



February 9, 2018

Senator Bill Ingebrigtsen, Chair
Senator David Tomassoni, Ranking Minority Member
Environment and Natural Resources Finance Committee

Senator Carrie Ruud, Chair
Senator Chis Eaton, Ranking Minority Member
Environment and Natural Resources Policy and Legacy Finance Committee

Representative Dan Fabian, Chair
Representative Rick Hansen, Ranking Minority Member
Environment and Natural Resources Policy and Finance Committee

Senator Julie Rosen, Chair
Senator Richard Cohen, Ranking Minority Member
Senate Finance Committee

Representative Jim Knoblach, Chair
Representative Lyndon Carlson Sr., Ranking Minority Member
House Ways and Means Committee

Dear Chairs and Ranking Minority Members:

The Minnesota Department of Natural Resources is submitting the enclosed report of the use of funds from the Land Acquisition Account, as required by Minn. Stat. §94.165. This report summarizes the revenue received to the account and expenditures made during FY16. It also provides examples of acquisition, sale and exchange work made possible with funds from the Account.

If you or your staff need additional information regarding this report, please contact Jess Richards, Director of the Division of Lands and Minerals, at 651.259.5379 or jess.richards@state.mn.us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Landwehr'.

Tom Landwehr
Commissioner

CC: Legislative Reference Library

Land Acquisition Account Fiscal Year 2016 Annual Report



Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.6 million acres of land within state forests, state parks, wildlife management areas, scientific and natural areas, aquatic management areas, and other recreation and access sites. The Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the “Account”). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land. The Account helps the DNR reach the following goals:

- Consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat;
- Acquiring privately-owned “in-holdings” within state parks;
- Acquiring recreation access; and
- Acquiring lands with significant natural resource characteristics.

Financial Review	
FY2016 Beginning fund balance	\$453,800
Prior year adjustment	\$7805
Receipts	
Sale of land	\$508,702
Land sale costs	66,408
Sale of standing timber	20,205
Other receipts ¹	<u>23,882</u>
Total receipts	\$598,992
Expenditures	
Parks and Trails	\$140,195
Forestry	15,644
Fish & Wildlife	68,634
Ecological & Water Resources	<u>991</u>
Total expenditures	<u>\$225,513</u>
FY2016 Ending fund balance	<u>\$835,083</u>
Net change for FY2016	373,478

Notes: ¹ Other receipts: Loan interest, Other Agency Deposits, All Other Reimb-External .

FY2016 Accomplishments

Receipts to the Account during FY16 included revenue from the sale of:

- Seven homesite lots with deeded lake access in Lake Bronson State Park in Kittson County, sold via public auction
- An 81.4-acre Pine County parcel which had been used previously as a camp for boys, featuring several buildings and frontage on the Lower Tamarack River
- 40.22 acres in Dakota County, located near residential and commercial areas and highly suitable for development.
- 30 acres in Hubbard County outside of Itasca State Park, sold over-the-counter. The size and zoning of the parcel allows for single-family residence or a seasonal cabin.
- A wooded 14.58-acre parcel in Winona County, with rolling hills, sold over-the-counter.
- A 5-acre lake-view site in Douglas County, suitable for a single-family homesite and containing several wetlands.
- A .5-acre parcel in Lake County, sold to rectify a trespass onto State property.
- A .2-acre parcel in Otter Tail County, sold to rectify a trespass onto State property.
- A 2-acre parcel in Kandiyohi County, sold to rectify a trespass onto State property.
- A .01-acre parcel in Stearns County, surplus property from the Glacial Lake State Trail sold to a neighboring landowner

- A .36-acre parcel in Todd County sold pursuant to Laws of Minnesota 2015, Chapter 25, Section 27, and Chapter 4, Article 4, Section 131.

The land sale service charges credited to the Account reflect the reimbursement of funds utilized from the Account and other accounts to pay for appraisals and professional services for land sales.

In addition to using the Account funds to purchase land, DNR uses the Account to pay expenses related to land acquisitions, sales and exchanges of state owned lands (e.g., appraisals, recording fees, legal notifications, and professional/technical services). The Account benefitted a wide variety of land transactions during FY16, including the following:

Forestry:

- Sales and survey costs associated with the sale of a parcel of land in St. Louis County for the Pike Lake Veteran's Cemetery.
- Sales costs for the sale of a parcel in Crow Wing County.
- Secured abstracts of title for three acquisitions

Ecological and Water Resources:

Paid for professional services used to acquire an inholding for Uncas Dunes SNA.

Parks and Trails:

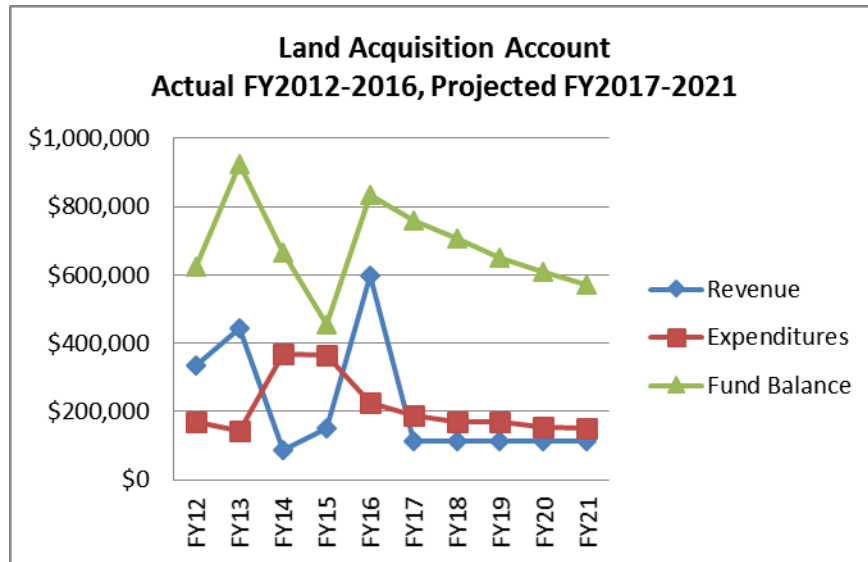
- Paid costs associated with a land exchange project with Breitung Township involving lands near Lake Vermilion State Park in St. Louis County;
- Paid costs associated with two Transfer of Custodial Control projects with MnDOT:
 - Paul Bunyan Trail
 - Gateway Trail
- Paid costs associated with selling surplus properties in Lake Bronson State Park;
- Purchasing land for the following assets:
 - Goodhue Pioneer Trail in Goodhue County
 - Sakatah State Trail in Blue Earth County
 - Bear Head Lake State Park in St. Louis County

Fish and Wildlife:

- Purchased land and paid for professional services rendered for land sale and acquisition transactions for Allen's Bay AMA
- Paid for professional services rendered for various AMA acquisitions, including:
 - South Branch Vermillion River AMA, Dakota County
 - Camp Miller AMA, Pine County
 - Mill Creek AMA, Olmsted County
- Paid for professional services rendered for various WMA acquisitions, including:
 - Root River WMA, Houston County
 - Wolf Lake WMA, Hubbard County
- Paid for professional services rendered for 3 land exchange projects
- Paid for professional services and expenses related to 12 land sales

Financial Summary FY2012 to FY2021

The balance of the Account was bolstered by an increase in lands sold in FY16. This infusion of revenue, combined with continuing to limit expenditures from the Account, closed the gap between revenues and expenditures as anticipated. Going forward, the DNR seeks to maintain this balance through continuing to analyze the land portfolio for parcels that no longer serve conservation goals, and optimizing how the Account proceeds are applied to land transaction projects.



Contacts

Division of Lands and Minerals

St. Paul Office:

500 Lafayette Road

St. Paul, MN 55155-4045

Phone: (651) 259-5959

Fax: (651) 296-5939

Email info: info.dnr@state.mn.us

mndnr.gov/lands_minerals

Hibbing Office:

1525 3rd Avenue East

Hibbing, MN 55746

Phone: (218) 231-8484

Fax: (218) 262-7328

Department of Natural Resources

Telephone: (651) 296-6157

Toll-Free: (888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929