

## **Game and Fish Fund Budgetary Oversight Committee**

Authorized under *Minnesota Statutes*, section 97A.055, subd. 4b

# **Citizen Oversight Report on Game and Fish Fund Expenditures Fiscal Year 2017**

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**August 2018**



# Game and Fish Fund Budgetary Oversight Committee

—Authorized under Minnesota Statutes, section 97A.055, subd. 4b—

John Lenczewski, BOC Chair

## *Fisheries Oversight Committee (FOC) Representatives*

Dave Thompson, FOC Chair  
Kirk Duholm  
Jess Edberg  
Nikki Bentley  
Mark Owens

## *Wildlife Oversight Committee (WOC) Representatives*

Mark Popovich, WOC Chair  
Garry Hooghkirk  
Burl Haar  
Bert Pexsa  
John Schnedler

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## September 4, 2018

Mr. Tom Landwehr, Commissioner, Minnesota Department of Natural Resources

Senator Carrie Ruud, Chair

Environment and Natural Resources Policy and Legacy Finance Committee

Senator Chris A. Eaton, Ranking Minority Member

Environment and Natural Resources Policy and Legacy Finance Committee

Senator Bill Ingebrigtsen, Chair

Environment and Natural Resources Finance

Senator David J. Tomassoni, Ranking Minority Member

Environment and Natural Resources Finance

Representative Dan Fabian

Chair, Environment and Natural Resources Policy and Finance Committee

Representative Rick Hansen, Ranking Minority Member

Environment and Natural Resources Policy and Finance Committee

## **Subject: Game and Fish Fund Budgetary Oversight Committee Report on FY 2017**

Commissioner, Senators and Representatives:

I am pleased to present the Fiscal Year 2017 report of the Game and Fish Fund Budgetary Oversight Committee (BOC). The BOC and its two subcommittees determined that FY 2017 Game and Fish Fund expenditures complied with the overall requirements of the Game and Fish Fund.

The introduction lists our top recommendations. We look forward to the DNR's written response to items directed to the department's attention. We provide other recommendations for the attention of the legislature.

The detailed section of our report identifies account-specific concerns and recommendations that do not require a written response. We ask fisheries and wildlife managers to follow up on these items in meetings and discussions with the Fisheries Oversight Committee (FOC) and Wildlife Oversight Committee (WOC).

Also included with this report is a letter of support from the Fisheries Oversight Committee for the new recommended Walleye Stocking Program. You will find that letter immediately following this cover letter.

Thank you for your continued support of healthy, abundant fish and wildlife populations and their habitats.

Yours truly,

/s/ JOHN LENCZEWSKI

John Lenczewski,  
Chair, Game and Fish Fund Budgetary Oversight Committee



# Game and Fish Fund Fisheries Oversight Committee

—Authorized under Minnesota Statutes, section 97A.055, subd. 4b (b) (1)—

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Nikki Bentley

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Valerie Holthus

Benjamin Kohn

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**June 12, 2018**

Mr. Tom Landwehr, Commissioner, Minnesota Department of Natural Resources

Senator Carrie Ruud, Chair

Environment and Natural Resources Policy and Legacy Finance Committee

Senator Chris A. Eaton, Ranking Minority Member

Environment and Natural Resources Policy and Legacy Finance Committee

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Representative Dan Fabian

Chair, Environment and Natural Resources Policy and Finance Committee

Representative Rick Hansen, Ranking Minority Member

Environment and Natural Resources Policy and Finance Committee

## **Subject: DNR Fisheries Updated Walleye Stocking Program**

Commissioner, Senators and Representatives:

The FOC has repeatedly reported that the Accelerated Walleye Program significantly increased the stocking costs of the Walleye Stocking Program each year. The FOC has asked that these costs be reduced to be in line with overall staff and program cost reductions in the Division due to reduced Operating Fund Balances and increasing overhead costs.

The Section of Fisheries conducted a 254 lake stocking analysis over 12 years of the current walleye stocking program with these results:

- Walleye is the primary managed fish in 957 lakes, secondary in 231
- Walleyes are stocked in 1074 lakes and rivers:
  - 456 with fingerlings
  - 582 with fry
  - 36 with advanced life stages
- Almost 250 lakes have natural reproduction, and this provides 85% of the statewide walleye harvest.

The Accelerated Walleye Stocking Program was also evaluated to show that it was started in 1999 with a stocking rate that doubled the fingerling stocking rate in many lakes.

- 53 lakes (21%) saw an increase in walleye abundance
- 49 lakes (19%) saw declines in walleye abundance
- 130 lakes (51%) saw no change in walleye abundance
- 22 lakes (9%) require further evaluation

The overall fish stocking program for the Fisheries Division has a total average cost of \$7,294,733 FY13-FY16. Of that, 51% or \$3,688,914 was for walleye stocking.

The FOC agrees that 85% of Minnesota's Walleye production is natural and wild.

## **RECOMMENDATIONS**

**Therefore, the FOC supports the proposed new plan for walleye stocking to:**

1. Elevated stocking rates to be sustained on 115 lakes.
2. Fingerling stocking rates reverting to baseline on 85 lakes
3. Fingerling stocking rates will be increased on 10 lakes
4. Stocking efforts will be shifted to fry stocking on 36 lakes
5. Discontinue management on 8 lakes
6. Net reduction of fingerling stocking of 25,000 pounds (17%)

DNR annually has averaged 45,000 pounds of fingerlings from Private Growers. This relates to an average of \$800,000. Walleye Stamp only contributes \$85,000 per year towards this. The remaining \$715,000 is from the Game and Fish Fund.

**The FOC further recommends that fingerling purchases from Private Aquaculture Growers be reduced in equal percentage to DNR raised fingerling production.**

We recommend continuing the maximum amount available to Private Grower purchases from the Walleye Stamp Account. However, we recommend a 17% reduction in the balance of fingerling purchases from Private Sources using Game and Fish Fund dollars, to approximately \$593,000 plus the \$85,000 Walleye Stamp for a total of \$678,000, which would be approximately 34,000 lbs. The recommendation for a proportional reduction in the private contract is also consistent with the unanimous suggestion of several members of the FOC from last year upon review of the study results in September 2017.

Currently DNR is stocking a total of 150,000 pounds coming from both sources. A 17% overall reduction of 25,000 pounds, comprised of 5,000 from Private Hatcheries and 20,000 from State Hatcheries. This would result in a new, approximate total of 120,000 pounds of walleye fingerling stocked annually. The FOC understands that actual, planned total pounds stocked each year may vary around this number due to differences from year to year in which specific lakes are in turn due to be stocked.

**The FOC has voted unanimously 11-0 in favor of support for the new recommended Walleye Stocking Program.**

Yours truly,

/s/ DAVE THOMPSON

Dave Thompson,  
Chair, Game and Fish Fund Fisheries Oversight Committee

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# Introduction

## Background

The Game and Fish Fund Budgetary Oversight Committee (BOC) consists of five members selected from the Wildlife Oversight Committee (WOC) and five members selected from the Fisheries Oversight Committee (FOC), plus a Chair appointed by the Commissioner of Natural Resources (Commissioner). The WOC and FOC are each made up of 12 members appointed by the Commissioner.

The reviews of the WOC, FOC, and BOC required the examination of management activities and outcomes with related expenditures. This BOC report discusses expenditures and any policy issues by major function whenever possible.

This report was approved by the BOC by an email vote completed on August 20, 2018.

## Top Findings and Recommendations

All FY2017 reviewed expenditures from the Game and Fish Fund (GFF) appear to be in keeping with statutory requirements and sound management practices.

**The top priority recommendations of the BOC to the Department of Natural Resources (DNR) are listed below, in no particular order. The BOC requests that the DNR provide a written response on each of these recommendations:**

We recommend that the DNR:

- Continue to develop a comprehensive funding plan by broadening the base of consumptive and non-consumptive recreational users that will ensure the long-term solvency of the Game and Fish Fund. This should include increases in license fees, user fees, stamp fees and permit fees. It should also return to the practice of appropriating General Fund dollars to the Game and Fish Division funding, as all Minnesotans benefit from the work the DNR does on public and private lands and waters. Part of GFF solvency must include an increased effort with outreach and Recruitment, Retention, and Reactivation (R3) initiatives to keep the number of outdoor participants at levels that can continue to sustain the DNR and its important programs.
- In the spirit of Teddy Roosevelt, continue efforts to educate and promote long-standing policies supporting public land purchases. Of particular concern are policies and actions that promote “no net gain” resolutions that prevent the state and its citizens from purchasing new holdings for many varied uses such as wildlife management areas (WMAs), aquatic management areas (AMAs), scientific and natural areas (SNAs), public water accesses, and easements. These restrictions will also have negative impacts on DNR goals as they relate to Prairie Plan initiatives.
- With chronic wasting disease (CWD) now a long-term management challenge that may also impact moose and elk in the future, it is recommended the DNR make the following changes within the Emergency Deer Feeding and Wild Cervidae Health Management Account: (see also further discussion in section starting on page 7)

- Significantly raise the targeted reserve balance in the account to exceed the current \$1 million target.
- Request the legislature remove the \$2.5 million unencumbered cap that would require the excess funds be returned to the Deer and Bear Management Account.
- Develop additional funding sources for the account, such as an increase in the \$0.50 contribution from all deer and super sports licenses, General Fund dollars, and contributions from other agencies also affected by CWD, including the Board of Animal Health and the Department of Agriculture.

## **GFF and Game and Fish Operations Account**

### **Fund Sustainability**

Minnesota's natural resources contribute significantly to the state's economy. Land and water-based outdoor recreation and tourism produce \$15 billion in gross sales annually. In 2016 alone, state sales tax from the leisure and hospitality industry generated \$969 million ([Tourism & Minnesota's Economy](#), Explore Minnesota Fact Sheet January 2018). It is clear that Minnesota's lands, waters, flora, and fauna are of great value not only to the many people enjoying them, but to a healthy economy as well.

However, the long-term trend in decreased funding is concerning. For example, although fishing and boating account for approximately \$4 billion in participant spending each year (National Marine Manufacturers Association Economic Impact Infographic – Minnesota, 2016), the state has been reducing its investment in protecting aquatic resources since 2010.

The Fish and Wildlife Division relies on funding from license fees, federal excise tax dollars, and Heritage Enhancement Account funds to pay for nearly all of its programs. Prior to 2010, general funds were routinely appropriated to the Fish and Wildlife Division, but appropriations have dropped to nearly zero since 2011, with the exception of a modest 2015 appropriation to combat avian flu.

Despite this decline in funding, the Budgetary Oversight Committee (BOC) is very appreciative of the legislature's action in 2017 to raise several fishing and hunting related fees. This objective is never easy to accomplish and we thank the leaders of the Minnesota Senate and House who listened to appeals from anglers and hunters and approved those user fee increases. We are also grateful to the Minnesota Department of Natural Resources (DNR) and the Governor for their support and hard work in this regard.

Unfortunately, the revenue generated from these 2017 increases in user fees only prevents cuts in fish and wildlife management activities in the short-term and do little to restore previous levels of funding. Without additional fee increases and/or general fund allocations specifically to the Fisheries Section's and Wildlife Section's base budgets in the near term, core fisheries and wildlife management programs will be reduced and the resources suffer. The BOC finds this unacceptable.

We recommend that the DNR develop a more the comprehensive package of funding by November 2018, the Governor include it in the Governor's next budget request, and the Minnesota Legislature approve it during the 2019 legislative session.

# Fish Management

Fish Management includes population and habitat management, culture and stocking, education, outreach and rulemaking, and planning and coordinating all aspects of fish management.

## Findings and Recommendations

### ***Habitat Management – Aquatic Plant Management***

After examination of the Aquatic Plant Management program (APM), the FOC found that anglers are subsidizing the removal of fish habitat through their license dollars.

In 2005, the Minnesota Legislature passed an increase to watercraft registration fees and added language that the APM program should be funded from this increase. However, this fee increase had been specifically requested by anglers to fund water access maintenance and rehabilitation due to damage caused by power loading at access sites. The BOC strongly disagrees with the current practice of diverting these funds away from programs related to watercraft usage. Power loading and limited funds to support water access repair and maintenance are increasing problems and deserve more funding.

The BOC has previously asked the DNR, the Legislature, and the Governor to adjust APM permit fees so that all costs associated with the APM Program are covered by the APM permit fees. The APM program currently provides services that allow riparian lakeshore owners and lake associations to remove aquatic vegetation for a price well below actual program costs. At the same time, the DNR Fisheries is actively promoting and engaging in aquatic habitat restoration and preservation projects that foster some of the same aquatic vegetation. The BOC finds this to be unacceptable and has determined that the Watercraft Registration fee funds should be allocated to water access sites and not to subsidize destruction of aquatic habitat.

The APM permit fees generate approximately just one-third of the cost of the program. The Water Recreation Account disproportionately covers the balance of the program. Lake associations have frequently lobbied to defeat any attempts to raise fees over the years not because they objected in principal, but rather because they objected to the pace of increases.

### ***Fisheries Operations***

The BOC identified two significant changes in Section Operating Policy that will negatively affect Fisheries field programs.

1. The new Fleet Insurance Policy to reduce costs for accidents includes the following proposed language:

The Division of the driver will be financially responsible for all costs or value of loss when:

- Damage results from backing.
- Accident/damage has not been reported within 48 hours.

The BOC opposes taking funds from fisheries field programs by penalizing stakeholders through this new language. The BOC finds this new language will not reduce backing accidents and negatively impacts Fisheries Division field programs. In addition, the BOC recommends

amending the language to indicate that the Division would be financially responsible for “damage within 48 hours from the time of discovery.” We find it is important to acknowledge that in many cases, damage is not discovered directly at the time of the incident and that the current language is unnecessarily rigid. We recommend amending the language to damage within 48 hours from the time of discovery.”

2. New electronic card entry systems are planned to be installed in all DNR Area offices and two additional Regional Safety Offices/Officers are being added. These new safety features and positions will be funded by the Fish and Wildlife Operating accounts. The BOC opposes funding any building, security, or maintenance improvements from dedicated funds like the GFF and instead recommends that these enhancements be funded by the Asset Preservation and/or Building Maintenance accounts.

### ***Population Management***

The BOC was briefed by the DNR staff regarding a study completed to determine the impact on catchable biomass resulting from walleye stocking efforts in various waterbodies around the state. The research demonstrates that increasing fry stocking while reducing fingerling stocking in some lakes is a more viable and less expensive economic option. The BOC supports this science-based effort to manage walleye populations and believe this to be a wise use of the GFF.

### ***Tribal Fisheries Coordination***

The BOC has reviewed the impacts of increased staff time, research, and resources directed toward addressing the Mille Lacs Lake walleye fishery and determined these efforts to be helpful. The studies conducted on Mille Lacs for invasive species and climate change are invaluable for future science-based fisheries management statewide.

The BOC finds that implementing an agreement with the Mille Lacs Tribes similar to the Fisheries Management Plan on Leech Lake, whereby a fraction of general funds is paid to the Leech Lake Tribes to not exercise all of their treaty rights, may be a viable solution to reducing overall harvest rates.

Lastly, the BOC requests that the DNR develop a better accounting of time and work on *all* lakes with tribal protocols so that these efforts may be better reviewed in the future. The BOC believes that staff time spent negotiating with tribes on harvest rates is outside normal lake management efforts and recommends it be funded directly with general fund appropriations.

### ***French River Coldwater Hatchery***

The DNR announced in November 2016 plans to decommission the French River Coldwater Hatchery in large part due to the excessive energy costs associated with operating the facility. In 2017, the operations and salaries expenses for the hatchery were \$553,626, with the Trout and Salmon Account paying \$102,456 towards those expenditures. The BOC recognizes the huge expense this hatchery created and supports the DNR’s decision to close this facility. We recommend that the net savings in Fisheries Section funding due to eliminating or changing stocking programs in Lake Superior or its tributaries continue to be utilized for other coldwater fisheries management needs within the Lake Superior basin and be used to supplement, not supplant, existing funding used on coldwater fisheries management there.

However, an investment in hatchery upgrades elsewhere via bonding or general fund dollars is needed to support the \$4.2 billion in economic activity, which angler activity generates each year to the state's economy. Approximately \$3 million is needed for critical repairs and upgrades at the coldwater hatcheries and \$2 million to address critical issues at the DNR's walleye and musky hatching facilities.

## **Wildlife Management**

All FY2017 expenditures from the GFF for Wildlife Management appear to be in keeping with the statutory requirements and sound management practices.

## **Fish and Wildlife – Outreach**

### **Budget**

Fish and Wildlife Outreach expenditures totaled \$2,735,400 in 2017 with funds originating from the Game and Fish Operations Account (2200) and the Heritage Enhancement Account (2209). The total Fisheries and Wildlife marketing budget for 2017 was \$70,700. The department has been able to leverage the limited budget with a relationship with Explore Minnesota Tourism (EMT) whereby EMT provides a 50-50 match that historically has brought in an additional \$30,000 for marketing.

The BOC recognizes that the marketing budget is very limited and that the DNR marketing group has done an exceptional job with limited resources.

### **Policy**

The Fish and Wildlife Outreach department provides education, information, and engagement with the public and stakeholder groups to present fishing and hunting skills programs, education, and outreach to organizations and emerging populations. In addition, the DNR also has established five citizen Fisheries Work Groups and holds a collaborative Roundtable conference for the conservation community every year. Finally, it also coordinates media dissemination, various marketing efforts, and communication activities, including web content, press releases, programs, publications, and campaigns.

### **Findings and Recommendations**

The BOC recommends the DNR:

- Continue to be innovative and creative in expanding participation in fishing, including expanding partnerships with private and public organizations.
- Consider directing additional efforts towards re-engaging the growing number of retired Baby Boomers. Within the next five years, this demographic is more likely to have the time and financial capability to invest in outdoor fishing and hunting. This group is also in a strong position to influence additional participation through family and friends who share similar interests.

- Investigate the feasibility of increasing EMT matching funds. This resource is already in place, which can provide greater involvement through increased marketing funds.
- Continue promoting the DNR website, MinnAqua, and the R3 Initiative.
- Consider utilizing dollars from department cost-saving measures towards increasing the marketing budget, which should increase participation and result in additional revenue through increased license purchases.
- Submit and make themselves available to report on the status of outreach efforts as well as detailed information regarding metrics used and outcomes for each marketing effort.

## **Game and Fish Dedicated Accounts**

### **Deer/Bear Management; Computerized Licensing; Emergency Deer Feeding and Wild Cervid Health Management Account (2201)**

The purpose of this account is for deer and bear management. This account is funded with \$1 from each annual deer, bear, and super-sports license and \$1 annually from the Lifetime Fish and Wildlife Trust Fund, established in section Minnesota Statutes, section 97A.4742, for each license issued under section Minnesota Statutes, section 97A.473, subd. 4, shall be credited to the deer and bear management account. (Minn. Stat., sec. 97A.075, subd. 1c)

By statute, money in the account may only be used for deer and bear management programs, including a computerized licensing system.

**Receipts:** \$659,395\*

**Expenditures:** \$693,330\*\*

\*FY2017 Beginning fund balance: \$1,011,558

Prior year adjustment \$3,713

Receipts Hunting License: \$603,069; License Issuing Fees: \$56,326

\*\*Expenditures: Fish and Wildlife \$693,330; License Center \$0

FY2017 Ending fund balance: \$981,335; Net change for FY2017: \$30,222.

Revenues have started to rebound and are expected to continue to increase in future years as deer populations increase toward goal levels, regulations become more liberal, and more bonus deer permits become available. The Division of Fish and Wildlife plans to spend down the current balance over time while maintaining sufficient funds to meet cash flow needs.

### **Policy**

We strongly support the DNR’s science-based efforts to manage big game populations.

### ***Emergency Deer Feeding and Wild Cervid Health***

We recommend that the DNR:

- Consider eliminating the deer feeding portion of the account with the revenue used for cervid health issues.
- Consider requesting general funds to fund the issues relating to CWD, such as funds for the use of monitoring farms when issues are detected and the various testing needs.
- Pursue funding from the United States Department of Agriculture (USDA) as well as the Board of Animal Health for testing cervid farms.
- Generate a plan for sustainable funds based on forecasting of disease outbreaks.
- Facilitate better cooperation between the USDA, Board of Animal Health, and DNR on cervid health issues.
- Consider using relationships with the legislature to gain a seat on the Board of Animal Health to have better representation on issues that impact wildlife.
- Form legislation regarding cervid health issues, such as CWD.
- Consider developing a separate cervid health management sub-account to better track costs of myriad disease and big game population limitations.
- Build licensing costs into the costs of establishing any new hunting seasons rather than maintaining a separate account tracking for licensing.

### ***Deer***

- Finish and implement the 2018-2019 Deer Management Plan.
- Ban feeding across the state to limit the spread of disease.
- Continue to seek diverse input on population goals and management strategies.

### ***Moose***

- Continue the moratorium on moose hunting seasons.
- Continue further studies on moose moratorium.
- Manage deer population goals in the moose range at levels consistent with the Minnesota Moose Research and Management Plan as stated in the 2018-2019 Deer Management Plan.

### ***Elk***

- Continue the efforts of the 2016-2020 Elk Management Plan as well as assess any new information that would contribute to a plan beyond 2020.

### ***Bear***

- Examine the requirements for licensing of bear guides and do not issue new licenses until a thorough study is completed.

We further recommend that the DNR:

- Respond to the 2017-2018 legislative audit as needed to maximize fiscal integrity, population goals and management, and/or otherwise enhance the effectiveness of deer management while maintaining science-based decisions and ensuring adequate engagement by the public.
- Complete and implement the 2018-2019 Deer Management Plan.

## Deer Habitat Improvement Account (2202)

Revenue for this account is provided by \$2.00 from the sale of each annual deer license and super-sports license and \$2.00 from each validated lifetime deer license. The governing statute is Minn. Stat., sec. 97A.075, subd. 1b. Revenue from each \$30 resident deer license is distributed as follows: \$24.29 deposited in Fish and Game Fund, \$2 dedicated to deer habitat, \$1 dedicated for deer or bear management, \$0.50 for cervid health, \$0.50 for wolf management and monitoring and \$1.71 for ELS license issuing fee.

### Budget

**Receipts:** \$1,305,159

**Expenditures:** \$1,197,145

These expenditures went for the following activities\*:

- \$685,000 (57%) for habitat management
- \$337,000 (28%) for planning and coordination†
- \$127,000 (11%) for population management
- \$46,000 (4%) for research

\*These expenditures include salaries and fleet costs associated with staff activities devoted to deer habitat projects.

†Sixty-three (63) percent of the expenditures for *Planning and Coordination* went for staff work with commercial forest harvest plans to gain input to benefit wildlife.

Total expenditures can also be viewed according to regional distributions\*\*:

- \$219,000 – Northwest
- \$26,000 – Northeast
- \$54,000 – Central
- \$36,000 – Southwest
- \$860,000 – Statewide programs, including Research

\*\*The budgeting process determines need on a statewide basis and then determines funding sources based on the nature of statewide needs as well as the statutory requirements of each relevant account. The remaining funds are distributed to DNR Administrative Regions according to an allocation model, based on forestry management and deer harvest data, and are used for project priorities within each region.

We recommend that the DNR:

- Make a top priority the accurate coding of agency activities related to forest work, hunter access work, technical guidance, nuisance animal control, and other deer habitat program activities to ensure that the DNR can clearly demonstrate that Account 2202 funds are devoted to habitat improvement that primarily benefits deer.
- Take measures to ensure that Account 2202 funds are not used for habitat work unrelated to deer.

## Policy

### **Management Plan**

We recommend that the DNR:

- Continue active engagement in the deer management planning initiative currently underway with public stakeholders in order to maximize fiscal integrity, population goals and management, and/or otherwise enhance the effectiveness of deer habitat management while maintaining science-based decisions and ensuring adequate engagement by the public.

## Waterfowl Habitat Improvement Account (2203)

This account is for the improvement of waterfowl habitat. It is funded through the \$7.50 annual stamp that is required by waterfowl hunters 18 years and older. Money from this account can only be used for:

- Development of wetlands and lakes for maximum migratory waterfowl production. This includes habitat evaluation, construction of water control structures, nesting cover, rough fish controls, and capital acquisitions of sites and facilities necessary for development and management of existing habitat.
- Management of migratory waterfowl, including population surveys, special hunt management, and related coordination and operational support.
- Restoration, maintenance, and preservation of waterfowl habitat.
- Acquisition and access to structure sites.
- Promotion of waterfowl habitat development and maintenance, including promotion and evaluation of government farm program benefits for waterfowl habitat.

**Receipts:** \$598,176

**Expenditures:** \$527,637

## Budget

It has been 14 years since the last increase, so we recommend the legislature increase the state waterfowl stamp to reflect current costs of habitat conservation.

## Policy

We recommend that the DNR:

- Spend down the account balance as stamp sales and account revenues have remained fairly consistent and predictable over the past decade.
- Support the Shallow Lakes Initiative while exploring additional funding sources that would allow for an acceleration in reaching the stated goal of enhancing 1,800 shallow lake basins.

# Trout and Salmon Management Account (2204)

## Policy

The purpose of this account is to develop, restore, maintain, improve, protect, and preserve habitat in trout and salmon streams and lakes; rear trout and salmon; identify and acquire easements; and fund research and special management projects. Trout and salmon anglers asked for and supported this stamp to provide additional funds above and beyond base Fisheries Section dollars, to be spent primarily for habitat improvement and acquiring additional easements.

## Budget

The fund balance was \$952,071 at the end of FY2016 and \$727,476 at the end of FY2017. The reduction in the balance reflects an increase in spending to gradually reduce the surplus. A target fund balance of \$500,000 is desirable to prevent the DNR from incurring any negative balances during periods of the year when expenditures exceed revenues. Based on current trends and projections of stamp sales, revenues are projected to remain stable.

The DNR continues to monitor and preserve the values of existing easements utilizing funds generated from trout stamp sales. Actual expenditures in 2016 for management and acquisition were \$926,705. In 2017, the expenditures were \$1,215,206 reflecting an increase of \$288,501 or 31%. The following categories saw an increase in spending:

- Trout Production and Stocking: \$45,544 (7% increase)
- Stream Habitat: \$103,714 (62% increase)
- Surveys and Creels: \$119,890 (110% increase)
- Research: \$24,300 (no increase from prior year)

## Findings and Recommendations

We recommend the DNR utilize the dedicated funds in this account to maintain a reasonable minimum fund balance while furthering the goals and objectives of the Trout and Salmon Management Account.

### ***Current Acquisition Plan for Trout Stream Easements***

In 2007, the DNR convened a group of stakeholders to develop a thoughtful acquisition plan for Aquatic Management Areas, including trout stream easements. The plan – Minnesota’s Aquatic Management Area Plan 2008-2033 – was published in October 2007. The DNR endorsed this thoughtful, strategic plan, which calls for accelerated acquisition of new trout stream easements at the rate of 100 miles per year from 2008 to 2033. The BOC recognizes that this plan is ambitious and its target may be unrealistic without more funding from both traditional sources of funding, such as bonding, and dedicated funding sources, such as Outdoor Heritage Fund (OHF) and Environment and Natural Resources Trust Fund (ENRTF) funds. For example, in FY2017, the DNR purchased 19 easements totaling 11.6 miles. In the past five fiscal years, the DNR has purchased just 48.1 miles of stream easements on 115 parcels. Currently, there are only 15 easements in-process, totaling 5.7 miles. Based on this data, a 100 mile per year target is unattainable without changes in approach and funding.

The BOC recommends that Fisheries Section management establish a new stakeholder workgroup to:

- Evaluate resource protection needs.
- Evaluate long-term angler access needs.
- Identify funding sources and strategies for securing greater amounts of funding.
- Review and revise criteria used to prioritize easement and fee acquisitions.
- Examine process improvements within both the Fish and Wildlife Division (FAW) and Lands and Minerals Division (LAM ) to shorten acquisition times.
- Write a new long-range plan for increasing the pace of acquisitions of Trout Stream Easements.

As in the past, the BOC strongly recommends using the remaining funds in the Trout and Salmon Management account to accelerate acquisition of trout stream easements from willing sellers. Opportunities that are not acted upon quickly are often lost forever. In the 2016 BOC report, we acknowledged that real estate transactions can be a lengthy process. However, we also expressed our concerns regarding the unsustainable workload for the technical and legal services, which potentially could be delaying the addition of new easements. This year, it became apparent that internal FAW procedures may be causing significant, needless delays in the acquisition process. The BOC recommends the DNR identify measures and resources needed to rectify these issues and take steps to speed up the acquisition process.

## **Pheasant Habitat Improvement Account (2205)**

This account is funded through a \$7.50 annual habitat stamp that is required by anyone 18 years and older who hunt pheasants to be used for the development, restoration and maintenance of suitable pheasant habitat. It includes the promotion of pheasant habitat development and maintenance of both government farm programs and federal conservation reserve programs.

**Receipts:** \$514,499

**Expenditures:** \$494,271

### **Budget**

The ending fund balance is \$123,111, which is \$36,764 over the prior year. Those expenditures reflect the five expenditure priorities as follows:

1. Development, restoration, and maintenance of pheasant habitat – \$229,383
2. Reimbursement for land set aside for pheasant habitat – \$0
3. Reimbursement for providing pheasant habitat – \$5,112
4. Promotion of pheasant habitat and Farm Bill Partnership – \$253,861
5. Land acquisition – \$5,905

All expenditures contribute to the specific projects and strategies of the Governor's Pheasant Action Plan. These funds are most relevant to increase habitat management on public and private lands.

## ***Pheasant Harvest Goal of 600,000***

Expenditures from the account contribute to the development, restoration, and maintenance of suitable habitat on public and private lands, which will help pheasant populations and contribute to increased harvests.

## **Budget**

### ***Land Acquisition Programs***

Almost \$6,000 was spent in area budgets to support acquisition efforts, primarily as staff to meet with landowners, attend other acquisition meetings, and to attend County Board meetings associated with acquisition resolutions. Approximately 54% of the expenditures occurred in Region 4 and the remainder in Region 3.

### ***Land Access Programs***

The primary mechanism for expenditures in this category is through the Farm Bill Partnership. Expenditures totaled \$250,920 and cannot be attached to a geographic location since the DNR contributes to the overall partnership; individual dollars cannot be tracked geographically.

### ***Land Enhancement Programs***

Primary expenditures are for habitat enhancement on WMAs. As budgets tighten, the DNR first takes care of WMA lands for which there are no other responsible entities. While worthy places to enhance wildlife habitat, roadsides and private lands often have other responsible entities to manage them while WMAs do not.

### ***Farm Bill Biologist and Prairie Habitat Assessment Biologist***

The Farm Bill Partnership provided \$250,920 to support multiple farm bill biologists in multiple counties. Because this fund cannot be used for DNR salaries, DNR private land specialists are supported from the GFF and their operating budget is from the Heritage Enhancement Account.

## **Budget**

We recommend that the DNR:

- Maintain a surplus in this volatile account to offset bad winters or other weather affecting brood production and hunting opportunities.
- Increase the cost of the pheasant stamp to keep up with inflation. The stamp fee has not increased in 14 years, putting stress on the funding of this account.
- Continue to fund programs that support biologist positions and investigate expanding programs that help private owners with pheasant habit and conservation.
- Increase financial and technical support to maintain or enhance Reinvest in Minnesota (RIM), Conservation Reserve Program (CRP), Walk-in Access, and other conservation programs.

## Policy

We recommend that the DNR:

- Expand land acquisition by increasing bonding to historical levels for areas in the state that have less than 5% public ownership. We do NOT support legislation that would establish “no-net-gains of public lands” policies or other policies that would hinder the acquisition of land with funds from this account that would benefit pheasant hunting and conservation.
- Support legislation related to enhancing pheasant habitat in buffer strips and roadside habitat.
- Continue to develop roadside habitat via guidelines, coordinator positions, and partnerships.
- Continue supporting the Farm Bill Partnership and the many pheasant conservation benefits of this program, including expanding the CRP program across Minnesota.
- Continue to support the Governor’s Strategic Pheasant Action Plan and Prairie Plan with funds from this account.
- Continue to prioritize WMA pheasant conservation efforts and programs related to pheasant habitat and hunting opportunities in WMAs.

## Wild Rice Management Account (2206)

### Policy

The Wild Rice Management Account (2206) is funded through a daily and annual wild rice harvesting license with the purpose of managing designated public waters to improve wild rice production.

### Budget

In FY2017, \$40,000 was allotted and supplemented with Duck Stamp dollars for a total contract amount of \$60,000. This money is paid to Ducks Unlimited to manage approximately 100 lakes for wild rice production by trapping beaver and removing beaver dams to prevent water level bounce, thereby protecting wild rice stands in those basins.

### Findings and Recommendations

#### ***Beaver Impacts***

The BOC recommends that the DNR expand its partnership with Ducks Unlimited to control negative impacts of beaver impounded wild rice areas and increase the number of lakes managed for wild rice production by 10% over the next two biennia.

#### ***Public Relations, Recruitment, and Retention***

The BOC recommends significantly expanding information and education about the cultural and natural resource values of this native grain to include increased efforts to recruit and retain wild rice harvesters.

## Wildlife Acquisition Account (2207)

Financed through revenues from the small game surcharge and \$6.50 annually from the Lifetime Fish and Wildlife Trust Fund for each license issued (Minn. Stat., sec. 97A.473, subd. 3 and 5), at least 50% of the receipts must be spent on actual land costs (not on items such as title). The remainder may only be used for other land costs, development, and maintenance of wildlife lands and associated activities. These expenditures also include development, preservation, restoration, and maintenance of waterfowl breeding grounds in Canada through a partnership with Ducks Unlimited (DU) Canada. Total expenditures on all categories for FY2017 were \$1,271,809, down 16.8% or \$257,655 from FY2016. The FY2017 balance was \$1,325,922, which is up 30.8% or \$408,852 from FY2016. This is in alignment with the DNR's strategy to keep a significant balance in this account for future opportunities. In FY2017, the DNR acquired 6,638 acres by purchase and gift to add to WMAs to provide habitat and recreational opportunities. This is a slight increase from FY2016 (6,270 acres).

**Receipts:** \$1,545,013

**Expenditures:** \$1,271,809

### Budget

We recommend that the DNR:

- Maintain its goal of keeping a significant balance in this account for future opportunities.
- Continue its support of DU Canada Flyway Projects, which support and improve duck breeding grounds.
- Partner with Minnesota's many conservation organizations to make more timely purchases of important wildlife lands. Special emphasis should continue to be on the prairie zone and wildlife corridors.
- Focus spending on critical acquisition opportunities.

### Policy

- Restore Governor's bonding levels to pre-2008 levels to bolster the DNR's ability to purchase critical habitat and lands for public recreation.
- We also recommend that the legislature and Governor enable, through legislative action, the DNR's ability to purchase critical habitat in a timely manner.

## Wild Turkey Management Account (2208)

This account is funded through \$4.50 from each adult turkey license. The fund is governed by Minnesota Statutes, section 97A.075, subd. 5.

### Budget

**Receipts:** \$202,667

**Expenditures:** \$228,856

Expenditures were made for the following activities: \*

- \$226,774 – Habitat Management
- \$494 – Statewide Program Activities (Land Acquisition)

\*Money from this account can be used for the development, restoration, and maintenance of suitable habitat for wild turkeys on public and private land. Some of the activities include timber stand improvement, establishment of nesting cover, winter roost areas, and stable food sources.

Expenditures can also be viewed according to regional distributions:\*\*

- \$27,000 – Northwest
- \$10,000 – Northeast
- \$101,000 – Central
- \$89,000 – Southwest

\*\*Account 2208 funds are distributed to the DNR Administrative Regions based on an allocation model, which accounts for turkey habitat, turkey populations, and turkey harvest. The funds are used for turkey habitat work within each Region.

We recommend that the DNR:

- Keep this dedicated account for protection and management of turkey habitat, particularly in the agricultural zone.
- Continue to ensure accurate coding of agency activities funded by this account to ensure the funds are devoted to habitat improvement that primarily benefits wild turkeys.

## Policy

We further recommend that the DNR:

- Monitor, document, and provide information on the impacts of the destruction and loss of habitat affecting turkey populations and turkey hunting opportunities.
- Maintain positive dialogue with stakeholders and conservation groups to leverage efforts to preserve turkey habitat.

## Heritage Enhancement Account (2209)

### Policy

Revenue for this account is generated from lottery in-lieu sales tax on the sale of lottery tickets, of which 87% must be utilized for field operation in a biennium per Minnesota Statutes 297A.94. Funds from the Heritage Enhancement Account (HEA) may only be used on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state.

## Budget

In 2017, the fund balance was reduced due to a decrease in lottery receipts by \$697,238 and expenditures increasing by \$1,668,855. Additional expenditures for Ecological Resources was a significant portion of the increase in expenditures and is forecasted to continue at a similar rate.

The current forecast indicates a decreasing fund balance for the next four years. Expectations are for lottery receipts to flatten while expenditures will continue to rise. In addition, there is a one-time expenditure of \$500,000 forecasted in 2018 for Emergency Disease Outbreak Response Planning. Furthermore, starting in 2018, there is an ongoing \$410,000 per year new expenditure for Invasive Species Grants.

## Findings and Recommendations

The BOC finds that HEA funds were being spent for the activities specified and that more than 87% was used for field activities in the FY2016 and FY2017 biennium. The BOC recommends that that DNR staff provide a report for the BOC each year in the biennium that shows compliance with this statutory requirement.

## Lifetime Fish and Wildlife Trust Fund (2210)

The Lifetime Fish and Wildlife Trust Fund account was established by the legislature in 2000 to collect revenues from the sale of lifetime hunting and fishing licenses that could be used for fish and wildlife management programs. Revenues are generated from the sale of lifetime licenses as well as from interest and investment earnings on those revenues.

Funds collected from the lifetime license sales are deposited into the trust fund account. Each year, the DNR transfers from the Lifetime Fish and Wildlife Trust Fund account to the respective GFF accounts amounts equal to the current annual license price for all licenses activated. Revenues are invested with the state investment board to receive the maximum return consistent with a goal of maintaining the Lifetime Fish and Wildlife Trust fund in perpetuity.

The assumptions for sustaining the trust fund, as used in the original model to set policies, are:

- 85% activation rate;
- 4% inflation of annual license fees, and;
- 8% return on investments.

## Budget

The value of the Lifetime Fish and Wildlife Trust Fund at the beginning of FY2017 was \$11,455,115, including license sales and interest. For FY2017, the revenue generated from those license sales was \$443,179 for fishing licenses, \$578,069 for hunting licenses, and \$691,212 for sportsman licenses. Thus, the total revenue generated from lifetime license sales in FY2017 was \$1,712,459. Additionally, interest earnings were \$5,703 on Invested Treasurer's Cash (ITC) in FY2017. Earnings on investment are not depicted on the fund statement for policy reasons.

The FY2017 Lifetime License Activations transferred out totaled \$674,487. The ending balance of the account was \$12,498,780.

## **Policy**

Funds in FY2017 were transferred to their respective accounts per activation as required. Current fiscal performance in the lifetime license trust fund is consistent with original model assumptions. The BOC recommends continued diligence to preserve the intended uses of this fund.

## **Walleye Stamp Account (2211)**

### **Budget**

The Walleye Stamp Account budget has experienced a period of decline since 2012. While FY2017 saw a slight increase in sales with a total of \$91,963, the account has largely been declining, including in the years following a \$25,000 legislative appropriation in FY2010. Expenditures for the account totaled \$87,873 and the BOC finds that they meet the narrow confines of the statute. The fund does not impact the larger budget since it is dedicated and directly tied to walleye stamp sales.

### **Policy**

The Walleye Stamp Account is funded via the voluntary purchases of walleye stamps (\$5.00 each). Pursuant to Minnesota Statutes, section 97A.075, subd. 6, revenue from walleye stamps must be credited to the Walleye Stamp Account and is appropriated to the Commissioner only for stocking walleyes purchased from the private sector in waters of the state.

### **Findings and Recommendations**

The account's statutory purpose of "stocking walleyes purchased from the private sector in waters of the state" narrowly confines the fund's use. The BOC is concerned with the limited number of private sector vendors available as well as the associated costs with purchasing from the private sector, which make the rigidity of this fund even more complex.

While there was a slight increase in stamp sales in FY2017, the BOC once again discussed the possibility of expanding marketing efforts to increase sales. The walleye stamp is currently promoted through no-cost marketing such as press releases, social media, and reminders sent to all agents with Electronic Licensing Systems (ELS), similar to other programs throughout the DNR, including the Nongame Wildlife Checkoff found on Minnesota tax forms.

## **Peace Officer Training Account (2212)**

The Peace Officer Training Account was created in statute in the GFF in the state treasury to be used by the Commissioner for peace officer training for employees of the Department of Natural Resources to enforce game and fish laws. (Minn. Stat., sec. 97A.052) This account helps facilitate the mandated and

supplemental training required for conservation officers to maintain licensing and augment skills needed to remain effective in enforcing game and fish laws.

## **Budget**

This account is appropriated by the legislature and currently receives an annual appropriation of \$135,000 per year. In addition, 1% of the revenue from surcharges assessed to criminal and traffic offenders are deposited into the account and may only be spent towards peace officer training for conservation officers of the Minnesota Department of Natural Resources (Minn. Stat., sec. 357.021, subd. 7). Total expenditures for FY2017 were \$143,430 while total revenues were only \$115,801.

### ***Budget Concerns***

The BOC is recommending an increase in appropriations from the legislature to ensure that conservation officers can continue receiving the mandated and necessary training needed to fulfill their duties. In addition, the BOC is troubled by the continuing decline in revenues and the fact that the Enforcement Division must supplement this account with other sources of funds to prevent the account from going negative. The BOC was informed that part of the reason revenues are decreasing is due to the increased scrutiny of peace officers and the current political climate surrounding law enforcement. The BOC understands that while conservation officers play a vital role in educating the public of Minnesota's fish and game laws, it is also imperative that they continue to *enforce* those laws and issue citations when appropriate and deemed necessary.

## **Policy**

### ***Diverse Workforce***

The BOC supports the increased DNR Conservation Officer Prep Program promotion utilized to recruit and retain a diverse class of conservation officers to the ranks. The most recent class in the academy was one of the most diverse classes to date, which also aligns with the Enforcement Division's 2015-2025 Strategic Plan. The BOC would like to encourage the DNR to continue working diligently to recruit diverse, passionate, and qualified candidates. In addition, we encourage the DNR to enhance targeted geographical recruitment to attract candidates for specific locations.

### ***Turnover Rate***

The BOC has concerns about the turnover rate due to terminations and retirements. We highly encourage the DNR to continue recruiting and hiring diverse candidates to fill any vacancies and return the ranks to full strength. This is especially important considering the Enforcement Division has one of the smallest support staffs, and that hunting and fishing hours have expanded.

### ***Updated Peace Officer Training Curricula***

In the 2017 Omnibus Public Safety Finance and Policy Bill, the legislature appropriated funding for additional peace officer training curricula (Chapter 95). The BOC is cognizant of this mandated change for the following areas and encourages the DNR ensure that all conservation officers receive this training as quickly as possible:

- Responding to mental health crisis;
- De-escalation of conflicts; and
- Diversity and implicit bias training.

The BOC supports the state's efforts to strengthen law enforcement training and implement best practices that will make the state safer.

## Wolf Management and Monitoring Account (2213)

This account is funded by \$0.50 from each deer and super-sports license sold. Wolf license application fees and license sales dollars were added to this account for the two years Minnesota allowed a wolf hunting and trapping season (2013, 2014) and ceased when gray wolf management reverted to federal jurisdiction. The only allowable expenditures are for wolf management, research, damage control, enforcement, and education.

**Receipts:** \$326,290

**Expenditures:** \$161,809

\$110,000 of expenditures was used for the state's commitment to match USDA federal wolf damage control program expenses. The account currently shows a balance of \$1,140,367.

*Note: A proposal to drop Great Lakes Gray Wolves from the endangered species list was recently removed from an omnibus spending bill that Congress passed on March 23, 2018. In Minnesota, wolves remain a federally managed animal. A legislative amendment passed in FY2017 to eliminate the \$0.50 surcharge on deer licenses used to fund this Account, effective July 1 of the year following the year the wolf is delisted under the federal Endangered Species Act.*

### Budget

The BOC recommends that the DNR:

- Allow the account to grow in preparation for future expenditures when the wolf is delisted and hunting and trapping season is reinstated.
- Confirm whether current expenditures reflect a complete account of all DNR-led activities, including enforcement, research, population census, education, etc. The FY2017 account shows only a shared payment for damage control and a 50% Full-Time Equivalent.
- Develop a contingency plan to sustain this account post de-listing. Question remain (BOC FY2014 and FY2015 reports) regarding how much is needed to cover *full* cost of managing wolves under the Wolf Management Plan.
- Determine additional resources/funding that must be in place before de-listing can or should happen, as required by the Endangered Species Act.

## Policy

Recognizing the wolf population has been restored to the state, we support DNR efforts to restore management of wolves back to the state. However, we question the readiness of this account, once wolf delisting occurs, to bear the full cost of managing and monitoring this high-profile species in accordance with the 2001 Wolf Management Plan.

The BOC recommends that the DNR:

- Review and update the 2001 Wolf Management Plan, including a public engagement process to ensure strategic vision, mission, purpose, and management goals that reflect present and future needs and expectations.
- Consider a Volunteer Work Force to aid DNR in collection of wolf population data. No volunteer program comes without cost, but we believe investment in harnessing public interest will pay off. In FY2017, volunteer hours were equal to an extra 5% or 135 FTEs helping the DNR manage MN Natural Resources.
- Support delisting that includes full management authority to DNR over hunting and trapping policy/rules/capacity.
- Continue coordination and sharing of information, resources, costs, etc. with other Great Lakes states.

## Functions, Outcomes & Accomplishments

### Fish and Wildlife – License Center Operations (2200)

The License Center handles the distribution of licenses, stamps, and permits required by hunter, anglers, trappers, and commercial game and fish operators. Agents for the Electronic Licensing System (ELS) process approximately 99% of all transactions. More than 2.5 million licenses, permits, and various transactions were handled through ELS, generating \$71.1 million in revenue for the year. The License Center also handles harvest registration with about 50% of turkey and deer hunters taking advantage of this convenience.

## Budget

### Expenditures:

Transaction Costs	\$3,170,100
Operating Costs	\$878,900
Division Services	\$212,300
Department Services	\$125,200
Total Expenditures	\$4,386,500

## Policy

### **Software and the ELS System**

The BOC reviewed the License Center's current plan of modernizing the electronic license system (ELS) by 2020. During the next two years, the Minnesota DNR will be modernizing its electronic licensing system that enables millions of resident and nonresident anglers and hunters to purchase licenses and tags as well as the ability to register their game. DNR customers currently purchase licenses from more than 1,500 retail agents, 180 county deputy registrars, online, and over the telephone.

The new system takes advantage of new technology to meet consumer demand and will follow similar efforts in other states. The agency anticipates savings of \$1.5 million annually by moving to digital sales, reducing equipment needs and costs, and gaining other efficiencies. This is money the agency can better use toward fish and wildlife management. The current contract expires in March 2020. In December 2017, a vendor was selected to begin negotiations. Once negotiations are finalized, the DNR will enter the discovery phase, system build, user acceptance testing, training, and pilot.

The Modernized Online, no-equipment solution is projected to provide an annual savings of \$1.5 million. A very small portion of the savings can be used to compensate agents for the increased costs.

Currently, there is no limit on the number of online agents. In contrast, there has been a limit on ELS POS agents because of equipment costs and availability.

The DNR asserts it lost approximately \$50,000 last year to agents that did not pay for the licenses sold.

### **Findings and Recommendations**

We recommend that the DNR:

- Allow agents to receive a \$1.00 transaction fee and suggest increasing this fee due to increased agent costs for equipment and the time spent asking questions the License System asks of the customer for voluntary stamp sales, AIS requirements, and DNR customer inquiries. The BOC recognizes and values the role License Agents play in selling licenses to anglers and hunters. We note that by statute, any agent may also charge a 3% issuing fee to cover debit and credit card costs.
- Provide a 24-hour Agent Help Desk to resolve license-issuing problems that occur during nights, weekends, and holidays.
- Allow all existing agents in good standing to continue as agents in the new technology.
- Consider an agent contract change that protects from agent default.

## **Ecological and Water Resources**

### Policy

The Division of Ecological and Water Resources (EWR) promotes and delivers integrated land and water conservation management. Game and Fish operating funds are used by EWR for work on lake and river

habitat assessment and restoration, grassland habitat monitoring, environmental review, natural resource damage assessment and cost recovery, tracking wetland change, wildlife education, planning and coordination, and information management programs. However, EWR provides other functions that are supported by funding other than Game and Fish or Heritage Enhancement Funds.

## **Budget**

The BOC finds that all FY2017 expenditures from the Game and Fish Operations and Heritage Enhancement Fund accounts for work by the EWR appear to be in keeping with statutory requirements and sound management practices. Actual expenditures for FY2017 were \$4,789,762 and planned expenditures for FY2018 are projected at \$5,052,000, which is consistent with the DNR's updated long-range forestry management initiatives.

## **Findings and Recommendations**

Due to the complexity of how funds are allocated, appropriated, and shifted between accounts, it is recommended that EWR include a brief explanation of this in GFF Reports going forward as well as identification of any pass-through grant appropriations that appear on fund statements but are not clear in the narrative.

When significant long-range management goals are changed, the BOC recommends that those initiatives be summarized in the narrative as well. One example is the paradigm shift from a primarily utilitarian approach to forestry (wood product) to an integrated approach where forestry collaborates increasingly with multiple divisions (EWR, Wildlife, etc.). Understandably, this new management approach results in an increase in expenditures appearing on fund statements outside of Forestry (staffing, modeling, etc.), which will continue for the foreseeable future. Providing context will help reviewers in upcoming fiscal years.

Finally, the BOC supports increased collaboration and data-sharing between the EWR and the Minnesota Pollution Control Agency to reduce duplicate sampling, study, and review for projects or initiatives that fall under the purview of both agencies.

# **Enforcement**

## **Policy**

The Enforcement Division's purpose is to protect natural resources and public safety and is the primary conservation law enforcement agency in Minnesota. The Division is tasked with enforcing hunting and fishing regulations, providing education and training to the community, as well as protecting habitat and the state's waters from invasive species.

## Budget

The Enforcement Division provided more than 176,000 law enforcement hours devoted to game and fish activities. Total expenditures for FY2017 were \$23,997,557 and are forecasted to increase to \$24,646,000 in FY2018.

## Findings and Recommendations

### ***Additional Funding is Needed***

The BOC recognizes that the role of the Enforcement Division's conservation officers has expanded greatly in the last 10 years. The 2017 GFF Report notes that "the role has grown from traditional game and fish enforcement to broader natural resource protection responsibilities that impact quality of life and economic sustainability" (p. 12). With increased enforcement of aquatic invasive species compliance and expanded hours for fish and game activities due to changing climate patterns, the BOC recognizes that more funding is required for the Enforcement Division.

The BOC recognizes that additional funding is needed for the Enforcement Division to:

- Ensure that conservation officers are adequately staffed to cover the increased hours on game and fish enforcement while reducing overtime needs.
- Enforce compliance of invasive species regulations and educating the public about the most current issues impacting the state as it pertains to aquatic invasive species.
- Provide educational and training programming for youth and adults, particularly in diverse communities and populations that align with the DNR's targeted outreach efforts.
- Use technology to enhance and expand services and availability of conservation officers to the public.
- Respond to natural disasters, public safety emergencies, and recreation-related emergencies.
- Increase the quality of life of Minnesotans and those visiting Minnesota by ensuring a safe and equitable outdoor experience.

### ***Hiring, Outreach, and Community Engagement***

The BOC would also like to see the Enforcement Division be more creative with its hiring, outreach, and community engagement practices and recommends that the DNR:

- Continue to utilize technology to assist conservation officers with both enforcement, education, and safety training efforts to optimize the Enforcement Division's business processes.
- Explore and utilize technology and social media to enhance community presence and engagement regarding regulations and safety issues.
- Continue to develop community partnerships with local organizations as well as municipal and county agencies to provide the best possible services to Minnesotans and visitors.

# Parks and Trails

## Budget

In FY2017, the Parks and Trails Division (PAT) utilized \$2.4 million from the GFF to develop and maintain the state's water recreation system. The biennium budget was \$4.5 million. With the Water Recreation Fund projected to go into deficit in FY2018, PAT has been forced to reduce investments for new facilities and other expenditures, especially fishing piers throughout Minnesota.

### ***Budget Findings***

The BOC finds that the Parks and Trails Division's utilization of funds acquired through the state and partnership-funding arrangements are being managed appropriately. As projects come on-line, they are correctly funded and acted upon in a timely fashion. However, the BOC does have concerns regarding the Division's declining budget and the impacts it will have on Minnesota's public accesses and facilities.

## Policy

The vision of the Parks and Trails Division is to "...create unforgettable park, trail, and water recreation experiences that inspire people to pass along the love for the outdoors to the next generation." The Division is funded by Water Recreation Account funds, along with Federal Matching Funds, which help PAT to ensure Minnesotans have access to public waterways for activities like boating, canoeing, kayaking, and angling. Entryway into these sports for many low-income and young Minnesotans is often through fishing piers and docks near boat accesses.

The 2017 GFF Report outlines PAT's responsibilities in land acquisition and development of boat accesses, fishing piers, and shore fishing facilities, funded by the DNR and often partnering with local and regional entities whenever possible.

### ***Fishing Pier and Shore Fishing Facilities***

The FY2017 focus on the fishing pier and shore fishing program was to replace and repair aging and damaged facilities before adding new facilities. New facilities are considered in situations where it expands angling opportunities; however, no new fishing piers were added in FY2017. The BOC believes that stronger advocacy is needed for funding new additional facilities and shore fishing opportunities, which the BOC sees as vital in recruiting and retaining future anglers statewide.

The BOC recommends that the DNR:

- Give more emphasis to a broader division of access development in the future, especially to shore fishing opportunities. This can be accomplished by:
  - Clearing more areas along lakeshores and stream easements (includes warm water easements);
  - Adding more concrete or rock fishing areas; and/or
  - Providing access for youth and seniors alike.
- Ensure that new facilities are focused on both serving diverse populations and exploring opportunities in Greater Minnesota.
- Expand the "FIN" and MinnAqua programs to promote fishing beyond the seven-county metro

area in conjunction with more fishing pier and shore fishing facilities.

- Investigate as to whether new facilities could be developed through bonding or other partnerships with local government entities and community organizations.

### ***Repair and Maintenance of Boat Accesses***

With reduction of funding, the FY2017 focus for the boating access program was to maintain and improve existing sites with high customer demand and/or poor existing conditions by implementing current best management practices. Poor ramp conditions have been identified where power loading and ice damage occurs.

### ***Access Development***

The BOC was informed that no new access ramps were developed in FY2017. Funding was only used to repair and maintain existing sites. According to the U.S. Coast Guard, Minnesota is ranked second in the nation for the number of registered boats, which has been stable for the past seven years. The total annual economic impact of recreational boating in Minnesota is \$5.5 billion.

Therefore, the BOC recommends that new accesses should be developed through bonding or other cost-sharing efforts, particularly for large lake accesses used by many Minnesotans. In addition, more public-private partnerships should be encouraged for reducing the overall impact to the DNR's budget and encourages more community engagement for the project.

## **Forestry**

Wildlife Management Areas are state properties held in fee title with custodial control by DNR Wildlife. With the primary goal of management for wildlife, many decisions regarding forest management are made. The Forestry Division provides many services to the Section of Wildlife. The classification and assessment of forest types using the Ecological Classification System (ECS) are needed to provide the information to the site manager for sound decision making on wildlife management. Rotating forest age classes to provide structural diversity is a proven method and strategy to achieve designated wildlife goals. State foresters assist the wildlife unit manager and set up timber sales, mark boundaries, map, cruise, develop contracts as well as sell, administer, and supervise the sales. These staff costs directly support the unit managers and the unit plan's goals. They are passed through wildlife and paid by the GFF. Revenue generated from these timber sales goes into the GFF.

Timber production may be a secondary benefit on these wildlife areas, but the revenue generated as a potential source of project money for wildlife is not dedicated. Forestry practices are vitally important but do not include the complete range of initiatives needed for both game and non-game.

### **Findings and Recommendations**

We recommend that the DNR:

- Dedicate a portion of timber sales revenue generated from Wildlife Management Areas to WMA management projects.

- Find alternative funding for invasive species control (not GFF).
- Seek reimbursement for overhead and operational expenses for all forest management activities on WMAs.
- Reduce department service charges for forestry from the GFF.

## Real Estate

The Lands and Minerals Division manages real estate transactions on state land and state mineral rights. The division is responsible for land surveys and managing real estate transactions on game and fish lands. The Land Records System is now providing useful data to be able to assess and improve the land acquisition process. Additional charges from the Game and Fish Fund were paid for real estate services to the Division of Lands and Minerals.

## Budget

We recommend that the DNR:

- Provide a longer term estimate of the costs to maintain the land records system and examine how these costs can be effectively limited from the Game and Fish Fund.
- Continue to explore funding options in addition to the stewardship endowment fees for ongoing monitoring of conservation easements.

## Policy

We remain very concerned with the pace and number of acquisitions, both easement and fee title. We renew last year's request that the DNR further evaluate the processes used in acquiring easements and fee title lands and make additional improvements, including recommendations for legislation to amend statutes to further expedite the process and significantly reduce the length of transaction times. Any acquisition that takes more than one year should be considered unacceptable, other than in exceptional circumstances. Private market transactions take substantially less time, and the due diligence in private transactions is no less necessary than in public transactions.

A year ago, we asked the DNR to set acquisition length targets and identify comparable acquisition times for private real estate practice. This has not been done or reported to the BOC.

The BOC remains concerned with the time it takes for DNR to close FAW Division real estate acquisitions of various types. In the past several years, LAM has made acquisition process improvements and the BOC believes progress has been made. However, the BOC has been asking for solid information quantifying how long the typical acquisition took prior to the improvement initiative, and how long the typical acquisition took in the past year, yet have not received this information for anything other than fee acquisitions. Consequently, the BOC has not been able to determine that any real progress (i.e., shorter acquisition times from area field office approval of pursuit of a given acquisition to closing of the acquisition) at the same time that anecdotal experiences suggest no improvement have occurred.

***These broad questions, which the BOC has been asking, remain unanswered:***

- Has the DNR been making measurable progress in shortening the times for each of the various types of acquisitions? (quantify what were the average times 5 years ago and in past year)
- What is a reasonable target for each type of acquisition? What are comparable times in the private real estate industry?
- Are there staffing capacity bottlenecks anywhere in the process, whether in LAM, in FAW acquisition unit or elsewhere in DNR as a whole? How could the DNR remove or reduce them, either by increasing or shifting DNR staffing or duties, or through the use of outside service providers?
- What hurdles are there to the use of outside service providers and what changes in the law might be needed to permit their use by the DNR?

***FAW Division Bottleneck***

In addition to the time it takes once an acquisition is entered into the LAM system, it appears that in some cases, it takes as much or more time for internal FAW Acquisition Unit paperwork routing as it takes for LAM real estate work.

**Findings and Recommendations**

- We request that the DNR reexamine each easement or fee acquisition over the past two years and identify the date on which the area fisheries or wildlife staff approved the acquisition and sent the “package” to St. Paul or the regional staff.
- The DNR should seriously consider allowing easement acquisitions approved by the area and regional supervisor to be submitted directly to LAM without lengthy stops in the FAW Acquisition Unit in St. Paul.

## **Operations Support**

The Operations Support Division provides administrative support for budget management, infrastructure management (e.g., fleet and engineering services), communications and outreach, and human resources. This division is funded through professional service type agreements that are made with the other divisions who receive a mix of funds from dedicated funds, the general fund, bonding, and other sources of revenue to cover those expenses. Operations support also includes costs associated with the Commissioner’s office and four regional offices.

### **Budget**

We have no reason to believe that the \$8.9 million spent out of the GFF on department services was not spent in accordance with Minnesota Statutes, section 97A.055, subd. 4.

## Policy

Although department services are charged to each division through internal processes, it is difficult to analyze exactly how and on what the \$8.9 million was spent more granular detail and knowledge of what the internal processes are.

## Emerging Issues

We recommend that the DNR consider these emerging issues in the near future (in no particular order):

- A. CWD needs to be addressed by a group or partners, including the Minnesota Department of Agriculture, Minnesota Board of Animal Health, University of Minnesota, U.S. Department of Agriculture, and all other states. Minnesota needs to be a leader in curtailing this issue. Big game hunting is very valuable to all 50 states.
- B. With public safety a primary concern for the Enforcement Division, the hunting regulations book needs to address the issue of rifles in shotgun zones. The pistol adapted with bump stock, banana clip, and extended barrels are capable of bullets going 400 yards. Shotgun zones are established for bullets going 150 yards due to the density of population in the zone.
- C. General Fund appropriations to FAW Division are needed to assist DNR in continuing to provide the services needed to keep improving the environment and the recreation through hunting, fishing, camping, and parks and trails.