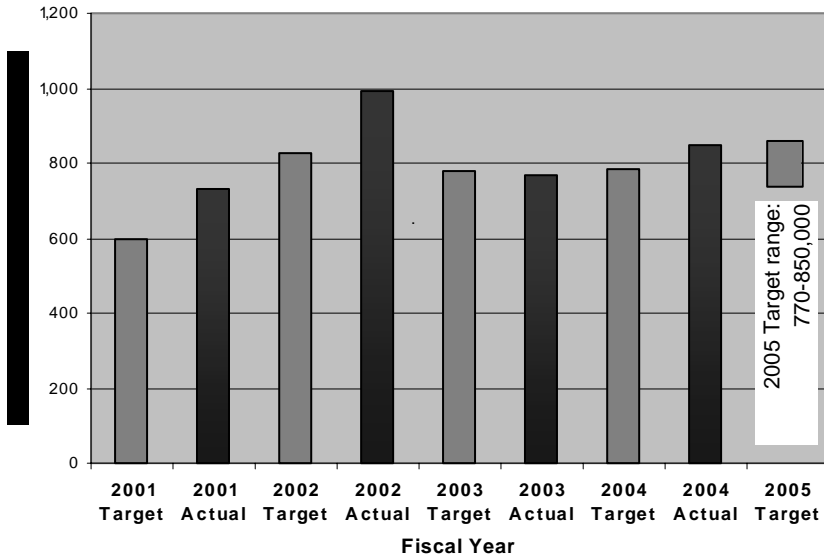
Special fuelwood permits are a component of the DNR's timber sales program. Allowing people to harvest trees that are down, diseased, or of negative value help to maintain a healthy forest.

**NATURAL RESOURCES DEPT**

**Program: FOREST MANAGEMENT**

**Change Item: Fee Increase - Special Fuelwood Permits**

**DNR Timber Sales:**



**Indicator:** Number of cords of wood offered for sale on DNR lands.

**Target:** Offer 770,000–850,000 cords of timber for sale from DNR lands in FY 2005.

**Alternatives Considered**

None.

**Statutory Change:**

Amends Minn. Stat. § 90.195.

## NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Change Item: State Forest Nursery Stock Surcharge

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund: Forest Nursery				
Account				
Expenditures	250	250	250	250
Revenues	250	250	250	250
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends amending Minn. Stat. 89.37 to allow for a surcharge of \$.025 to be added to the price of each tree seedling sold by state forest nurseries. The funds accumulated through the surcharge would be dedicated to the Department of Natural Resources (DNR) Division of Forestry's education and technical assistance programs. A legislative cap holds the state forest nurseries to producing a total of 10 million seedlings per year for sale to all ownerships, public and private. As a result, the \$.025 surcharge per tree seedling will be expected to bring in \$250,000 per year for forestry education and technical assistance programs.

### Background

Education and outreach are important tools for developing a natural resource stewardship ethic among citizens and communities and providing them with the information they need to make sound natural resource decisions. For example, many of the private citizens who own 35% of Minnesota's forested land look to DNR Forestry for help in managing their property to attain desirable goals such as improved wildlife habitat, increased timber production, and recreational trail development. Teachers and other educators look to DNR Forestry for materials and instructional methods that can be effectively used to help students understand the forest environment and how it is intimately connected with their economic and social well-being and that of their communities.

The focus of the Forest Management Program has shifted to agency core priorities such as state land management and wildfire protection. However, some level of reliable funding is still needed to help maintain Forestry's education and technical programs. A surcharge on state forest nursery stock is a method that other states such as Wisconsin have used to provide a source of stable funding for similar programs. DNR is aware of and will monitor whether the additional surcharge discourages some landowners from buying tree seedlings from state forest nurseries. DNR anticipates that the targeted use of surcharge revenues for public education and technical assistance will be seen as a direct benefit to private landowners and offset the effects of the marginally higher cost of state forest nursery tree seedlings.

### Relationship to Base Budget

The \$250,000 generated annually by this surcharge on nursery stock represents a small portion of the Division of Forestry's annual "base" direct appropriation of \$33 million in FY 2006. However, this amount is significant to the maintenance of the division's education and technical assistance programs. The \$250,000 generated by this change item is equivalent to approximately 20% of the amount the Division of Forestry is currently spending on education and technical assistance efforts annually. This funding will be used to write stewardship plans for private landowners and to continue delivering education initiatives such as the School Forest and Project Learning Tree programs to educators statewide.

### Key Measures

The DNR Strategic Conservation Agenda 2003-2007 provides a suite of indicators and targets that help gauge progress on DNR strategic priorities. The following two Conservation Agenda indicators and their respective targets are directly affected by this change item:

- ◆ Indicator: Public involvement in DNR forestry education programs.
- ◆ Target: Maintain involvement in DNR forestry education initiatives to ensure a knowledgeable public.



## NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Change Item: State Forest Nursery Stock Surcharge

- ◆ Indicator: Acres of private forest lands with forest stewardship plans.
- ◆ Target: Long-term target to have Forest Stewardship plans on 50% (2.5 million acres) of non-industrial private forest land.

### Alternatives Considered

Additional funding for Division of Forestry education and technical assistance initiatives has been sought through federal and state grants. This method of obtaining a stable source of funding for education and technical assistance initiatives was considered the most “workable” based on the success of a surcharge added to the price of nursery stock in other states such as Wisconsin.

### Statutory Change:

Amends Minn. Stat. Chapter 89.37, subd. 4.

## NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Change Item: Trust Land Management Costs

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$3,500)	(\$3,500)	(\$3,500)	(\$3,600)
Revenues	(3,500)	(3,500)	(3,500)	(3,600)
Natural Resources Fund				
Expenditures	3,500	3,500	3,500	3,600
Revenues	3,500	3,500	3,500	3,600
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends forest management costs on State Forest Trust Fund lands certified under Minn. Stat. § 16A.125 Cost Certification be returned to the Forest Management Investment Account (FMIA) established in Minn. Stat. § 89.039. Currently these certified costs are transferred from the Forest Suspense Account to the state General Fund for general state purposes. This change item is budget neutral because it exchanges revenues and expenditures from the General Fund to the FMIA in equal amounts.

### Background

The Governor's Advisory Task Force on the Competitiveness of Minnesota's Primary Forest Products Industry recommended that the Legislature create a dedicated forest management fund to "provide long-term funding stability and an incentive for active forest management." The FMIA was created in the 2004 legislative session, directing the deposit of all timber sale revenues from forestry-acquired lands and a portion of timber sale revenues from Con-Con lands to the account. However, approximately 50% of FMIA appropriations are currently used to fund forest management activities on state forest trust fund lands. Management costs for trust fund lands are certified each year and transferred to the General Fund, not the FMIA. As a result, the FMIA is essentially funding increased investments on and returns from trust fund lands without any reimbursement for costs incurred. This weakens the integrity of the FMIA and discourages investments on trust fund lands. The intent of this proposal is to strengthen the integrity of the FMIA and to maintain and encourage increased investments on state-administered forestlands, both trust and non-trust.

The Department of Natural Resources (DNR) Division of Forestry administers approximately 1.7 million acres of state forest trust fund lands. These lands generate about one-half of the DNR's timber sales receipts, which are currently from \$18 million to \$20 million annually. These receipts are held in a Forest Suspense Account until the close of the fiscal year. Under Minn. Stat. § 16A.125 Cost Certification, the DNR certifies the cost of managing these trust lands. The amount of certified costs are transferred from the Forest Suspense Account to the state General Fund and the remainder is transferred to the corpus of the permanent trust funds. The DNR Forest Management Program does not receive any funding from the Forest Suspense Account or the Permanent Trust Funds for management of state forest trust fund lands.

This change item will not directly affect the amount of revenue that is transferred, net of certified costs, to the permanent trust funds. Certified costs consistent with the purposes of the FMIA that are currently transferred to the General Fund will instead be transferred to the FMIA. Likewise, there will be a respective shift of expenditures on trust fund lands from the General Fund to the FMIA.

### Relationship to Base Budget

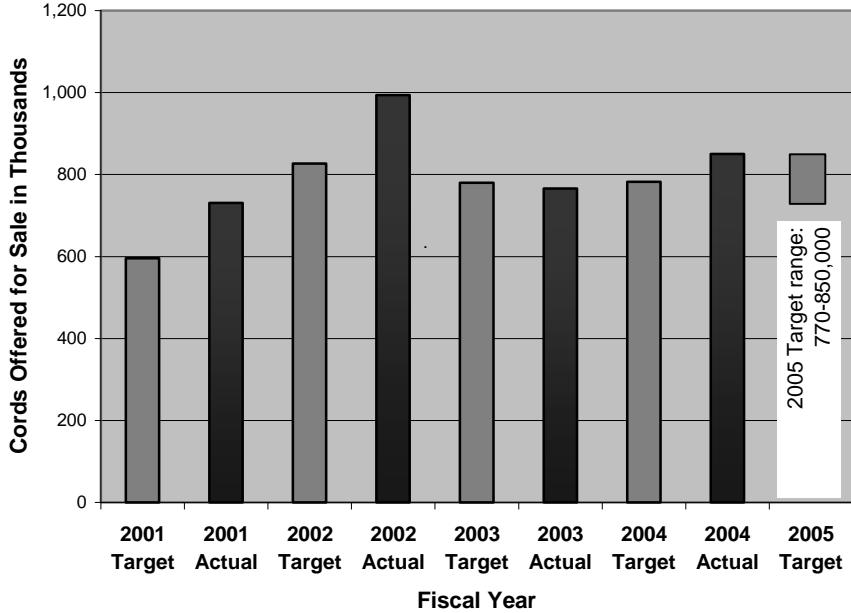
This change shifts approximately 10% of the Forest Management Program's projected "base" direct appropriations (\$33 million) from the General Fund to the FMIA. Currently about 20% of the Forest Management Program direct appropriations come from the FMIA. Under this change item, that proportion would increase to about 30% (the remaining 70% continuing to come primarily from the state General Fund).

Average timber sales revenue from state forest trust fund lands has been about \$10 million per year (FY 2002-04). Certified management costs have averaged about \$6 million per year, of which about \$3.5 million are costs consistent with the established purposes of the FMIA.

**Key Measures**

By strengthening the integrity of the FMIA, this change item will provide more reliable, stable, and diversified funding for the management of state forest lands. As such, it will help DNR move toward achieving key long-term program goals such as sustainable timber harvests, improved forest inventory information, and third-party certification of state forest lands.

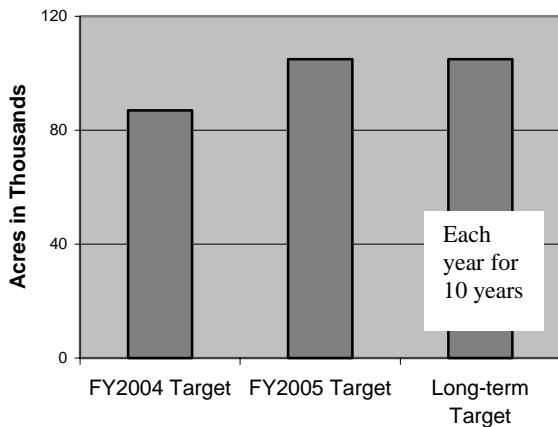
**DNR Timber Sales:**



**Indicator:** Number of cords of wood offered for sale on DNR lands.

**Target:** Offer 770,000–850,000 cords of timber for sale from DNR lands in FY05.

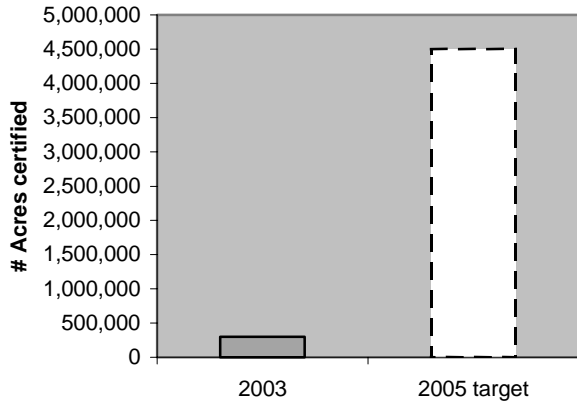
**Acres of DNR Forest Lands Re-inventoried**



**Indicator:** Acres of state forest land re-inventoried and updated each year.

**Target:** The long-term annual re-inventory target determined to be necessary by the DNR to continuously update and improve the CSA inventory is 105,000 acres per year.

**Percent State-administered Lands Approved for Forest Certification**



**Indicator:** Acres of state forest land approved by third-party certification as being sustainably managed.

**Target:** DNR plans to complete certification of all harvestable DNR forest lands in 2005.

**Alternatives Considered**

Transferring 25% of the net balance in the Forest Suspense Account (after M.S. § 16A.125 Cost Certification) each year to the FMIA for use by the Division of Forestry for forest management on state forest trust fund lands.

**Statutory Change:**

Minn. Stat. § 16A.125, subd. 5

Minn. Stat. § 89.039, subd. 1

**NATURAL RESOURCES DEPT****Program: LAND & MINERALS RESOURCE MGMT****Change Item: Aggregate Inventory on School Trust Land**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
School Fund				
Expenditures	50	50	50	50
Revenues	0	0	75	150
Net Fiscal Impact	\$50	\$50	(\$25)	(\$100)

**Recommendation**

The Governor recommends \$50,000 be appropriated annually to the commissioner of natural resources from the school trust fund forest suspense account for site-specific aggregate evaluations on school trust fund land.

**Background**

The goal is to increase revenues generated to the school trust by leasing sand and gravel resources. In addition the Department of Natural Resources (DNR) will develop mining and reclamation plans designed to protect the surrounding environment. The DNR has done site-specific resource evaluations for aggregate deposits on a small number of lands it manages, which have subsequently been leased for mining and are currently generating royalty revenues. The extent and quality of aggregate deposits is unknown until an evaluation is conducted. The evaluation provides information necessary to place a fair value on the deposit and to develop a mine plan that ensures protection of surrounding features such as wetlands and groundwater. There are only limited funds available for future evaluations. This proposal would allow a substantial increase in the number of lands that could be evaluated. Based on past experience, overall income from mining is expected be 10 to 20 times larger than the investment that is made.

**Relationship to Base Budget**

The change item is relatively small but should result in significant income increases for the Permanent School Fund. The DNR expectation is that the income generated from an investment of \$50,000 per year will yield an income of \$500,000 to \$1 million over the life of the mining activity. The DNR will target the evaluation of aggregate deposits located on School Trust lands that are in high aggregate demand areas and we will look for areas of a size that will support production for several years (5 to 10 years on average, and sometimes much longer).

**Key Measures**

Fiduciary responsibilities established in the Constitution and several state laws require the DNR to consider the securing of maximum long-term economic return from its management of School Lands. Income from the mining of aggregates can be substantial. The wise management of School Trust Lands should include an evaluation of whether aggregates exist and if they can be economically developed. The measure of success will be in the income derived.

**Alternatives Considered**

There are no alternatives to doing an aggregate evaluation in order to determine if mining is feasible. The DNR believes that it has the responsibility to identify income generating potential, including aggregate mining feasibility.

**Statutory Change:**

The statute affected by the change item will be M.S. § 16A.125.

**NATURAL RESOURCES DEPT****Program: LAND & MINERALS RESOURCE MGMT****Change Item: Minerals Management Fee**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Revenues	(\$137)	(\$112)	(\$79)	(\$79)
Expenditures	(1,526)	(1,526)	(1,526)	(1,526)
Permanent School Fund				
Revenues	(1,841)	(2,143)	(1,960)	(1,440)
Return of Rev from Minerals Mgmt Acct			741	487
Permanent University Fund				
Revenues	(1,134)	(1,389)	(1,260)	(1,380)
Return of Rev from Minerals Mgmt Acct			476	466
Natural Resources Fund				
Minerals Management Account (new)				
Revenues (20% of Mineral Income)	3,112	3,644	3,299	2,899
Revenues: Return to School Trusts			(1,217)	(953)
Expenditures: Minerals Management	1,526	1,526	1,946	1,946
Expenditures: Minerals Enhancement	420	420		
Net Change: All Funds and Accounts	\$420	\$420	\$420	\$420

**Recommendation**

The Governor recommends the Department of Natural Resources (DNR) use a portion of the revenues produced from the mining of state-owned metallic minerals to fund the cost of the mineral management activities that are primarily related to the generation and collection of that revenue. The financial responsibility of providing such mineral management, currently funded by an appropriation from the General Fund, will instead be placed on the funds that receive the economic benefit from the minerals management operations.

Beginning in FY 2006, 20% of all mineral revenues generated on acquired, tax-forfeited, and school and university trust lands would be deposited to the new Minerals Management Account in the Natural Resources Fund. The costs of managing the state's minerals resources on tax-forfeited, acquired and trust lands will be annually appropriated from a new Minerals Management Account. An annual appropriation from the account for resource management will replace an equal appropriation from the General Fund. The net impact to the General Fund will be an expenditure reduction as shown above.

An additional annual appropriation of \$420,000 from the Minerals Management Account will fund new mineral initiatives. This new level of funding would target projects intended to expand future mineral revenues.

The year-end account balance in the Minerals Management Account will be capped at \$3 million. A portion of the 20% in annual mineral receipts will be returned to the funds and accounts where the revenues are generated as the account balance in the Minerals Management Account exceeds \$3 million.

**Background**

The DNR currently manages mineral rights on about 12 million acres of land. In FY 2004 approximately \$11 million in mineral income was generated from state-owned mineral lands. The majority of the mineral rights are located on lands that at one time were either granted to the state by the federal government for certain specified uses, or that were acquired by the state as a result of forfeiture related to the non-payment of taxes. In either case the DNR now serves as the mineral management trustee for these mineral rights and is responsible for prudently managing the leasing of minerals and ensuring that the income generated is credited to the appropriate accounts.

In its capacity as mineral management trustee the DNR performs a number of tasks including: the collection and maintenance of geologic data and samples used to promote future mineral development; conducting mineral lease sales; negotiating mineral leases, and preparing lease documents and other legal contracts; inspection of active mining and exploration areas to ensure lease compliance; cooperatively working with industry to identify cost effective methods and technologies to expand the value and uses of mineral resources; collaboration with

mine operators to identify environmentally acceptable practices to ensure that mine areas have utility and value when mining ceases; and providing technical advice on mineral development proposals when state funds or minerals are involved.

Historically the legislature has appropriated General Fund money for state mineral management. In 1945 the legislature added the management of tax-forfeited minerals to the DNR's responsibility, and directed 20% of the income generated from tax-forfeited mineral sales into the General Fund, to cover management costs. This proposal recommends that 20% of revenue from the leasing of all state minerals be used to pay the mineral management costs. The annual General Fund appropriation will be replaced by an appropriation from the Minerals Management Account.

This proposal is to maintain the current level of mineral management activity and to provide additional funds to enhance mineral income potential. The DNR proposes to promote new opportunities such as the development of value-added iron products, conduct geological mapping projects to help identify new mineral resources, and conduct scientific research, such as on mercury collection, that could ultimately help increase the amount of state mineral resources that can be processed. Mineral income has grown substantially in recent years and there continues to be opportunities for future growth in iron ore and for expansion into other minerals. Providing additional funds to investigate income enhancement opportunities is consistent with recommendations in the recently completed Governor's Task Force Report on Minnesota's Mining Future.

### **Relationship to Base Budget**

This initiative will shift the current costs of mineral management from the General Fund to those funds that receive the income from mineral leasing. The costs of management will remain unchanged but there will be \$420,000 during each year of the biennium available to investigate ways of enhancing future income generation. Since the beginning of iron ore mining in the 1880s, the cost of mineral management for state-owned minerals has primarily come from the General Fund. The Funds that benefit from income generated off their lands have typically only funded management efforts associated with the land's surface interests, such as timber. Only on a few occasions have the trust funds paid the costs for managing the mineral rights.

In the mid-1950s an Attorney General's opinion held that the State Constitution does not allow the use of income generated from School and University Trust Fund Lands to be spent for mineral management purposes. The Attorney General in 1995 advised the DNR that it would be legal to assess mineral management costs against the mineral revenues from trust land, provided that the expenses were reasonable and related to the lands involved. Based on that advice, in fiscal years 1997 and 2002, when General Fund revenues were limited, a portion of the cost for mineral management was shifted to the trust funds. General Fund revenues are again limited. The DNR is proposing that the funds benefiting from management begin to permanently contribute to the mineral management efforts.

### **Key Measures**

The DNR has fiduciary responsibilities established in the Constitution and several State Laws for managing state-owned minerals. One key trustee responsibility is to secure maximum long-term economic return from the sale of state minerals. Income from minerals is a substantial part of the annual income from state lands and therefore wise mineral management is essential. The measure of success will be in the continuation of income generation.

### **Alternatives Considered**

The only current alternative is maintaining the status quo—using general fund dollars to finance mineral management on state trust lands. This alternative would reduce general fund dollars available for other DNR programs and would limit incentives for maximizing revenue generation on state trust lands.

### **Statutory Change:**

Statutes to be amended include M.S. § 93.22 and M.S. § 93.2236.

**NATURAL RESOURCES DEPT**

**Program: LAND & MINERALS RESOURCE MGMT**

**Change Item: Revenue Enhancements on School Lands**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
School Fund				
Expenditures	300	300	250	250
Revenues	0	200	325	450
<b>Net Fiscal Impact</b>	<b>\$300</b>	<b>\$100</b>	<b>(\$75)</b>	<b>(\$200)</b>

**Recommendation**

The Governor recommends \$600,000 over the FY 2006-07 biennium for identifying ways to enhance income generation for the Permanent School Fund (PSF) from management of School Trust Fund Lands. When revenue generation cannot be achieved, options to sell, condemn, or exchange the lands for others will be analyzed.

**Background**

This proposal is a new initiative for \$300,000 each year of the biennium and somewhat less in future years. The funds will be appropriated from the forest suspense account. The appropriation will be spent on staff; professional and technical contracts; and for appraisal, abstract and survey costs.

The following table identifies activities, anticipated costs, and potential incomes.

**Enhancing Revenue Generation from School Trust Fund Lands (in \$000s)**

<u>Activity</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<b>EXPENDITURES</b>				
School Land Inventory	\$150	\$125	\$50	\$50
New Income Opportunity Analysis	75	75		
Accelerated Exchanges	50	50	50	50
Additional Land Sales	25	50	75	75
Marketing New Income Opportunities	<u>0</u>	<u>0</u>	<u>75</u>	<u>75</u>
<b>TOTAL</b>	<b>\$300</b>	<b>\$300</b>	<b>\$250</b>	<b>\$250</b>
<b>INCOME**</b>				
Timber Sold on Land Acquired by Exchange			\$25	\$50
Land Sales	<u>0</u>	<u>200</u>	<u>300</u>	<u>400</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$200</b>	<b>\$325</b>	<b>\$450</b>

*\*\* Opportunities identified in the study should result in additional income*

**Relationship to Base Budget**

Appropriation of \$300,000 per year is a relatively small portion of the revenue earned on the trust fund lands annually. The Department of Natural Resources (DNR) base budget contains funds for mineral management, forest management and real estate management. The real estate management program includes funds to negotiate and manage leases, coordinate land exchange and sales and grant utility licenses and road easements.

Under this proposal, an inventory of school trust land and identification of additional income producing opportunities can be carried out. This proposal also would expand land exchanges and allow a modest increase



## NATURAL RESOURCES DEPT

Program: LAND & MINERALS RESOURCE MGMT

Change Item: Revenue Enhancements on School Lands

in land sales and condemnations. Our current goal is to complete one exchange per biennium and sell seven to ten parcels per year. This funding would allow several more exchanges per biennium and double the land sales.

### **Key Measures**

The DNR has fiduciary responsibilities established by the Constitution and several State Laws to manage various lands granted to Minnesota for the support of Schools. One of the key responsibilities required by law is to ensure long-term economic return from these lands. To ensure revenue generation, the DNR is proposing to inventory the lands to determine their income-earning capabilities and to evaluate both traditional and innovative methods that might be available to meet the state's obligation to the Permanent School Fund.

### **Alternatives Considered**

The use of general fund dollars for financing revenue enhancement strategies was examined in the context of agency funding priorities and incentives provided for increasing revenue generation on trust lands. From both perspectives, the option of using funds from the Permanent School Fund to increase revenues to the fund is the most workable one.

**NATURAL RESOURCES DEPT****Program: LAND & MINERALS RESOURCE MGMT****Change Item: Road Easement Application Fee**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	(\$20)	(\$20)	(\$20)	(\$20)
Revenues	0	0	0	0
Natural Resources (new account)				
Expenditures	20	20	20	20
Revenues	20	20	20	20
Net Fiscal Impact	(\$20)	(\$20)	(\$20)	(\$20)

**Recommendation**

The Governor recommends a \$2,000 application fee to be submitted with each request from a private individual for an easement to cross state land in order to gain access to his or her property in order to cover the costs of inspection, analysis, and preparation of easements.

**Background**

The Department of Natural Resources (DNR) considers requests by individuals to cross state land in order to gain access to their property, in accordance with M.S. § 84.631. Road easements can be allowed if there is no reasonable alternative and if the roadway will not cause significant environmental or natural resource management impacts. The DNR analyzes the request and determines the impacts. This proposal would require a \$2,000 application fee to be submitted with the request for easement to pay for inspection, analysis, and preparation of the easement terms. Based on recent experience, it is estimated that about 10 such requests will be made annually in the next few years.

**Relationship to Base Budget**

The DNR currently uses its General Fund operating appropriation to cover the administrative costs related to easements to cross state land. Currently a payment equal to the estimated market value of the land or \$500 (whichever is greater) is collected when an easement is issued, and the amount goes to the fund for which the land is managed (for example to the Permanent School Fund if the land is School Trust Land). This proposal is to collect a \$2,000 fee to cover the inspection, analysis, and easement preparation costs of the DNR. In addition, the estimated market value of the land would continue to be collected and directed to the Fund for which the land is managed.

**Key Measures**

Performance is not anticipated to change with the implementation of this initiative. This proposal will merely require an applicant to pay for administrative costs associated with an easement issuance, rather than have those costs subsidized by taxpayers through an appropriation from the General Fund.

**Alternatives Considered**

The only other option considered is to continue with the current practice. .

**Statutory Change:**

The statutes that would be modified are M.S. § 84.631 and a new section in chapter 92 to establish an account in the natural resources fund from which the costs for administration of the road easement program could be appropriated.

## NATURAL RESOURCES DEPT

Program: LAND & MINERALS RESOURCE MGMT

Change Item: Sale of Tax-forfeited Riparian Lands

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Natural Resources (New Account)				
Expenditures	500	500	500	500
Revenues	500	500	500	500
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends a grant program of up to \$1 million over the FY 2006-07 biennium be created to direct a portion of the proceeds collected from the sale of tax-forfeited riparian lands. Grants would be used for the improvement or enhancement of the water resources in the vicinity of the tax-forfeited land. The commissioner of natural resources would be responsible for project selection based on advice from lake owners, watershed officials, county and local government officials and others.

### Background

The state holds title to tax-forfeited lands in trust for the local taxing districts. The management of tax-forfeited land is the responsibility of the county. In some instances the county may determine that sale of the tax-forfeited land to get it back on the tax roles is in the public interest. If a determination to sell the land is made, the Department of Natural Resources (DNR) is responsible for reviewing the proposal and commenting on natural resource impacts. The commissioner can approve the sale of lands with less than 150 feet of shoreline. The legislature must approve the sale of lands with more than 150 feet of shoreline. In either case, restrictions to protect the natural resources may be required as part of the terms of the sale.

A county's decision to sell riparian tax-forfeited land is often based on the need to support the county's budget. The sale of land provides both short-term income, (the proceeds from the sale) and a very important continuing long-term income source (property taxes). This proposal addresses the sale proceeds portion of the income. The DNR believes that surface water resources are extremely important; providing aquatic habitat, public recreation, and high quality water for numerous purposes. This proposal uses a portion of the proceeds to enhance surrounding water resources. Under this proposal, the improvement activities could be conducted by the DNR, local units of government, or lake associations. Efforts will be made to seek matching funds.

### Relationship to Base Budget

The DNR has several grant programs involving natural resource improvement activities. This proposal targets the sale of Riparian Tax-Forfeited land. Such parcels may be limited to a couple dozen each year across the state. This recommendation will have a limited impact from a statewide perspective, but it could have a very significant positive effect on the quality of water resources in the vicinity of an affected tax-forfeited parcel.

### Key Measures

The DNR is required by statute to review proposals from counties regarding the sale of tax-forfeited land. The lands are reviewed from the perspective of the sale's impact on natural resources. As part of this review it is reasonable that recommendations will be made on how the resources might be protected or enhanced. This proposal will provide a funding source to pay for such improvements.

### Alternatives Considered

No additional alternatives have been studied, other than use of the ongoing natural resource management programs of the DNR.

### Statutory Change:

Statutes impacted by the proposal include M.S. § 84.976 to establish an account, and M.S. § 282.09 to redirect revenues from the sale of tax-forfeited lands.

**Recommendation**

The Governor recommends:

- I. Changing the annual direct appropriation to the Parks and Recreation Management Program from the Parks Operating Account in the Natural Resources Fund from to a statutory appropriation.
- II. Providing Department of Natural Resources (DNR) with the ability to waive or reduce state park entrance fees in order to operate in a more entrepreneurial manner. From an overall budget perspective, this change item is budget neutral.

**Background**

- I. Fees generated through park operations (park entrance fees, camping and parks facilities rentals) have been deposited to a Parks Operating Account since FY 2002. Spending from the account by the Parks and Recreation Management Program has been authorized by direct appropriation. Changing the annual appropriation from the Parks Operating Account from a direct to a statutory appropriation is consistent with the approach of linking spending on parks operations to annual receipts.
- II. The Parks and Recreation Management Program has traditionally crafted marketing strategies that enhance system use and maintains a 95% customer satisfaction level. Entrance fees are a critical factor in attracting visitors, and the ability to adjust the fees based on season, service levels, special events, and type of unit would enhance the program's marketing strategies. In addition, the ability to charge lower fees during the week may attract additional state park users during lower demand periods.

**Relationship to Base Budget**

- I. Parks direct appropriation is \$29.284 million in FY 2006, with \$16.211 million from the General Fund, \$3.462 million from the Lottery in-lieu Parks and Trails Account, \$8.971 million from the Parks Operating Account and \$.640 million from the Water Recreation account. This budget initiative proposes changing the \$8.971 million, about 31% of the base budget for parks operations, to a statutory from a direct annual appropriation.
- II. No change to base budget.

**Key Measures**

The importance of this change is establishing the relationship between annual expenditures from the Parks Operating Account and actual receipts deposited to the Parks Operating Account. The challenge to the division is to take advantage of expenditures that result in increased revenues. When revenues are statutorily available to the Parks and Recreation Management Program, the division can be more responsive. Increased receipts will be more readily available for Parks to spend within the parks system and follow-up on additional revenue-generating opportunities. It may take a year or more to assess the degree to which this approach benefits parks operations.

**Statutory Change:**

- I. Minn. Stat. § 85.055 Subd. 2 must be amended to state that money in the account is annually appropriated to the commissioner to operate and maintain the state park system.
- II. Minn. Stat. § 85.055 Subd. 1 must be amended to state that, except as otherwise specified in law and notwithstanding section 16A.1285, subdivision 2, the commissioner may by written order authorize waiver or reduction of state park entrance fees.

**NATURAL RESOURCES DEPT****Program: TRAILS & WATERWAYS MGMT****Change Item: All-Terrain Vehicle (ATV) Gas Tax Study**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	75	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$75	\$0	\$0	\$0

**Recommendation**

The Governor recommends a one-time appropriation of \$75,000 from the All-Terrain Vehicle (ATV) Account in the Natural Resources Fund. The appropriation will fund a study of the amount of gasoline used each year by all-terrain vehicle riders in the state. The one-time study will cost \$75,000. If supported by the results of the study the agency may propose a future legislative amendment to increase the percentage of gas tax transferred into the All-Terrain Vehicle Account (see Minn. Stat. § 84.927).

**Background**

The last ATV gas study was completed in 1985 when only 19,159 ATVs were registered in the state. Almost twenty years later, in 2003, about 205,800 ATVs are registered. The 1985 use study was the basis for designating in statute that 0.15% of total gas tax revenue relates to ATV operation. Given the significantly higher number of ATVs registered and operated around the state, an updated study may likely conclude that ATV gas consumption, as a percent of the total gasoline consumption, is much greater than 0.15%.

**Relationship to Base Budget**

In FY 2005 the Trails and Waterways Management Program received a direct appropriation of \$2 million from the All-Terrain Vehicle Account in the Natural Resources Fund. The addition of \$75,000 in the direct appropriation from this account is a one-time increase of 3.7%.

**Key Measures**

A study describing that portion of unrefunded gas tax receipts attributable to all-terrain vehicle use.

**Alternatives Considered**

The alternative is to not ask for funding to conduct the ATV use study and therefore not be able to answer the question of whether the appropriate amount of gas tax is transferred annually to the All-Terrain Vehicle Account.

**NATURAL RESOURCES DEPT****Program: TRAILS & WATERWAYS MGMT****Change Item: Cross-Country Ski Pass Fee Increase**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	140	140	140	140
Revenues	140	140	140	140
Net Fiscal Impact	\$0	\$0	\$0	\$0

**Recommendation**

The Governor recommends that the daily cross-country ski trail pass fee be increased from \$3 to \$5, the annual cross-country ski trail pass fee be increased from \$10 to \$15, and the three-year cross-country ski trail pass be increased from \$25 to \$40.

**Background**

The cross-country ski pass was established in 1983 and trail pass fees were last increased in 1999. The revenues are used to maintain 1,003 miles of grant-in-aid cross-country ski trails. Maintenance and grooming costs greatly exceed available fee revenues, which average \$210,000 annually. This initiative would increase revenues generated from the sale of ski passes by approximately 67%. The increase would help Department of Natural Resources (DNR) meet the actual needs for maintenance and grooming of cross-country ski trails. The fee increases outlined above are supported by cross-country skiing representatives.

**Relationship to Base Budget**

Funds in the Cross-Country Ski Account of the Natural Resources Fund are appropriated to the commissioner based on projected revenues from the ski pass.

**Key Measures**

The increased appropriation will be used to meet the current level of need for maintenance and grooming in state units (including state trails) and grant-in-aid cross-country ski trails.

**Alternatives Considered**

No alternative revenue sources were evaluated.

**Statutory Change:**

Changes are needed to Minn. Stat. § 85.42.

**NATURAL RESOURCES DEPT**Program: **TRAILS & WATERWAYS MGMT**Change Item: **Fishing Pier Adjustments**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Natural Resources Fund				
Expenditures	(154)	(154)	(154)	(154)
Revenues	0	0	0	0
Game and Fish				
Expenditures	154	154	154	154
Revenues				
<b>Net Fiscal Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Recommendation**

The Governor recommends the conversion of \$154,000 annually from the Water Recreation Account in the Natural Resources Fund to the Game and Fish Fund for operation and maintenance of public fishing piers.

**Background**

This proposal would fund installation and maintenance of fishing piers from the Game and Fish Fund, rather than funding this effort from the Water Recreation Account in the Natural Resources Fund. Presently, there are over 300 public fishing piers and platforms installed by Department of Natural Resources (DNR) statewide. More than 2/3 of these were purchased/installed prior to 1995, with more than 60 installed prior to 1990. FY 2004 data indicates that the DNR spent \$104,000 annually on fishing pier spring installations, winter storage preparations, maintenance, installations, and assistance to local partners. Structural repair, which includes float replacement, bracket repairs, etc., is estimated at an additional \$50,000 per year.

**Relationship to Base Budget**

This activity is currently funded through the Water Recreation Account in the Natural Resource Fund. This expenditure is not consistent with the purpose of the Water Recreation Account as established in Minn. Stat. § 296A.18 Subd. 2.

**Key Measures**

Continued operation and maintenance of 300 public fishing piers, structural repairs, and installation of new fishing piers.

**NATURAL RESOURCES DEPT****Program: TRAILS & WATERWAYS MGMT****Change Item: Wallop-Breaux Water Access Funding**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Game and Fish Fund				
Expenditures	253	249	249	249
Revenues	0	0	0	0
Net Fiscal Impact	\$253	\$249	\$249	\$249

**Recommendation**

The Governor recommends additional resources be appropriated from the Game and Fish Fund for expenditure on water access sites according to the requirements of the Federal Sport Fish Restoration Program. The request is for \$253,000 for FY 2006 and \$249,000 for FY 2007. This budget initiative will align the level of state expenditures through the Trails and Waterways Program with the required 15% of the federal apportionment.

**Background**

The Federal Sport Fish Restoration Program, administered by the U.S. Fish and Wildlife Service, requires the state to allocate 15% of the federal funds apportioned to the Department of Natural Resources (DNR) each fiscal year for expenditures on water access sites. Funds for this program are provided by boaters through a Federal gas tax based on boat usage, an excise tax on boating equipment and fishing tackle, and other related funding sources. According to federal program guidelines 15% of the federal apportionment must be used on expenditures for acquisition, development and renovation or improvement of public boat access facilities for recreational boating purposes.

**Relationship to Base Budget**

Funding from the Game and Fish Fund for this program is \$1.684 million for FY 2005.

**Key Measures**

The additional resources will be used to upgrade and increase the number of boat access facilities through land acquisition and development of new access sites, and the expansion and renovation of existing boat access sites throughout the state. With the technological advances in boats, motors and equipment, and their cost to the customer, recreational boaters and anglers expect the DNR to provide boat launch facilities that can accommodate larger boats and trailers and more powerful motors.



## NATURAL RESOURCES DEPT

Program: WATER RESOURCES MGMT

Change Item: Administrative Penalty Order (APO)

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	2	5	5	5
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$2)	(\$5)	(\$5)	(\$5)

### Recommendation

The Governor recommends the commissioner be provided the authority to issue civil citations in the form of fines or orders for corrective action for egregious and repeat violations of Department of Natural Resources (DNR)-administered water resources management programs to provide for better protection of our water resources. Revenues resulting from this program would be deposited in the General Fund.

### Background

DNR does have certain enforcement powers for dealing with water violations but they are limited to Cease and Desist Orders, Commissioner's Restoration Orders or criminal citations. This Administrative Penalty Order (APO) authority is above and beyond existing enforcement mechanisms, and as civil proceedings, would reduce the need for criminal proceedings to protect and manage the state's water resources.

The Departments of Health and Agriculture and the Pollution Control Agency already use APO authority and this provides greater flexibility in dealing with violations of pesticide, water well, feedlot and solid waste regulations.

This bill was developed using language from the Non-Felony Enforcement Advisory Committee that evaluated alternatives to traditional court actions about five years ago.

DNR will develop an implementation plan defining how APO will be administered before the authority is implemented. This plan will be developed in lieu of rules and will be completed by December 31, 2005.

### Relationship to Base Budget

The revenue generated by this new authority is expected to be small, ranging from \$2,000 to \$5,000 per year. It is not expected that APO will be used very often but it is an important regulatory tool to have available.

### Key Measures

It is important to have the option of large civil penalties to protect our valuable water resources and to provide an alternative to criminal proceedings.

### Statutory Change:

This change requires an amendment to M.S. Chapter 103G for new statutory language.

## NATURAL RESOURCES DEPT

Program: WATER RESOURCES MGMT

Change Item: Surcharge on Summer Water Use

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$330	\$330	\$330	\$330
Revenues	330	330	330	330
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends a surcharge be required in the amount of \$20 per million gallons of water used by municipalities to supply summer peak demands for such uses as lawn watering, irrigation of golf courses, and landscape irrigation.

### Background

In municipalities, summer water use for some communities is two to four times the winter use and adding a surcharge will help to encourage improvements in water use efficiency. There is a growing need to better evaluate the sustainability of the state's water resources and the impacts from peak demands caused by low priority water uses. This change would generate about \$330,000 per year to the general fund and would encourage conservation of water.

The revenue generated from this surcharge is proposed for appropriation to the Department of Natural Resources (DNR). The \$330,000 raised from this surcharge would be used to hire staff to conduct sustainability studies, conservation planning and provide technical assistance to large water appropriators.

### Relationship to Base Budget

The amount of new money raised (\$330,000) is relatively small when compared to the \$3.5 million of water use fees collected for the general fund or the \$10 million Water Resources general fund budget. A focus on sustainability and water conservation issues is, however, an important addition to the Water Resources Management Program budget.

### Key Measures

- ◆ The difference between peak summer water use and winter use will decrease.
- ◆ The increase in funds directed toward sustainability studies will better prepare us for dealing with future water needs.

### Statutory Change:

A new subdivision will need to be added to Minn. Stat. § 103G.701 as follows:

A surcharge of \$20 per million gallons in addition to the fee prescribed in paragraphs (a) shall be applied to the volume of water used in June, July, and August that exceeds the volume of water used in January for municipal water use, irrigation of golf courses and landscape irrigation. Fees received must be deposited in the state treasury and credited to the general fund. Fees received are appropriated annually from the general fund to the commissioner of natural resources.

## CHANGE ITEM

Program: **Water Resources Management**

Change Item: **Water Permit Fee Increases**

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures IV	\$10	\$10	\$10	\$10
General Fund				
Revenues I	63	63	63	63
Revenues II	150	150	120	80
Revenues III	48	48	48	48
Revenues IV	0	0	0	0
Net Fiscal Impact	(\$251)	(\$251)	(\$221)	(\$181)

### Recommendation

The Governor recommends:

- I. Increasing the permit application fee for public waters and appropriation permits to better cover the actual costs of processing applications;
- II. Adjusting the fees charged for once-through cooling systems to reflect the increase due to inflation since 1990;
- III. Eliminating the "no water used fee structure" for appropriation of water for irrigation of agricultural land and wild rice. This would mean those permits would pay the same minimum fee as all other users; and
- IV. Appropriating the \$10,000 in annual monitoring fees collected from CenterPoint Energy for the underground gas storage facility to the Water Resources Management Program for expenditure on analysis and monitoring.

### Background

- I. The permit application fees were set in 1988 and have not been adjusted since then. The inflation adjustment from 1988 to 2004 is about 60%. The recommendation is to raise the application fee from \$75 to \$150 and the application fee maximum from \$500 to \$1,000. These fees are deposited to the General Fund.
- II. The fee increase for once-through cooling systems from \$200 per million gallons to \$300 per million gallons will generate about \$160,000 in 2005. Water use fees were increased in 2003 to adjust for inflation and the once-through cooling fee was not increased at that time. Most once-through systems are scheduled to be converted to alternative cooling technologies by 2010. Consequently, the revenue collected will decrease over time as these systems convert.
- III. Currently, about 600 agricultural irrigators and wild rice producers pay a minimum water use processing fee of \$20 per year in years they don't appropriate any water or their permit is suspended. All other permitted appropriators pay a minimum water use processing fee of \$101 per year.
- IV. CenterPoint Energy started storing natural gas in an underground dome formation near the towns of Waseca and Waterville around 1968; approximately 6.5 billion cubic feet of natural gas is now stored at this facility. The DNR is required to review, analyze and monitor this storage activity to ensure that gas is not leaking into the aquifers or other formations. The DNR collects the information from CenterPoint Energy and from water wells around the gas storage area. The results of this monitoring activity are sent to Dr. Paul Witherspoon at the University of California-Berkeley, who is an expert on underground gas storage. The DNR has contracted with Dr. Witherspoon since the beginning for analysis of the monitoring data that are collected. DNR bills CenterPoint Energy for the actual costs of field inspections, meetings, monitoring activities and the contracted analysis. The recommendation is to appropriate these funds back to the Water Resources Management Program to cover these costs.

### Relationship to Base Budget

## CHANGE ITEM

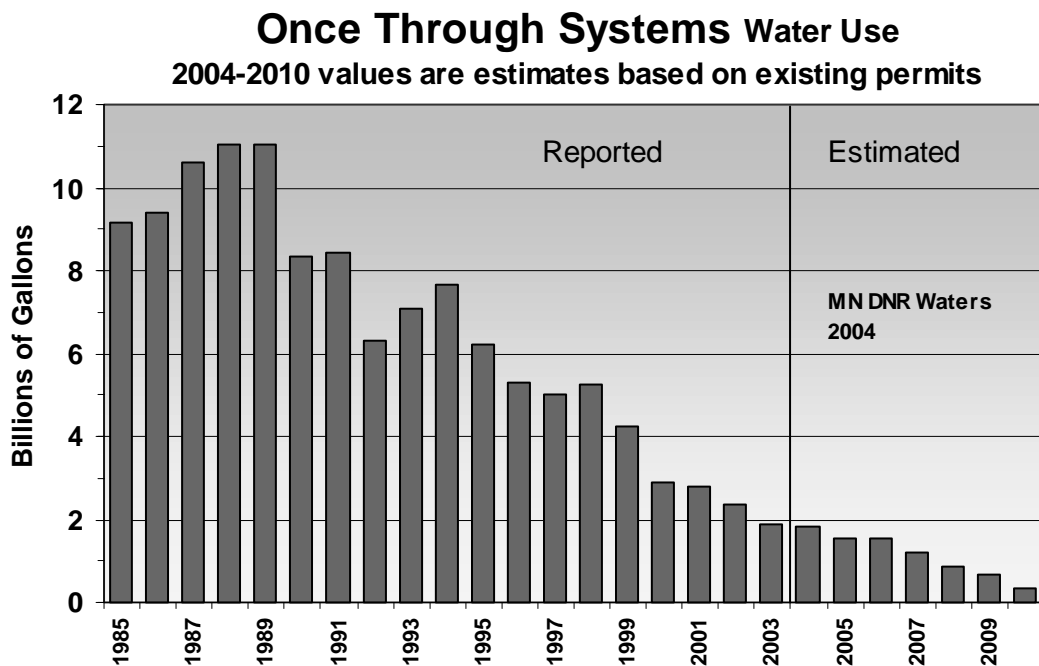
Program: **Water Resources Management**

Change Item: **Water Permit Fee Increases**

- I. This change in application fees is estimated to increase the revenue to the General Fund by \$63,000. It is a small change in relation to the Water Resources Management Program's FY 2005 General Fund budget of \$10 million.
- II. This is a small change and the revenue to the General Fund will decrease over time. The \$160,000 of additional revenue in 2005 is small compared to the Water Resources Management Program's \$10 million budget in FY 2005.
- III. This change in fees is estimated to increase the revenue to the General Fund by \$48,000. It is a small change in relation to the Water Resources Management Program's FY 2005 General Fund budget of \$10 million.
- IV. The fees currently received from CenterPoint Energy are currently deposited in the General Fund. Under this proposal the fees would still be deposited in the General Fund but would be appropriated to the DNR for expenditure on the costs of field inspections, monitoring and analysis of the underground gas storage facility.

### Key Measures

- I. This change item will generate more funds to the state General Fund. It is expected the number of permit applications will remain relatively constant at about 800 per year.
- II. There are currently 22 once-through cooling facilities for which DNR has issued permits. Most of these remaining once-through cooling systems will be switched to alternative cooling technologies by 2010.



- III. This change item will generate more funds for deposit to the General Fund.
- IV. The DNR will continue to monitor the site to ensure that the gas does not leak into the aquifer or other geologic formations in the area of the facility.

### Statutory Change:

## CHANGE ITEM

Program: Water Resources Management

Change Item: Water Permit Fee Increases

- I. Minn. Stat. § 103G.301, Subd. 2 (b) would be amended by deleting \$75 and inserting \$150 and by deleting \$500 and inserting \$1,000.
- II. Minn. Stat. § 103G.271, Subd. 6 (2) would be amended by deleting \$200 and inserting \$300.
- III. Minn. Stat. § 103G.271, Subd. 6 (f) would be deleted.
- IV. This change requires an amendment to Minn. Stat. § 103I.681 Subd. 11.

**Agency Purpose**

The Minnesota Department of Natural Resources (DNR) “works with citizens to conserve and manage the state’s natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable quality of life.” This mission requires sharing stewardship with citizens and partners, working together to address often-competing interests.

**Core Functions**

The DNR’s responsibilities are broad. The agency works to provide opportunities for hunting and fishing, recreation, and economic development, as well as to preserve important features of our natural heritage. The DNR’s mission requires balancing multiple interests to meet the needs of Minnesota citizens while protecting the long-term sustainability of our natural resources.

**Key DNR Policy Principles:**

- ◆ Protect the long-term health of the state’s natural resources
- ◆ Deliver sustainable levels of products and services that support Minnesota’s natural resources-based economies
- ◆ Provide a variety of outdoor recreation opportunities for Minnesota’s citizens
- ◆ Guard the integrity of dedicated funds and ensure financial accountability

The following strategies guide our natural resources management:

- ◆ Enhance communication and working relationships with core natural resource constituents;
- ◆ Cooperate with other agencies, local units of government, citizens, and stakeholders to effectively manage and sustain natural resources;
- ◆ Make resource and land use decisions as locally as possible;
- ◆ Integrate planning and budgeting across area, regional, and state organizational levels;
- ◆ Deliver services effectively and efficiently;
- ◆ Use sound scientific principles, accurate information, and state-of-the-art technology in managing our natural resources; and
- ◆ Model the sustainable use of natural resources in our work.

**Operations**

The DNR works directly with citizens, stakeholder groups, and all levels of government in setting priorities, managing diverse natural resources, and providing scientific and technical expertise. The DNR administers 12 million acres in mineral rights and 5.5 million acres of land for state forests, wildlife management areas, parks, recreation areas, scientific and natural areas, state trails, and public water access sites.

**At A Glance**

A solid natural resource base provides the essential foundation upon which the economic and recreational use of Minnesota’s natural resources rests. Department of Natural Resources (DNR) budget priorities emphasize conservation of Minnesota’s natural resource assets. The following statistics illustrate the range and reach of DNR’s stewardship responsibilities.

**Public Lands and Waters Administered by DNR**

- ◆ 5.5 million acres of land owned by the state of Minnesota, including 3.85 million acres managed as forests
- ◆ 12 million acres of mineral rights for taconite and metallic minerals
- ◆ 8.3 million acres of state surface rights and mineral rights for industrial minerals and horticultural peat
- ◆ 11,842 lakes (3.3 million acres of lake surface)
- ◆ 6,564 rivers and streams totaling 69,200 miles
- ◆ About 10 million acres of wetlands

**Facilities Administered by DNR**

- ◆ 66 State Parks and 6 State Recreation Areas
- ◆ 14 State Trails paved for bicycle use and 8 State Waysides
- ◆ 1,560 State Water Accesses
- ◆ 58 State Forests, with 44 Forest Campgrounds
- ◆ 138 State Scientific and Natural Areas
- ◆ 110 State Aquatic Management Areas
- ◆ 1,355 State Wildlife Management Areas
- ◆ 6 State Wild, Scenic, and Recreational Rivers
- ◆ 20,385 miles of snowmobile trails (FY 04 DNR & GIA)
- ◆ Over 3,400 miles of canoe and boating routes
- ◆ Over 2,000 miles of forest roads
- ◆ 1,792 miles of cross country ski trails (FY 04 DNR & GIA)
- ◆ 1,147 miles of multi-use state trails (FY 04)
- ◆ 1,212 miles of recreation motor vehicle trails (FY 04 DNR & GIA)

The agency is organized into four geographic regions, eight operating divisions, and four support bureaus. Staff work out of 200 field offices that are located statewide.

- ⇒ **Lands and Minerals** manages agency real estate transactions and provides expertise on mineral exploration, mining, and mine land reclamation.
- ⇒ **Waters** monitors all phases of the hydrologic cycle, managing impacts on wetland, lake, river, and groundwater phases of the hydrologic cycle.
- ⇒ **Forestry** strives for the sustainable yield of timber resources for forest products while managing state forests for wildlife habitat and recreation. Forestry also protects citizens and property from wildfires.
- ⇒ **Parks & Recreation** operates a system of state park and forest campgrounds that preserves and manages natural, scenic and cultural resources, and offers opportunities for recreation and education.
- ⇒ **Trails and Waterways** provides access to lakes, rivers and streams; designates boating routes; and maintains a statewide network of recreation trails.
- ⇒ **Fish and Wildlife** conserves and enhances the state's fish and wildlife populations and their supporting habitats through management and restoration, research and monitoring, harvest regulations, and education.
- ⇒ **Ecological Services** works to advance healthy, resilient ecosystems through research on native plant and animal communities, provides extensive public information, and maintains the state's Scientific and Natural Areas.
- ⇒ **Enforcement** seeks compliance with the laws related to game and fish and the operation of watercraft, snowmobiles, ATVs and other recreational vehicles, and provides a series of conservation education programs.
- ⇒ **Operations Support** contains the commissioner's office; four bureaus that provide administrative and support services to all other DNR divisions as well as direct services to the general public; and regional operations for four geographic regions (northwest, northeast, central and southern).

## Budget

Direct, open, and statutory appropriations total \$636.254 million for the FY 2006-07 biennium: 33% is from the General Fund, 29% from the Game and Fish Fund, 20% from the Natural Resources Fund, 6% from Federal Funds, and the remaining from other funding sources.

### Contact

Department of Natural Resources  
500 Lafayette Road  
Saint Paul, Minnesota 55155

Gene Merriam, Commissioner  
Phone: (651) 296-2549  
Fax: (651) 296-4799  
<http://www.dnr.state.mn.us>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<b><u>Direct Appropriations by Fund</u></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	12,610	12,861	12,861	12,861	25,722
<b>Recommended</b>	<b>12,610</b>	<b>12,861</b>	<b>14,981</b>	<b>14,982</b>	<b>29,963</b>
Change		0	2,120	2,121	4,241
% Biennial Change from 2004-05					17.6%
<b>General</b>					
Current Appropriation	91,817	85,977	85,977	85,977	171,954
<b>Recommended</b>	<b>91,817</b>	<b>85,977</b>	<b>74,761</b>	<b>74,761</b>	<b>149,522</b>
Change		0	(11,216)	(11,216)	(22,432)
% Biennial Change from 2004-05					-15.9%
<b>Natural Resources</b>					
Current Appropriation	54,387	55,762	55,762	55,762	111,524
<b>Recommended</b>	<b>54,387</b>	<b>55,762</b>	<b>50,958</b>	<b>49,402</b>	<b>100,360</b>
Change		0	(4,804)	(6,360)	(11,164)
% Biennial Change from 2004-05					-8.9%
<b>Game And Fish</b>					
Current Appropriation	82,350	82,292	82,292	82,292	164,584
<b>Recommended</b>	<b>82,350</b>	<b>82,292</b>	<b>79,911</b>	<b>82,058</b>	<b>161,969</b>
Change		0	(2,381)	(234)	(2,615)
% Biennial Change from 2004-05					-1.6%
<b>Remediation</b>					
Current Appropriation	100	100	100	100	200
<b>Recommended</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>
Change		0	0	0	0
% Biennial Change from 2004-05					0%
<b>Permanent School</b>					
Current Appropriation	0	0	0	0	0
<b>Recommended</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>350</b>	<b>700</b>
Change		0	350	350	700
% Biennial Change from 2004-05					n.m.



Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	16,436	16,657	14,981	14,982	29,963
General	89,010	92,134	74,761	74,761	149,522
Minnesota Resources	1,662	1,407	0	0	0
Natural Resources	46,204	65,246	50,958	49,402	100,360
Game And Fish	73,610	91,052	79,911	82,058	161,969
Remediation	59	141	100	100	200
Permanent School	0	0	350	350	700
<b>Open Appropriations</b>					
General	17,355	17,482	30,129	29,419	59,548
Natural Resources	176	254	434	333	767
Game And Fish	725	818	812	807	1,619
<b>Statutory Appropriations</b>					
General	2	382	22	0	22
Natural Resources	2,223	4,681	12,654	12,647	25,301
Special Revenue	20,292	21,895	19,284	19,184	38,468
Game And Fish	2,823	3,810	10,735	10,585	21,320
Federal	13,967	20,593	18,222	17,169	35,391
Remediation	37	3,000	2,000	1,169	3,169
Reinvest In Minnesota	2,060	2,860	2,441	2,441	4,882
Miscellaneous Agency	99	60	45	45	90
Gift	1,510	2,626	1,463	1,462	2,925
Permanent School	3	537	19	19	38
<b>Total</b>	<b>288,253</b>	<b>345,635</b>	<b>319,321</b>	<b>316,933</b>	<b>636,254</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	154,904	160,310	153,128	154,653	307,781
Other Operating Expenses	68,099	103,914	90,297	90,014	180,311
Capital Outlay & Real Property	15,321	24,068	16,712	15,654	32,366
Payments To Individuals	3	0	0	0	0
Local Assistance	47,966	55,736	45,023	43,223	88,246
Other Financial Transactions	1,960	1,582	767	1	768
Transfers	0	25	13,394	13,388	26,782
<b>Total</b>	<b>288,253</b>	<b>345,635</b>	<b>319,321</b>	<b>316,933</b>	<b>636,254</b>
<b><u>Expenditures by Program</u></b>					
Land & Minerals Resource Mgmt	8,181	10,102	23,607	23,542	47,149
Water Resources Mgmt	14,016	14,900	14,172	13,023	27,195
Forest Management	58,700	66,953	61,832	61,411	123,243
Parks & Recreation Mgmt	41,728	44,635	38,668	38,756	77,424
Trails & Waterways Mgmt	26,197	35,270	29,069	28,870	57,939
Fish & Wildlife Management	67,687	81,983	79,521	80,853	160,374
Ecological Services	11,416	20,046	16,762	15,921	32,683
Enforcement Nr Laws&Rules	24,395	33,272	30,180	30,702	60,882
Operations Support	35,933	38,474	25,510	23,855	49,365
<b>Total</b>	<b>288,253</b>	<b>345,635</b>	<b>319,321</b>	<b>316,933</b>	<b>636,254</b>
<b>Full-Time Equivalentents (FTE)</b>	<b>2,510.2</b>	<b>2,530.9</b>	<b>2,399.5</b>	<b>2,358.9</b>	

**Program Description**

The purpose of the Lands and Minerals Resource Program is to implement land policy on state-owned lands and provide fiduciary oversight in managing real estate and mineral transactions. This program is the responsibility of the Department of Natural Resources (DNR's) Division of Lands and Minerals. The division administers about five million acres of land and about 12 million acres of state-owned and tax-forfeited mineral rights. In addition, the division has regulatory authority to ensure that reclamation is conducted at metallic mineral and peat mines and it is a principal proponent of environmentally sound mining practices.

Real estate functions include purchases, sales, and exchanges of state lands thereby implementing the strategic resource management plans of the department by purchasing sensitive habitat and strategically important natural resources lands, and exchanging or selling lands to meet natural resource management objectives.

Primary responsibilities for minerals resource management include managing state mineral leases for exploration and mining, negotiating lease rates, and collecting revenue from mining activities. In addition, the division provides technical assistance to local governments on mineral resources and mining issues. The division also manages three minerals research programs that are intended to maintain the competitiveness of the taconite industry, diversify the state's minerals industry, and address environmental issues related to mining.

**Population Served**

The division provides mineral and real estate information for the state's citizens. State-owned lands provide opportunities for hunting, fishing, and other recreational uses of natural lands as well as financial benefits to various trust funds and local units of governments.

**Services Provided**

⇒ **Real Estate and Mineral Transactions**

Services include: land acquisitions; land exchanges; land sales; road easements; utility licenses; real estate tax and special assessment payments; and mineral and agricultural leases. Land is acquired in fee title and for conservation easements designed to protect habitat. Mineral leases include those for taconite, iron ore, non-ferrous metallic, horticultural peat, and industrial minerals.

Core responsibilities also include: collecting mineral rental and royalty payments; title research; calculating Payment-in-lieu-of-Taxes (PILT) for state-owned lands; and conducting legislatively-mandated reviews for county-proposed, tax-forfeited land sales. Additional responsibilities include maintaining the Land and Mineral Rights Information System that holds records for 400,000 individual parcels of DNR lands and county administered lands held in trust by the state.

⇒ **Mineral Potential and Engineering**

Responsibilities include developing mineral resource information to support state mineral lease sales and mining. The staff generates mineral resource and reserve estimates, calculates ore quality, conducts field inspections, and calculates state royalties due from exploration and mining on leased state lands. Geological staff also provides technical information on construction aggregate resources to county boards and zoning and planning commissions throughout the state.

**Program at a Glance**

- ◆ National Rankings\*
  - 1<sup>st</sup> in taconite production
  - 11<sup>th</sup> in non-fuel mineral production
  - 6<sup>th</sup> in sand and gravel production
  - 3<sup>rd</sup> in horticultural peat production
- ◆ \$10.9 million in mineral revenue for FY 2004.
- ◆ Twelve million acres of land managed for mineral rights.
- ◆ Eight million acres of surface rights managed for horticultural peat, industrial minerals, and construction materials.
- ◆ Fiduciary responsibilities for the Permanent School Fund and Permanent University Fund.
- ◆ Mineral research and development programs.
- ◆ Reclamation program for iron ore, metallic minerals, and horticultural peat.
- ◆ Real estate management programs for land acquisitions, sales, and exchanges on five million acres.

\* Source: U. S. Geological Survey, Mineral Commodity Summaries, January 2004

**⇒ Mine Land Reclamation**

Minnesota statutes direct the division to establish and enforce regulations for reclamation of lands disturbed by mining. This authority pertains to iron ore, taconite, non-ferrous metallic minerals, and peat mines. Responsibilities include: reducing the environmental impacts of mining; issuing permits and ensuring reclamation during and following completion of mining; determining effective reclamation techniques; enforcing reclamation law; ensuring public review and input to the permitting process; and developing and implementing mine closure plans associated with bankruptcies.

**⇒ Minerals Research**

The division manages three research programs: Iron Ore Cooperative Research, Minerals Diversification, and Environmental Cooperative Research. Statutes direct the research to support and diversify the states mineral industry and address environmental issues related to mining. These programs are typically co-funded with non-state monies and are currently supported with corporate monies and by non-state agencies such as the U.S. Bureau of Land Management, U.S. Environmental Protection Agency (EPA), and Western Lake Superior Sanitary District. An example of research includes a study of mercury emissions (water and air) from taconite processing facilities in which the division is working with the EPA, Minnesota Pollution Control Agency (MPCA), and industry in determining how mercury release from these plants can be reduced. Work to date is promising and both the regulatory community and industry are offering further support.

**⇒ Land Survey**

The land survey staff provides land surveying services and boundary staking and platting for acquisitions, conservation easements, land sales, trespass situations, and other activities. Core functions include land title research, review of encroachments and adjoiner rights, resolution of conflicts, computations and computer assisted drafting (CAD), and review of all quiet title actions (title registration court proceedings) served upon the department.

**Historical Perspective**

Mineral development in Minnesota was dominated by the extraction of iron ore from the 1890s to the 1950s, followed by development of the taconite process in the early 1950s, and construction of taconite plants in the late 1960s. The latest generation of value-added iron processing began with the funding of the Mesabi Nugget demonstration plant that has been testing a process of producing high-purity iron. Mesabi Nugget, Limited License Corporation (LLC), concluded its pilot plant demonstration of the Kobe Steel Itmk3 iron-making technology at Silver Bay in the summer of 2004. Financial partners of Mesabi Nugget, including the state of Minnesota, Kobe Steel, Cleveland-Cliffs, Steel Dynamics and Ferrometrics, are now exploring the construction of a commercial facility at the former LTV Steel Company property near Hoyt Lakes.

Worldwide, mineral exploration has increased for non-ferrous metallic minerals during the last year as national economies have improved. The exploration activity follows higher commodity prices, driven by rapid economic growth in China. In Minnesota, the mineral leasing program is continuing at a modest level. Multinational firms have been exploring throughout the state, on public and private lands, including some activity in southern Minnesota. Airborne geophysics and drilling are being conducted by a number of companies, including a large fill-in drilling project being proposed by Polymet Inc. in copper-nickel deposits near Hoyt Lakes. The number of state non-ferrous metallic minerals leases that are in effect fluctuates with exploration interest. From January 1, 2003 to January 1, 2004, the number of leases decreased from 261 to 191; lease acreage decreased from 77,781 to 59,956.

Historically, sales of construction aggregates (natural sand and gravel and crushed rock) from state lands have been limited. To provide aggregate resource information to local government and to increase the sale of state-owned resources, the division is mapping county aggregate resources as directed by M.S. 84.94. The division is also engaged in research to expand the use of additional rock resources that currently do not meet state specifications. In conjunction with a number of private and public partners, the division is sponsoring research at the Minnesota Road Research Facility (MnROAD) intended to ultimately increase the use of taconite waste rock in state roads. In order to expand the rock types that meet Minnesota Department of Transportation (MNDOT) and federal specifications, MNROAD is testing iron range waste rock as aggregate in a Superpave asphalt mix design

in a 500-foot section of roadway at the MnROAD facility. In addition, plans are under way to expand the testing for this rock in concrete pavement at MNROAD.

**Key Measures**

◆ **Real Estate Transactions**

Real estate transactions are a measure of the department’s progress toward its land management goals. As such, land acquisitions are used as a measurement of progress for a number of targets in *A Strategic Conservation Agenda, 2003-2007: Measuring Progress towards Mission*.

The following table contains information on department land transactions for FY 2003-04. Department programs acquiring land include: Aquatic Management Areas, Canoe and Boating Routes, Fish Management Areas, Native Prairie Bank, Scientific & Natural Areas, State Parks, State Trails, Water Access Sites, and Wildlife Management Areas.

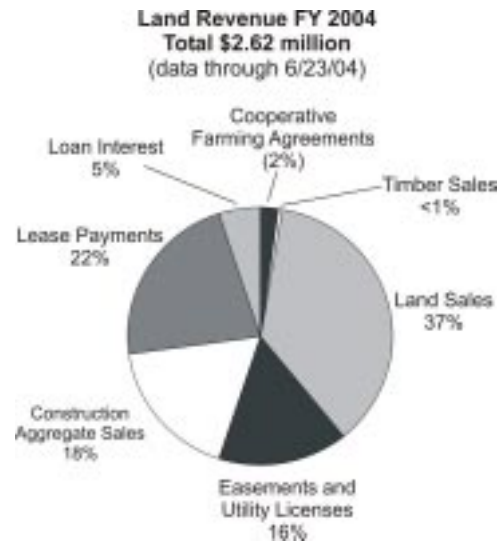
Land Acquisitions, Sales, and Exchange Statistics, FY 2003-04.

		Number of parcels	Acres	Cost*
Land Acquisitions	Fee Title	155	9,784	\$10,260,860
	Easements	70	1,297	4,991,403
	Total	225	11,081	15,252,262
Land Sales		28	150	1,012,238
Land Exchanges	Relinquished	16	1,134	1,991,532
	Acquired	16	1,675	2,008,782

\* The costs for acquisitions include appraisal fees, recording fees, property taxes, etc. in addition to the land value. Forty-seven of the fee title acquisitions were gifts (2,698 acres). Twenty-four of the gifts were donated by Pheasants Forever, which received Legislative Commission on Minnesota Resources (LCMR) monies to obtain the gifted parcels. Eighteen easements (93 acres) were gifts. Three fee title acquisitions (162 acres) were acquired via condemnation.

◆ **Land Revenue**

The real estate-related activities generated about \$2.5 million in revenue in FY 2003 and \$2.6 million in FY 2004. The chart illustrates the types of activity that produced revenue in FY 2004. As part of the budget-balancing legislation passed in 2003, the Department of Administration was directed to work with state agencies to sell at least \$5.505 million of surplus state-owned land with the proceeds deposited into the General Fund. Through August of 2004, the DNR has contributed sale revenue of \$529,514 towards this requirement.

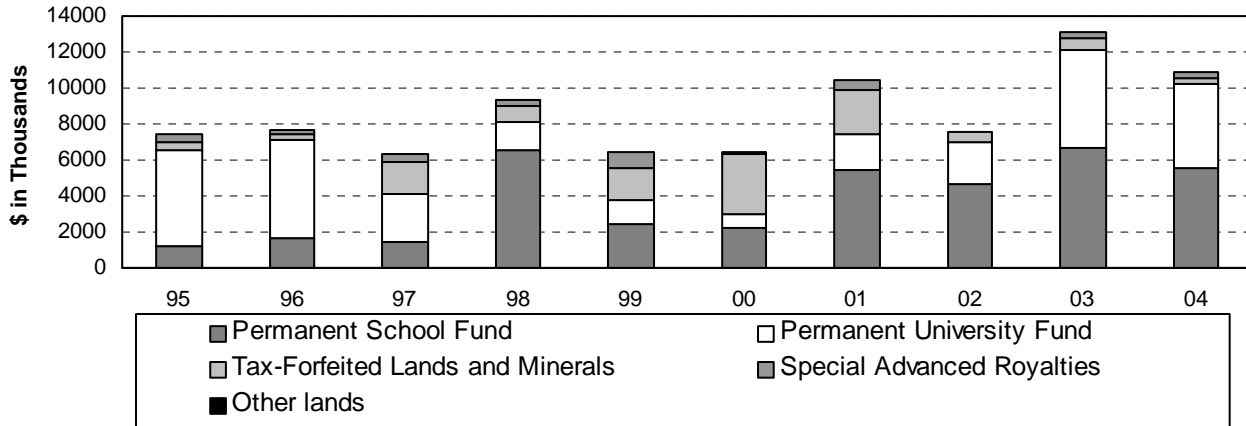


◆ **Mineral Revenue**

A historic high of \$13.1 million in mineral revenue was reached FY 2003. Revenues totaled \$10.9 million in FY 2004 (see below). Taconite mining generated about 97% of the revenue, as the taconite industry produced pellets at full capacity of about 40 million tons annually. While there was decrease (\$2.2 million) in the FY 2004 revenue from the previous year, the emergence of two operations from bankruptcy has resulted in a strengthened taconite industry. The reopening of the former EVTAC mining as United Taconite, LLC and the United States Steel Corporation’s purchase of National Steel Pellet Company provides further assurance that there will be long-term mining from the state-owned taconite resources. Moreover, a worldwide increase in iron ore and steel prices driven

by increasing demand from China and improvement of the global economy have resulted in higher prices for iron ore worldwide.

**State Minerals Lease Revenues, Fiscal Years 1995-2004**  
(FY 2004 data is through 6/24/04)



NOTE: Under the provisions of M.S. 93.335, subd. 4, the state annually distributes 80% of the mineral rents and royalties generated from the tax-forfeited lands to local taxing districts.

◆ **External Factors Related to Mineral Revenue**

Consolidation in the US steel industry and dramatic growth in the demand for iron ore and steel in China have led to significant changes in Minnesota’s taconite iron mining industry. These factors have resulted in changes of ownership at Hibbing Taconite, Keewatin Taconite (formerly National Steel Pellet Company) and United Taconite, LLC (formerly EVTAC Mining). The International Steel Group, Inc. purchased the assets of the bankrupt Bethlehem Steel Corporation and became the majority owner of Hibbing Taconite Company. Keewatin Taconite was formed in April 2003 when US Steel purchased the assets of the bankrupt National Steel Corporation. United Taconite was formed in December 2003 when Cleveland-Cliffs and the Chinese steel-maker Laiwu purchased the assets of bankrupt EVTAC Mining. Each of these operations now have financially healthier owners that are better able to provide for ongoing capital needs of the operations. Although it is premature to predict demand for iron ore in the upcoming years, many industry reports indicate strong demand through 2005.

**Program Funding**

Funding Source: Of direct appropriations, Lands and Minerals Funding for FY 2004 - 05 was comprised of: General Fund 86%; Game and Fish Fund 12%; and Water Recreation 2%.

**Contact**

William C. Brice  
 Division Director  
 Phone: (651) 296-9553  
 Fax: (651) 296-5939  
[http://www.dnr.state.mn.us/lands\\_minerals](http://www.dnr.state.mn.us/lands_minerals)

# NATURAL RESOURCES DEPT

Program: LAND & MINERALS RESOURCE MGMT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	58	57	57	57	114
<b>Technical Adjustments</b>					
One-time Appropriations			(57)	(57)	(114)
Subtotal - Forecast Base	58	57	0	0	0
<b>Total</b>	<b>58</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>General</b>					
Current Appropriation	6,451	6,452	6,452	6,452	12,904
<b>Technical Adjustments</b>					
One-time Appropriations			(1)	(1)	(2)
Subtotal - Forecast Base	6,451	6,452	6,451	6,451	12,902
<b>Governor's Recommendations</b>					
Minerals Management Fee		0	(1,526)	(1,526)	(3,052)
Operations Support Funding		0	343	343	686
Road Easement Application Fee		0	(20)	(20)	(40)
<b>Total</b>	<b>6,451</b>	<b>6,452</b>	<b>5,248</b>	<b>5,248</b>	<b>10,496</b>
<b>Natural Resources</b>					
Current Appropriation	156	156	156	156	312
Subtotal - Forecast Base	156	156	156	156	312
<b>Governor's Recommendations</b>					
Minerals Management Fee		0	1,946	1,946	3,892
Operations Support Funding		0	20	20	40
<b>Total</b>	<b>156</b>	<b>156</b>	<b>2,122</b>	<b>2,122</b>	<b>4,244</b>
<b>Game And Fish</b>					
Current Appropriation	887	887	887	887	1,774
Subtotal - Forecast Base	887	887	887	887	1,774
<b>Governor's Recommendations</b>					
Maintenance of Service - Game and Fish		0	35	71	106
Operations Support Funding		0	74	74	148
<b>Total</b>	<b>887</b>	<b>887</b>	<b>996</b>	<b>1,032</b>	<b>2,028</b>
<b>Permanent School</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Aggregate Inventory on School Trust Land		0	50	50	100
Revenue Enhancements on School Lands		0	300	300	600
<b>Total</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>350</b>	<b>700</b>

**NATURAL RESOURCES DEPT**

Program: LAND & MINERALS RESOURCE MGMT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	24	91	0	0	0
General	6,300	6,801	5,248	5,248	10,496
Natural Resources	156	156	2,122	2,122	4,244
Game And Fish	828	946	996	1,032	2,028
Permanent School	0	0	350	350	700
<b>Open Appropriations</b>					
General	137	139	13,514	13,514	27,028
<b>Statutory Appropriations</b>					
Natural Resources	0	0	520	520	1,040
Special Revenue	716	1,349	793	692	1,485
Miscellaneous Agency	17	60	45	45	90
Gift	0	23	0	0	0
Permanent School	3	537	19	19	38
<b>Total</b>	<b>8,181</b>	<b>10,102</b>	<b>23,607</b>	<b>23,542</b>	<b>47,149</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	6,153	6,219	6,248	6,284	12,532
Other Operating Expenses	1,599	2,831	2,803	2,803	5,606
Local Assistance	429	1,052	1,181	1,080	2,261
Transfers	0	0	13,375	13,375	26,750
<b>Total</b>	<b>8,181</b>	<b>10,102</b>	<b>23,607</b>	<b>23,542</b>	<b>47,149</b>
<b><u>Expenditures by Activity</u></b>					
Land & Minerals Resource Mgmt	8,181	10,102	23,607	23,542	47,149
<b>Total</b>	<b>8,181</b>	<b>10,102</b>	<b>23,607</b>	<b>23,542</b>	<b>47,149</b>
<b>Full-Time Equivalent (FTE)</b>	<b>84.1</b>	<b>83.4</b>	<b>85.0</b>	<b>83.0</b>	

**Program Description**

The purpose of the Water Resources Management Program is to maintain the physical integrity of Minnesota's wetlands, lakes, rivers, and water supplies. This program is the responsibility of the Department of Natural Resources (DNR's) Division of Waters. This work is done in cooperation with local units of government and the public. The division measures rainfall, lake levels, stream flow, and ground water levels. The division also gathers and interprets water resource data to describe how human activities impact the hydrologic system and how negative impacts can be mitigated.

DNR Waters has developed programs to prevent or mitigate impacts of hydrologic extremes such as flooding and drought, limit erosion and sedimentation, address conflicts over water use and well interference, assist communities to develop reasonable water supplies, manage lake level disputes, maintain or improve shoreland and riparian habitat, prevent loss of wetlands and encroachment onto the beds of public waters, assist communities to manage shoreland and floodplain development, and inspect, repair or remove hazardous dams. The division must balance resource protection with reasonable uses of the water resources and adjacent lands; statutory duties are found in Chapters 103A through 103I, with most in Chapter 103G.

**Program at a Glance**

- ◆ Administer flood hazard mitigation grants totaling over \$100 million in since 1997.
- ◆ Regulate over 21,000 public waters basins and 69,200 miles of rivers and streams.
- ◆ Permit and monitor about 7,000 large water users.
- ◆ Enforce dam safety regulations at over 1,000 public and private dams.
- ◆ Manage statewide monitoring networks for precipitation, lake levels, stream flow, and ground water levels.
- ◆ Assist 450 local governments to administer floodplain ordinances, and 250 local governments to administer shoreland ordinances.

**Population Served**

DNR Waters provides water resources data, information, stewardship education, and water resources technical assistance to other state and federal agencies, local government officials, planning commissions, consultants, environmental organizations, teachers, and the public. DNR Waters provides grants, training, and technical assistance to local governments. DNR Waters regulates certain activities of riparian land owners, dam owners, persons proposing projects that would result in filling or excavation of public waters, and water users who exceed the threshold of one million gallons per year.

**Services Provided**

DNR Waters maintains critical data collection and services not duplicated elsewhere:

- ◆ gathers, compiles, and interprets information from a precipitation monitoring network of over 1,400 volunteers managed by the state climatologist in cooperation with soil and water conservation districts;
- ◆ gathers, compiles, and interprets water level data from a lake level monitoring network encompassing about 1,000 lakes with the assistance of about 700 citizen volunteers and several local government partners;
- ◆ operates a river floodwarning system that includes 38 automated stream gages in cooperation with the U.S. Geological Survey, the National Weather Service, and 24 municipalities; and provides matching funds to support 30 stream flow monitoring gages operated by the U.S. Geological Survey under the national cooperative stream gauging program;
- ◆ gathers, compiles, and interprets water level data from over 750 ground water observation wells in partnership with soil and water conservation districts;
- ◆ collects information on water use from approximately 7,000 water appropriation permit holders and approves municipal emergency and water conservation plans;
- ◆ prepares County Geologic Atlases and Regional Ground Water Assessments in cooperation with the Minnesota Geological Survey and local government partners;
- ◆ delineates and prepares maps of ground water aquifers and surface water watersheds;
- ◆ characterizes the surface water and ground water resource through hydrologic measurement and modeling; provides assistance to decision-makers through technical analysis;



- ◆ defines the boundaries of state regulatory jurisdiction on wetlands, lakes, and rivers by determining the ordinary high water level of public waters;
- ◆ administers grants for local flood hazard mitigation, dam repair/removal; and coastal zone management projects;
- ◆ assists counties and cities in developing and administering zoning ordinances for shorelands, floodplains, critical areas, and wild and scenic rivers;
- ◆ investigates and mitigates domestic well interference problems that may be caused by high capacity wells; and,
- ◆ regulates work below the ordinary high water level of public waters; withdrawals of water from surface and ground water sources; and construction, operation and maintenance of dams.

**Historical Perspective**

DNR Waters statutory responsibilities to protect Minnesota’s public waters and water supply through a state permit program date back to 1937. It was given responsibility to set minimum standards for local shoreland and floodplain zoning ordinances in the 1960s. It was charged with conducting a statewide inventory of public waters basins and watercourses in the 1970s. Grant programs for flood hazard mitigation and dam safety were created in the 1980s. DNR Waters was given responsibility for the County Atlas Program in the Groundwater Protection Act of 1989.

To maximize efficiency, over the last several biennia DNR Waters has: 1) streamlined regulation through the issuance of general permits; 2) initiated a program evaluation process; 3) adopted project management as a tool to increase staff productivity; and 4) focused services and required project proposers to submit more specific supporting information for permits or other approval requests.

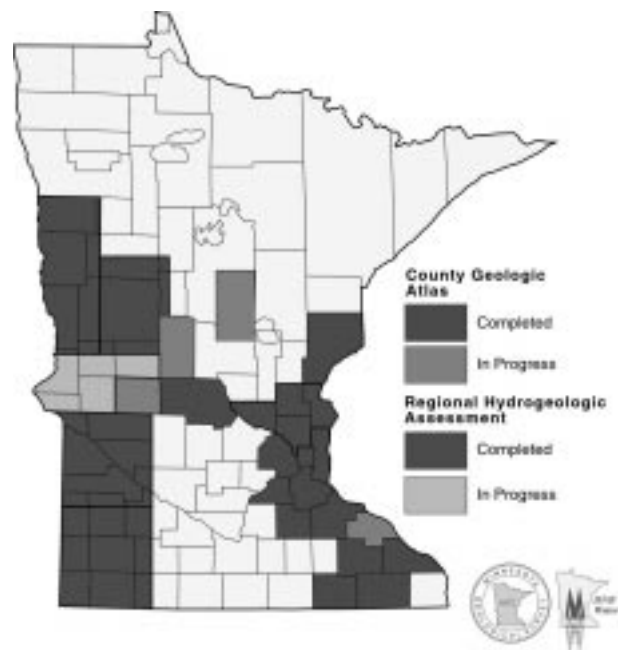
**Key Measures**

⇒ Counties with a County Geologic Atlas or a Regional Hydrogeological Assessment

Local governments want baseline hydrogeologic information to effectively plan for and manage their land and water resources. The need for baseline information about water resources is increasing, especially as water demands grow across Minnesota. In fact, demand for water resources is outstripping population growth rates. Without water supply planning, shortages may occur during periods of drought or if use continues to increase. Surface waters (wetlands, lakes, rivers, and unique resources such as trout streams and fens) can be degraded from ground water pumping or land use changes. Information and technical assistance helps communities find reliable sources of water, and manage water and land use to sustain high quality water resources.

DNR Waters has a partnership with the Minnesota Geologic Survey at the University of Minnesota (U of M) to provide local communities with practical information through the development of County Geologic Atlases and Regional Hydrogeological Assessments. These reports are available for areas that include 75% of the state’s population and 37% of its area. They provide local officials, well drillers, consultants, and land owners a common framework for understanding the local ground water resource.

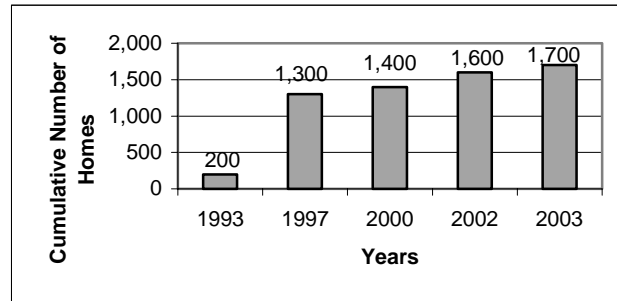
Thirteen atlases and five assessments have already been completed. The goal is to complete one more atlas and one more assessment by 2006.



⇒ Number of homes removed from flood plains to prevent flood damage

Flooding is a natural part of river systems, but flood extremes can harm people and property. While some causes of flooding (climate and precipitation) are beyond our control, we can reduce flood damage by protecting healthy watersheds and preparing for floods when they do occur.

DNR monitors 38 stream gauges around the state to provide data for flood forecasting and promotes sound land use in flood plains. DNR helps local governments plan, carry out, and pay for flood damage reduction measures. Since 1987, DNR has provided funds to communities to build flood-control structures, define flood hazard areas, and buy and remove flood-prone homes. Austin, for example, spent some \$1.3 million to acquire flood-prone homes. Major flooding occurred there in 2000 and 2004 and the cost savings due to removal of flood-prone buildings exceeded the cost of acquiring the structures.



**Number of homes removed from flood plains.** By removing homes from flood plains, DNR and communities saves the expense and danger of protecting them when floods occur.

DNR Waters' goal is to maintain or increase efforts to remove homes from flood plains with available funding and through other cooperative efforts.

**Program Funding**

DNR Waters is funded primarily through General Fund appropriations. A small portion of its operating budget comes from the Water Recreation and Special Revenue accounts. Federal grants provide between \$1.5 and \$2.6 million.

Non-dedicated fees collected for permit applications and annual water use fees totaling approximately \$3.7 million a year are deposited in the General Fund. Current sources of federal grant income include Federal Emergency Management Agency grants for the floodplain management and dam safety programs, and National Oceanic and Atmospheric Agency grants for the coastal zone program in the Lake Superior basin.

**Contact**

Kent Lokkesmoe, Director  
 Phone: (651) 296-4810  
 Fax: (651) 296-0445  
 E-mail: kent.lokkesmoe@dnr.state.mn.us

For additional DNR Waters program information visit [www.dnr.state.mn.us/waters](http://www.dnr.state.mn.us/waters).

**NATURAL RESOURCES DEPT**

Program: WATER RESOURCES MGMT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	11,186	10,456	10,456	10,456	20,912
Subtotal - Forecast Base	11,186	10,456	10,456	10,456	20,912
<b>Governor's Recommendations</b>					
General Fund Reduction Plan		0	(52)	(52)	(104)
Operations Support Funding		0	398	398	796
Surcharge on Summer Water Use		0	330	330	660
Water Permit Fee Increases		0	10	10	20
<b>Total</b>	<b>11,186</b>	<b>10,456</b>	<b>11,142</b>	<b>11,142</b>	<b>22,284</b>
<b>Natural Resources</b>					
Current Appropriation	280	280	280	280	560
Subtotal - Forecast Base	280	280	280	280	560
<b>Total</b>	<b>280</b>	<b>280</b>	<b>280</b>	<b>280</b>	<b>560</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	53	126	0	0	0
General	10,293	11,543	11,142	11,142	22,284
Natural Resources	265	295	280	280	560
<b>Statutory Appropriations</b>					
Special Revenue	183	187	124	124	248
Federal	3,216	2,749	2,626	1,477	4,103
Gift	6	0	0	0	0
<b>Total</b>	<b>14,016</b>	<b>14,900</b>	<b>14,172</b>	<b>13,023</b>	<b>27,195</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	8,357	8,832	8,931	8,636	17,567
Other Operating Expenses	1,747	2,590	2,165	2,122	4,287
Capital Outlay & Real Property	216	0	0	0	0
Local Assistance	3,696	3,478	3,076	2,265	5,341
<b>Total</b>	<b>14,016</b>	<b>14,900</b>	<b>14,172</b>	<b>13,023</b>	<b>27,195</b>
<b><u>Expenditures by Activity</u></b>					
Water Resources Mgmt	14,016	14,900	14,172	13,023	27,195
<b>Total</b>	<b>14,016</b>	<b>14,900</b>	<b>14,172</b>	<b>13,023</b>	<b>27,195</b>
<b>Full-Time Equivalent (FTE)</b>	<b>117.4</b>	<b>123.2</b>	<b>123.0</b>	<b>121.0</b>	

**Program Description**

The purpose of the Forest Management Program is to:

- ◆ manage forest lands in the state (including community forests) to meet long-term, sustainable management objectives for multiple forest resources, including timber, wildlife habitat, recreation, and aesthetics;
- ◆ protect citizens, property, and natural resources from wildfires; and
- ◆ bring together the state's varied forest resource interests to develop and implement programs that promote sustainable site and landscape-based forest management practices.

This program is the responsibility of the DNR's Division of Forestry.

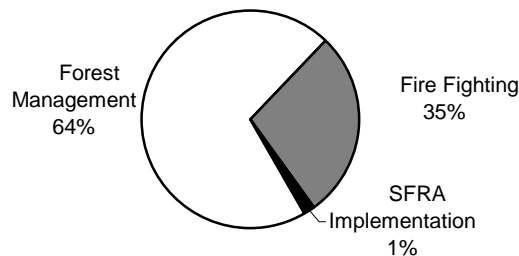
**Budget Activities Included:**

- ⇒ Forest Management
- ⇒ Fire Fighting
- ⇒ Sustainable Forest Resources Act Implementation

**Funding FY 2004-05**

(Total = \$125 million)

Data as of 11/01/04



**Key Measures**

DNR uses a range of performance measures to assess its progress in managing forest lands in the state to meet long-term, sustainable management objectives for multiple forest resources, and protecting citizens, property and natural resources from wildfires. The measures found in the budget activity narratives illustrate accountability to sustainable forestry results. For a more complete set of performance measures and more detailed descriptions of each measure, please see DNR's ***"A Strategic Conservation Agenda, 2003–2007: Measuring Progress toward Mission"*** ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

See activity sections for specific measures.

**NATURAL RESOURCES DEPT**  
**Program: FOREST MANAGEMENT**

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	412	593	586	586	1,172
<b>Technical Adjustments</b>					
One-time Appropriations			(586)	(586)	(1,172)
Subtotal - Forecast Base	412	593	0	0	0
<b>Governor's Recommendations</b>					
LCMR Projects		0	872	872	1,744
<b>Total</b>	<b>412</b>	<b>593</b>	<b>872</b>	<b>872</b>	<b>1,744</b>
<b>General</b>					
Current Appropriation	32,858	27,247	27,247	27,247	54,494
<b>Technical Adjustments</b>					
One-time Appropriations			(38)	(38)	(76)
Subtotal - Forecast Base	32,858	27,247	27,209	27,209	54,418
<b>Governor's Recommendations</b>					
General Fund Reduction Plan		0	(1,187)	(1,187)	(2,374)
Operations Support Funding		0	1,789	1,789	3,578
Trust Land Management Costs		0	(3,500)	(3,500)	(7,000)
<b>Total</b>	<b>32,858</b>	<b>27,247</b>	<b>24,311</b>	<b>24,311</b>	<b>48,622</b>
<b>Natural Resources</b>					
Current Appropriation	0	6,215	6,215	6,215	12,430
Subtotal - Forecast Base	0	6,215	6,215	6,215	12,430
<b>Governor's Recommendations</b>					
Trust Land Management Costs		0	3,500	3,500	7,000
<b>Total</b>	<b>0</b>	<b>6,215</b>	<b>9,715</b>	<b>9,715</b>	<b>19,430</b>
<b>Game And Fish</b>					
Current Appropriation	242	242	242	242	484
<b>Technical Adjustments</b>					
One-time Appropriations			(242)	(242)	(484)
Subtotal - Forecast Base	242	242	0	0	0
<b>Governor's Recommendations</b>					
Heritage Enhancement		0	250	250	500
<b>Total</b>	<b>242</b>	<b>242</b>	<b>250</b>	<b>250</b>	<b>500</b>

NATURAL RESOURCES DEPT  
 Program: FOREST MANAGEMENT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	986	620	872	872	1,744
General	30,801	30,528	24,311	24,311	48,622
Natural Resources	0	6,215	9,715	9,715	19,430
Game And Fish	159	325	250	250	500
<b>Open Appropriations</b>					
General	9,608	9,500	8,737	7,971	16,708
<b>Statutory Appropriations</b>					
Natural Resources	40	110	114	114	228
Special Revenue	12,143	12,460	12,129	12,257	24,386
Federal	4,855	7,082	5,620	5,838	11,458
Gift	108	113	84	83	167
<b>Total</b>	<b>58,700</b>	<b>66,953</b>	<b>61,832</b>	<b>61,411</b>	<b>123,243</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	29,783	28,507	28,046	28,046	56,092
Other Operating Expenses	19,830	29,466	26,168	26,250	52,418
Capital Outlay & Real Property	2,192	1,699	1,809	2,199	4,008
Payments To Individuals	2	0	0	0	0
Local Assistance	5,296	5,699	5,042	4,915	9,957
Other Financial Transactions	1,597	1,582	767	1	768
<b>Total</b>	<b>58,700</b>	<b>66,953</b>	<b>61,832</b>	<b>61,411</b>	<b>123,243</b>
<b><u>Expenditures by Activity</u></b>					
Forest Management	36,144	44,716	40,880	41,225	82,105
Fire Fighting	21,887	21,402	20,221	19,455	39,676
Sustain Res Act Implementation	669	835	731	731	1,462
<b>Total</b>	<b>58,700</b>	<b>66,953</b>	<b>61,832</b>	<b>61,411</b>	<b>123,243</b>
<b>Full-Time Equivalent (FTE)</b>	<b>494.6</b>	<b>470.5</b>	<b>455.2</b>	<b>443.7</b>	

**Activity Description**

This activity exists to sustain and enhance forest ecosystems; to provide a sustainable supply of forest products to meet human needs (e.g., material, economic, and social); and to provide income to the permanent school trust fund.

The goals of this activity are to:

- ◆ provide a long-term, sustainable yield of forest resources. This includes timber and other forest crops, fish and wildlife habitat, clean water, rare flora and fauna, air, soil, educational opportunities, and aesthetic and historic values;
- ◆ manage school trust lands to fulfill the fiduciary responsibilities to the permanent school trust; and
- ◆ improve the health and productivity of public and private (including community) forest lands.

**Activity at a Glance**

- ◆ Managing 4.3 million acres of state forest land.
- ◆ Planting three to four million trees each year on state forestlands.
- ◆ Producing 10 million tree seedlings for planting on public and private lands.
- ◆ Generating \$20-\$22 million in revenues.
- ◆ Offering for sale 700,000–800,000 cords of wood each year . . . enough to build 15,000 homes.
- ◆ Providing technical and cost-share assistance serving 140,000 private forest landowners.

The basic purposes for which these forestry programs were originally created are still valid. These include:

- ◆ maintaining the forest land base; and
- ◆ encouraging professional management of forest lands to meet public demand for products and uses and reforestation and restoring forest lands altered by harvesting, wildfires, insects and diseases, wind storms, and flooding.

**Population Served**

This activity serves a wide range of stakeholders, including:

- ◆ non-industrial private forest landowners;
- ◆ forest industries;
- ◆ environmental groups;
- ◆ outdoor recreational users (motorized and non-motorized);
- ◆ hunters;
- ◆ loggers;
- ◆ communities;
- ◆ other state agencies and levels of government; and
- ◆ consulting foresters and other forestry professionals.

Other units of government and the private sector are involved in the management of forestlands in Minnesota. This broad involvement is driven primarily by the diverse ownership of the state's forestlands. Each forestland owner has their own forest management objectives, that while often similar, are also sometimes unique.

**Services Provided**

This activity provides the following services:

- ◆ management of 4.3 million acres of state-owned lands, including
  - ⇒ forest vegetation management planning;
  - ⇒ timber sales and harvesting;
  - ⇒ reforestation;
  - ⇒ timber stand improvement;
  - ⇒ old growth, old forest, and riparian area management;
  - ⇒ maintenance and operation of the 2,064 mile state forest road system primarily for public recreation use, travel and access to state lands; and

## NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Narrative

⇒ enforcement of state forest rules and regulations.

- ◆ forest management planning assistance (e.g., Forest Stewardship, Tree Farm, enrollment in Sustainable Forestry Incentives Act tax rebate program), technical advice, and cost-share assistance for non-industrial private forest landowners;
- ◆ technical urban forestry and cost-share assistance to Minnesota communities;
- ◆ producing and selling tree and shrub seedlings for conservation planting on public and private lands;
- ◆ monitoring the health, growth and composition of Minnesota' forests;
- ◆ monitoring the implementation and effectiveness of forest management practices and guidelines;
- ◆ technical assistance to counties;
- ◆ developing, monitoring, and evaluating evolving management concepts; and
- ◆ coordinating forestry related education programs in schools.

### Historical Perspective

Over the past 15 years, the Department of Natural Resources (DNR) has contributed about 15 to 20% (i.e., average of 650,000 cords per year) of the total amount of timber harvested in the state (i.e., statewide timber harvesting has ranged from 3.5 to 4.1 million cords per year over the same time period; the most recent information estimates statewide timber harvests at 3.7 million cords in 2002). From FY 2002-04, DNR increased the amount of timber it offered for sale in response to a legislative initiative to offer for sale a backlog of state timber that, according to existing management plans, should have been offered in previous years. In addition, new DNR subsection forest resource management plans (SFRMPs) generally propose higher levels of harvesting over the next 7-10+ years to maintain desired acreages of various forest types; limit losses to tree decay and mortality; and improve the growth, quality and diversity of future forests. As sites identified under these plans are offered for sale and ultimately harvested (which can occur over a five-year permit period once they are sold), DNR's contribution to state timber harvesting can be expected to increase over the near term.

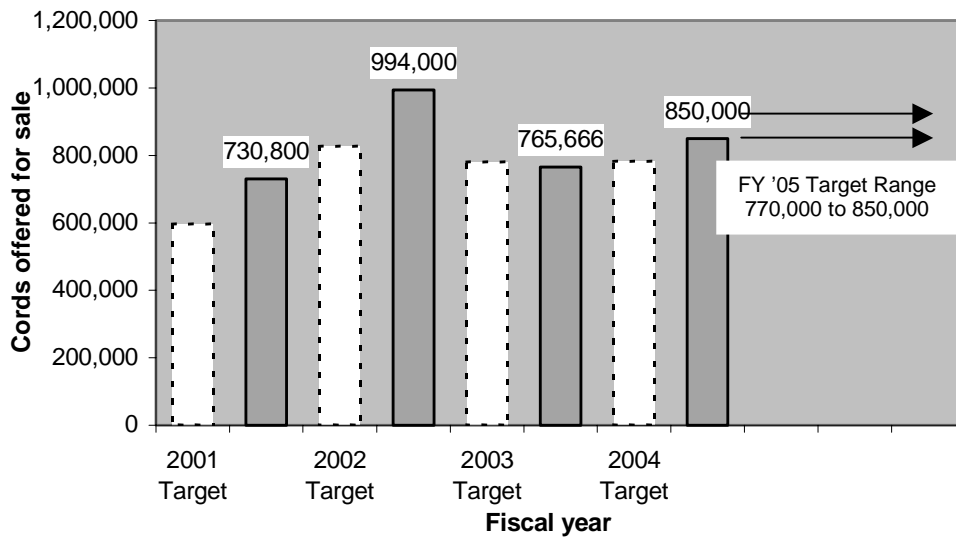
The DNR works with conservation partners to strengthen private forest management through the voluntary Forest Stewardship Program, which provides professional natural resource management expertise and cost sharing (for tree planting and other actions) to private landowners who develop plans for sustainable forest management. DNR currently provides about 40% to 45% of the Forest Stewardship planning assistance. Demands for assistance for forest management plan preparation and assistance will likely increase as a result of the passage of the Sustainable Forestry Incentives Act (SFIA) (which began with the 2002 tax year). The SFIA provides a tax rebate for landowners that follow a professionally prepared forest management plan for their forested property. Increased capacity for plan preparation assistance will need to come from the private sector and other conservation partners in order to meet demand.

Established in 1931, DNR Forest Tree Nurseries have historically played a significant role in providing tree seedlings to private and public landowners for planting for conservation purposes. In 1997, the legislature capped tree seedling production at DNR nurseries at 10 million seedlings per year to help avoid competition with private nurseries. This cap was suspended by the legislature through 2002 to address what is estimated to be a 2-million tree seedling shortage. Discussions will continue between the DNR, private nurseries and the legislature on the appropriate role of DNR nurseries in providing tree seedlings for conservation purposes.



**Key Measures**

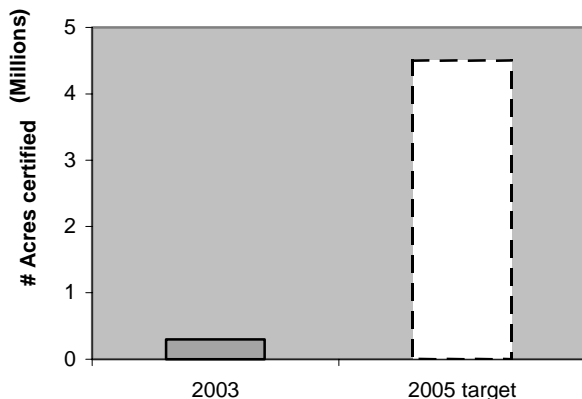
- ◆ **DNR Timber Sales:** With 21 percent of the state’s timberland, DNR is a significant source of raw materials for forest products industries. Also, harvests create habitat for many kinds of wildlife. DNR determines sustainable harvests on state lands with citizen and legislative guidance to balance timber production with other goals such as wildlife, recreation, water quality, and biodiversity.



**Indicator:** Number of cords of wood offered for sale on DNR lands

**Target:** Offer 770,000 – 850,000 cords of timber for sale from DNR lands in FY 2005

- ◆ **Forest Certification** (specifically, third-party audited certification) is an internationally recognized system that evaluates and verifies sustainable forest management practices. It is becoming a common benchmark for forest management. Certification will help DNR further improve its forest management practices, ensuring a sustainable supply of forest resource products and services within diverse, healthy and productive forests



**Indicator:** Percent of state-administered lands approved for forest certification

**Target:** Certify 100 percent of state-administered lands open to timber harvesting by the end of 2005. In 2006, annual audits will be initiated to verify and maintain certification.

- ◆ **Cooperative Forest Management:** Some 147,000 individuals and organizations (excluding industry) own 40 percent of Minnesota’s forestland. This land, much in small woodlots, faces increasing development pressure. To encourage retention and sustainable management of these forestlands, the Forest Stewardship Program

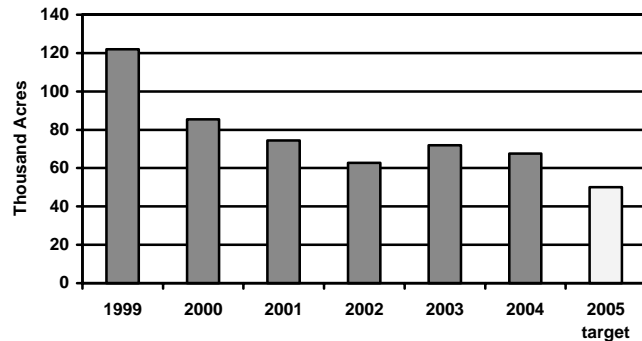
# NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Narrative

offers professional assistance to non-industrial, private forest owners in developing management plans that guide tree planting, timber harvesting and other forest management activities.



**Indicator:** Acres of Private Forestlands with Stewardship Plans

**Target:** Complete 50,000 acres of Forest Stewardship Plans in FY05 with 20,000 acres completed by DNR staff and the remainder by the private sector.

## Activity Funding

This activity receives 57% of its funding from General Fund appropriations, 8% from the Natural Resources Fund that includes Forest Management Investment Account, 21% from other special revenue accounts, and 14% from federal sources. About 50% of this activity's expenditures are salary related, 35% for other operating costs, and 15% for local assistance grants.

## Contact

Tom Baumann  
Forest Resource Management Section Manager  
DNR Division of Forestry  
Phone: (651) 296-4499  
Fax: (651) 296-0902

Learn more about:

- ◆ Timber harvesting on state lands at <http://www.dnr.state.mn.us/forestry/harvesting/index.html>
- ◆ Public involvement in forest planning at <http://www.dnr.state.mn.us/forestry/subsection/index.html>
- ◆ Statewide timber harvest at <http://www.mnplan.state.mn.us/mm/goal.html>
- ◆ The Forest Stewardship Program at <http://www.dnr.state.mn.us/fad/forestmgmt/stewardship.html>

**NATURAL RESOURCES DEPT**  
**Program: FOREST MANAGEMENT**  
**Activity: FOREST MANAGEMENT**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	986	620	872	872	1,744
General	22,467	22,482	16,364	16,364	32,728
Natural Resources	0	6,215	9,715	9,715	19,430
Game And Fish	159	325	250	250	500
<b>Statutory Appropriations</b>					
Natural Resources	40	110	114	114	228
Special Revenue	7,530	7,769	7,861	7,989	15,850
Federal	4,854	7,082	5,620	5,838	11,458
Gift	108	113	84	83	167
<b>Total</b>	<b>36,144</b>	<b>44,716</b>	<b>40,880</b>	<b>41,225</b>	<b>82,105</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	18,967	22,025	21,429	21,429	42,858
Other Operating Expenses	9,691	15,305	12,664	12,746	25,410
Capital Outlay & Real Property	2,187	1,699	1,809	2,199	4,008
Payments To Individuals	2	0	0	0	0
Local Assistance	5,229	5,634	4,977	4,850	9,827
Other Financial Transactions	68	53	1	1	2
<b>Total</b>	<b>36,144</b>	<b>44,716</b>	<b>40,880</b>	<b>41,225</b>	<b>82,105</b>
<b>Full-Time Equivalent (FTE)</b>	<b>303.0</b>	<b>334.6</b>	<b>319.3</b>	<b>307.8</b>	

**Activity Description**

The Division of Forestry is charged with preventing and suppressing wildfires on 45.5 million acres of public and private land in Minnesota. Our goals are to:

- ◆ provide wildfire protection to avoid loss of life;
- ◆ minimize the loss of property and natural resources;
- ◆ provide emergency response in Minnesota and other states; and,
- ◆ use prescribed fire as an effective natural resource management tool.

Wildfire control efforts under state authority originated in the early 1900s after a series of devastating wildfires that destroyed Hinckley, Baudette, Chisholm, and Cloquet. After a severe wildfire season in 1976 the legislature created an open appropriation account to fund emergency fire suppression efforts. Since then, we've worked with legislature to assure an appropriate balance between direct and open appropriations.

**Activity at a Glance**

- ◆ Wildfire protection on 45.5 million acres of land in Minnesota.
- ◆ Responding to an average of 1,650 fires reported to the Department of Natural Resources (DNR) each year that burn over 44,000 acres.
- ◆ Oversight of open burning statutes through the issuing of 60,000-70,000 burning permits each year.
- ◆ Operation of the Minnesota Interagency Fire Center, which coordinates wildfire response and resource sharing for wildfire suppression in Minnesota and for out-of-state reciprocal assistance.
- ◆ Providing direct emergency response assistance with equipment and trained staff.

**Population Served**

- ⇒ Minnesota citizens, homeowners, landowners and businesses.
- ⇒ Minnesota Rural Fire Departments.
- ⇒ Other state, provincial, and federal agencies as partners in wildfire and other emergency response.
- ⇒ Natural resource and land managers.

**Services Provided**

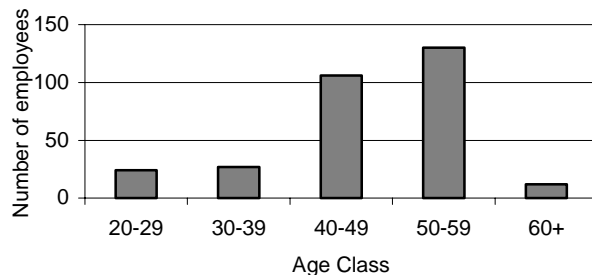
- ⇒ *Pre-suppression* activities include:
  - ◆ train firefighters and support personnel;
  - ◆ develop and maintain partnerships with other fire protection agencies;
  - ◆ operate the Minnesota Interagency Fire Center;
  - ◆ participate in a national interagency fire equipment cache;
  - ◆ contract for heavy ground and aerial suppression equipment;
  - ◆ maintain an emergency response communications network that supports interagency response; and,
  - ◆ develop mobilization and dispatch plans.
- ⇒ *Suppression* is accomplished by a combined force of trained firefighters, support personnel, and aerial and ground equipment. Activities include:
  - ◆ locating wildfires using a combination of aerial patrols, public reports, and limited utilization of lookout towers (i.e., detection);
  - ◆ pre-positioning of resources to maintain adequate response times (i.e., initial attack); and,
  - ◆ controlling the spread and minimizing damage and loss from wildfire (i.e., suppression).
- ⇒ *Firewise Structures & Communities'* activities include:
  - ◆ training and supporting homeowners, developers, and communities in implementing wildfire risk mitigation practices and principles (e.g., fuel reduction);
  - ◆ embedding firewise principles into K-12 education (e.g. teaching modules for geography and computer science classes); and,
  - ◆ increasing fire service communities' abilities to utilize Geographic Information System technology to assess and respond to wildfire risks.

- ⇒ *Prevention* activities include:
  - ◆ education (e.g., Smokey Bear, fire prevention week, school visits);
  - ◆ regulation of open burning (i.e., spring fire restrictions, issuing open burning permits); and,
  - ◆ enforcement of state wildfire and open burning (M.S. 88).
- ⇒ *Emergency response* assistance includes:
  - ◆ maintaining expertise and interagency qualifications in the national Incident Command System (ICS); and,
  - ◆ providing direct emergency response assistance with equipment, and staff trained in ICS command, support, and other incident management functions.
- ⇒ *Prescribed burning* helps prepare sites for reforestation, control insects, diseases, and invasive weeds, improve, wildlife habitat, maintain natural community types, reduce the risk and severity of wildfires, and provide valuable fire suppression training. Activities include:
  - ◆ fire planning, prescribed fires
  - ◆ conducting prescribed fires;
  - ◆ reporting, monitoring and evaluation of prescribed Department of Natural Resources (DNR) prescribed burning activity; and,
  - ◆ providing training to DNR staff and partner agencies and organizations involved in prescribed burning.
- ⇒ *Rural Community Fire Assistance*: Supporting rural fire departments and their ability to protect communities from wildfires through cooperative agreements training, grants and, contracts.
  - ◆ enabling local fire departments to use federal surplus equipment departments as part of the Federal Excess Property Program;
  - ◆ distributing approximately \$450,000 per year of state and federal funds per year to communities with populations under 10,000 to organize, train, and equip their fire departments for preventing and suppressing fires.
  - ◆ providing state surplus wildfire engines to rural fire departments that provide wildfire mutual aid.

**Historical Perspective**

Permanent staffing reductions and an aging workforce in the Division of Forestry have resulted in an age-class imbalance in field staff with wildfire suppression responsibilities. Firefighting remains arduous and hazardous work and heart attacks are the leading cause of wildland firefighting deaths. At a time when suppression demands are increasing in the expanding wildland-urban interface, this age-class imbalance increasingly challenges our suppression capabilities and has increased the need for and use of air craft, emergency firefighters, permanent personnel overtime, and resources from regional and national partner agencies.

Age Distribution of Employees  
DNR Division of Forestry 2004



Minnesota’s strong reciprocal relationship with its state, federal, and provincial partners in wildfire suppression is vital to overcoming this shortage. Maintaining these relationships and the reciprocal sharing of suppression resources, regionally as well as nationally, will impact other division programs. Support for accelerated training of new permanent staff and increasing the number of seasonal positions will be necessary.

In the FY 2004-05 biennial budget, \$2.25 million per year was shifted from the forest management activity General Fund appropriation to the fire fighting budget activity (i.e., emergency fire direction appropriation) in order to consolidate fire fighting direct program costs.

# NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

Narrative

The department was able to reduce the effects of FY 2004-05 fire fighting budget reductions through the use/availability of CL-215 water scooping aircraft; and strengthened partnerships with the Minnesota National Guard, Superior National Forest, and other wildfire response partners, and the provinces of Ontario and Manitoba. This was particularly important to preparedness for wildfire response in the area of northeastern Minnesota affected by the 1999 blow down event.

In December of 2005, the DNR will complete the lease purchase of the two CL-215 aircraft. These aircraft are experiencing expanded use, regionally and nationally, due to the reductions in availability of large air tankers over the last two years. The Division has increased its reimbursement costs for utilization of the aircraft to address the potential accelerated depreciation and maintenance required.

Rural community fire departments' difficulties in recruiting and retaining experienced and trained personnel also limit their ability to respond to fires in the wildland urban interface.

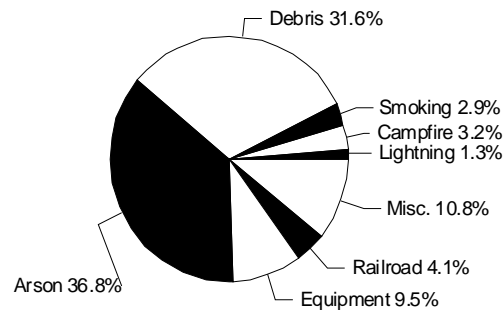
## Key Measures

### ◆ Wildfire Protection

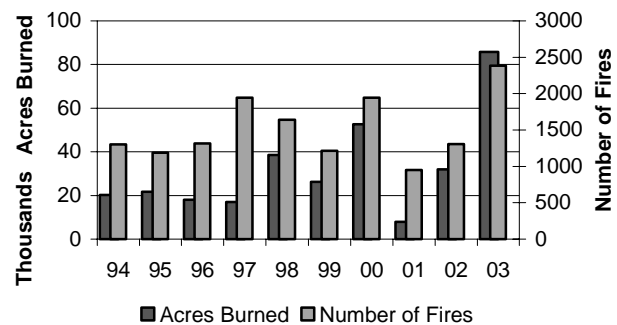
M.S. 88 defines a wildfire as "a fire requiring suppression action, burning any forest, brush, grassland, cropland, or any other vegetative material." The data presented in the charts below include wildfires that the DNR was actively involved in suppressing as well as wildfires suppressed by fire departments that were reported to the DNR.

2002-03 Causes of Wildfires

Total: 3,553 Wildfires



Wildfires Suppressed



## Activity Funding

The activity is funded primarily through general fund appropriations. Of the activity's state expenditures, about 77% are from the General Fund direct and open appropriation. The state receives full reimbursement for personnel or equipment mobilized in support of other states, provinces, or national emergencies.

## Contact

Olin Phillips, DNR Division of Forestry  
Resource Protection Section Manager  
Phone: (651) 296-5971 Fax: (651) 296-5954  
[Olin.Phillips@dnr.state.mn.us](mailto:Olin.Phillips@dnr.state.mn.us)

[http://www.dnr.state.mn.us/forestry/resource\\_protection.html](http://www.dnr.state.mn.us/forestry/resource_protection.html)

<http://www.dnr.state.mn.us/forestry/fire/index.html>

<http://www.dnr.state.mn.us/firewise/homerisk.html>

<http://www.dnr.state.mn.us/education/wildfire/index.html>

**NATURAL RESOURCES DEPT**  
**Program: FOREST MANAGEMENT**  
**Activity: FIRE FIGHTING**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	7,681	7,220	7,217	7,217	14,434
<b>Open Appropriations</b>					
General	9,608	9,500	8,737	7,971	16,708
<b>Statutory Appropriations</b>					
Special Revenue	4,597	4,682	4,267	4,267	8,534
Federal	1	0	0	0	0
<b>Total</b>	<b>21,887</b>	<b>21,402</b>	<b>20,221</b>	<b>19,455</b>	<b>39,676</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	10,407	6,038	6,173	6,173	12,346
Other Operating Expenses	9,879	13,770	13,217	13,217	26,434
Capital Outlay & Real Property	5	0	0	0	0
Local Assistance	67	65	65	65	130
Other Financial Transactions	1,529	1,529	766	0	766
<b>Total</b>	<b>21,887</b>	<b>21,402</b>	<b>20,221</b>	<b>19,455</b>	<b>39,676</b>
<b>Full-Time Equivalents (FTE)</b>	<b>186.4</b>	<b>132.0</b>	<b>132.0</b>	<b>132.0</b>	

**Activity Description**

This budget activity supports implementation of the Sustainable Forest Resources Act (SFRA), M.S. 89A. The public goal to be achieved through the SFRA is promoting the sustainable management and protection of Minnesota's forest resources. The SFRA does so by providing a unique forum for collaborative problem solving among diverse groups interested in forest resource management and protection. The Minnesota Forest Resource Council (MFRC) implements the SFRA. Our core mission is to oversee two broad initiatives that address impacts of timber harvesting and forest management: 1) site-based forest resource practices; and 2) larger scale landscape-level planning and coordination. Focusing on both site- and landscape-level issues is important because of the continuing conflicts between commodity, ecological and amenity values associated with forests.

**Population Served**

Forests occupy one-third of Minnesota's land area and provide a variety of benefits vital to many Minnesota communities, their economies and the natural environment. Therefore, all Minnesota citizens, both urban and rural, depend to some extent on the state's forest resources since citizens expect and depend upon a vibrant economy, viable communities, and healthy ecosystems. Citizens who reside in forested areas and those who recreate there are especially dependent on the state's forest resources.

**Activity at a Glance**

- ◆ Addresses complex forest management issues through collaborative problem solving with the MFRC. The MFRC is made up of 17 individuals with diverse interests in management of Minnesota's forests,
- ◆ Oversees implementation and monitoring of comprehensive site-level forest management guidelines that promote sustainable harvest of over 85% of Minnesota's timber.
- ◆ Assembles forest resource data and develops and coordinates long-term forest management direction across all ownerships within eight landscape regions.
- ◆ Monitors timber-harvesting activity occurring within forest areas across the state.
- ◆ Guides the sustainable management and use of forestlands across the state that are vitally important to the state's \$6.9 billion forest industry and \$9 billion tourism industry.

**Services Provided**

The MFRC coordinates implementation of the SFRA of 1995, and advises the governor and the legislature on the sustainability of the state's forest resources to promote aesthetic, environmental, recreational and economic values. The key programs led and conducted by the MFRC are: a) developing, implementing, reviewing and revising Timber Harvesting and Forest Management Guidelines, b) coordinating development of landscape-level forest resource plans and promoting forest management coordination within eight regions, c) conducting forest spatial analysis and modeling, d) monitoring harvest sites to assess degree of compliance with guidelines, e) promoting monitoring to assess current trends and conditions in managing and harvesting forest resources, f) promoting and guiding relevant forest research, g) operating the Citizens Concern Registration Program, which allows citizens to express concerns regarding negligent timber harvesting and forest management practices, and h) providing policy advice to the governor, legislature and public management agencies.

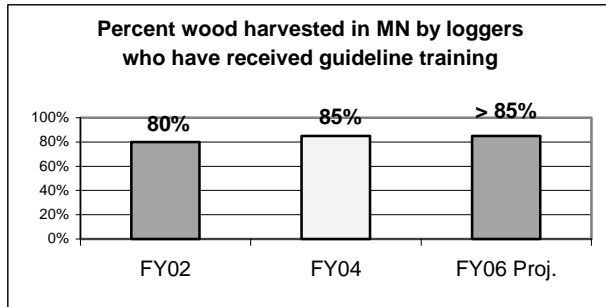
**Historical Perspective**

Large increases in timber harvest levels from the 1970s to the early 1990s led to intense conflict over forest policy issues in Minnesota. In response to citizen concerns about these increases, the Minnesota Environmental Quality Board commissioned a Generic Environmental Impact Statement (GEIS) on Timber Harvesting and Forest Management in 1989. The GEIS analyzed the effects that expanded timber harvesting might have on the state's forest resources. Completed in 1994, the GEIS suggests site, landscape, and research mitigation strategies to offset adverse impacts of timber harvesting. In 1995, the Minnesota Legislature adopted the Minnesota SFRA, one of the state's most significant forestry laws. The SFRA established policies and programs to ensure sustainable use and management of Minnesota's forests. The SFRA also created the Minnesota Forest Resources Council (M.S. 89A.03), and mandated it to develop and oversee programs to address impacts of timber harvesting and forest management at the site and landscape levels.



**Key Measures**

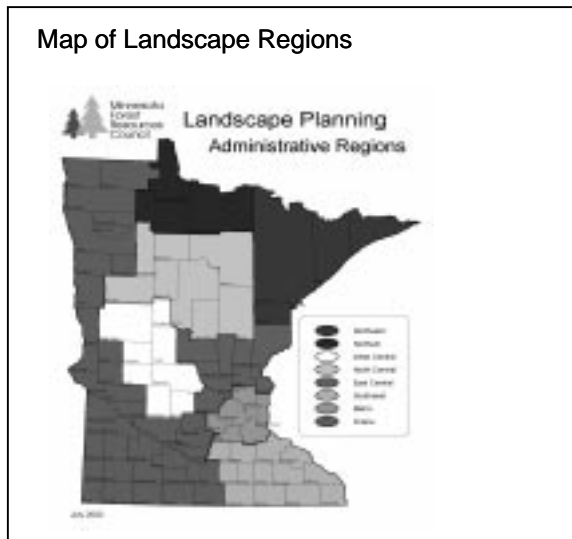
- ◆ **Timber Harvesting and Site-based Forest Management Guidelines:** The MFRC leads and conducts the development, implementation, review and revision of Timber Harvesting and Forest Management Guidelines.



**Indicator:** Percent of wood harvested by loggers who have received guideline training.

**Target:** Over 85% of wood is harvested by trained loggers.

- ◆ **Landscape-level Planning and Coordination:** The MFRC leads and coordinates the development of landscape-level forest resource plans within eight forested regions of the state.



**Indicator:** Number of MFRC Landscape plans completed.

**Target:** Complete all landscape plans for the 6 forested regions by 2005. In FY 2006-2007, coordinate implementation of plan strategies. .

- ◆ **Sustainable Forest Incentive Act:** The MFRC identified changes needed to state forest tax policy affecting privately owned forests, resulting in the enactment of the Sustainable Forest Incentive Act in 2001. Initial activity is moderate. Almost 500 landowners enrolled 528,505 acres in the first two years of the program.

**Activity Funding**

This activity is funded entirely by General Fund appropriations.

**Contact**

David C. Zumeta, Executive Director  
 Phone: (651) 603-0108  
 Fax: (651) 603-0110  
 E-mail: [dzumeta@tc.umn.edu](mailto:dzumeta@tc.umn.edu)  
 Website: <http://www.frc.state.mn.us/>

**NATURAL RESOURCES DEPT**  
**Program: FOREST MANAGEMENT**  
**Activity: SUSTAIN RES ACT IMPLEMENTATION**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	653	826	730	730	1,460
<b>Statutory Appropriations</b>					
Special Revenue	16	9	1	1	2
<b>Total</b>	<b>669</b>	<b>835</b>	<b>731</b>	<b>731</b>	<b>1,462</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	409	444	444	444	888
Other Operating Expenses	260	391	287	287	574
<b>Total</b>	<b>669</b>	<b>835</b>	<b>731</b>	<b>731</b>	<b>1,462</b>
<b>Full-Time Equivalent (FTE)</b>	<b>5.2</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	

**Program Description**

The purpose of the Parks and Recreation Management Program is to provide a state park and state forest recreation system that preserves and manages Minnesota's natural, scenic, and cultural resources for current and future generations while providing appropriate recreation and education opportunities. This program is the responsibility of the Department on Natural Resources' (DNR's) Division of Parks and Recreation.

The Minnesota state legislature has set aside 264,000 acres, which contain some of Minnesota's most spectacular scenic resources, and the most unique natural and cultural resources. Minnesota was the second state in the United States to recognize the need for a state park system when it established Itasca State Park in 1891. This was done to ensure that not all natural resources would be exploited or developed and that our citizens would forever have places where they could experience nature at its best, learn about the importance of the natural world and have an outdoor recreational experience. The primary statutes that cover the Minnesota State Park System are Chapters 85 and 86A.

<u><b>Program at a Glance</b></u>	
◆	Mission: Preserve natural resources while providing recreational and education opportunities.
◆	81 park units totaling 264,000 acres.
◆	8 million annual visitors.
◆	Over 5,000 individual campsites, 218 horse campsites, 68 group campsites, over 1,250 miles of trail, 6,381 picnic sites, 36 swimming beaches, 33 fishing piers, 322 miles of road and over 1,600 buildings.
◆	\$12.8 million in annual revenue.

**Population Served**

Minnesota statutes state that these opportunities should be made available to all citizens of Minnesota now and in the future. All citizens of the state of Minnesota benefit directly or indirectly from a high quality state park system. The eight million annual visitors to Minnesota state parks benefit directly from the system. Visitors to our state from around the United States and the world who visit state parks also benefit. A number of other communities are served by the state park system. The business community of the state is served because state parks generate tourism and tourist spending. When state park revenues and tourism spending are both considered, surveys indicate the state park system pays for itself in overall benefits to the state's economy. The state park system also helps redistribute dollars to greater Minnesota in a two-economy state. The education community is well served by state parks through naturalist programs, school class visits and natural resource research projects that occur throughout the system.

**Services Provided**

The services provided by the Division of Parks and Recreation are delivered through a variety of activities:

**Resource Management** - This activity provides direction and technical expertise for the division in protecting, restoring and managing natural and cultural resources on state park lands.

**Interpretive Services and Environmental Education** - This activity provides information, interpretive services and environmental education programs for park visitors, communities, and schools to increase their understanding and appreciation of natural and cultural resources, outdoor issues, and recreational opportunities.

**Land Acquisition** - This activity provides all the services necessary to determine legal park boundary descriptions, appraise land, acquire park land, and maintain land records for the division.

**Park Development** - The development activity is responsible for determining state park infrastructure needs, securing funds from the legislature, designing and building park structures and facilities, complying with the Americans with Disabilities Act (ADA), maintaining facilities, and keeping records of all activities.

**Archaeology** - This activity is conducts archaeological investigations and interpretations of all state park sites and projects as required by state and federal law.

**Park Operations** - This activity provides for all state park operations functions including operational policy development, customer service, maintenance, equipment management, interdisciplinary activities, local government contacts, budget management, and law enforcement.

**Management and Geographic Information Systems** - This activity provides the hardware and software for all state park computerized functions and the comprehensive management of all state park information, desktop support, Geographic Information System (GIS) surveys, and mapping services.

**Emergency Maintenance** - The emergency maintenance activity provides immediate help in the event of natural and man-made disasters such as floods, storms, forest fires, and accidents.

**Merchandise** - The merchandise activity provides high quality products and gifts for sale in state park nature stores and generates revenues for resource and education programs.

**Marketing and Public Affairs** - The marketing and public affairs activity manages the news media, operates the state park website, developing marketing plans, participating in the state fair, tourism trade shows, customer surveys, and in designing and publishing of a variety of brochures.

**Planning** - Planning activity develops provides the state park strategic plan, police operations and management of policies, annual reports, environmental review, interdisciplinary park unit plans, park research, surveys, and special reports and projects.

**Legislative Affairs** - This activity is responsible for the development, revision, and passage of all state park legislative initiatives including the state park boundary bill and budget legislation.

**Administration** - This activity is responsible for all budget and human resource matters within the division including budget development and management and the hiring process for approximately 450 FTE's.

## Historical Perspective

In 1891 the legislature created Itasca State Park to preserve the Mississippi River headwaters region with its old growth red and white pine. Since that time the system has grown to 72 state parks and recreation areas, 54 state forest campgrounds and recreation areas, eight state waysides and one state trail.

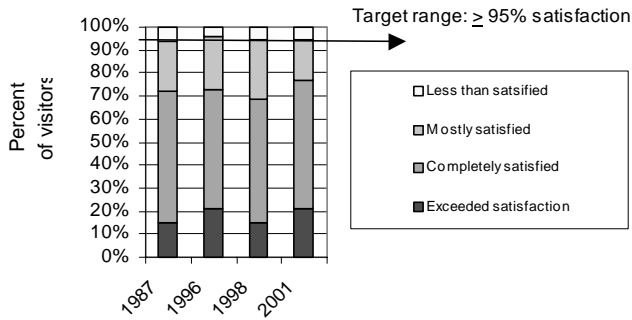
Visitation has risen steadily over the years and has stabilized at approximately eight million visitors per year, through the last several years. A variety of factors including weather events, limited capacity on high demand weekends, availability of facilities, competing recreation activities, and economic changes can cause fluctuations in visitation in any given year.

## Key Measures

Parks and Recreation uses a range of performance measures to assess its progress in managing park lands and facilities in the state to achieve sustainable management objectives and to provide good quality and safe recreation services for the state's citizens. The following measures illustrate accountability to sustainable management results in four core budget activity areas. For a more complete set of performance measures and more detailed descriptions of each measure, please see DNR's "**A Strategic Conservation Agenda, 2003-2007: Measuring Progress toward Mission**" ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

◆ **State Park Visitor Satisfaction**

State Parks are an integral part of Minnesota's high quality of life. Each year eight million visitors enjoy Minnesota's 66 state parks and six recreation areas, and spend approximately \$200 million annually during their visits. In recent years, 95% of park visitors have expressed positive satisfaction ratings.

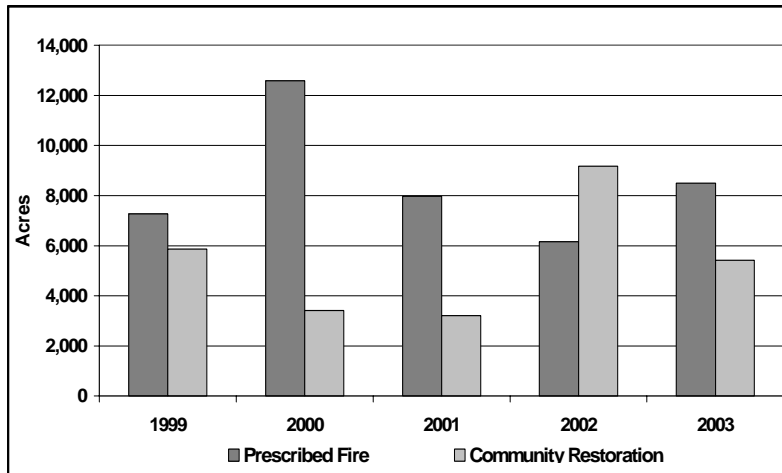


**Indicator:** Percent satisfied with a visit to Minnesota state parks

**Target:** Maintain a 95% or higher satisfaction rating

◆ **Natural Vegetation in State Parks**

State law mandates that state park managers protect, manage, and restore presettlement natural features, plants, and animals. Over 235 federal or state endangered, threatened or special concern species occur at more than 1,000 locations in state parks. State parks contain more than 30% of DNR's designated protected old growth forest, and support more than 80 types of important native plant communities. Natural community restoration and prescribed fire ensure the maintenance of important natural features.



**Indicator:** Acres of natural vegetation actively maintained or restored in the state park system.

**Target:** Maintain 5,400 acres in active restoration and carry out prescribed burns on 7,100 acres each year.

◆ **State Parks Historic Features**

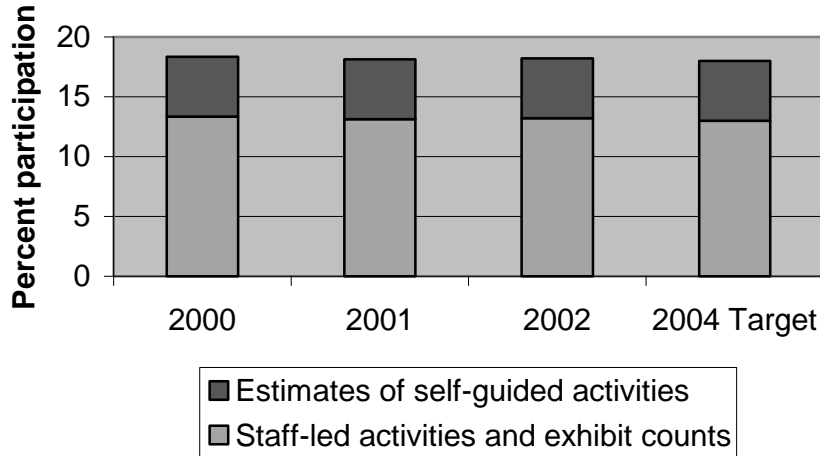
DNR has the statutory responsibility to protect historic properties listed on the National and State Registers. Of the 1600 total buildings in the state parks system, 369 (23%) are historic buildings or buildings located within the 34 National Register Historic Districts. In addition, the state parks system contains 251 historic structures and objects and five National Historic Landmarks.

**Indicator:** Maintenance and restoration of historic buildings, structures, and districts within state parks.

**Target:** Direct 10% of the capital investment for state parks in each biennium to National Register buildings, structures, and districts within state parks and state recreation areas

◆ **Outdoor Education**

Minnesota law mandates that state parks provide educational programs interpreting Minnesota’s natural and cultural resources for the public. Outdoor education promotes stewardship of Minnesota’s resources, offers a low-key enforcement tool, and promotes understanding of and support for DNR’s programs, key messages, and management decisions. For more than 60 years, state parks have offered interpretive facilities and hands on educational experiences to the eight million visitors who use parks each year.



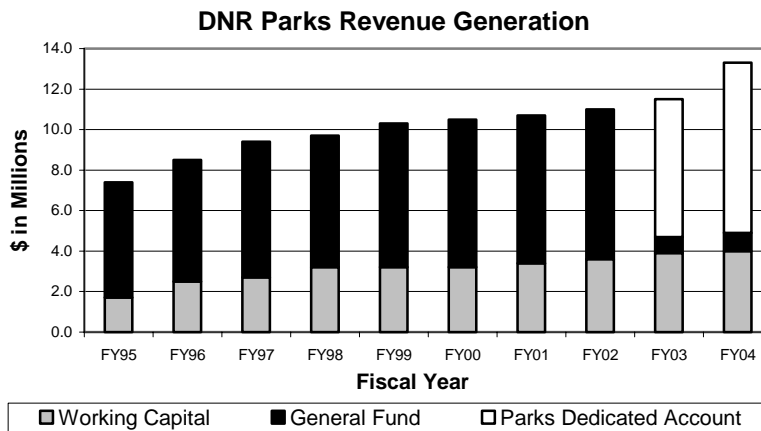
**Indicator:** Percent of park visitors participating in outdoor education activities

**Target:** Maintain at least 18% participation level of park visitors in outdoor education and interpretive opportunities.

**Program Funding**

**FUNDING SOURCES:** Funding for state parks in FY 2004 came from four sources in the following percentages: General Fund 50%, Parks Dedicated Account 28%, Lottery-in-lieu of Sales Tax 10%, and Working Capital 12%.

**REVENUE SUMMARY:** State parks generated a total of \$13.398 million in FY 2004, a 14.86% increase over the previous fiscal year. General Fund revenue totaled \$908,000 in FY 2004, an increase of 16.71% over FY 2003. The dedicated account collected \$8.354 million in FY 2004, a 22.35% increase over FY 2003.



**Contact**

Courtland Nelson, Director  
Ron Hains, Operations Manager  
William Brinker, Business Manager

DNR-Parks and Recreation  
500 Lafayette Road  
St. Paul, Minnesota 55155  
Phone: (651) 296-2270  
Fax: (651) 297-1157

**NATURAL RESOURCES DEPT**

Program: PARKS & RECREATION MGMT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	750	750	750	750	1,500
<b>Technical Adjustments</b>					
One-time Appropriations			(750)	(750)	(1,500)
Subtotal - Forecast Base	750	750	0	0	0
<b>Governor's Recommendations</b>					
LCMR Projects		0	1,100	1,100	2,200
<b>Total</b>	<b>750</b>	<b>750</b>	<b>1,100</b>	<b>1,100</b>	<b>2,200</b>
<b>General</b>					
Current Appropriation	19,511	19,511	19,511	19,511	39,022
<b>Technical Adjustments</b>					
Transfers Between Agencies			(3,300)	(3,300)	(6,600)
Subtotal - Forecast Base	19,511	19,511	16,211	16,211	32,422
<b>Governor's Recommendations</b>					
Operations Support Funding		0	3,068	3,068	6,136
<b>Total</b>	<b>19,511</b>	<b>19,511</b>	<b>19,279</b>	<b>19,279</b>	<b>38,558</b>
<b>Natural Resources</b>					
Current Appropriation	17,225	17,225	17,225	17,225	34,450
<b>Technical Adjustments</b>					
Transfers Between Agencies			(4,152)	(4,152)	(8,304)
Subtotal - Forecast Base	17,225	17,225	13,073	13,073	26,146
<b>Governor's Recommendations</b>					
Lottery in-Lieu Sales Tax		0	263	351	614
Statutory Appropriation for Parks		0	(8,971)	(8,971)	(17,942)
<b>Total</b>	<b>17,225</b>	<b>17,225</b>	<b>4,365</b>	<b>4,453</b>	<b>8,818</b>



# NATURAL RESOURCES DEPT

Program: PARKS & RECREATION MGMT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	918	792	1,100	1,100	2,200
General	19,499	19,193	19,279	19,279	38,558
Minnesota Resources	110	0	0	0	0
Natural Resources	16,043	18,811	4,365	4,453	8,818
<b>Statutory Appropriations</b>					
Natural Resources	0	1	8,971	8,971	17,942
Special Revenue	5,015	5,247	4,661	4,661	9,322
Federal	0	179	50	50	100
Reinvest In Minnesota	10	14	0	0	0
Gift	133	398	242	242	484
<b>Total</b>	<b>41,728</b>	<b>44,635</b>	<b>38,668</b>	<b>38,756</b>	<b>77,424</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	23,839	23,636	23,617	23,678	47,295
Other Operating Expenses	9,105	11,350	13,382	13,409	26,791
Capital Outlay & Real Property	1,305	2,271	1,644	1,644	3,288
Local Assistance	7,479	7,378	25	25	50
<b>Total</b>	<b>41,728</b>	<b>44,635</b>	<b>38,668</b>	<b>38,756</b>	<b>77,424</b>
<b><u>Expenditures by Activity</u></b>					
Parks & Recreation Mgmt	41,728	44,635	38,668	38,756	77,424
<b>Total</b>	<b>41,728</b>	<b>44,635</b>	<b>38,668</b>	<b>38,756</b>	<b>77,424</b>
<b>Full-Time Equivalent (FTE)</b>	<b>447.6</b>	<b>437.4</b>	<b>426.6</b>	<b>411.8</b>	

**Program Description**

The purpose of the Trails and Waterways Management Program is to create recreation opportunities through a system of trails and water recreation facilities that contribute to a sustainable quality of life. This program is the responsibility of the DNR's Division of Trails and Waterways.

**Budget Activities Included:**

- ⇒ Non-motorized Recreation
- ⇒ Water Recreation
- ⇒ Motorized Recreation

**Key Measures**

DNR uses a range of performance measures to assess its programs in managing trails and waterways opportunities and services. For a more complete set of performance measures with detailed descriptions, please see the DNR's "***A Strategic Conservation Agenda, 2003 – 2007: Measuring Progress toward Mission***" ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

See activity sections for specific measures.

# NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	1,260	1,510	1,510	1,510	3,020
<b>Technical Adjustments</b>					
One-time Appropriations			(1,510)	(1,510)	(3,020)
Subtotal - Forecast Base	1,260	1,510	0	0	0
<b>Governor's Recommendations</b>					
LCMR Projects		0	1,400	1,400	2,800
<b>Total</b>	<b>1,260</b>	<b>1,510</b>	<b>1,400</b>	<b>1,400</b>	<b>2,800</b>
<b>General</b>					
Current Appropriation	1,234	1,234	1,234	1,234	2,468
Subtotal - Forecast Base	1,234	1,234	1,234	1,234	2,468
<b>Governor's Recommendations</b>					
Operations Support Funding		0	50	50	100
<b>Total</b>	<b>1,234</b>	<b>1,234</b>	<b>1,284</b>	<b>1,284</b>	<b>2,568</b>
<b>Natural Resources</b>					
Current Appropriation	21,155	18,255	18,255	18,255	36,510
<b>Technical Adjustments</b>					
One-time Appropriations			(1,243)	(1,243)	(2,486)
Subtotal - Forecast Base	21,155	18,255	17,012	17,012	34,024
<b>Governor's Recommendations</b>					
All Terrain Vehicle (ATV) Gas Tax Study		0	75	0	75
Fishing Pier Adjustments		0	(154)	(154)	(308)
Lottery in-Lieu Sales Tax		0	1,374	1,405	2,779
Off-Highway Vehicle Funding Levels		0	(100)	(100)	(200)
Operations Support Funding		0	866	866	1,732
Water Recreation Funding Levels		0	650	650	1,300
<b>Total</b>	<b>21,155</b>	<b>18,255</b>	<b>19,723</b>	<b>19,679</b>	<b>39,402</b>
<b>Game And Fish</b>					
Current Appropriation	2,171	1,684	1,684	1,684	3,368
Subtotal - Forecast Base	2,171	1,684	1,684	1,684	3,368
<b>Governor's Recommendations</b>					
Fishing Pier Adjustments		0	154	154	308
Wallop-Breaux Water Access Funding		0	253	249	502
<b>Total</b>	<b>2,171</b>	<b>1,684</b>	<b>2,091</b>	<b>2,087</b>	<b>4,178</b>

# NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	1,111	2,867	1,400	1,400	2,800
General	1,330	1,398	1,284	1,284	2,568
Minnesota Resources	846	1,007	0	0	0
Natural Resources	17,874	23,375	19,723	19,679	39,402
Game And Fish	1,701	2,154	2,091	2,087	4,178
<b>Open Appropriations</b>					
Natural Resources	172	249	429	328	757
<b>Statutory Appropriations</b>					
Natural Resources	184	462	392	392	784
Special Revenue	679	388	131	81	212
Federal	2,241	3,240	3,540	3,540	7,080
Gift	59	130	79	79	158
<b>Total</b>	<b>26,197</b>	<b>35,270</b>	<b>29,069</b>	<b>28,870</b>	<b>57,939</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	8,831	9,500	9,610	9,670	19,280
Other Operating Expenses	4,568	6,766	5,891	5,750	11,641
Capital Outlay & Real Property	4,115	7,366	3,966	3,836	7,802
Payments To Individuals	1	0	0	0	0
Local Assistance	8,682	11,627	9,591	9,604	19,195
Transfers	0	11	11	10	21
<b>Total</b>	<b>26,197</b>	<b>35,270</b>	<b>29,069</b>	<b>28,870</b>	<b>57,939</b>
<b><u>Expenditures by Activity</u></b>					
Non-Motorized Recreation	5,395	9,038	7,043	7,074	14,117
Water Recreation	8,731	10,176	9,384	9,330	18,714
Motorized Recreation	12,071	16,056	12,642	12,466	25,108
<b>Total</b>	<b>26,197</b>	<b>35,270</b>	<b>29,069</b>	<b>28,870</b>	<b>57,939</b>
<b>Full-Time Equivalent (FTE)</b>	<b>143.2</b>	<b>143.3</b>	<b>144.0</b>	<b>135.8</b>	

# NATURAL RESOURCES DEPT

**Program:** TRAILS & WATERWAYS MGMT

**Activity:** NON-MOTORIZED RECREATION

Narrative

## Activity Description

This activity provides trail recreation for state residents and tourists. It supports Department of Natural Resources (DNR) non-motorized trail-related activities primarily on state trails and in state forests.

## Population Served

The users served by this activity include:

- ◆ bicyclists;
- ◆ walkers;
- ◆ joggers;
- ◆ in-line skaters;
- ◆ hikers;
- ◆ horseback riders
- ◆ cross-country skiers; and
- ◆ Minnesotans and tourists who use or enjoy public waters.

## Activity at a Glance

- ◆ Nine paved state trails provided 896,373 annual hours of summertime use according to user surveys conducted by Trails and Waterways in 1996, 1997, and 1998.
- ◆ 14 state trails have paved surfaces for bicycle use.
- ◆ Adopt-a-River cleanups removed 181 tons of rubbish in calendar year 2003.

## Services Provided

The services provided by this activity include:

- ◆ administration of the State Trail Program;
- ◆ trail planning and surveying;
- ◆ management of capital budget acquisition and development projects;
- ◆ management of Legislative Commission on Minnesota Resources (LCMR) projects;
- ◆ administration of the Adopt-a-River program;
- ◆ administration of the Cooperative Trails Grant Program (local trail connections, regional trails, and national recreation trail grants [TEA-21]);
- ◆ development and maintenance of interpretive and vegetation management projects;
- ◆ maintenance of non-motorized state trails and DNR forestry trails; and
- ◆ development and distribution of public information materials (e.g., maps, brochures, etc.) for non-dedicated account activities.

## Key Measures

Minnesotans and tourists have outdoors access through a network of trails that promote recreational activities such as biking, hiking, skiing, and snowmobiling. Year-around recreation opportunities support Minnesota's high quality of life and its regional economies. Developing and sustaining a diverse trail system ensures DNR meets the needs of both tourists and local residents alike. State bicycle trails are an important part of this trail system.

### Indicator: Miles of State Trails

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY2004</u>	<u>FY2005</u>
State Trails	1,067	1,082	1,141	1,141	1,147	1,159
State Trails (bike)	<u>330</u>	<u>345</u>	<u>365</u>	<u>400</u>	<u>406</u>	<u>418</u>
TOTAL	1,397	1,427	1,506	1,541	1,553	1,577

### Indicator: Miles of Cross-Country Ski Trails

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY2004</u>	<u>FY2005</u>
DNR X-Country Ski	789	789	789	789	789	789
GIA X-Country Ski	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>
TOTAL	1,792	1,792	1,792	1,792	1,792	1,792

# NATURAL RESOURCES DEPT

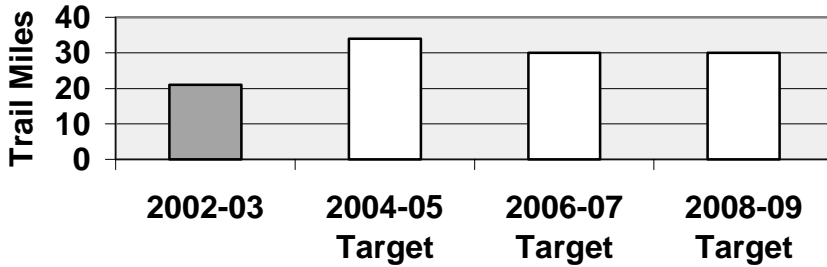
**Program:** TRAILS & WATERWAYS MGMT

**Activity:** NON-MOTORIZED RECREATION

Narrative

Currently there are 1,147 miles of state trail. Four hundred fifteen miles are paved, 379 with asphalt and 36 with crushed aggregate. DNR works with local trail associations, trail user groups, and communities to plan, acquire, develop, and manage the state trail system. Trails that were developed early in the history of the state trail program are in need of rehabilitation. Trail rehabilitation generally has been funded through the capital budget. For detailed descriptions of the following measures see DNR's *A Strategic Conservation Agenda, 2003-2007*.

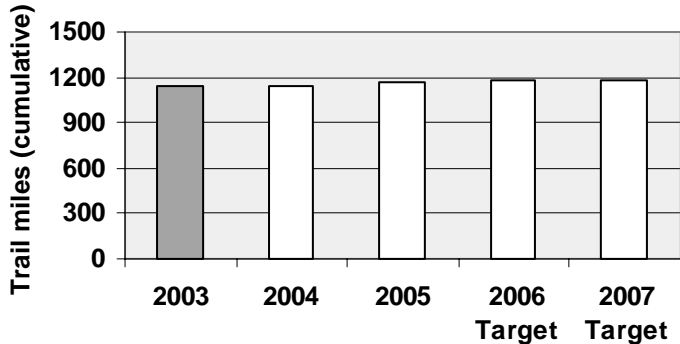
Fiscal Years



**Indicator:** Number of state trail miles rehabilitated.

**Target:** Rehabilitate approximately 30 miles of state trail every two years until 2009.

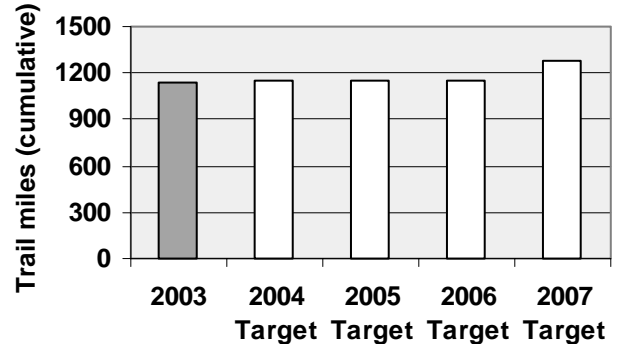
Number of state trail miles acquired  
Fiscal Year



**Indicator:** Number of state trail miles acquired.

**Target:** Acquire 43 new state trail miles by the end of FY 2007, totaling 1,190 miles.

Number of state trail miles developed  
Fiscal Year



**Indicator:** Number of state trail miles developed.

**Target:** Develop 132 miles of state trails by the end of FY 2007, totaling 1,279 miles.

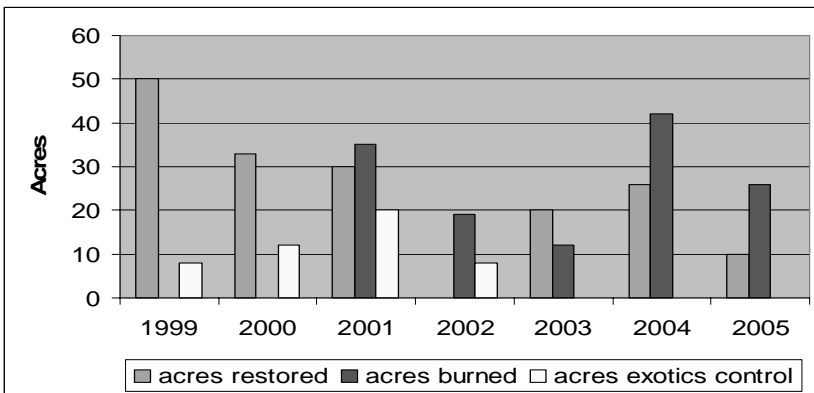
# NATURAL RESOURCES DEPT

**Program:** TRAILS & WATERWAYS MGMT

**Activity:** NON-MOTORIZED RECREATION

Narrative

Fiscal Year



**Indicator:** = Number of acres of natural vegetation restored and managed within trail rights-of-way.

**Target:** Maintain existing habitat restorations through appropriate management (e.g., prescribed burns and exotics control).

**Indicator: Adopt-A-River: Number of Cleanups Reported and Miles of Shoreline Cleaned**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY2004</u>	<u>FY2005</u>
Cleanups Reported	155	170	185	136	150	155
Miles Cleaned	511	611	650	469	530	535

**Activity Funding**

This activity is funded primarily through General Fund appropriations and the Cross Country Ski Account (Cross-Ski passes also).

**Contact**

John Linc Stine  
 Assistant Director  
 Phone: (651) 296-0440  
 Fax: (651) 297-4575  
 E-mail: [linc.stine@dnr.state.mn.us](mailto:linc.stine@dnr.state.mn.us)

Additional information can be obtained on the DNR website at [dnr.state.mn.us](http://dnr.state.mn.us)."

**NATURAL RESOURCES DEPT**  
**Program: TRAILS & WATERWAYS MGMT**  
**Activity: NON-MOTORIZED RECREATION**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	262	2,092	1,400	1,400	2,800
General	1,330	1,398	1,284	1,284	2,568
Minnesota Resources	846	1,007	0	0	0
Natural Resources	1,212	1,246	1,374	1,405	2,779
<b>Statutory Appropriations</b>					
Natural Resources	6	423	356	356	712
Special Revenue	575	285	76	76	152
Federal	1,142	2,500	2,500	2,500	5,000
Gift	22	87	53	53	106
<b>Total</b>	<b>5,395</b>	<b>9,038</b>	<b>7,043</b>	<b>7,074</b>	<b>14,117</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,559	1,396	1,515	1,560	3,075
Other Operating Expenses	766	1,024	734	728	1,462
Capital Outlay & Real Property	742	2,015	1,306	1,285	2,591
Local Assistance	2,328	4,603	3,488	3,501	6,989
<b>Total</b>	<b>5,395</b>	<b>9,038</b>	<b>7,043</b>	<b>7,074</b>	<b>14,117</b>
<b>Full-Time Equivalents (FTE)</b>	<b>26.3</b>	<b>20.2</b>	<b>21.9</b>	<b>21.0</b>	



**Activity Description**

The purpose of the Water Access and Recreation activity is to provide the public with water-based recreational boating and fishing opportunities and services. This activity provides the public with access (M.S. 97A.141) to lakes, streams, river corridors and designated canoe and boating routes (M.S. 85.32) for boaters, anglers, paddlers, and other users. Safe harbors (M.S. 86A20-24) on Lake Superior provide trailerable boat access and boat slips for larger boats in a protected harbor.

**Activity at a Glance**

- ◆ Minnesota ranks fourth in the nation for total boats registered (845,000).

**Population Served**

All Minnesotans and tourists who boat, canoe, or fish or who wish to access Minnesota's lakes and rivers.

**Services Provided**

Major responsibilities of the activity:

⇒ *Boat Access Sites*

The 3,000 sites are one to seven acres in size, contain a boat launch ramp, a parking lot, an entrance road, and amenities such as toilets, docks, security lights, and information kiosks. One half of the sites are owned and operated by Department of Natural Resources (DNR). When building or upgrading access sites, DNR also looks for partnerships where DNR provides the capital/construction investment and the local community maintains and operates the facility. Services provided include maps and information guides and onsite maintenance. One half of the sites are locally maintained and operated.

⇒ *River Recreation*

Facilities and services on 26 rivers, designated as a canoe and boating route, are provided by DNR, including primitive campsites, rest areas, portage trails, and launch sites. Services include river cleanup, snag removal, maps and information guides, water level reports, and marking and signing of hazards. When needed, new access sites are acquired and developed according to management objectives and demonstrated need, often in cooperation with local units of government. There are currently 525 access sites on Minnesota rivers; 60% are operated by the DNR and 40% were developed in cooperation with local governments.

⇒ *Lake Superior Safe Harbors*

Implementation of the North Shore Harbors Plan, and subsequent legislation establishing safe harbors, began in 1999 with the completion of the Silver Bay safe harbor and marina. Taconite Harbor, a boat access and safe harbor only, was completed in fall 2001. Construction of the McQuade Road (Duluth) safe harbor and access will begin in fall 2004. State and federal funds have been appropriated for an additional harbor at Two Harbors that is in the land acquisition and design phase. All sites have active local participation and are constructed in cooperation with the U.S. Army Corps of Engineers. All facilities provide boat access and protection from storms, and some will provide gas, dockage, sewage pump outs, and other services related to boating and fishing. DNR is working with local groups and communities to plan future safe harbors and accesses at Knife River, Two Harbors, Grand Marais, and Grand Portage.

**Historical Perspective**

Minnesotans rely heavily on public water access sites. A survey conducted by the University of Minnesota showed that three-fourths of state boat owners launch at public boat access sites at least once a year. Minnesota ranks fourth in the nation for total boats registered (845,000) and first in the nation in the number of boats per capita (one boat for every six people).

In the 1996 Metro, 1998 Brainerd, 2001 Central Lakes, and 2003 Lower Mississippi River boating studies, boat access users gave high marks to the quality of boat access. In the Brainerd study, and to a lesser degree in the central lakes study, boat accesses were identified as becoming an asset to lakeside homeowners and resorts, who accounted for nearly 40% of access use. Over 50% of public access use is for fishing. Public accesses are becoming a necessity for all boaters, especially since boat and motor size has increased and rendered many small private accesses useless.

# NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: WATER RECREATION

Narrative

## Key Measures

- ◆ **Acquisition, development and maintenance of boat access sites.** Approximately 70% of DNR's goal for boat access sites has been attained.

**Indicator:** Number of Boat Access Sites

	<u>Fiscal Years</u>	<u>No. Sites</u>
<b>Target:</b> DNR anticipates constructing 10 new water access sites and one Lake Superior safe harbor/access in FY 2006-07.	1998-99	1,525
	2000-01	1,550
	2002-03	1,560
	2004-05	1,570

**Indicator:** Minnesota boater satisfaction levels with public access facilities. DNR uses periodic surveys to measure satisfaction levels with facilities and services. The survey ratings below are from a 2001 survey and represent a small improvement over a 1987 survey.



- ◆ **Future Indicators**

DNR will be adding a key measure in the future to address the miles of locally-administered water accesses.

## Activity Funding

Almost 35% of the current funding for this budget activity is appropriated from the Water Recreation Fund. This fund has two revenue sources: unfunded highway gas tax collected on gasoline used in boats; and watercraft registration fees. We also receive federal Wallop/Breaux funds for boat access from the following two sources: 1) the Game and Fish Fund, based on a federal law requiring 15% of federal receipts from the Sport Fish Restoration Program be spent on public access facilities (75% reimbursement); and 2) the Boat Safety Account administered by the U.S. Coast Guard (50% match).

## Contact

John Linc Stine

Assistant Director

Phone: (651) 296-0440

Fax: (651) 297-5475

E-mail: [linc.stine@dnr.state.mn.us](mailto:linc.stine@dnr.state.mn.us)

Additional information can be obtained on the DNR website at <http://www.dnr.state.mn.us/>.

**NATURAL RESOURCES DEPT**  
**Program: TRAILS & WATERWAYS MGMT**  
**Activity: WATER RECREATION**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	849	775	0	0	0
Natural Resources	4,901	6,208	6,022	6,022	12,044
Game And Fish	1,701	2,154	2,091	2,087	4,178
<b>Open Appropriations</b>					
Natural Resources	99	114	114	114	228
<b>Statutory Appropriations</b>					
Natural Resources	27	39	36	36	72
Special Revenue	18	103	55	5	60
Federal	1,099	740	1,040	1,040	2,080
Gift	37	43	26	26	52
<b>Total</b>	<b>8,731</b>	<b>10,176</b>	<b>9,384</b>	<b>9,330</b>	<b>18,714</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,206	3,658	3,850	3,865	7,715
Other Operating Expenses	2,401	2,568	2,940	2,880	5,820
Capital Outlay & Real Property	2,850	3,630	2,440	2,431	4,871
Local Assistance	274	320	154	154	308
<b>Total</b>	<b>8,731</b>	<b>10,176</b>	<b>9,384</b>	<b>9,330</b>	<b>18,714</b>
<b>Full-Time Equivalents (FTE)</b>	<b>52.5</b>	<b>56.4</b>	<b>59.3</b>	<b>56.0</b>	

# NATURAL RESOURCES DEPT

**Program:** TRAILS & WATERWAY MGMT

**Activity:** MOTORIZED RECREATION

Narrative

## Activity Description

This activity funded through the dedicated accounts within the Natural Resources Fund provides motorized trails users the opportunity to access and enjoy the outdoors in a safe, responsible manner while protecting sensitive resources and fostering local economic development.

### Activity at a Glance

- ◆ Four grant programs provided
- ◆ 269,000 registered snowmobiles
- ◆ 206,000 registered ATV's

## Population Served

This activity provides services to trails users who contribute to dedicated accounts through registration fees and in most cases unrefunded gas tax. The recreational activities of these trail users include:

- ◆ Snowmobiling;
- ◆ All-Terrain Vehicles;
- ◆ Off-Highway Motorcycles;
- ◆ Off-Road Vehicles.

## Services Provided

The services provided by this activity include:

- ◆ maintenance and operations of state trails;
- ◆ development on some state trails and in state forests;
- ◆ monitoring and maintenance of trails in state forest;
- ◆ operation of the Iron Range off-highway vehicle recreation areas;
- ◆ grant programs to local units of government;
- ◆ development and distribution of public information materials (e.g., maps, brochures, interpretive, etc.); and
- ◆ administration of dedicated account activities done by Trails and Waterways.

## Key Measures

- ◆ Develop and maintain trails to meet the growing demand for motorized recreational trails.

### Indicator: Miles of Department of Natural Resources Trails

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY2004</u>	<u>FY2005</u>	Target
DNR-Snowmobile	2,135	2,135	2,135	2,135	2,135	2,135	2,135
DNR-Trail-ATV	151	181	212	263	289	300	300
DNR-Trail-Off-Hwy Motorcycle	192	192	192	192	192	192	197
DNR-Trail-Off Road Vehicle	11	11	11	11	11	11	11
<b>TOTAL</b>	<b>2,489</b>	<b>2,519</b>	<b>2,550</b>	<b>2,601</b>	<b>2,627</b>	<b>2,643</b>	

- ◆ Administer a trail system that anticipates and responds to changing public demand through local trail grants.

### Indicator: Miles of Grant-In-Aid (GIA) Trails

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY2004</u>	<u>FY2005</u>	Target
GIA-Snowmobile	15,000	15,200	15,400	18,200	18,250	18,300	18,300
GIA-All Terrain Vehicle	468	505	505	525	601	631	631
GIA-Off-Hwy Motorcycle	88	113	113	113	119	125	125
GIA-Off Road Vehicle	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>15,556</b>	<b>15,818</b>	<b>16,018</b>	<b>18,838</b>	<b>18,990</b>	<b>19,056</b>	

## NATURAL RESOURCES DEPT

**Program:** TRAILS & WATERWAY MGMT

**Activity:** MOTORIZED RECREATION

Narrative

- ◆ Inventory all forest roads and trails on more than four million acres of forestlands by October 31, 2004; designate forest roads and trails as open or closed to motorized use and reclassify "managed" forests as "limited" or "closed" by December 31, 2006.

**Indicator:** Number and acres of state forests with a completed forest road and trail inventory; number of miles and location of Off-Highway Vehicle (OHV) trails designated and closed (future indicator).

**Target Status:** As of June 1, 2004, DNR is 50% complete with the forestland inventory phase (approximately two million acres) and roads and trails within six state forests have been through the preliminary phase of the designation process.

- ◆ **Future Indicators**

DNR will be adding a key measure in the future to address the miles of locally administered trails.

### Activity Funding

This activity is funded primarily through dedicated revenues from the Natural Resources Fund. Revenues generated for the Off-Highway Motorcycle (OHM), Off-Road Vehicle (ORV), All-terrain Vehicle (ATV), and Snowmobile Safety and Enforcement Funds come from vehicle registrations and unrefunded gas tax. Unrefunded gas taxes are those tax dollars attributed to fuel consumed while using public lands and trails.

### Contact

John Linc Stine

Assistant Director

Phone: (651) 296-0440

Fax: (651) 297-5475

E-mail: [linc.stine@dnr.state.mn.us](mailto:linc.stine@dnr.state.mn.us)

Additional information can be obtained on the DNR website at <http://www.dnr.state.mn.us/>.

**NATURAL RESOURCES DEPT**  
**Program: TRAILS & WATERWAYS MGMT**  
**Activity: MOTORIZED RECREATION**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Natural Resources	11,761	15,921	12,327	12,252	24,579
<b>Open Appropriations</b>					
Natural Resources	73	135	315	214	529
<b>Statutory Appropriations</b>					
Natural Resources	151	0	0	0	0
Special Revenue	86	0	0	0	0
<b>Total</b>	<b>12,071</b>	<b>16,056</b>	<b>12,642</b>	<b>12,466</b>	<b>25,108</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	4,066	4,446	4,245	4,245	8,490
Other Operating Expenses	1,401	3,174	2,217	2,142	4,359
Capital Outlay & Real Property	523	1,721	220	120	340
Payments To Individuals	1	0	0	0	0
Local Assistance	6,080	6,704	5,949	5,949	11,898
Transfers	0	11	11	10	21
<b>Total</b>	<b>12,071</b>	<b>16,056</b>	<b>12,642</b>	<b>12,466</b>	<b>25,108</b>
<b>Full-Time Equivalent (FTE)</b>	<b>64.4</b>	<b>66.7</b>	<b>62.8</b>	<b>58.8</b>	

**Program Description**

The purpose of the Fish and Wildlife Management Program is to manage fish and wildlife, their habitats, and public use of fish and wildlife, including fishing, hunting, and trapping. This program is the responsibility of the Department of Natural Resources' (DNR's) Division of Fish and Wildlife.

It is the policy of the state that fish and wildlife are renewable natural resources to be conserved and enhanced through planned scientific management, protection, and use (M.S. 84.941). Hunting and fishing were recognized as a valued part of Minnesota's heritage to be managed by law and regulation for the public good when approved as Constitutional Amendment 13, Section 12, in 1998 by more than 77% of voters in the general election.

**Program at a Glance**

- ◆ Serves 2.2 million anglers, 600,000 hunters, and 2.2 million wildlife viewers.
- ◆ Fishing, hunting, wildlife watching, and trapping generate \$2.7 billion in annual expenditures in Minnesota.

**Historical Perspective**

On April 14, 2004, the commissioner announced an organizational restructuring at the managerial level of the Division of Fish and Wildlife. The goal of the change is to better manage budget and finances of the division; to better focus on planning, operations, and the decision-making process; and to improve the division's relationships with external stakeholders and partners.

Central management of the Fish and Wildlife Division is coordinated through five sections: 1) Operations; 2) Outreach; 3) Policy; 4) Programs; and 5) Administrative Services. Field programs are delivered through Fisheries Management and Wildlife Management activities in regional and area offices and by a statewide system of licensing agents (see activity narratives).

⇒ **Operations.** The Operations Section oversees division field staff in regional and area offices throughout the state. This section acquires and develops wildlife management and aquatic management areas, acquires stream easements, conducts habitat improvement projects, develops and maintains lands and user facilities, provides technical assistance to private landowners, conducts habitat and population surveys, conducts warmwater culture and fish stocking, and administers field aspects of hunting and fishing seasons.

⇒ **Outreach.** The Outreach Section focuses on customer service and information. This section oversees education, communications, recruitment, and partnering efforts. It includes MinnAqua (aquatic education), hunter/angler recruitment and retention, the Southeast Asian Outreach Program (and other minority outreach efforts), comprehensive lakes management, private/public lands outreach, partnering, ensuring hunting and fishing opportunities for people with disabilities, providing information, media relations, and agricultural relations for private land fish and wildlife habitats.

⇒ **Policy.** The Policy Section integrates scientific data and analyses into development of division policy, direction and issue management, and it coordinates division legislative involvement and initiatives. The Policy Section is divided into Research and Planning/Policy units. The Research unit oversees research projects on applied investigation areas relevant to improving fish and wildlife management, coordinates the collection and data analysis of wildlife habitat and population surveys, and develops and analyzes data necessary to manage treaty-related harvests. The Planning/Policy unit oversees strategic planning, issue identification and management, human dimensions and demographic surveys and analyses, policy development, and evaluation of division programs to assure effectiveness and accountability.

⇒ **Programs.** The Programs Section is divided into Fisheries Programs and Wildlife Programs units. Fisheries programs include commercial, cool and warmwater fisheries, coldwater (trout and salmon) fisheries, lake and stream surveys, shoreland habitat management, and coldwater fish culture. Wildlife programs include wetland wildlife, forest wildlife, farmland wildlife, big game, furbearers, hunting and trapping season management, and wildlife damage abatement. The Programs Section oversees division rulemaking and provides for effective, consistent, and coordinated development and delivery of statewide fish and wildlife programs and activities.

⇒ **Administrative Services.** The Administrative Services Section manages division budgets, revenues, business functions, grants, fleet and facilities, information systems, and the License Center. This section applies effective financial management strategies, simplifies budget reporting for accountability to oversight committees and the public, leverages monies for fish and wildlife conservation, effectively manages grant programs, and oversees the issuance of hunting and fishing licenses as well as other DNR licensing functions.

**Key Measures**

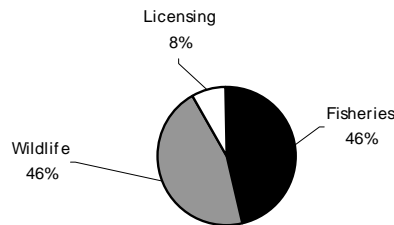
The Division of Fish and Wildlife uses a range of performance measures to assess its progress towards management, protection, use, understanding, and enjoyment of Minnesota’s fish and wildlife resources. For a comprehensive set of performance measures and more detailed descriptions of each measure, please see DNR’s **“A Strategic Conservation Agenda, 2003 –2007: Measuring Progress toward Mission”** ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

See activity sections for specific fish and wildlife measures.

**Program Funding**

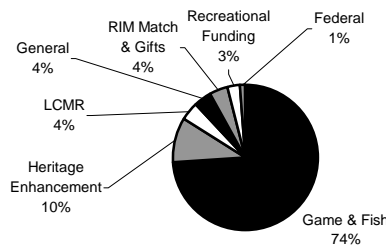
The program funding for the Division of Fish and Wildlife is split into three distinct activities: Fisheries, Wildlife and Licensing (see chart below).

**FY 2004-05 Program Breakdown by Activity**



Approximately 74% of the overall operating funding for the Division is from the Game and Fish Fund. The remainder of funding comes from a variety of funding sources including LCMR, General Fund, Water Recreation, ATV, OHV, Snowmobile, Heritage Enhancement, Federal Funds, Gifts, and RIM Critical Habitat Match. A pie chart showing the distribution by funding source is below.

**FY 2004-05 Division Operating Funding**





**Contact**

General information on the Division of Fish and Wildlife can be found on the Department of Natural Resources website <http://www.dnr.state.mn.us/index.html>. A wide variety of general and technical publications are also available.

Contact for additional information:

Edward K. Boggess, Chief  
Policy Section  
Division of Fish and Wildlife  
Phone: (651) 297-2072  
Fax: (651) 297-4961  
E-mail: [Ed.Boggess@dnr.state.mn.us](mailto:Ed.Boggess@dnr.state.mn.us)

# NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	910	1,071	1,039	1,039	2,078
<b>Technical Adjustments</b>					
One-time Appropriations			(1,039)	(1,039)	(2,078)
Subtotal - Forecast Base	910	1,071	0	0	0
<b>Governor's Recommendations</b>					
LCMR Projects		0	410	410	820
<b>Total</b>	<b>910</b>	<b>1,071</b>	<b>410</b>	<b>410</b>	<b>820</b>
<b>General</b>					
Current Appropriation	1,871	1,871	1,871	1,871	3,742
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			204	204	408
Subtotal - Forecast Base	1,871	1,871	2,075	2,075	4,150
<b>Governor's Recommendations</b>					
General Fund Reduction Plan		0	(109)	(109)	(218)
<b>Total</b>	<b>1,871</b>	<b>1,871</b>	<b>1,966</b>	<b>1,966</b>	<b>3,932</b>
<b>Natural Resources</b>					
Current Appropriation	197	197	197	197	394
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			1,195	1,195	2,390
Subtotal - Forecast Base	197	197	1,392	1,392	2,784
<b>Governor's Recommendations</b>					
Water Recreation Funding Levels		0	150	150	300
<b>Total</b>	<b>197</b>	<b>197</b>	<b>1,542</b>	<b>1,542</b>	<b>3,084</b>
<b>Game And Fish</b>					
Current Appropriation	50,776	51,122	51,122	51,122	102,244
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			1,457	1,457	2,914
Subtotal - Forecast Base	50,776	51,122	52,579	52,579	105,158
<b>Governor's Recommendations</b>					
Comprehensive Lakes Management		0	85	85	170
Heritage Enhancement		0	75	75	150
Maintenance of Service - Game and Fish		0	1,329	2,710	4,039
Operations Support Funding		0	2,719	2,719	5,438
Prairie Wetland Complexes and Monitoring		0	600	600	1,200
Red Lake Fisheries Management		0	100	100	200
Shoreland Habitat Management Program		0	200	200	400
Special Mgt. Species - Sturgeon Tagging		0	25	28	53
Statutory Approp. - Fish and Wildlife		0	(6,135)	(6,135)	(12,270)
Water Recreation Funding Levels		0	(150)	(150)	(300)
<b>Total</b>	<b>50,776</b>	<b>51,122</b>	<b>51,427</b>	<b>52,811</b>	<b>104,238</b>

# NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	1,708	1,691	410	410	820
General	2,173	2,458	1,966	1,966	3,932
Minnesota Resources	298	400	0	0	0
Natural Resources	1,192	1,575	1,542	1,542	3,084
Game And Fish	47,410	57,107	51,427	52,811	104,238
<b>Open Appropriations</b>					
General	7,610	7,843	7,878	7,934	15,812
Game And Fish	725	818	812	807	1,619
<b>Statutory Appropriations</b>					
General	2	275	0	0	0
Natural Resources	1,007	1,420	963	1,010	1,973
Special Revenue	694	809	700	700	1,400
Game And Fish	2,769	3,512	10,580	10,430	21,010
Federal	463	637	713	713	1,426
Reinvest In Minnesota	1,489	2,601	2,286	2,286	4,572
Gift	147	837	244	244	488
<b>Total</b>	<b>67,687</b>	<b>81,983</b>	<b>79,521</b>	<b>80,853</b>	<b>160,374</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	37,302	39,446	40,539	41,920	82,459
Other Operating Expenses	16,420	24,036	21,824	21,774	43,598
Capital Outlay & Real Property	4,518	8,274	7,309	7,259	14,568
Local Assistance	9,447	10,213	9,841	9,897	19,738
Transfers	0	14	8	3	11
<b>Total</b>	<b>67,687</b>	<b>81,983</b>	<b>79,521</b>	<b>80,853</b>	<b>160,374</b>
<b><u>Expenditures by Activity</u></b>					
Fish Management	37,755	40,475	41,138	41,875	83,013
Wildlife Management	24,794	35,520	32,351	32,878	65,229
Licensing	5,138	5,988	6,032	6,100	12,132
<b>Total</b>	<b>67,687</b>	<b>81,983</b>	<b>79,521</b>	<b>80,853</b>	<b>160,374</b>
<b>Full-Time Equivalents (FTE)</b>	<b>631.4</b>	<b>655.7</b>	<b>661.4</b>	<b>661.0</b>	

**Activity Description**

The Fish Management Activity protects, maintains, and enhances Minnesota’s fishery resources and aquatic communities for recreational, ecological, and economic benefits to the state. The Division of Fish and Wildlife is the sole entity responsible for managing the state’s public fisheries resources. In addition to other units in the Department of Natural Resources (DNR), state environmental agencies, such as Agriculture, Health, Pollution Control, and the Board of Water and Soil Resources have responsibility for environmental regulation and management that impact water quality and aquatic habitat. Local units of government also have regulatory authority that impacts aquatic resources. Major fisheries issues include increasing fishing pressure, technology, and harvest, and, most important, the continual degradation of fish habitat from shoreline and watershed developments and non-point source pollution.

**Activity at a Glance**

- ◆ Fish Management influences recreational and commercial fisheries and aquatic habitat on approximately 5,400 lakes and 16,000 miles of fishable streams and rivers.
- ◆ About 30 million pounds of fish are harvested annually in Minnesota.
- ◆ 2.2 million anglers, 1,500 commercial fisheries operators, over 2,000 resort and ancillary tourist businesses are served.
- ◆ Sport fishing generates about \$1.6 billion each year in direct expenditures to the state’s economy.

**Population Served**

Primary stakeholders include anglers and fishing-related businesses. However, because fishing and the health of the aquatic environment are so important to the state’s economy and overall well being, virtually all Minnesotans have a stake in the management of our fisheries and aquatic resources.

**Services Provided**

The Fish Management Activity provides services that maintain and enhance game fish populations and aquatic habitat for the state’s anglers and businesses that depend on fishing. Core functions include:

- ◆ monitoring fish populations and aquatic habitat;
- ◆ protecting, improving, and restoring fish populations and aquatic habitat;
- ◆ propagating fish for stocking in publicly accessible waters;
- ◆ providing public information and aquatic education; and
- ◆ planning, coordination, and administration.

⇒ **Fish Population and Aquatic Habitat Monitoring.** Primary goals or outcomes for population and habitat monitoring include: 1) collection and distribution of knowledge about fish populations, aquatic ecosystems and management techniques among resource professionals, 2) improving information about individual lake and stream management for decision makers and the public, and 3) expand knowledge about angler attitudes, actions, and satisfaction levels among resource professionals.

⇒ **Fish Population and Aquatic Habitat Management.** Healthy aquatic habitats support sustainable fish populations for recreational and commercial users. Management of healthy aquatic habitats and fish populations requires the protection, restoration, and improvement of those habitats. Other goals or outcomes include expanded access to aquatic resources, improved numbers and sizes of fish through special and experimental regulations, and expansion of the quality and diversity of angling opportunities.

⇒ **Fish Propagation and Stocking.** Fish propagation includes the production of appropriate genetic fish strains and healthy fish stocks that can be used to meet management goals. Certain fish communities are restored, enhanced and maintained through stocking to meet angler interests.

⇒ **Public Information and Aquatic Education.** Fisheries Managers collaborate with the public, commercial, and governmental organizations on fish and aquatic habitat management efforts. With high interest in fishing in Minnesota, it is critically important that the public is aware of natural and altered aquatic systems and how

these systems need to be managed for the public good, as well as recreational fishing regulations to fully appreciate and enjoy fish and wildlife resources.

- ⇒ **Planning, Coordination, and Administration.** In order to meet Fish Management goals and outcomes it is necessary to maintain a healthy, skilled, knowledgeable, and productive workforce. Agency resources are effectively used by using appropriate techniques to accomplish fisheries goals and outcomes.

### Historical Perspective

In general, fisheries for many of Minnesota's important game fish species are in good condition including largemouth and smallmouth bass, muskellunge, brook and brown trout, lake trout, and catfish. Walleye numbers in lakes with natural reproduction are generally good to excellent. Although stocked walleye populations are in generally good shape also, there is some concern that past stocking reductions caused declines on some waters. An accelerated walleye program has been funded and implemented to address these concerns.

Bluegill and black crappie numbers remain high, but decreasing average size is a major concern. The same is true of northern pike and yellow perch. Lake trout populations are holding up well in their native range in northeast Minnesota, but harvest is at non-sustainable levels on some waters. The division has taken steps to address these species of concern through statewide and lake/stream specific fishing regulation changes.

### Key Measures

Primary performance measures for the Fish Management Activity are:

- ⇒ Game fish abundance and average size as measured by net catches and other sampling from the survey and assessment program.
- ⇒ Angler catch rates and average size of various fish species as measured by creel surveys.
- ⇒ Angler satisfaction as measured by attitude surveys.
- ⇒ Fisheries management plans developed with constituent input for each managed water.
- ⇒ Regulations that protect the fisheries resource and provide sustainable quality angling opportunities.
- ⇒ Aquatic habitat capable of sustaining recreational and commercial fisheries.
- ⇒ A public knowledgeable of the fisheries resource and the ecology, conservation, and ethics of fishing.

The following measures illustrate several core program activities and their conservation results. For a more complete set of performance measures and more detailed descriptions of each measure, please see DNR's "**A Strategic Conservation Agenda, 2003 -2007: Measuring Progress toward Mission**" ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

**NATURAL RESOURCES DEPT**

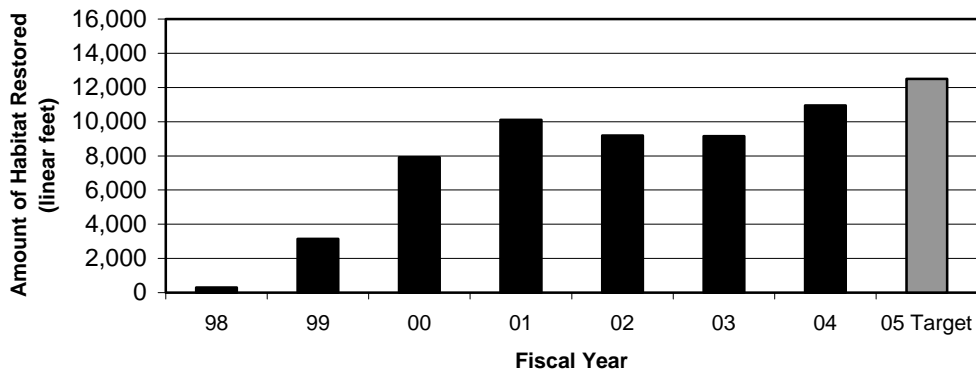
**Program: FISH & WILDLIFE MANAGEMENT**

**Activity: FISH MANAGEMENT**

Narrative

**Shoreline Habitat Conservation:** Healthy shorelines have long been recognized as critical for water quality, aquatic plants and essential habitat for fish and wildlife that live in or near Minnesota’s lakes and streams. DNR works with partners to manage and restore shoreline habitat.

**Shoreline Habitat Restored**

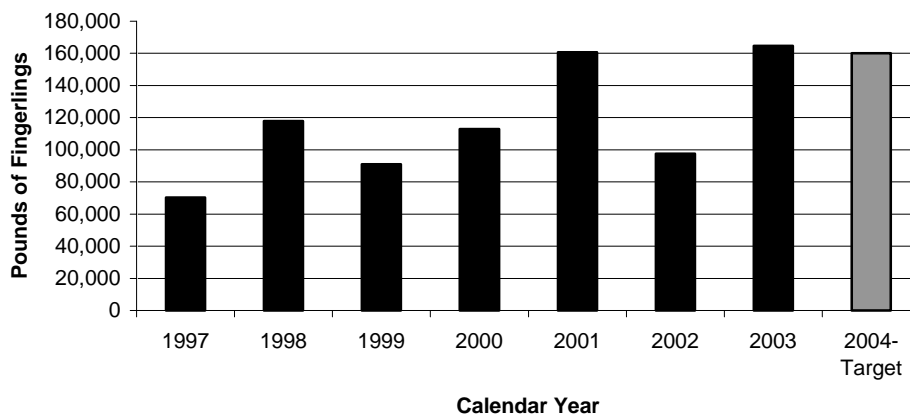


**Indicators:** Amount of shoreline habitat restored

**Target:** Restore 10,000 to 15,000 linear feet of shoreline each year.

**Walleye Stocking:** Walleye fishing is an integral part of Minnesota’s outdoor fishing heritage. Minnesota has a 36% participation rate in fishing—the second highest in the nation, behind Alaska.

**Pounds of Walleye Fingerlings Stocked**



**Indicator:** Pounds of walleye fingerlings stocked; walleye population levels

**Target:** Stock 160,000 pounds of walleye fingerlings each year

# NATURAL RESOURCES DEPT

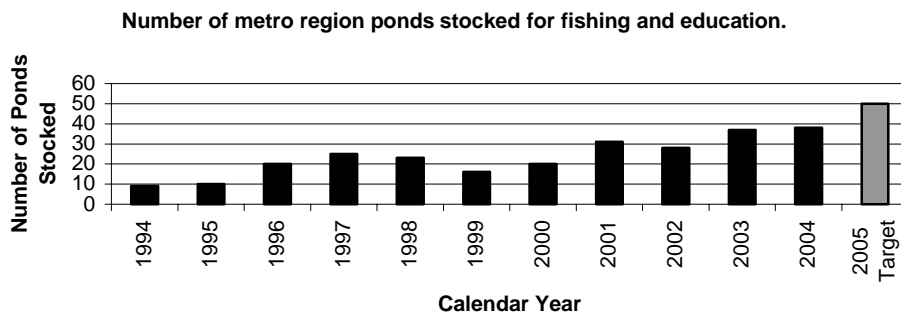
**Program:** FISH & WILDLIFE MANAGEMENT

**Activity:** FISH MANAGEMENT

Narrative

The DNR protects and improves walleye habitat, regulates catch, and stocks walleye into approximately 900 lakes where natural reproduction is lacking. DNR has obtained public input on walleye management for more than 350 lakes since 1999. Each lake has its own fisheries management objectives, such as stocking targets. To achieve individual lake stocking targets, the DNR produces fingerlings (four to six inch walleyes) in natural rearing ponds. Stocking is just one part of the picture; however, most walleye caught in Minnesota are from natural reproduction.

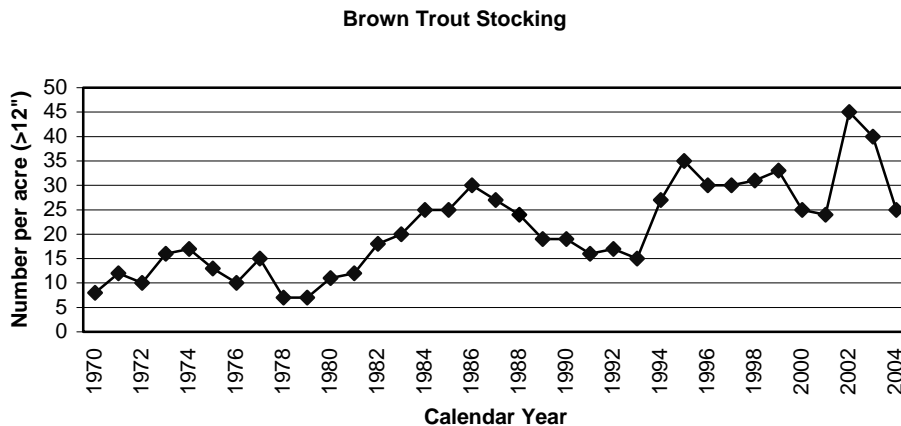
**Twin Cities Metropolitan Area Fishing:** With more than two million anglers in Minnesota, it's clear that fishing is one of our state's most popular pastimes. As the state's population has grown, people have become concentrated in the greater metro region. The metro region has over 900 small lakes, but many area residents don't have access to them. Only one in six Minnesotans owns a boat, and many water bodies lack shorefishing facilities. We need to provide adequate fishing locations and management in the metro region to assure future generations will have opportunities to experience our outdoor fishing heritage.



**Indicator:** Number of metro ponds stocked for fishing and education

**Target:** Stock 40-50 lakes, primarily with bluegill and crappie each year

**Brown Trout Populations:** Trout management in southeastern Minnesota streams dates back to the 1870s with the introduction of angling regulations and trout stocking. Today, southeastern Minnesota has 181 cold-water streams totaling 790 miles. DNR activities focus on protection and improvement of trout streams. Trout are stocked in streams that cannot support a fishery through natural reproduction.



**Indicator:** Brown trout population levels

# NATURAL RESOURCES DEPT

**Program:** FISH & WILDLIFE MANAGEMENT

**Activity:** FISH MANAGEMENT

Narrative

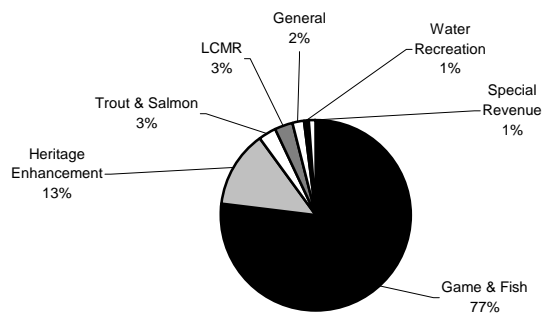
**Target:** Maintain or increase larger brown trout populations

## Activity Funding

This Activity generates revenue from the sale of fishing licenses and from reimbursement under the Federal Aid to Sport Fish Restoration Program. These revenues are deposited in the dedicated Game and Fish Fund to support the Fish Management Activity. The Heritage Enhancement Account, a sub-account of the Game and Fish Fund that was authorized by the 2000 legislature, is funded from a percentage of lottery revenues in lieu of sales tax. In addition, Fisheries generates dedicated revenue from cooperative agreements, sales of publications, and gifts.

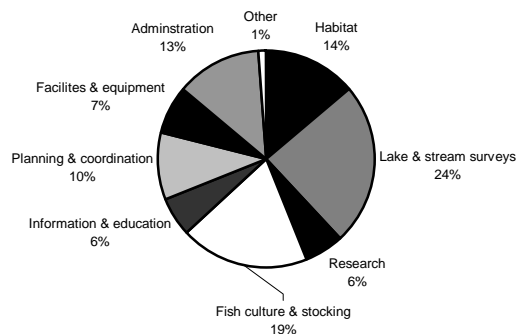
The direct operating budget for FY 2004-05 includes the following sources of funds: Game and Fish (77%); Heritage Enhancement (13%); Trout and Salmon (3%); Legislative Commission on Minnesota Resources (LCMR) (3%); General (2%); Water Recreation (1%); and Special Revenue (1%).

**Fish Management Direct Funding  
FY 2004-05**



Fisheries expenditures are summarized into 9 core activities. A breakdown of FY 2004 activity expenditures are shown below.

**Activity Expenditures  
FY 2004**





## NATURAL RESOURCES DEPT

**Program:** FISH & WILDLIFE MANAGEMENT

**Activity:** FISH MANAGEMENT

Narrative

The Fish Management Activity generates revenue from the sale of fishing licenses and from reimbursement under the Sportfishing Restoration Act. This U.S. Fish and Wildlife Service Federal Aid program, commonly referred to as the Dingle-Johnson Act (DJ), manages the distribution of revenues derived from federal excise taxes on fishing equipment to state fish and wildlife agencies through grants. In FY 2004-05 the grants under this program will generate over \$20 million in reimbursement. These revenues are deposited in the dedicated Game and Fish Fund to support the Fish Management Activity. In addition, the Division generates dedicated revenue from cooperative agreements, natural resources sales, sales of publications, and gifts.

### Contact

The following web sites offer additional information on the fish management activity.

The DNR Fishing information page at <http://www.dnr.state.mn.us/fishing/index.html> provides selected game fish information, news releases, and reports.

The "Lake Finder" at <http://www.dnr.state.mn.us/lakefind/index.html> provides management information about specific lakes. It also provides information about stocking, fish consumption advice, and water quality.

For general information about the Fish Management and local area fisheries office news see <http://www.dnr.state.mn.us/fisheries/index.html>.

For general information about fish management see <http://www.dnr.state.mn.us/fisheries/management/index.html>.

Ron Payer, Manager  
Program Section  
Division of Fish and Wildlife  
Phone: (651) 297-4098  
Fax: (651) 297-4916  
E-mail: [Ron.Payer@dnr.state.mn.us](mailto:Ron.Payer@dnr.state.mn.us)

**NATURAL RESOURCES DEPT**  
**Program: FISH & WILDLIFE MANAGEMENT**  
**Activity: FISH MANAGEMENT**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	867	686	153	154	307
General	596	617	509	509	1,018
Minnesota Resources	81	0	0	0	0
Natural Resources	197	213	363	363	726
Game And Fish	27,262	29,581	30,101	30,936	61,037
<b>Open Appropriations</b>					
General	7,610	7,843	7,878	7,934	15,812
Game And Fish	725	818	812	807	1,619
<b>Statutory Appropriations</b>					
Natural Resources	161	80	0	0	0
Special Revenue	214	257	175	175	350
Game And Fish	0	0	1,030	880	1,910
Federal	23	76	25	25	50
Gift	19	304	92	92	184
<b>Total</b>	<b>37,755</b>	<b>40,475</b>	<b>41,138</b>	<b>41,875</b>	<b>83,013</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	21,250	22,166	23,136	23,968	47,104
Other Operating Expenses	6,337	8,747	8,982	8,886	17,868
Capital Outlay & Real Property	2,193	1,398	831	781	1,612
Local Assistance	7,975	8,150	8,181	8,237	16,418
Transfers	0	14	8	3	11
<b>Total</b>	<b>37,755</b>	<b>40,475</b>	<b>41,138</b>	<b>41,875</b>	<b>83,013</b>
<b>Full-Time Equivalent (FTE)</b>	<b>364.1</b>	<b>380.8</b>	<b>384.8</b>	<b>384.8</b>	

**Activity Description**

The Wildlife Management Activity exists to provide management, protection, use, understanding, and enjoyment of the state's wildlife (M.S. 84.941).

The Division of Fish and Wildlife is the primary authority responsible for wildlife population management and harvest regulation, providing healthy wildlife populations for hunting and viewing activities, as well as resolving conflicts between humans and wildlife.

Because of the critical role of habitat in maintaining healthy and diverse wildlife populations, this program is also the primary lead for other programs that deal with acquiring, managing, and restoring wildlife habitats on public and private lands, and some public waters. This program partners with public and private landowners, other agencies, all levels of government, nonprofit organizations, and citizens.

**Population Served**

Primary clientele include 597,000 hunters and trappers and 2.2 million wildlife viewers/photographers. In a 2001 national survey conducted by U.S. Fish and Wildlife Service \$483 million was expended on hunting and trapping related activities (an average of \$783 per participant) and \$531 million was expended for wildlife watching activities (an average of \$246 per participant.) Minnesota ranks sixth among all states for the number of hunters and trappers and eleventh for the number of wildlife viewers/photographers.

**Services Provided**

Wildlife Management has ten primary strategies or services provided:

- ⇒ Acquire, develop, and maintain wildlife management areas (WMAs) for wildlife habitat, public hunting, and wildlife observation.
- ⇒ Inventory and monitor the state's wildlife populations and habitats.
- ⇒ Provide customer service through regulated harvesting seasons, wildlife information, and education.
- ⇒ Provide technical assistance to land owners and land managers to improve wildlife habitat.
- ⇒ Improve the quality of Minnesota's shallow lakes.
- ⇒ Provide technical assistance and cost-sharing to resolve wildlife problems.
- ⇒ Conduct applied research on management-related wildlife topics.
- ⇒ Partner with organizations, individuals, and agencies to accomplish mutual objectives.
- ⇒ Monitor and protect wildlife health.
- ⇒ Provide leadership to inspire recruitment and retention of hunters and trappers.

Wildlife Management performance is measured in terms of quantities of public lands and waters administered, populations of wildlife species, and public recreation and information.

- ⇒ **Wildlife Management Areas.** This program manages an extensive system of over 1,355 Wildlife Management Areas totaling over 878,000 acres, with another 340,000 acres of cooperatively managed lands. Minnesota pioneered wetland protection efforts in the early 1950s with the "Save the Wetlands" program of acquiring shallow wetlands and managing them for wildlife—a program that has since become the model for other federal and state programs. The Minnesota WMA system is one of the largest in the country.

**Activity at a Glance**

- ◆ 597,000 hunters and trappers, 2.2 million wildlife viewers served.
- ◆ 1,355 wildlife management areas (WMA) with over 1.2 million acres managed for optimal wildlife habitat. 5,000 acres added to WMA system annually.
- ◆ Over 50 big game, small game, waterfowl, migratory bird, and furbearer species managed through regulated harvest.
- ◆ 360,000 acres of public land conserved and managed in FY 2004; over 8,500 acres of private land managed through annual cost-share programs in FY 2004.
- ◆ 38,700 hours of technical guidance on wildlife habitat/populations and nuisance animals provided to private landowners and government agencies in FY 2004.
- ◆ Hunting and trapping generated \$593 million and wildlife watching generated \$531 million for Minnesota's economy in 2001.

⇒ **Wildlife Populations and Resource Assessment.** Basic population inventory, monitoring, and research is essential to responsible management of populations, including the management of quota systems, setting hunting seasons, and investigating applied population and habitat management needs. For example, current projects are investigating issues as diverse as moose population dynamics in northeastern Minnesota, the relationship of forest thermal cover and the winter distribution and survival of deer, sources of mortality and movements of deer in agricultural environments; aerial surveys of deer to calibrate deer population models used to determine harvest target levels, the conservation benefits of lands retired in Conservation Reserve Program (CRP), and the current distribution and abundance of river otters in southern Minnesota.

Natural resource assessments provide historical and current data on habitat cover and land use patterns. This information is critical for evaluating, recommending and planning habitat protection and management efforts.

⇒ **Wildlife Habitat.** In addition to direct management of WMAs, the program provides technical assistance for wildlife habitat management and improvement on other public as well as private lands by consulting with forest managers, providing wildlife expertise for agricultural land conservation programs such as CRP, Conservation Reserve and Enhancement Program (CREP), and Reinvest in Minnesota (RIM) Reserve, assessing and managing shallow lakes with high wildlife production potential, and providing technical assistance and cost-share to private individuals and organizations for improving their lands for wildlife.

⇒ **Public Recreation and Information.** The Wildlife Management Activity provides areas for wildlife recreation and manages hunting and trapping seasons for over 50 game species which provide over 8.4 million days of recreation annually. The program also provides public information and education about wildlife through publications, mass media, and personal presentations. Minnesota has a rich and diverse wildlife component of great importance to the state's citizens. The state's many types of prairie, wetland, forest, and other plant communities support 403 migratory and resident bird species, 240 nesting bird species that breed in the state, 80 species of mammals, and 48 species of amphibians, reptiles, and mussels.

### Historical Perspective

Populations of many species are at or near all-time highs, including deer, wild turkeys, black bears, and locally breeding Canada geese. Minnesota also has some of the best ruffed grouse populations in the country and is a major waterfowl production state. Abundant populations of wildlife species provide for increased hunting, trapping and wildlife-related recreational opportunities. However, abundant populations of wildlife such as deer, bears, and geese can cause conflicts with humans so the Division of Fish and Wildlife also maintains programs to manage populations and address wildlife damage and nuisance problems.

Changing demographics are leading to changes in participation rates and expectations from wildlife-related recreational experiences. More focus is being placed on the use of surveys, licensing data, roundtables, and other forums to provide opportunities that improve participation and satisfaction, while maintaining population management needs.

Hunting and fishing were recognized as a valued part of Minnesotan's heritage to be managed by law and regulation for the public good when approved as Constitutional Amendment 13, Section 12 in 1998 by more than 77% of voters in the general election.

### Key Measures

The Wildlife Management Activity has three major goals: 1) to have healthy and productive wildlife populations and habitats managed on a sustainable basis; 2) to have high quality and abundant hunting, trapping, and wildlife recreation opportunities; and 3) be a leader in resource stewardship and have effective partnerships with citizens to manage wildlife resources. The following measures track progress toward these goals. For a more complete set of performance measures and detailed descriptions, please see the DNR's "**A Strategic Conservation Agenda, 2003–2007: Measuring Progress toward Mission**" ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

# NATURAL RESOURCES DEPT

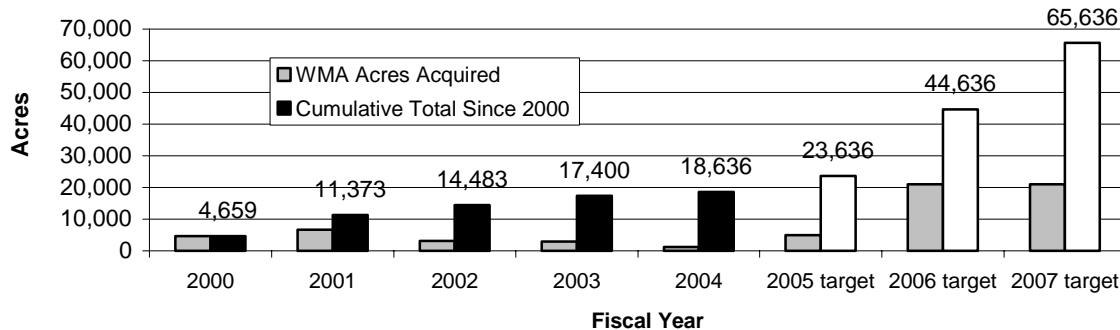
Program: FISH & WILDLIFE MANAGEMENT

Activity: WILDLIFE MANAGEMENT

Narrative

- Wildlife Management Areas:** The DNR manages 1,355 public wildlife areas covering 1.2 million acres of high-quality habitat in 86 of the state's 87 counties. These areas provide recreation for hundreds of thousands of hunters and wildlife watchers each year, who contribute significantly to the state's economy. After FY2005, stakeholders recommended the DNR acquire 21,000 acres/year for the next 10 years, and then acquire 12,250 acres/year for the following 40 years. Long-range planning will help Minnesota achieve a high-quality network of WMAs totaling an additional 700,000 acres over the next 50 years.

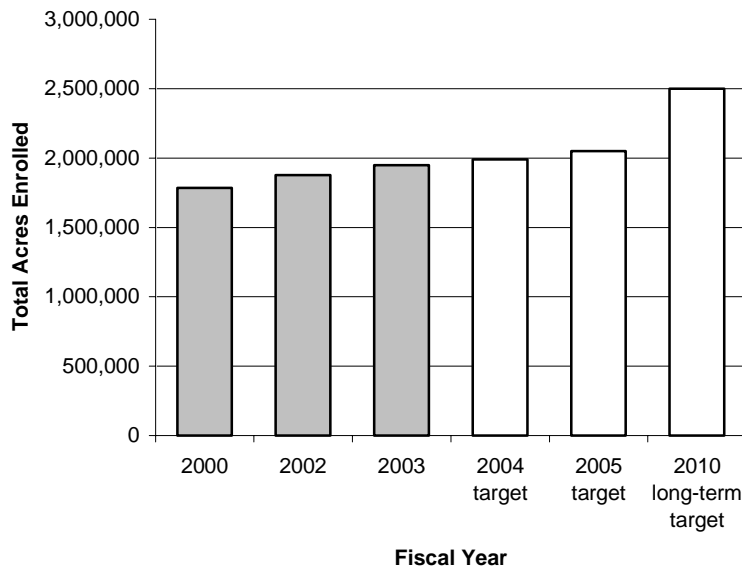
**Cumulative WMA Acres Acquired Since 2000**



**Indicator:** Number of acres protected in Wildlife Management Areas

**Target:** Acquire 5,000 WMA acres per year in FY2003–05. After FY 2005, stakeholders recommended DNR acquire 21,000 acres/year for the next 10 years.

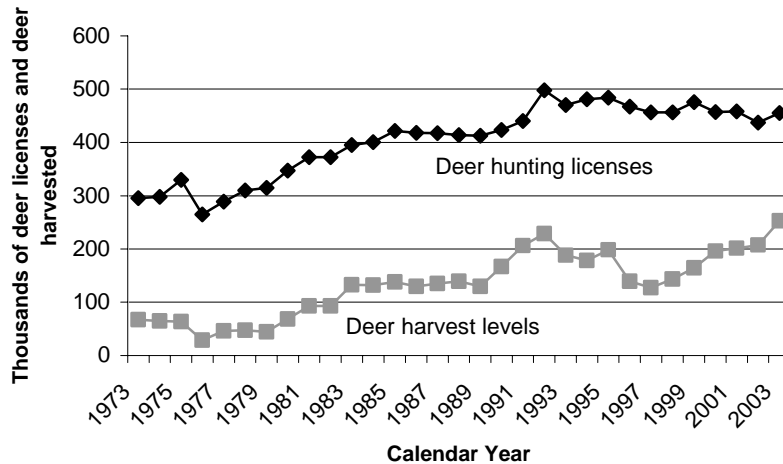
- Farmland conservation:** Wildlife populations have declined as the historic prairies and wetlands of southern and western Minnesota were converted to croplands. The 1985 Federal Farm Bill's CRP has provided substantial conservation opportunities on agricultural lands. Subsequent farm bills have continued to provide significant conservation provisions vital to habitat conservation.



**Indicator:** Acres in conservation practices under state and federal farmland programs.

**Target:** Have more than 2 million acres enrolled in conservation practices by the end of 2005 and 2.5 million acres by 2010.

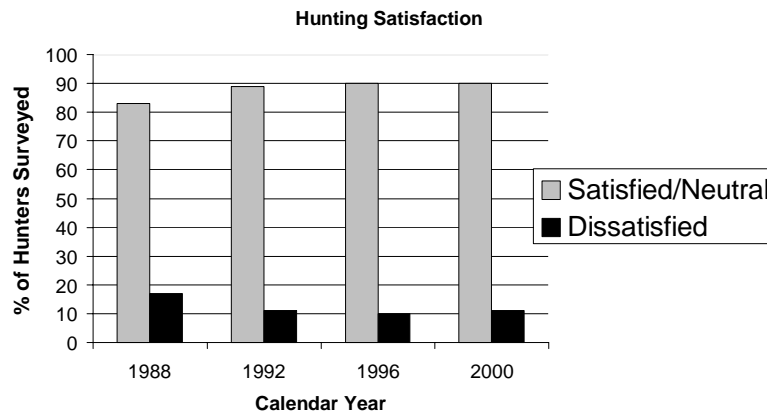
- ◆ **White-tailed deer management:** Deer provide substantial recreational and economic benefits to Minnesota. However, chronic high densities of deer may have a negative impact on forests, farms, and personal property. Hunters expect high deer densities and harvests, and represent a significant lobbying force for maintaining or expanding deer populations. At the same time, increases in negative deer-human interactions due to high deer populations have increased and broadened public interest in deer management.



**Indicator:** Percent of deer management areas within goal range for harvest levels

**Target:** Maintain deer populations within goal ranges in at least 75 percent of deer management areas.

- ◆ **Hunter Recruitment and Satisfaction:** Hunter satisfaction is related to healthy wildlife populations and habitats, but also to a complex relationship between the degree of crowding, availability of hunting areas, animals seen, animals bagged, size of animals, length and timing of seasons, bag limits, and other factors. DNR is conducting more “human dimensions” surveys to assess satisfaction and the contributors to high or low satisfaction.



**Indicator:** Hunter satisfaction levels as measured by surveys.

**Target:** Maintain 90% satisfaction rates among hunters.

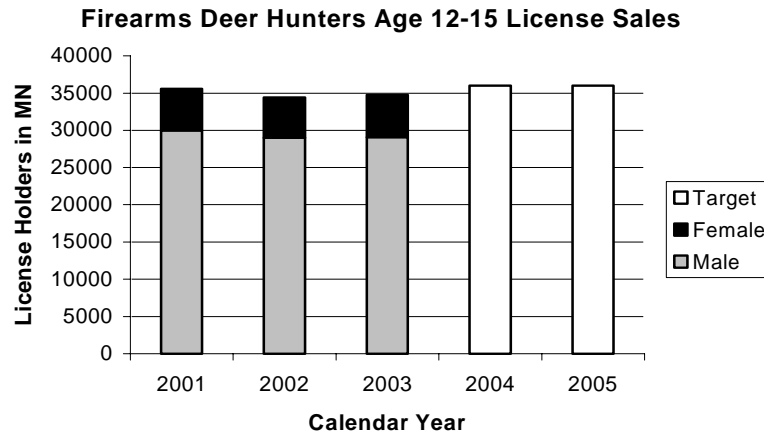
# NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Activity: WILDLIFE MANAGEMENT

Narrative

The DNR has initiated a special effort to promote and sustain hunting by identifying barriers to participation and enacting programs and policies that reduce or remove them. The DNR has reduced youth hunting license fees and initiated special youth hunts, and is working with hunting organizations to provide educational and introductory experiences.



**Indicator:** Youth hunter participation and hunter satisfaction as measured by surveys

**Target:** Maintain youth hunter participation as measured by license sales, increase special youth hunts in the future, and maintain 90% satisfaction rates among hunters.

## Activity Funding

The Wildlife Management activity generates revenue from the sale of hunting licenses and from reimbursement under the Federal Aid in Wildlife Restoration Act. This U.S. Fish and Wildlife Service Federal Aid program, commonly referred to as the Pittman-Robertson Act (PR), manages the distribution of revenues derived from federal excise taxes on hunting equipment to state fish and wildlife agencies through grants. In FY 2004-05, these federal grants will generate over \$12 million in reimbursement. These revenues are deposited in the dedicated Game and Fish Fund to support the Wildlife Management Activity. In addition, the Division generates dedicated revenue from cooperative agreements, natural resource sales, sales of publications, and gifts.

The Wildlife Management Activity receives funding from many sources with the bulk of funding from the Game and Fish Fund (including its dedicated accounts (70%). The 2000 legislature expanded the Game and Fish Fund by including lottery in-lieu of sales tax proceeds in a Heritage Enhancement Account and allocated a portion of this to the Wildlife Program. Other sources of funds include Special Revenue (2%), General (6%), Legislative Commission on Minnesota Resources (LCMR) (4%), and Federal (1%).

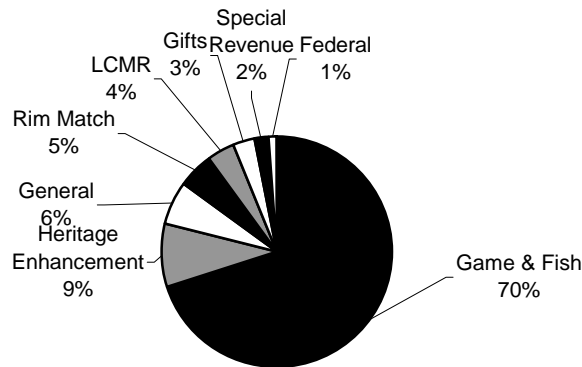
# NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Activity: WILDLIFE MANAGEMENT

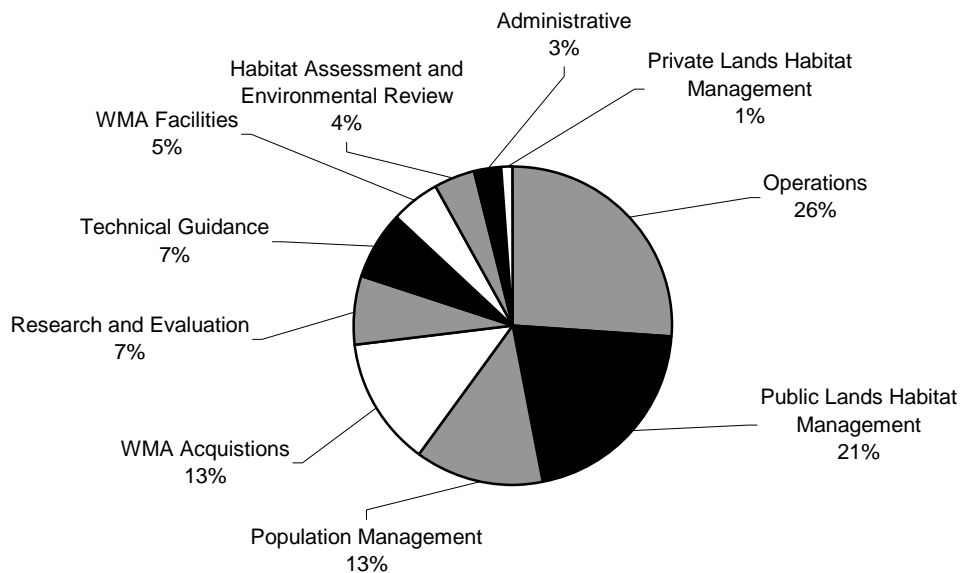
Narrative

**Wildlife Management Direct Funding  
FY 2004-05**



Wildlife expenditures are summarized into 10 core activities. A breakdown of FY 2004 activity expenditures are shown below

**Activity Expenditures - FY 2004**



## Contact

General information on Wildlife programs can be found on the Department of Natural Resources website <http://www.dnr.state.mn.us>. A wide variety of general and technical publications are also available.

Contact for additional information:

Edward K. Boggess, Manager, Policy Section

Division of Fish and Wildlife

Phone: (651) 297-2072

Fax: (651) 297-4961

E-mail: [Ed.Boggess@dnr.state.mn.us](mailto:Ed.Boggess@dnr.state.mn.us)



**NATURAL RESOURCES DEPT**

**Program: FISH & WILDLIFE MANAGEMENT**

**Activity: WILDLIFE MANAGEMENT**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	841	1,005	257	256	513
General	1,431	1,796	1,416	1,416	2,832
Minnesota Resources	217	400	0	0	0
Game And Fish	19,073	26,271	20,225	20,753	40,978
<b>Statutory Appropriations</b>					
General	2	275	0	0	0
Natural Resources	22	179	18	18	36
Special Revenue	467	537	510	510	1,020
Game And Fish	746	1,437	6,874	6,874	13,748
Federal	378	486	613	613	1,226
Reinvest In Minnesota	1,489	2,601	2,286	2,286	4,572
Gift	128	533	152	152	304
<b>Total</b>	<b>24,794</b>	<b>35,520</b>	<b>32,351</b>	<b>32,878</b>	<b>65,229</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	14,669	15,837	15,938	16,466	32,404
Other Operating Expenses	6,328	10,744	8,275	8,274	16,549
Capital Outlay & Real Property	2,325	6,876	6,478	6,478	12,956
Local Assistance	1,472	2,063	1,660	1,660	3,320
<b>Total</b>	<b>24,794</b>	<b>35,520</b>	<b>32,351</b>	<b>32,878</b>	<b>65,229</b>
<b>Full-Time Equivalentents (FTE)</b>	<b>240.5</b>	<b>244.7</b>	<b>246.4</b>	<b>246.0</b>	

**Activity Description**

This activity manages the issuance of game, fish and commercial licenses, registration and titling of watercraft, and registrations of ATVs, OHVs, OHM, and snowmobiles through an electronic licensing system (ELS) developed specifically for the state of Minnesota.

**Population Served**

Licensing serves the general public, licensing agents, deputy registrars and management within the Department of Natural Resources (DNR). Other governmental organizations benefit as well from the services outlined below.

**Services Provided**

The business of issuing licenses, registrations and titles involves:

- ◆ development, implementation, and maintenance of ELS;
- ◆ managing approximately 1,700 license agents and 173 deputy registrars statewide;
- ◆ collection and distribution of \$63 million in receipts annually;
- ◆ development, implementation, and maintenance of the computerized lottery system for issuing controlled hunt permits;
- ◆ development, implementation, and maintenance of the computerized commercial licensing system;
- ◆ issuance of all game and fish licenses, registrations and titles at the License Section's counter;
- ◆ shipping, mailing, and receiving a variety of license/registration/title related materials;
- ◆ providing information to the general public regarding license/registration/titling procedures, rules, and laws.

**Historical Perspective**

License Management was transferred to the Division of Fish and Wildlife during FY2004. The License Section's duties have changed dramatically over the past five years, converting from a manual system to a completely automated system. ELS has enabled the department to provide accurate and timely information pertaining to license holders, license and recreation activities, revenue collected, and numbers of licenses, registrations and titles issued for use by the department, other state agencies, legislature, and the general public. In addition, the new system accelerates the collection of revenues from license, registration, and title sales.

ELS allows the purchase of licenses from a local agent, by phone, or online. Hunting and fishing licenses can be purchased electronically any time of the day, any day of the week. It has also streamlined business practices and cut administrative costs. Currently 135 different transactions are available online, ranging from hunting and fishing licenses to cross-country ski passes, snowmobile trail stickers, boat and recreational vehicle registration renewals.

The ongoing development and availability of electronic tools will result in continued improved service and efficiency for licensing activities.

**Activity at a Glance**

- ◆ Manage the transactions and collect revenues from three million DNR licenses as well as 1.3 million boat/vehicle registrations and watercraft titles.
- ◆ Manage 1,700 point-of-sale hunting and fishing license agents and 173 registration and titling agents.
- ◆ Sell 1500 Lifetime Licenses.
- ◆ Collect \$63 million in receipts annually

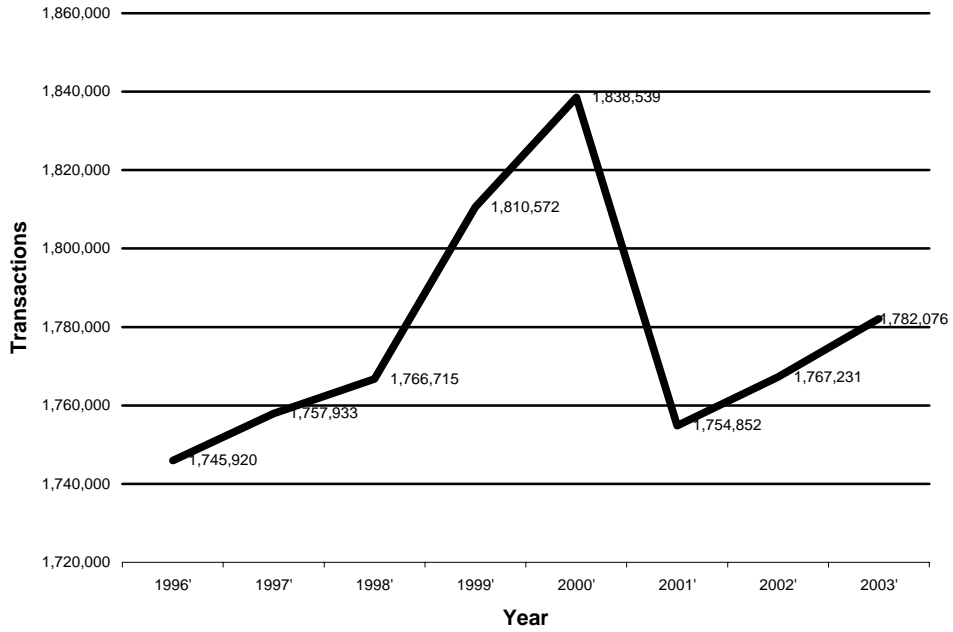
**NATURAL RESOURCES DEPT**

**Program: FISH & WILDLIFE MANAGEMENT**

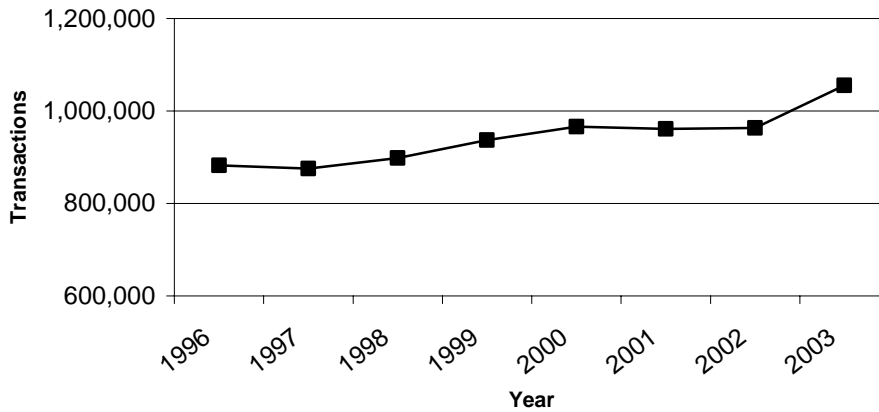
**Activity: LICENSING**

Narrative

**Angling Type License Transactions by Year**



**Hunting Type License Transactions By Year**



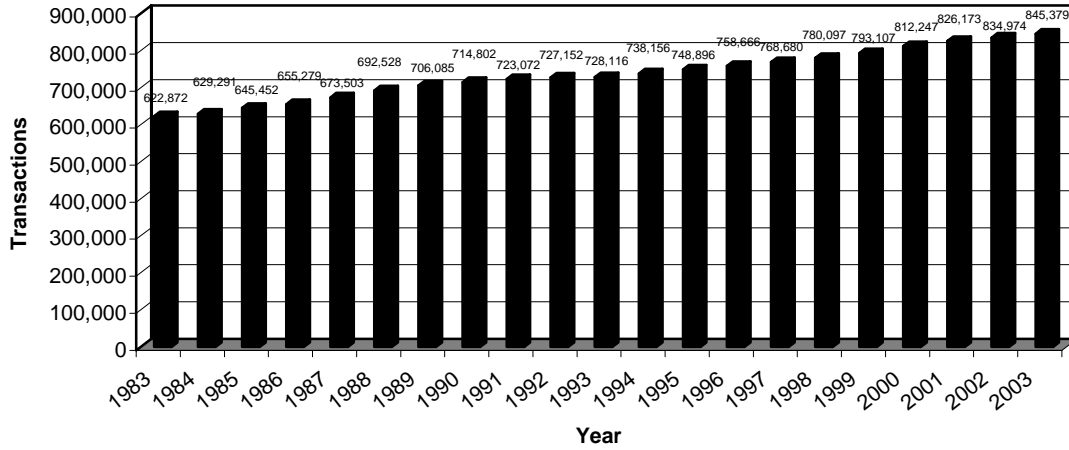
# NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

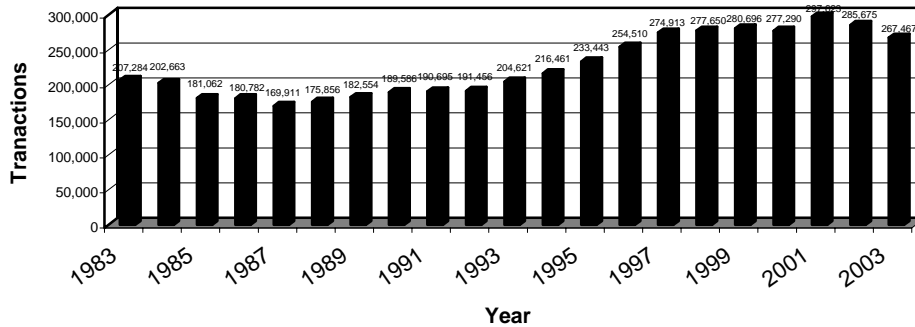
Activity: LICENSING

Narrative

### Watercraft Transactions by Year



### Snowmobile Transactions by Year



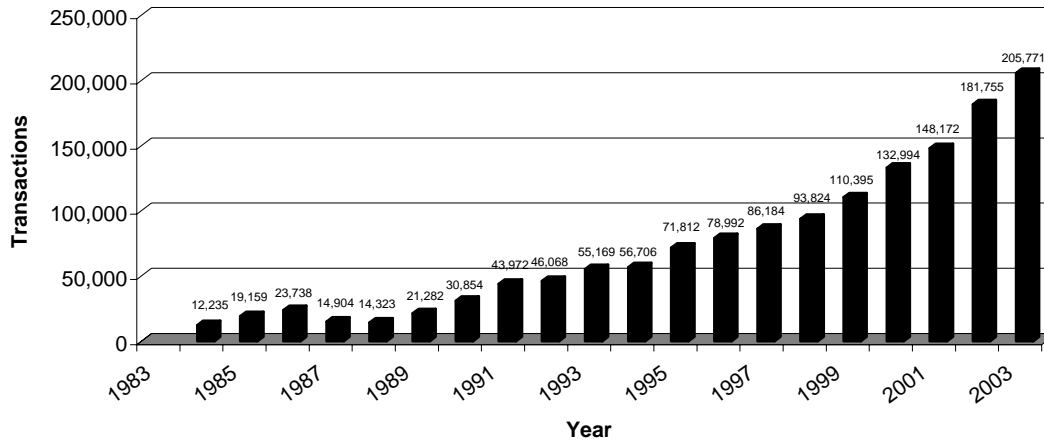
# NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

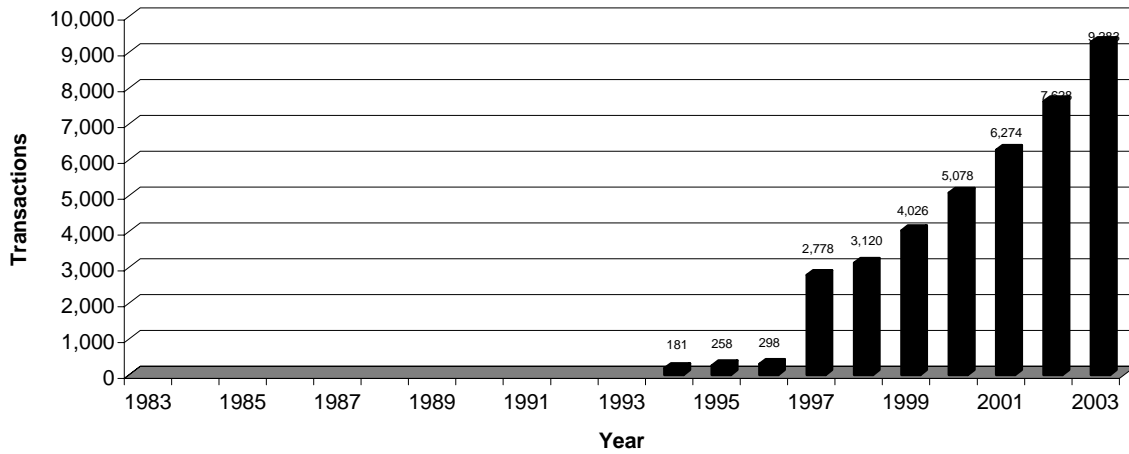
Activity: LICENSING

Narrative

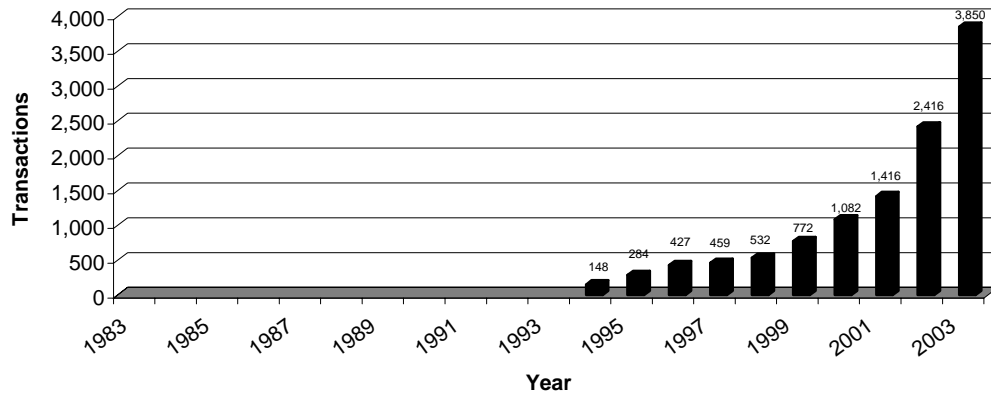
### ATV Transactions by Year



### OHM Transactions by Year



**ORV Transactions by Year**

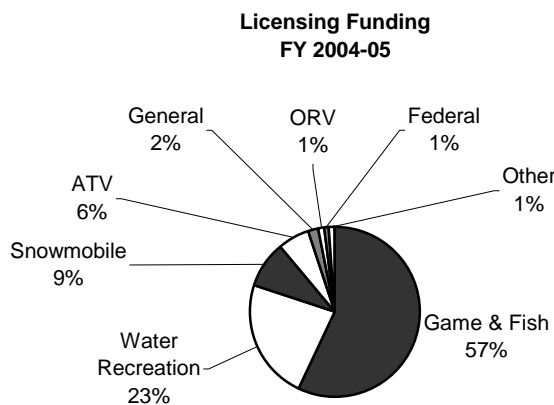


**Key Measures**

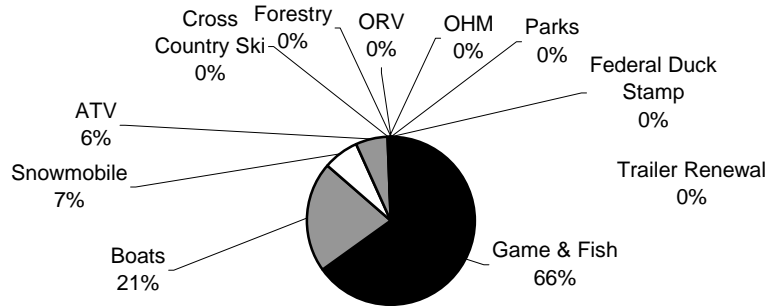
⇒ Hunter and angler satisfaction with licensing procedures: As part of its mission the DNR provides high-quality services to Minnesota’s hunters and anglers. This includes not only managing and sustaining resources, but also providing customers with licenses and useful information. This indicator focuses on hunter and angler satisfaction with procedures to get a license or permit. High satisfaction is part of the goal of providing high-quality customer services. Information on this indicator will assist the DNR with ongoing assessment of satisfaction levels with ELS.

**Activity Funding**

The operating budget for FY 2004 includes the following sources of funds: Game and Fish Fund (57%), Water Recreation (23%), Snowmobile (9%), ATV (6%), General (2%), ORV (1%), Other (1%).



**2004 Activity Percentages**



**Contact**

Peter Skwira, Manager  
Administrative Services Section Manager  
Division of Fish and Wildlife  
Phone: 651-297-2944  
Fax: 651-297-7272  
[peter.skwira@dnr.state.mn.us](mailto:peter.skwira@dnr.state.mn.us)

**NATURAL RESOURCES DEPT**  
**Program: FISH & WILDLIFE MANAGEMENT**  
**Activity: LICENSING**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	146	45	41	41	82
Natural Resources	995	1,362	1,179	1,179	2,358
Game And Fish	1,075	1,255	1,101	1,122	2,223
<b>Statutory Appropriations</b>					
Natural Resources	824	1,161	945	992	1,937
Special Revenue	13	15	15	15	30
Game And Fish	2,023	2,075	2,676	2,676	5,352
Federal	62	75	75	75	150
<b>Total</b>	<b>5,138</b>	<b>5,988</b>	<b>6,032</b>	<b>6,100</b>	<b>12,132</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,383	1,443	1,465	1,486	2,951
Other Operating Expenses	3,755	4,545	4,567	4,614	9,181
<b>Total</b>	<b>5,138</b>	<b>5,988</b>	<b>6,032</b>	<b>6,100</b>	<b>12,132</b>
<b>Full-Time Equivalent (FTE)</b>	<b>26.8</b>	<b>30.2</b>	<b>30.2</b>	<b>30.2</b>	



**Program Description**

The purpose of the Ecological Services Program is to ensure that present and future generations enjoy the benefits of healthy ecosystems. This program is the responsibility of the Department of Natural Resources (DNR's) Division of Ecological Services.

In the 1970s, however, people began to recognize the need to protect and manage all wildlife species (game and nongame) as well as native plants and natural communities, such as prairies and wetlands. In addition, they recognized the importance of addressing serious threats such as contaminants and invasive exotic species, and the need to restore degraded systems, such as lakes, rivers and wetlands, to protect and improve the natural resources that are so important to Minnesota's quality of life. The Division of Ecological Services addresses these important resource issues with 16 different programs concentrated in four key areas: 1) nongame and rare resources; 2) lakes and rivers; 3) ecosystem health; and 4) conservation information and community assistance.

**Program at a Glance**

- ◆ Manage 138 scientific and natural areas.
- ◆ Survey Minnesota counties for rare biological resources.
- ◆ Maintain over 30,000 records of rare resources.
- ◆ Provide 18,000 hours/yr of technical ecological assistance to private developers, local governments, and other agencies.
- ◆ Assist 10,000 homeowners to protect native shoreland vegetation.
- ◆ Help 1.6 million boaters avoid spreading exotic species.
- ◆ Work with 1,000 volunteers to monitor loon populations.
- ◆ Assist 60 initiatives designed to restore degraded rivers.

**Population Served**

Ecological Services reaches out in partnership and service to a wide range of individuals and organizations. These include: active and concerned citizens, outdoor enthusiasts, local units of government, private business, nonprofit organizations, and natural resource managers.

**Services Provided**

Ecological Services' primary mission is to collect and link ecological information to help make wise resource decisions and protect and restore natural plant and wildlife communities. The division accomplishes this by providing five key services:

- ⇒ **Collecting ecological data.** Collecting and translating ecological information requires specialized expertise to understand how ecosystems and their component parts work. Division staff has ecological expertise in Minnesota's natural communities (e.g. forests, wetlands, rivers) and in the state's flora and fauna (e.g. ornithologists, botanists, and herpetologists). Small grants are provided to individuals and academic institutions to collect information on rare resources.
- ⇒ **Managing ecological data.** The Division's emphasis on collecting ecological information means that it must place an equally important emphasis on managing data. The backbone of the system is the Natural Heritage Information System, which includes over 20 databases that store data on rare features (e.g. state-listed plants and animals and native plant communities).
- ⇒ **Delivering technical assistance.** The division provides educational programs, and ecological data to decision makers and educators. It is important to deliver good information to resource users so that it becomes an important component in decision-making efforts of landowners, business leaders, resource agencies, and local public officials. Several division programs are focused on data delivery and interpretation, technical assistance, and providing educational material.
- ⇒ **Protecting and restoring native plant and wildlife communities.** Key functions include acquisition and management of a statewide system of natural areas and prairie bank easements, minimizing the impact of exotic species, shoreland habitat restoration, and river restoration. Small grants to local units of government help them manage and control the impacts of Eurasian watermilfoil on public waters.

⇒ **Regulating activities that impact native plant and wildlife communities.** Program staff manage permit programs designed to protect aquatic plants, control exotic species, protect endangered species, and provide for the safe operation of lake aeration systems.

### Historical Perspective

The history of the Division of Ecological Services reflects the growing interest of Minnesota's citizens to address a broader range of natural resource issues. For nearly 40 years the unit provided technical assistance to the department's traditional resource programs in fisheries and wildlife. In the 1980s, however, a series of program changes and additions gave shape to a newly expanded division with authorities in a variety of new areas including invasive exotic species, endangered species, wetland mitigation, nongame wildlife, scientific and natural areas, native plants and plant communities, and restoration of degraded grassland and river habitats.

Coupled with the increased interest in addressing a broader range of natural resource issues has been an increase in the number of wildlife watchers as outdoor recreation participants. The number of Minnesota citizens participating in bird watching, wildlife tourism, bird feeding, and wildlife photography increased from 1.3 million in 1996 to 1.9 million in 2001 – an increase of 46% in five years (U.S. Fish and Wildlife Service, 2002). The amount of money spent in search of bald eagles, loons, and peregrine falcons in the wild, as well as cardinals and warblers at bird feeders, increased from \$383.2 million in 1996 to \$523.5 million in 2001 – an increase of 36.6% in five years. Nevertheless, despite the increase in the number of wildlife watchers, there is concern that the percentage of the state's total population participating in this and other outdoor activities is actually decreasing as the overall population increases.

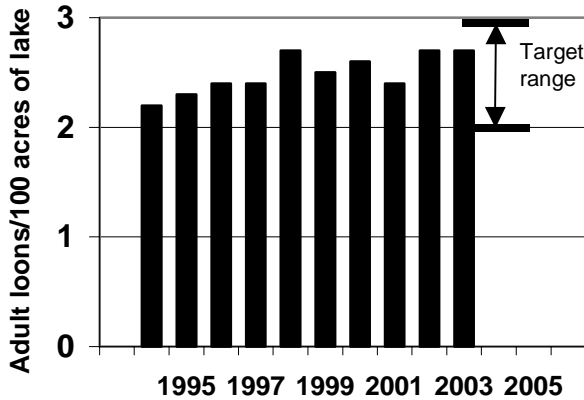
The division has greatly increased partnerships with local units of government in response to the growing interest to protect open space and natural areas and to restore degraded sites. Local communities utilize ecological data provided by the division to launch local protection initiatives, such as Sherburne County's Sugarbush Preserve, Chub Lake watershed protection in Dakota County, Chain of Lakes Natural Area in Isanti County, and the new regional park in Scott County. The division's efforts have also guided local governments' interest in initiating river restoration and protection efforts throughout the state.

### Key Measures

Ecological Services uses a range of performance measures to assess its progress in collecting and providing ecological information critical to wise resource decisions and sustainable resource results. The following measures illustrate four of the division's core program activities and their conservation results. For a more complete set of performance measures and more detailed descriptions of each measure, please see DNR's "**A Strategic Conservation Agenda, 2003 –2007: Measuring Progress toward Mission**" ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

◆ Nongame and Rare Resources

**Loon populations:** Minnesota is summer home to approximately 12,000 adult loons. To assess the stability of loon populations over time, the DNR’s loon monitoring program relies on nearly 1,000 volunteers to collect data on six 100-lake ‘index areas.’

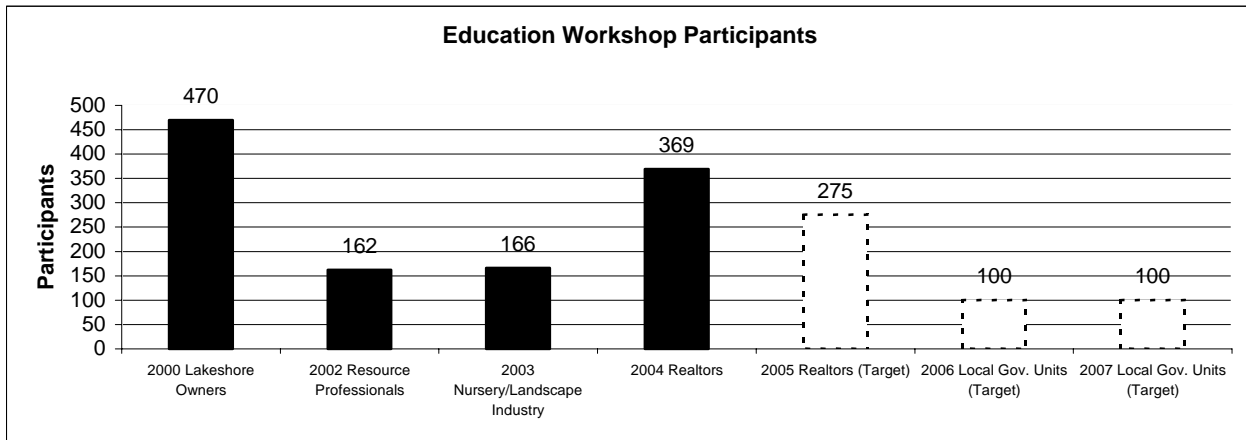


**Indicator:** Loon population levels in six 100-lake index areas

**Target:** Sustain a population of two to three adult loons per 100 acres of lake surface in the Aitkin/Crow Wing area over the long term.

◆ Lakes and Rivers

**Shoreline Habitat Conservation:** DNR produces education materials on conserving and restoring shoreline habitat and hosts shoreline management workshops for citizens, industry, resource professionals, and local units of government.



**Indicator:** Number of shoreline workshop participants.

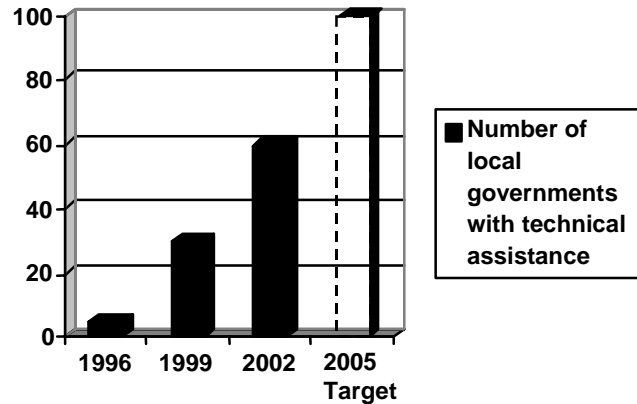
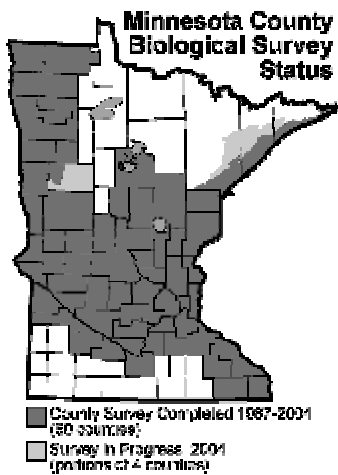
**Target:** Reach 275 realtors with shoreline workshops in 2005.

In FY 2006-07, DNR plans to reach 100 members of local units of government each year pending grant approval.

◆ **Conservation Information and Community Assistance**

**Counties with a Minnesota County Biological Survey:** The Minnesota County Biological Survey (MCBS) is a systematic examination of the state's rare biological features. The survey has already identified 14,377 locations of rare features and documented 17 species of native plants and two species of amphibians not previously recorded in Minnesota.

**Local Governments using Natural Heritage data:** Technical assistance and up-to-date data on natural features help local governments protect natural resources in a cost-effective, collaborative manner.



**Indicator:** Number of counties with a Minnesota County Biological Survey

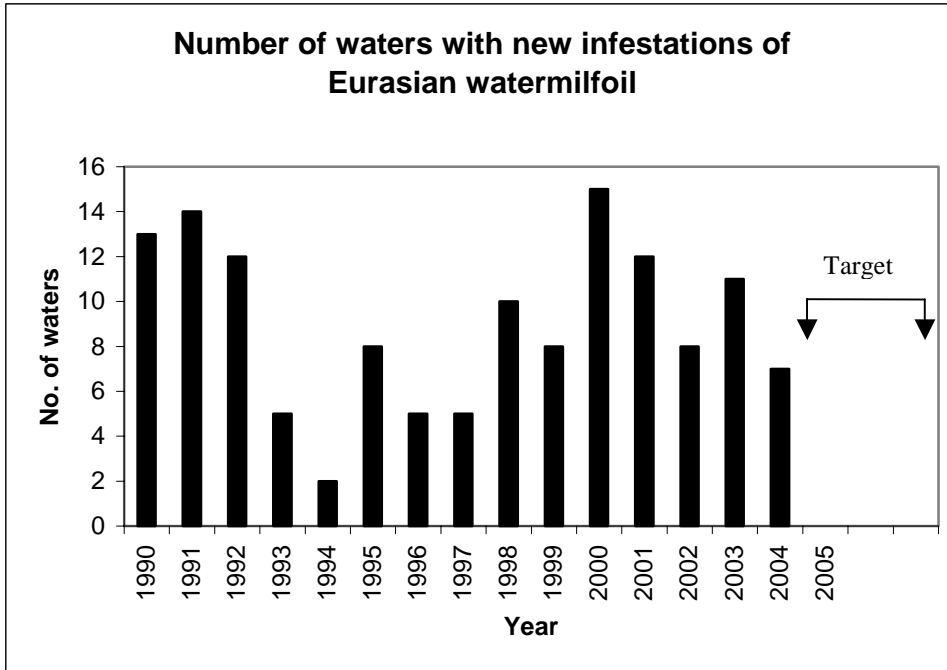
**Target:** Complete 62 counties and portions of 5 other counties by 2007 and all counties by 2021

**Indicator:** Number of local governments receiving technical assistance

**Target:** Provide technical assistance and natural features information to an additional 100 local governments by 2005

◆ Ecosystem Health

**Eurasian watermilfoil** is a nonnative aquatic invasive plant that harms Minnesota waterways by displacing native species, degrading habitat for fish and wildlife, and limiting lake recreation. Unintentional transport on trailered watercraft and equipment is believed to be the primary means of spread. Ninety percent of Minnesota boaters responding to a question in a 2000-2001 survey said they took action to avoid spreading aquatic invasive species, an increase over a similar survey in 1994 when 70% of Minnesota boaters said they took action.



**Indicator:** Number of waters with new infestations of Eurasian watermilfoil.

**Target:** Limit the rate of spread of Eurasian watermilfoil to no more than 10 new lakes per year.

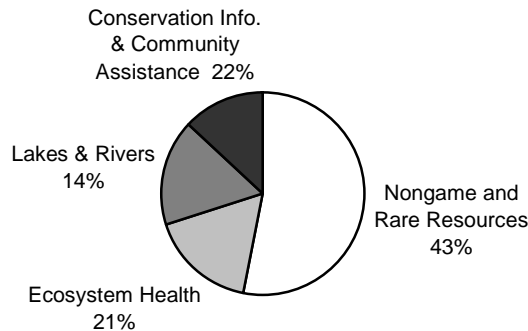
**Program Funding**

Ecological Services' operating budget for FY 2004-05 included the following sources of funds: General (21%), Game and Fish (12%), Heritage Enhancement (8%), Natural Resources (18%), Environmental Trust Fund (8%), Federal (18%), and Special Revenue (14%). Total program funding in FY 2004-05 was \$31.4 million.

Game and Fish Fund appropriations include dollars from the Heritage Enhancement Account, a sub-account of the Game and Fish Fund that was authorized by the 2000 legislature and funded from a percentage of lottery revenues in lieu of sales tax. Natural Resources funding includes the Water Recreation Account (motorboat gas taxes), Exotics Species Surcharge (sub-account of the Water Recreation Account funded by a surcharge on boat licenses), Nongame Fund (state income tax check-off), and Off-Highway Vehicle (OHV) and Recreational Trail funds (OHV registration fees). Federal and Special Revenue funds include dollars from a number of grant programs and cooperative agreements.

This program generates revenue from aquatic plant and lake aeration permits and reimbursement under the Federal Aid to Sport Fish and Wildlife Restoration and State Wildlife Grant programs. Sport Fish and Wildlife Restoration dollars are deposited in the Game and Fish Fund. State Wildlife Grants are federal dollars reimbursed for state program expenditures targeted at wildlife species of greatest conservation need.

**FY 2004-05 Allotments by Program Area**



**Contact**

Lee Pfannmuller, Director  
 Phone: (651) 296-0783  
 Fax: (651) 296-1811  
 E-mail: [lee.pfannmuller@dnr.state.mn.us](mailto:lee.pfannmuller@dnr.state.mn.us)

Steve Hirsch, Assistant Director  
 Phone: (651) 297-4918  
 Fax: (651) 296-1811  
 E-mail: [steve.hirsch@dnr.state.mn.us](mailto:steve.hirsch@dnr.state.mn.us)

General information about the division and its diverse program services is available on the DNR website ([http://www.dnr.state.mn.us/ecological\\_services/index.html](http://www.dnr.state.mn.us/ecological_services/index.html)). In addition, annual reports are available that summarize the division's expenditures from the Game and Fish Fund and activities with the Aquatic Plant Management and Exotic Species programs. These can be obtained by calling (651) 296-2835.

**NATURAL RESOURCES DEPT**  
**Program: ECOLOGICAL SERVICES**

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	1,177	1,099	1,138	1,138	2,276
<b>Technical Adjustments</b>					
One-time Appropriations			(1,138)	(1,138)	(2,276)
Subtotal - Forecast Base	1,177	1,099	0	0	0
<b>Governor's Recommendations</b>					
LCMR Projects		0	1,036	1,036	2,072
<b>Total</b>	<b>1,177</b>	<b>1,099</b>	<b>1,036</b>	<b>1,036</b>	<b>2,072</b>
<b>General</b>					
Current Appropriation	3,085	3,085	3,085	3,085	6,170
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			50	50	100
Subtotal - Forecast Base	3,085	3,085	3,135	3,135	6,270
<b>Governor's Recommendations</b>					
General Fund Reduction Plan		0	(31)	(31)	(62)
Operations Support Funding		0	171	171	342
<b>Total</b>	<b>3,085</b>	<b>3,085</b>	<b>3,275</b>	<b>3,275</b>	<b>6,550</b>
<b>Natural Resources</b>					
Current Appropriation	2,572	2,632	2,632	2,632	5,264
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			157	157	314
Subtotal - Forecast Base	2,572	2,632	2,789	2,789	5,578
<b>Governor's Recommendations</b>					
Nongame Wildlife Educ, Info, & Promotion		0	100	100	200
Operations Support Funding		0	60	60	120
Water Recreation Funding Levels		0	204	204	408
<b>Total</b>	<b>2,572</b>	<b>2,632</b>	<b>3,153</b>	<b>3,153</b>	<b>6,306</b>
<b>Game And Fish</b>					
Current Appropriation	3,020	3,028	3,028	3,028	6,056
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			252	252	504
Subtotal - Forecast Base	3,020	3,028	3,280	3,280	6,560
<b>Governor's Recommendations</b>					
Maintenance of Service - Game and Fish		0	61	125	186
Operations Support Funding		0	111	111	222
Prairie Wetland Complexes and Monitoring		0	325	325	650
Stream Restoration		0	64	64	128
Water Recreation Funding Levels		0	(50)	(50)	(100)
<b>Total</b>	<b>3,020</b>	<b>3,028</b>	<b>3,791</b>	<b>3,855</b>	<b>7,646</b>

NATURAL RESOURCES DEPT  
 Program: ECOLOGICAL SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	1,059	1,485	1,036	1,036	2,072
General	3,068	3,531	3,275	3,275	6,550
Natural Resources	2,410	3,177	3,153	3,153	6,306
Game And Fish	2,312	3,992	3,791	3,855	7,646
<b>Open Appropriations</b>					
Natural Resources	4	5	5	5	10
<b>Statutory Appropriations</b>					
Natural Resources	16	199	114	60	174
Special Revenue	101	653	225	225	450
Federal	1,812	3,496	2,958	2,938	5,896
Remediation	37	3,000	2,000	1,169	3,169
Reinvest In Minnesota	561	245	155	155	310
Gift	36	263	50	50	100
<b>Total</b>	<b>11,416</b>	<b>20,046</b>	<b>16,762</b>	<b>15,921</b>	<b>32,683</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	7,260	8,197	8,397	8,461	16,858
Other Operating Expenses	2,975	7,313	5,538	5,518	11,056
Capital Outlay & Real Property	700	1,100	240	186	426
Local Assistance	481	3,436	2,587	1,756	4,343
<b>Total</b>	<b>11,416</b>	<b>20,046</b>	<b>16,762</b>	<b>15,921</b>	<b>32,683</b>
<b><u>Expenditures by Activity</u></b>					
Ecological Services	11,416	20,046	16,762	15,921	32,683
<b>Total</b>	<b>11,416</b>	<b>20,046</b>	<b>16,762</b>	<b>15,921</b>	<b>32,683</b>
<b>Full-Time Equivalent (FTE)</b>	<b>128.7</b>	<b>131.8</b>	<b>123.6</b>	<b>119.4</b>	



**Program Description**

The purpose of the Enforcement – Natural Resource Laws and Rules Program is to ensure public safety and compliance with laws regarding state game and fish, recreational vehicles, natural resource commercial operations, and environmental protection. This program is the responsibility of the Department of Natural Resources’ (DNRs) Division of Enforcement.

Major responsibilities include law enforcement, public safety, and education in:

- ◆ hunting and fishing seasons, methods of taking animals and fish, bag and possession limits;
- ◆ public safety, especially where it concerns alcohol use while hunting or operating Off-Highway Vehicles (OHV), and watercraft;
- ◆ commercial use and possession of natural resources and products;
- ◆ protection of the state’s land, air, and water; and
- ◆ safety training and hunter education for youth and adults.

**Population Served**

The division serves our citizens by safeguarding the public safety through education and enforcement efforts with approximately 845,000 registered boaters, 860,000 licensed hunters, 1.5 million licensed anglers, 250,000 registered recreational vehicles, 267,000 registered snowmobiles, 2,000 licensed/registered commercial operations, and countless other stakeholders and visitors using our abundant natural resources and recreational opportunities.

**Services Provided**

The Enforcement Division provides services to the state through the use of community-based conservation officers and specially trained officers assigned for support. Currently, services are provided through the divisions:

- ◆ 135 conservation officers assigned to specific community field stations for field operations;
- ◆ Special Investigation Unit (SIU) undercover work targeting unlawful activity among commercial operations;
- ◆ Department Aviation Unit, used by all divisions for operations support including aerial census and mapping;
- ◆ Wetland Enforcement Officers (WEO), specifically trained in the complexities of state and federal wetland issues, deal with unlawful activity in wetlands and wetlands destruction;
- ◆ Training and Standards Unit, concentrating on officer training, professionalism, and safety; and
- ◆ Information and Education programming, administering mandated safety training and education programs delivered through volunteer instructors, regional training officers, and local conservation officers.

**Historical Perspective**

Natural resource commercial and recreational use has increased many-fold in the last half-century; however, the Enforcement Division has maintained approximately the same number of officer positions. In addition to the exponential increase in the number of traditional hunters (example – the number of deer hunters has increased over 650%) and the number of anglers (has increased over 400%), the state has new user groups. Some added duties since that time include:

**Program at a Glance**

The Enforcement Division protects the state’s natural resources. There is a direct link between natural resources and the state’s quality of life, as well as impacts to the tourism industry and the state’s economy. Some FY 2004 highlights:

- ◆ 40,000+ citizens attended the division’s education/safety classes.
- ◆ Cited or documented over 23,000 violations.
- ◆ Enforced the Wetlands Conservation Act (WCA).
- ◆ Provided aviation support for department needs ranging from wildlife population census to enforcement activities.
- ◆ Partnered with other divisional staff for assistance in enforcement efforts through the use of non-enforcement staff working in cooperative support of the law enforcement mission.
- ◆ Administered almost \$2.0 million in grants to local law enforcement agencies for enforcement work in boat and water, snowmobile, Off-Highway Vehicles (OHV), and also administered matching dollars for the improvement of public shooting and archery ranges.

- ◆ Boat and Water Safety Enforcement (845,000 boats);
- ◆ Wetlands drainage/WCA enforcement;
- ◆ State/grants-in-aid (GIA) Trails (20,000 miles);
- ◆ All-Terrain Vehicles (ATV's), Off-Road Vehicles (ORV's), Off-Highway Motorcycles (OHM's), Snowmobiles (517,000);
- ◆ Firearm Safety Classes (20,000 students annually);
- ◆ Adult Hunter Education (3,000 students annually);
- ◆ Water Quality and Pollution Issues;
- ◆ Irrigation Laws;
- ◆ Commercial enterprises such as Shooting Preserves, taxidermists, Ginseng exporters;
- ◆ State Parks Enforcement;
- ◆ Snowmobile and OHV Safety Education;
- ◆ Invasive Species;
- ◆ Forest Arson Investigations;
- ◆ New seasons for wildlife species, e.g., metro goose, turkey, moose, muzzleloader deer, archery deer, falconry, mourning doves;
- ◆ Indian Treaty Issues;
- ◆ Cross-Country Ski Passes;
- ◆ Shoreline Protection; and
- ◆ Driving While Impaired (DWI) Enforcement.

Modern wildlife management theory and practice has focused on habitat protection and enhancement as opposed to stocking and "put-and-take" operations. Pro-active law enforcement efforts likewise focus upon more habitat protection efforts for game and fish population enhancement (forests, waters, wetlands, and prairies). While the traditional role of conservation officer patrol and the apprehension of violators is a key factor in effective management, specialized training and skills are required for a more comprehensive approach to wildlife and environmental protection. Recent emphasis has been placed on deploying more conservation officers in the field as opposed using them in supervision and management.

### Key Measures

The effectiveness of law enforcement efforts cannot be gauged simply by tabulating the results of citations and warnings issued. The Division has a three-pronged approach to gaining compliance; information, education, and law enforcement, with enforcement action as the last measure. The division will continue to use the media to inform and influence citizens to increase voluntary compliance and report more violations, and educational efforts will be enhanced. The following measures illustrate the Division's core program activities. Detailed descriptions of performance measures are found in DNR's "**A Strategic Conservation Agenda, 2003-2007**" ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

**Game and Fish Protection:** Compliance with natural resource laws is difficult to measure. Roadside wildlife possession inspections have consistently found a compliance rate of approximately 75%. Our goal is to increase this compliance rate as well as increase levels of service hours in the following priority areas:

- ⇒ Wetlands Conservation Act: Efforts by the division will meet or exceed a goal of 10,600 service hours in FY 2005 and 11,300 hours in FY 2006.
- ⇒ Experimental/Special Regulation Waters: Conservation Officers will increase efforts on these waters. Enforcement goal hours for fisheries enforcement will exceed 77,000 hours in FY 2005 and 90,000 hours in FY 2006
- ⇒ In FY 2005, Waterfowl Task Force: Operations will expand to include a total of fifteen officers. Overall waterfowl enforcement efforts by the Division will exceed a goal of 22,000 hours in FY 2005 and 23,600 in FY 2006.

**Recreational Vehicle Law Enforcement:**

- ⇒ Hours spent in law enforcement activities will be increased from the FY 2004 level of 14,600 hours to a statewide goal of 16,200 hours in FY 2005 and 18,200 hours in FY 2006.
- ⇒ The division will enhance all enforcement efforts including information, education, and training to increase compliance and reduce injuries and fatalities associated with the unlawful operation of recreational vehicles.
- ⇒ The division will re-establish task force operations for enhanced ORV and snowmobile enforcement efforts.

**Safety Education:** Retain 4,000 volunteer instructors.

- ⇒ Outreach efforts will be increased to draw more students to vehicle safety classes. Each year the division will train 950 students in All-Terrain Vehicle, and 14,900 in Snowmobile Safety to reduce the fatalities associated with recreational vehicle use. Goals are to have fewer fatalities than the following historical percentages: Snowmobiling - 7.53/100,000 registered snowmobiles, ATV - 8.26/100,000 registered ATVs.
- ⇒ Outreach efforts will be increased to draw more students to firearms safety and advanced hunter education safety classes. In each year, we will train 24,000 students in firearms safety and 5,600 students in advanced hunter education with the goal of reducing the injuries/fatalities associated with firearms hunting incidents.

**Program Funding**

The Enforcement Division has a complex funding mechanism. The operating budget for FY 2004-05 is comprised of the following sources of funds: Game and Fish (65.3%), General (14.7%), Water Recreation (8.1%), Snowmobile (4.4%), and OHM/ORV/ATV (7.1%), and Solid Waste (.4%).

**Contact**

Major William Spence, Administrative Manager

Phone: (651) 296-4677

Fax: (651) 297-3727

E-mail: William. Spence @dnr.state.mn.us

# NATURAL RESOURCES DEPT

Program: ENFORCEMENT NR LAWS&RULES

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	120	120	120	120	240
<b>Technical Adjustments</b>					
One-time Appropriations			(120)	(120)	(240)
Subtotal - Forecast Base	120	120	0	0	0
<b>Governor's Recommendations</b>					
LCMR Projects		0	150	150	300
<b>Total</b>	<b>120</b>	<b>120</b>	<b>150</b>	<b>150</b>	<b>300</b>
<b>General</b>					
Current Appropriation	3,487	3,987	3,987	3,987	7,974
Subtotal - Forecast Base	3,487	3,987	3,987	3,987	7,974
<b>Governor's Recommendations</b>					
General Fund Reduction Plan		0	(641)	(641)	(1,282)
Operations Support Funding		0	10	10	20
<b>Total</b>	<b>3,487</b>	<b>3,987</b>	<b>3,356</b>	<b>3,356</b>	<b>6,712</b>
<b>Natural Resources</b>					
Current Appropriation	6,786	6,786	6,786	6,786	13,572
Subtotal - Forecast Base	6,786	6,786	6,786	6,786	13,572
<b>Governor's Recommendations</b>					
Off-Highway Vehicle Funding Levels		0	200	200	400
Operations Support Funding		0	147	147	294
<b>Total</b>	<b>6,786</b>	<b>6,786</b>	<b>7,133</b>	<b>7,133</b>	<b>14,266</b>
<b>Game And Fish</b>					
Current Appropriation	17,170	17,238	17,238	17,238	34,476
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			115	115	230
Subtotal - Forecast Base	17,170	17,238	17,353	17,353	34,706
<b>Governor's Recommendations</b>					
Maintenance of Service - Game and Fish		0	547	1,117	1,664
Operations Support Funding		0	628	628	1,256
<b>Total</b>	<b>17,170</b>	<b>17,238</b>	<b>18,528</b>	<b>19,098</b>	<b>37,626</b>
<b>Remediation</b>					
Current Appropriation	100	100	100	100	200
Subtotal - Forecast Base	100	100	100	100	200
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>

**NATURAL RESOURCES DEPT**

Program: ENFORCEMENT NR LAWS&RULES

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	105	135	150	150	300
General	3,645	4,328	3,356	3,356	6,712
Natural Resources	5,403	7,844	7,133	7,133	14,266
Game And Fish	14,769	19,754	18,528	19,098	37,626
Remediation	59	141	100	100	200
<b>Statutory Appropriations</b>					
Natural Resources	0	163	80	80	160
Special Revenue	47	21	3	3	6
Game And Fish	54	297	155	155	310
Federal	298	541	670	622	1,292
Gift	15	48	5	5	10
<b>Total</b>	<b>24,395</b>	<b>33,272</b>	<b>30,180</b>	<b>30,702</b>	<b>60,882</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	16,543	19,013	19,208	19,778	38,986
Other Operating Expenses	5,863	12,200	8,676	8,628	17,304
Local Assistance	1,989	2,059	2,296	2,296	4,592
<b>Total</b>	<b>24,395</b>	<b>33,272</b>	<b>30,180</b>	<b>30,702</b>	<b>60,882</b>
<b><u>Expenditures by Activity</u></b>					
Enforcement-Nr Laws&Rules	24,395	33,272	30,180	30,702	60,882
<b>Total</b>	<b>24,395</b>	<b>33,272</b>	<b>30,180</b>	<b>30,702</b>	<b>60,882</b>
<b>Full-Time Equivalent (FTE)</b>	<b>220.0</b>	<b>243.5</b>	<b>260.4</b>	<b>269.6</b>	

**Program Description**

This program is the responsibility of the Department of Natural Resources' (DNR's) service bureaus, regional operations, and commissioner's office.

The purpose of the Operations Support Program is to provide administrative support to all other DNR programs; direct services to the general public; financial assistance to local governments and private organizations to build recreational facilities; and to protect and enhance natural areas.

**Budget Activities Included:**

- ⇒ Operations Support
- ⇒ Recreation and Local Initiative Grants

**Key Measures**

DNR uses a range of organizational indicators to assess its performance related to department-wide operations and business practices. For a more complete set of performance measures and more detailed descriptions of each measure, please see DNR's "***A Strategic Conservation Agenda, 2003 – 2007: Measuring Progress toward Mission***" ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)).

See activity sections for specific measures.

**NATURAL RESOURCES DEPT**  
 Program: OPERATIONS SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><i>Direct Appropriations by Fund</i></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	7,923	7,661	7,661	7,661	15,322
<b>Technical Adjustments</b>					
One-time Appropriations			(7,661)	(7,661)	(15,322)
Subtotal - Forecast Base	7,923	7,661	0	0	0
<b>Governor's Recommendations</b>					
LCMR Projects		0	10,013	10,014	20,027
<b>Total</b>	<b>7,923</b>	<b>7,661</b>	<b>10,013</b>	<b>10,014</b>	<b>20,027</b>
<b>General</b>					
Current Appropriation	12,134	12,134	12,134	12,134	24,268
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(254)	(254)	(508)
Subtotal - Forecast Base	12,134	12,134	11,880	11,880	23,760
<b>Governor's Recommendations</b>					
General Fund Reduction Plan		0	(1,151)	(1,151)	(2,302)
Operations Support Funding		0	(5,829)	(5,829)	(11,658)
<b>Total</b>	<b>12,134</b>	<b>12,134</b>	<b>4,900</b>	<b>4,900</b>	<b>9,800</b>
<b>Natural Resources</b>					
Current Appropriation	6,016	4,016	4,016	4,016	8,032
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(1,352)	(1,352)	(2,704)
One-time Appropriations			(246)	(246)	(492)
Subtotal - Forecast Base	6,016	4,016	2,418	2,418	4,836
<b>Governor's Recommendations</b>					
LCMR Projects		0	1,600	0	1,600
Operations Support Funding		0	(1,093)	(1,093)	(2,186)
<b>Total</b>	<b>6,016</b>	<b>4,016</b>	<b>2,925</b>	<b>1,325</b>	<b>4,250</b>
<b>Game And Fish</b>					
Current Appropriation	8,084	8,091	8,091	8,091	16,182
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(1,824)	(1,824)	(3,648)
Subtotal - Forecast Base	8,084	8,091	6,267	6,267	12,534
<b>Governor's Recommendations</b>					
Maintenance of Service - Game and Fish		0	93	190	283
Operations Support Funding		0	(3,532)	(3,532)	(7,064)
<b>Total</b>	<b>8,084</b>	<b>8,091</b>	<b>2,828</b>	<b>2,925</b>	<b>5,753</b>

**NATURAL RESOURCES DEPT**  
 Program: OPERATIONS SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	10,472	8,850	10,013	10,014	20,027
General	11,901	12,354	4,900	4,900	9,800
Minnesota Resources	408	0	0	0	0
Natural Resources	2,861	3,798	2,925	1,325	4,250
Game And Fish	6,431	6,774	2,828	2,925	5,753
<b>Statutory Appropriations</b>					
General	0	107	22	0	22
Natural Resources	976	2,326	1,500	1,500	3,000
Special Revenue	714	781	518	441	959
Game And Fish	0	1	0	0	0
Federal	1,082	2,669	2,045	1,991	4,036
Miscellaneous Agency	82	0	0	0	0
Gift	1,006	814	759	759	1,518
<b>Total</b>	<b>35,933</b>	<b>38,474</b>	<b>25,510</b>	<b>23,855</b>	<b>49,365</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	16,836	16,960	8,532	8,180	16,712
Other Operating Expenses	5,992	7,362	3,850	3,760	7,610
Capital Outlay & Real Property	2,275	3,358	1,744	530	2,274
Local Assistance	10,467	10,794	11,384	11,385	22,769
Other Financial Transactions	363	0	0	0	0
<b>Total</b>	<b>35,933</b>	<b>38,474</b>	<b>25,510</b>	<b>23,855</b>	<b>49,365</b>
<b><u>Expenditures by Activity</u></b>					
Operations Support	26,173	27,759	14,742	13,086	27,828
Rec & Local Initiative Grants	9,760	10,715	10,768	10,769	21,537
<b>Total</b>	<b>35,933</b>	<b>38,474</b>	<b>25,510</b>	<b>23,855</b>	<b>49,365</b>
<b>Full-Time Equivalent (FTE)</b>	<b>243.2</b>	<b>242.1</b>	<b>120.3</b>	<b>113.6</b>	



**Activity Description**

This activity provides administrative support to agency management such as formulating and establishing policies and priorities; integrating department operations in a cohesive direction; and management of DNR capital assets, information, and employee safety. The activity includes the Commissioner's Office; Office of Management and Budget Services; Bureau of Human Resources; Bureau of Information and Education; Facilities, Operations, and Information Services; and Regional Operations.

Legislative guidance is provided in Minnesota Statutes pertaining to such topics as: accounting, contracting, and budget; data practices; planning and performance measurement; management of fleet, facilities, and assets; publication of regulations and other information; Permanent School Fund; state employment, labor relations, and state retirement; safety; human rights and accessibility. Article 11 of the Minnesota Constitution provides direction concerning finances, revenue from state lands, the Permanent School Fund, and the Environment and Natural Resources Fund.

**Population Served**

Operations Support assists and provides services to DNR managers, supervisors, and employees in all divisions, bureaus, and regions, and to the general public, local communities, and other governmental organizations.

**Services Provided**

- ⇒ **Commissioner's Office** provides leadership and direction for the department and manages regulatory and legislative affairs.
- ⇒ **Office of Management & Budget Services (OMBS)** support bureau provides these agency management and financial services:
  - ◆ Leadership and coordination for strategic planning, operational and capital budgeting, and results management;
  - ◆ Market research to inform agency-wide policies and evaluate results important to citizens;
  - ◆ Leadership and oversight for departmental budgeting, accounting, contracting, and financial management and reporting;
  - ◆ Coordination and oversight of Federal funding; and
  - ◆ Grants management and revenue oversight.
- ⇒ **Bureau of Human Resources** provides agency leadership and management services on employee relations and workforce planning issues, including:
  - ◆ Compliance with and administration of federal and state employment laws, rules and regulations, including five labor agreements and two unrepresented labor plans;

**Activity at a Glance**

- ◆ Developed A Strategic Conservation Agenda, consisting of 75 measurable indicators with targets to show department accountability for conservation results and its mission.
- ◆ Distributed over 450,000 DNR publications to the general public and responded to approximately 135,000 phone inquiries and over 33,000 e-mail inquiries.
- ◆ Directed budget and accounting procedures for effective use of over \$300 million per year.
- ◆ Developed and implemented the Web Integrated Revenue System (WIRES) to manage receipts and receivables for of more than \$150 million per year.
- ◆ Managed Federal Emergency Management Agency (FEMA) public assistance grants for damage to DNR properties and facilities from natural disasters.
- ◆ Coordinated 434,000 hours of volunteer time with a value of \$7.2 million for natural resource-based activities.
- ◆ Completed over 23,000 employee and position transactions and 345 job analysis reviews, and filled 1,300+ positions in FY04.
- ◆ Provided facility design, construction, and maintenance services.
- ◆ Provided management services for equipment that is driven 17 million miles per year.
- ◆ Provided safety and health services for employees who work 4.5 million hours.
- ◆ Provided information technology support for 25,000+ DNR Web site pages with 101,000 pages viewed daily; 85,000 e-mail messages; and over a gigabyte of data downloaded daily.
- ◆ Administered over \$2 million in natural resource management and planning grants provided to local communities.
- ◆ Protected habitat through acquisition, easements, or ordinances and direct technical and financial assistance to local communities.
- ◆ Resolved conflicts on natural resource issues within the Department and with the Department's stakeholders.

## NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: OPERATION SUPPORT

Narrative

- ◆ Job allocation, recruitment coordination, selection, and compensation for 3,000+ jobs in 400 job classes; and
- ◆ Human resource policy, employment and data records, payroll, labor distribution, benefits, and insurance.

⇒ **Bureau of Information and Education** provides the following services:

- ◆ Information for the general public through the DNR's Information Center (including phone calls, e-mail, voicemail, and walk-ins) and through the media (including written news releases and interviews);
- ◆ Audio-visual, graphics, special event, and educational support for all DNR units;
- ◆ Publication of bi-monthly *Minnesota Conservation Volunteer* magazine;
- ◆ Administration of Boat and Water Safety Program; and
- ◆ Coordination of volunteer programs.

⇒ **Bureau of Facilities, Operations, and Information Services** provides leadership and expertise on managing capital assets, information, and employee safety, including:

- ◆ Administrative oversight for leasing and operation of buildings, design expertise, construction management and repair services for all DNR facilities;
- ◆ Selection and purchase of appropriate equipment and provision of maintenance services;
- ◆ Purchase and supply of materials and equipment needed to operate programs efficiently and effectively;
- ◆ Health and safety program to foster employee attentiveness to personal health and to create the safest possible work environment; and
- ◆ Information services for efficient and effective deployment of computer, telecommunications, and data and information resources.

⇒ **Regional Operations** provides leadership and assistance for interdisciplinary delivery of DNR services at the local level, including:

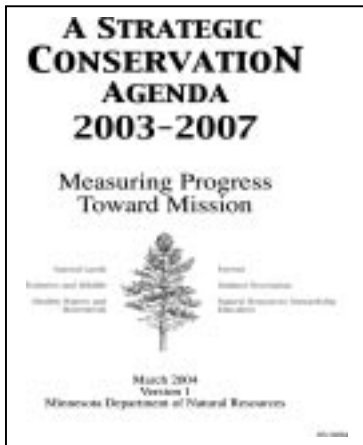
- ◆ Coordination of natural resource management programs to ensure that the agency provides a unified response and is effectively and appropriately managing and conserving the state's natural resources.
- ◆ Technical assistance to local communities, stakeholders, and elected officials.
- ◆ Local administration of financial assistance programs, including Conservation Partners, Environmental Partnerships, Natural Areas, Metro Greenways, and Legislative Commission on Minnesota Resources (LCMR) grants, Community Assistance grants, and Metro Greenways Planning grants.
- ◆ Information and education, communications planning, media relations, and department participation in local education and community events.
- ◆ Coordination of the department's emergency response assistance in the event of a non-fire emergency.

### Historical Perspective

In recent years, the varied components of Operations Support have focused on improvements in operational efficiency and accountability. The Office of Management and Budget Services pursues effective integration of planning, budgeting, operations, and accountability mechanisms. Human Resources activities are shifting to a paperless/on-line system, while workforce planning is a key strategic issue due to the high percentage of employees and managers approaching retirement age. Information & Education activities are also shifting to electronic systems and e-commerce. Facilities, Operations, and Information Services is providing information management, capital assets, and safety programming to DNR workers through streamlined and economical systems. The DNR has four regions with headquarters in Bemidji, Grand Rapids, New Ulm, and St. Paul; in setting budget priorities for FY 2004-05, significant emphasis was placed on Regional Operations to strengthen interdisciplinary coordination.

**Key Measures**

DNR's Operations Support created and manages an agency-wide performance measurement process that builds and reports on agency performance indicators. These indicators serve to clearly define agency natural resource priorities; measure progress; and document accountability to results. DNR's **"A Strategic Conservation Agenda, 2003 –2007"** ([www.dnr.state.mn.us/conservationagenda/index.html](http://www.dnr.state.mn.us/conservationagenda/index.html)) reports on a set of 75 indicators and associated targets that reflect the range and reach of DNR's mission.



DNR's Operations Support also updates and maintains 24 agency-level indicators along with associated targets found on the Governor's Office Department Results Management Website ([www.departmentresults.state.mn.us](http://www.departmentresults.state.mn.us)).

In addition to managing agency-wide performance reporting of natural resource indicators, DNR's operations support collects and tracks specific organizational indicators related to customer satisfaction, fiscal management, human resources management, safety performance, information services, and regional operations as illustrated below.

**Customer Satisfaction**

Market Research: Design and conduct surveys and research to determine customer expectations and satisfaction related to parks, trails, and other recreational opportunities. This example indicator focuses on park visitor satisfaction.



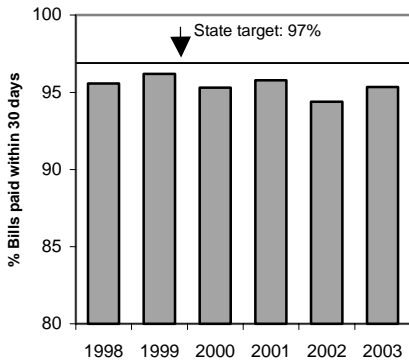
**Indicator:** Percent satisfied with visit to a Minnesota state park

**Target:** Maintain a 95 percent or higher satisfaction rating.

**Managing Fiscal Resources**

Effective and Efficient Fiscal Management: The percentage of bills paid within 30 days is one area where DNR is tracking efforts and striving to become even more efficient. Within the past six years the DNR has successfully paid 94-96% of bills within 30 days. DNR is working to meet the state target of 97%.

**Percentage of bills paid within 30 days.**



**Indicator:** Percentage of bills paid within 30 days.

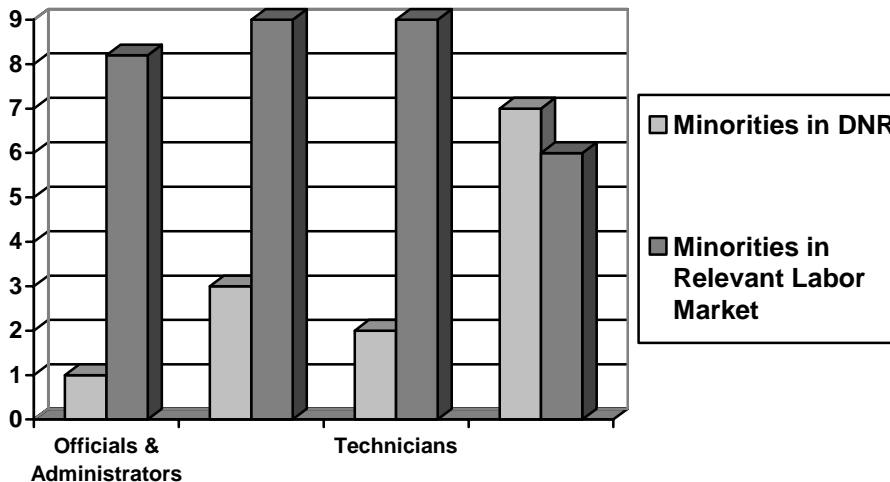
**Target:** Pay 97% of bills within 30 days

**Human Resources Management**

Affirmative Action: - percentage of minorities in the DNR workforce as compared to the relevant labor market: In order to assure that positions in the executive branch are equally accessible to all qualified persons, and to eliminate the underutilization of qualified members of protected groups, Minnesota statutes require state agencies to set hiring goals. Minorities are largely underrepresented in the DNR as illustrated below.

**Percentages of Minorities**

August 2004



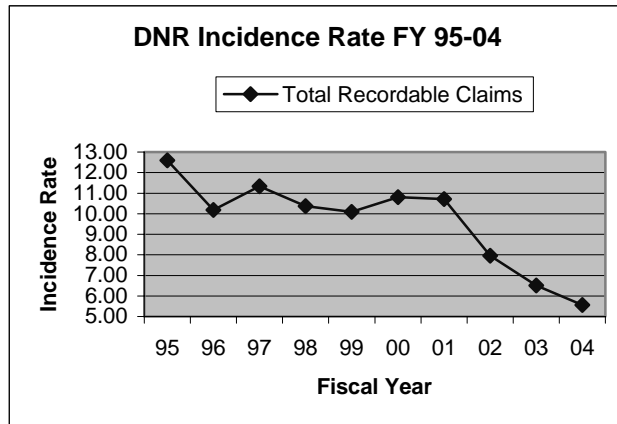
**EEO4 Categories**

The above indicator supports the Department of Employee Relations' (DOER) statewide performance indicators related to human resources management.

**Safety Performance**

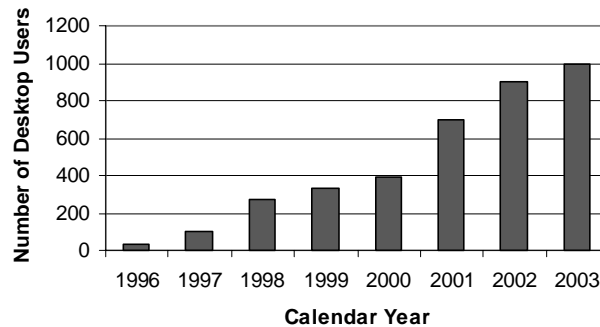
Incidence Rate: – is an indicator for safety performance. The total recordable incidence rate is the number of Occupational Health and Safety Administration (OSHA) recordable injuries and illnesses per 200,000 hours worked. The DNR Incidence Rate has dropped 56% in the last ten years and 30% in the last three years. The short-term goal is to reduce the total injuries or illnesses in the DNR so that the recordable claims incidence rate is lower than the private sector total incidence rate published by the Bureau of Labor Statistics (BLS).

**Target – DNR incident rate less than the BLS total incidence rate for the private sector of 5.7**



**Information Services**

GIS Software Use: - Field managers and resource managers use high-quality and up-to-date geographic information systems (GIS) tools to manage the state's natural resources. This indicator illustrates how DNR supports efficient and effective information technologies.



## NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

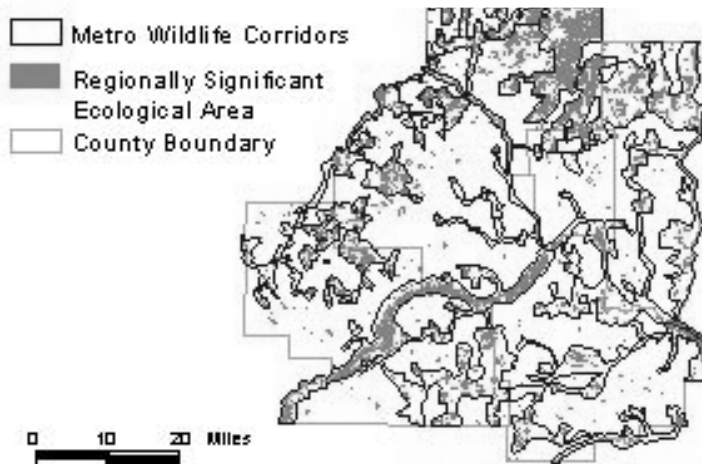
Activity: OPERATION SUPPORT

Narrative

### Regional Operations

Community Partnerships and Habitat Protection: Regional operations supports DNR's mission through interdisciplinary priority setting, community partnership building, resource allocation, and issue resolution. The following indicator is an example of conservation partnership activity by regional operations. Regional operations shares in the responsibility with DNR Divisions to accomplish statewide targets defined in DNR's "A Strategic Conservation Agenda". Regional operations helps coordinate the interdisciplinary actions needed to ensure that meeting individual conservation targets is done in ways that optimize overall DNR mission results.

### Significant natural resource areas in the seven-county Twin Cities metropolitan area.



**Indicator:** Number of habitat acres protected in the Twin Cities metropolitan area

**Target:** Protect an additional 700 habitat acres and restore about 1,700 habitat acres through the Metro Wildlife Corridor Project by 2005.

### Activity Funding

For the current biennium, 79% of the funding for this budget activity is from the General Fund, Natural Resources Fund, and the Game and Fish Fund. Thirteen percent of the budget is derived from dedicated receipt sources and federal funds. The remaining eight percent represents projects recommended by the LCMR and funded through the Minnesota Environment and Natural Resources Trust Fund and the State Land and Water Conservation Account in the Natural Resources Fund.

### Contact

Brad Moore, Assistant Commissioner for Operations  
Joe Kurcinka, Chief Financial Officer  
Office of Management and Budget Services  
Department of Natural Resources  
500 Lafayette Road  
St. Paul, Minnesota 55155  
Phone: (651) 296-4789  
Fax: (651) 296-6047  
<http://www.dnr.state.mn.us>

**NATURAL RESOURCES DEPT**  
**Program: OPERATIONS SUPPORT**  
**Activity: OPERATIONS SUPPORT**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	2,317	707	745	745	1,490
General	11,901	12,354	4,900	4,900	9,800
Natural Resources	2,640	3,552	2,925	1,325	4,250
Game And Fish	6,431	6,774	2,828	2,925	5,753
<b>Statutory Appropriations</b>					
General	0	107	22	0	22
Special Revenue	714	781	518	441	959
Game And Fish	0	1	0	0	0
Federal	1,082	2,669	2,045	1,991	4,036
Miscellaneous Agency	82	0	0	0	0
Gift	1,006	814	759	759	1,518
<b>Total</b>	<b>26,173</b>	<b>27,759</b>	<b>14,742</b>	<b>13,086</b>	<b>27,828</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	16,798	16,918	8,532	8,180	16,712
Other Operating Expenses	5,856	7,362	3,850	3,760	7,610
Capital Outlay & Real Property	2,275	3,358	1,744	530	2,274
Local Assistance	881	121	616	616	1,232
Other Financial Transactions	363	0	0	0	0
<b>Total</b>	<b>26,173</b>	<b>27,759</b>	<b>14,742</b>	<b>13,086</b>	<b>27,828</b>
<b>Full-Time Equivalent (FTE)</b>	<b>242.7</b>	<b>241.6</b>	<b>120.3</b>	<b>113.6</b>	

**Activity Description**

The Recreation and Local Grants Initiative activity provides financial assistance to local governments and private organizations to build recreational facilities and to protect and enhance natural areas. The Local Parks Grants and Natural and Scenic Area Grants programs are established in M.S. 85.019. The Conservation Partners and Community Environmental Partnerships Grants programs are not established in statute, but have been funded by the Legislative Commission on Minnesota Resources (LCMR) since 1995. The Regional Park Grants (Outside Metro) program was funded by the legislature in 2000, 2001, and 2003 and is not established in statute. Pass-through contract administration for LCMR projects was funded by the 2001 legislature [ML 2001, First Special Session, Chap. 2, Sec.14, Subd.3 (b)] and the 2003 legislature [ML 2003, Chap. 128, Art. 1, Sec. 9, Subd. 3(c)].

**Population Served**

This activity serves cities, counties, townships, recognized Indian Tribal Governments, and eligible private/nonprofit organizations throughout Minnesota. Projects have been funded in every county and in well over 500 cities throughout the state.

**Services Provided**

Projects funded through the Recreation and Local Grants Initiative foster more livable communities, a healthier population, and greater public appreciation and knowledge of natural resource benefits.

- ⇒ **Local Parks Grants** provide matching grants to encourage the creation or enhancement of high quality outdoor recreation facilities.
- ⇒ **Natural and Scenic Area Grants** provide matching grants to protect and enhance natural and scenic areas.
- ⇒ **Conservation Partners Grants** provide matching grants to encourage enhancement of fish, wildlife and native plant habitats, and research and survey of fish and wildlife directly related to specific habitat improvements.
- ⇒ **Environmental Partnership Grants** provide matching grants to encourage environmental service projects and related education activities through public and private partnerships.
- ⇒ **Regional Park Grants (Outside Metro)** provides grants to public regional parks organizations outside the Twin Cities metro area to acquire land, design, construct, and redevelop regional parks and trails, open space, and recreational facilities. Each \$3.00 of state grants must be matched by \$2.00 of non-state funds.

In 2003 the legislature appropriated \$120,000 from the Environmental Trust Fund to the Department of Natural Resources (DNR) for administration of contracts for appropriations to several third party recipients, such as nonprofits and other levels of government. The Local Grants Unit administers this appropriation.

**Activity at a Glance**

**Local Park Grants**

- ◆ 2003: Acquired 80 acres of new parkland for one county and one city park and developed or redeveloped outdoor recreation facilities at an additional 13 local parks.
- ◆ 2004: Acquired seven acres of new parkland for one city park; developed or redeveloped outdoor recreation facilities at an additional four local parks.

**Natural and Scenic Area Grants**

- ◆ 2003: Acquired 287 acres of natural/scenic areas in seven city, county, and township projects. A waterfall, river and lake shore land, prairie and woodlands protected.
- ◆ 2004: Acquired a 30 acre natural and scenic area in one city. Includes oak woodlands, lake frontage.

**Conservation Partners Grants**

- ◆ 2003: 26 habitat improvement projects throughout the state.
- ◆ 2004: No new grants approved.

**Environmental Partnership Grants**

- ◆ 2003: 14 conservation and environmental partnership grants throughout the state.
- ◆ 2004: No new grants approved.

**Regional Park Grants**

- ◆ 2003: Acquired 258 acres of regional parkland in two county and two city parks outside the metro area. Developed outdoor recreation facilities in eight parks.
- ◆ 2004: Developed facilities in one county park.

**Pass-Through Appropriations**

- ◆ Administered approximately two dozen pass-through appropriations.



# NATURAL RESOURCES DEPT

**Program:** OPERATIONS SUPPORT

**Activity:** REC & LOCAL INITIATIVE GRANTS

Narrative

The Recreation and Local Grants Initiative, and the pass-through appropriations administered by DNR staff, represent a significant contribution to protecting and enhancing natural areas and outdoor recreation areas. One key characteristic of this activity is that it involves a variety of partnerships and cooperative efforts among state, local government, private organizations, and private citizen stakeholders. All projects are undertaken as positive, voluntary initiatives on the part of the participants.

## Historical Perspective

The Land and Water Conservation Fund (LWCF) has played an important role in the history of the United States' outdoor recreation and conservation funding efforts. Created in 1964 by Congress, it receives funding primarily through offshore oil and gas receipts. Because offshore drilling for oil and gas depletes a valuable natural resource, Congress determined that it was appropriate to invest the proceeds from these offshore leases to protect America's natural resources and encourage the nation to experience outdoor recreation. Since its inception, this program is responsible for the acquisition of nearly seven million acres of parkland and almost 40,000 state and local recreation and open space projects nationwide.

Since 1965, the LWCF program in Minnesota has invested more than \$64 million into the state's outdoor recreation system, funding over 400 state projects and over 800 local park and recreation projects. The LWCF program in Minnesota has a state and local program, each receiving 50% of the federal appropriation. The state program supports the acquisition and development of the State Outdoor Recreation System. The local program, supported by the Recreation and Local Grants Initiative budget activity, provides matching funds to local units of government, including recognized tribal governments, for outdoor recreation projects.

Congress appropriated federal FFY 2000 funds to the states from the LWCF for the first time in several years. In federal FFY 2001, \$1.6 million was appropriated and in federal FFY 2002 \$2.5 million was appropriated to the state. From that peak year the funding has declined to just over \$1.6 million in each of FFY 2003 and 2004. One half of these funds are used for the local park program. These federal appropriations represent a significant increase in LWCF funding from previous years, but the prospects for future funding are unclear.

The Local Initiatives Grant Program has also received state funding since the 1960s through state bonding and appropriations from the Environment and Natural Resources Trust Fund and the former Future Resources Fund. Through the years, over 1,600 local projects have received over \$133 million in state grant funds through this program. Projects have been funded in every county and in over 500 cities throughout the state.

The local match contributed through the years to the programs included in this activity totals over \$100 million.

## Key Measures

DNR's report entitled "A Strategic Conservation Agenda 2003-2007," describes 75 performance indicators with conservation targets in six key areas. One DNR conservation target is to help local governments acquire 200 acres per year in 2005-06 and 200 to 300 acres per year thereafter. The table below illustrates local government demand for open space grants: (**\$'s in millions**)

<b>Demand for Grants</b>	<b>FY 2003 Requests Received</b>	<b>FY 2003 Funds Available</b>
Local Park Grants	\$6.8	\$.39
Natural & Scenic Grants	1.35	.99
Regional Park Grants	1.38	1.18

<b>Demand for Grants</b>	<b>FY 2004 Requests Received</b>	<b>FY 2004 Funds Available</b>
Local Park Grants	\$9.04	\$.56
Natural & Scenic Grants	1.34	.20
Regional Park Grants	.47	.04

**NATURAL RESOURCES DEPT****Program: OPERATIONS SUPPORT****Activity: REC & LOCAL INITIATIVE GRANTS**

Narrative

Results of Grant Investments	FY 2003-04 Projects Funded	Results
Local Park Grants	20	87 acres of new parkland in three parks Outdoor recreation facilities in 17 parks
Natural & Scenic Grants	8	317 acres of natural & scenic areas acquired ~one mile of river and lakeshore protected
Regional Park Grants	11	258 acres acquired in four parks Outdoor recreation facilities in nine county and city parks

**Activity Funding**

For the current biennium, 61% of the funding for this budget activity is provided from the Minnesota Environment and Natural Resources Trust Fund to support LCMR recommended pass-thru grant projects. The remaining 39% percent of funding is from the federal Land and Water Conservation Fund.

**Contact**

Department of Natural Resources  
Local Grants Program  
500 Lafayette Road  
St. Paul, Minnesota 55155

Wayne Sames, Program Supervisor  
Joe Kurcinka, Chief Financial Officer  
Office of Management and Budget  
Phone: (651) 296-0565  
Fax: (651) 296-6047  
Website: <http://www.dnr.state.mn.us>

**NATURAL RESOURCES DEPT**  
**Program: OPERATIONS SUPPORT**  
**Activity: REC & LOCAL INITIATIVE GRANTS**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>2006-07</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	8,155	8,143	9,268	9,269	18,537
Minnesota Resources	408	0	0	0	0
Natural Resources	221	246	0	0	0
<b>Statutory Appropriations</b>					
Natural Resources	976	2,326	1,500	1,500	3,000
<b>Total</b>	<b>9,760</b>	<b>10,715</b>	<b>10,768</b>	<b>10,769</b>	<b>21,537</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	38	42	0	0	0
Other Operating Expenses	136	0	0	0	0
Local Assistance	9,586	10,673	10,768	10,769	21,537
<b>Total</b>	<b>9,760</b>	<b>10,715</b>	<b>10,768</b>	<b>10,769</b>	<b>21,537</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	

NATURAL RESOURCES DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2004	Budgeted FY2005	Governor's Recomm.		Biennium 2006-07
			FY2006	FY2007	
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	8,889	5,031	1,957	1,985	3,942
Natural Resources	21,708	24,515	23,229	25,119	48,348
Game And Fish	70,325	73,466	68,207	68,710	136,917
<b>Grants:</b>					
Natural Resources	940	1,000	805	800	1,605
<b>Other Revenues:</b>					
Environment & Natural Resource	26	0	0	0	0
General	452	92	92	92	184
Minnesota Resources	0	1	0	0	0
Natural Resources	1,256	1,158	1,164	1,173	2,337
Game And Fish	304	385	677	810	1,487
Remediation	20	20	20	20	40
Reinvest In Minnesota	0	3	3	3	6
Permanent School	1	0	0	200	200
<b>Other Sources:</b>					
General	10	9	9	9	18
<b>Taxes:</b>					
General	1,632	841	841	841	1,682
<b>Total Non-Dedicated Receipts</b>	<b>105,563</b>	<b>106,521</b>	<b>97,004</b>	<b>99,762</b>	<b>196,766</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings (Inter-Agency):</b>					
Special Revenue	97	100	105	110	215
<b>Departmental Earnings:</b>					
Natural Resources	1,449	1,250	10,490	10,536	21,026
Special Revenue	20,725	20,429	20,489	20,569	41,058
Game And Fish	2,552	2,512	9,417	9,417	18,834
Reinvest In Minnesota	0	0	111	111	222
Miscellaneous Agency	5,245	6,219	5,089	6,116	11,205
Gift	-1	-1	-1	-1	-2
Permanent School	17,114	15,465	18,144	19,657	37,801
<b>Grants:</b>					
Natural Resources	976	2,326	1,500	1,500	3,000
Special Revenue	69	73	73	0	73
Federal	12,541	19,711	18,083	16,944	35,027
<b>Other Revenues:</b>					
General	7	0	22	0	22
Natural Resources	84	105	604	605	1,209
Special Revenue	308	247	244	240	484
Game And Fish	101	176	50	50	100
Reinvest In Minnesota	587	769	750	750	1,500
Miscellaneous Agency	29	42	34	34	68
Gift	1,384	1,260	1,249	1,249	2,498
Permanent School	674	795	695	695	1,390
<b>Other Sources:</b>					
Special Revenue	208	210	210	210	420
Miscellaneous Agency	5	0	0	0	0
<b>Total Dedicated Receipts</b>	<b>64,154</b>	<b>71,688</b>	<b>87,358</b>	<b>88,792</b>	<b>176,150</b>
<b>Agency Total Revenue</b>	<b>169,717</b>	<b>178,209</b>	<b>184,362</b>	<b>188,554</b>	<b>372,916</b>

The Federal Funds Summary lists only those programs that anticipate federal revenues in FY 2006-07. It includes anticipated federal revenues to be deposited to the following DNR accounts:

To federal "300" fund accounts:

- ◆ Federal grant or cooperative agreement funds directly deposited to DNR federal fund accounts
- ◆ Federal grant or cooperative agreement funds passed through other state agencies and deposited into DNR federal fund accounts. (For example, FEMA Public Assistance Grants or Homeland Security Grants).

To other funds per state statutes:

- ◆ Federal funds received from the U.S. Fish and Wildlife Service, Department of Interior and deposited to the Game and Fish Fund for Sport Fish Restoration and Wildlife Restoration.
- ◆ Land and Water Conservation Program funds received from the Department of Interior and deposited to the state Land and Water Conservation Fund.

### Benefits

Federal funds extend DNR's financial resources. This funding is sought and accepted to support the Department's goals and strategies as laid out in this budget and in DNR's strategic plans, including the DNR Strategic Conservation Agenda.

### Basis for Estimates

Most of the estimates are based on historical trend information. Estimates are often a mix of funding already awarded and estimates of future awards, adjusted to the state fiscal year cycle. Future official federal funding information is not normally available until well into a federal fiscal year, and the projections shown in this budget are from one to two years ahead of when funding might be confirmed by federal sources. For some programs even current funding at the time of this budget preparation is on a short term "Continuing Resolution".

Estimated federal receipts for some of DNR's Programs that provide subgrants are stated at a level that enables them to encumber grants for multi-year funding in one fiscal year. Thus, the difference between prior actual receipts and future estimated receipts might be greater than funding trends dictate. All such subgrant agreements include a clause making funds available contingent upon the actual receipt of federal funds for each fiscal year.

### Related State Spending

Those program that have "\*\*\*\*" noted in the "Related SFY 2004 Spending" (state match) column meet their federal match requirement by having subgrantees provide all or most of the match funding. This is included in the terms of subgrantee agreements. The DNR program collects documentation from subgrantees to support match reporting to federal agencies.

### Programs Pending Legislative Approval

Historically, in limited cases the Department has received federal assistance for small projects of similar types from the same funding source. Although these projects are not yet specifically defined, they are predictable in type and funding source enough that we have grouped and listed them separately as "new projects" under the federal source and noted "\*" because they have not previously been reviewed by the Legislature. All other programs listed are continuing programs, or if they are relatively new, they have been submitted within the last year for review by the Legislative Advisory Commission (LAC).

### Changes

The total of the two largest federal programs, Sports Fish Restoration and Wildlife Restoration, is expected to increase by more than 14% for the FY 2006-07 biennium. Other than programs previously submitted for legislative review and listed in this summary, no new major source of federal assistance is anticipated at this time for the FY 2006-07 biennium. Reauthorization of some of our major ongoing programs is pending at time of preparation of this budget document. Possible changes may include not only funding levels, but also state match requirements. The affected programs are:

- ⇒ All the programs related to the Aquatic Resources Trust Fund (Wallop-Breaux) including: Sport Fish Restoration, Boating Safety, Boating Infrastructure, and the Clean Vessel Program.
- ⇒ Wildlife Restoration
- ⇒ National Recreational Trails Program (The Surface Transportation Act-TEA-21)
- ⇒ The Coastal Zone Management Program (MN Lake Superior Coastal Program). It is anticipated that this program will continue to grow, though not at the rate it has in the last two budget cycles.

Federal Program (\$ in Thousands)	Related SFY 2004 Spending	Primary Purpose	SFY 2004 Revenues	SFY 2005 Revenues	Estimated SFY 2006 Revenues	Estimated SFY 2007 Revenues
FEMA Dam Safety Program	\$0	\$SO	\$45	\$50	\$50	\$50
FEMA Community Assistance Program-State Support Services (CAPSSE)	151	SO	145	127	127	127
FEMA Map Modernization Management Support	11	SO	0	100	100	100
Coastal Zone Management Act (MN Lake Superior Coastal Program -MLSCP)	**86	GPS	2,492	2,300	2,300	1,200
Cooperative Fire Protection-Volunteer Fire Assistance	281	GPS	197	281	300	300
Cooperative Fire Protection-State Fire Assistance	453	SO	457	453	500	500
Cooperative Fire Protection-Fire Wise	1,271	GPS	408	2,183	1,000	800
Coop Fire New Projects*	0	SO/GPS	0	0	200	200
NCRS-Resource Conservation & Develop.	30	SO	0	30	40	40
Conservation Education	15	SO	0	15	30	30
Project Learning Tree	15	SO	0	15	15	20
Forest Stewardship	360	SO	188	419	420	420
Forest Land Enhancement (FLEP)	0	SO	80	388	200	200
Urban & Community Forestry	84	SO	209	296	268	275
Forest Legacy	280	SO	896	647	1,300	1,700
Forest Health Management-Oak Wilt	150	GI	58	300	300	300
Forest Health Management-Survey, TA & Monitoring	167	SO	196	205	185	200

**Key:**  
 Primary Purpose  
 SO = State Operations  
 GPS = Grants to Political Subdivision  
 GI = Grants to Individuals  
 GCBO = Grants to Community Based Organizations

Federal Program (\$ in Thousands)	Related SFY 2004 Spending	Primary Purpose	SFY 2004 Revenues	SFY 2005 Revenues	Estimated SFY 2006 Revenues	Estimated SFY 2007 Revenues
Forest Health Monitoring- New Projects*	0	SO	0	0	400	400
Conservation Reserve Program Sign ups 24-29	163	SO	10	267	53	53
Forestry Innovation Grants	0	SO/GPS	0	400	400	400
National Recreation Trails Program	**0	SO/GPS	1,142	2,500	2,500	2,500
Boating Infrastructure	**0	SO/GPS	248	100	100	100
Clean Vessel Act	**0	GPS	10	40	40	40
EPA Consolidated Pesticide Enforcement	0	SO	23	26	26	26
EPA Great Lakes Survey	0	SO	39	160	50	50
EPA-Surveys, Studies, Investigations, Special Purpose Grants	0	SO	0	100	25	25
EPA-Wetlands Protection	0	SO	9	60	50	50
NOAA-Commercial Fisheries Assessment	5	SO	13	13	13	13
USDA Forest Service-Forest Research	0	SO	14	25	112	112
USDA Forest Service- Cooperative Forestry Research	6	SO	13	25	75	75
USFWS-Cooperative Agreements	20	SO	163	130	130	130
USFWS Section 6 Endangered Species	27	SO	86	100	100	100
USFWS-North American Wetlands Conservation Act	0	SO	0	100	500	500
USFWS- Landowner Incentive Program	86	SO/GI	267	680	500	500

**Key:**  
 Primary Purpose  
 SO = State Operations  
 GPS = Grants to Political Subdivision  
 GI = Grants to Individuals  
 GCBO = Grants to Community Based Organizations

Federal Program (\$ in Thousands)	Related SFY 2004 Spending	Primary Purpose	SFY 2004 Revenues	SFY 2005 Revenues	Estimated SFY 2006 Revenues	Estimated SFY 2007 Revenues
National Spatial Data Infrastructure	\$0	SO	\$0	\$30	\$15	\$0
USFWS Statewide Wildlife Grants	1,063	SO	1,105	1,754	1,654	1,454
USGS- Mississippi River System Long Term Resource Monitoring Program	0	SO	235	376	376	376
Harvest Information Program(HIP)	0	SO	0	0	20	20
Homeland Security	0	SO	0	200	100	50
Bulletproof Vests	2	SO	0	4	6	8
Recreational Boating Safety	3,561	SO	2,051	2,596	3,000	3,000
FEMA Public Assistance for Natural Disasters	46	SO	97	290	3	0
Camp Ripley Army Compatible Use Buffer Zone	0	SO	0	700	500	500
<b>Subtotal Federal Fund Accounts</b>	<b>8,333</b>		<b>10,896</b>	<b>18,485</b>	<b>18,083</b>	<b>16,944</b>
Sport Fish Restoration	3,333	SO	10,022	11,000	12,300	12,700
Wildlife Restoration	2,000	SO	6,017	6,300	6,600	6,700
<b>Subtotal Game &amp; Fish Fund Federal Receipts</b>	<b>5,333</b>		<b>16,039</b>	<b>17,300</b>	<b>18,900</b>	<b>19,400</b>
LAWCON-local grants	0	GPS	976	2,326	1,500	1,500
LAWCON-state operations	613	SO	940	1,000	805	800
<b>Subtotal Natural Resources Fund Federal Receipts</b>	<b>613</b>		<b>1,916</b>	<b>3,326</b>	<b>2,305</b>	<b>2,300</b>
<b>Agency Total</b>	<b>\$14,279</b>		<b>\$28,851</b>	<b>\$39,111</b>	<b>\$39,288</b>	<b>\$38,644</b>

**Key:**  
 Primary Purpose  
 SO = State Operations  
 GPS = Grants to Political Subdivision  
 GI = Grants to Individuals  
 GCBO = Grants to Community Based Organizations