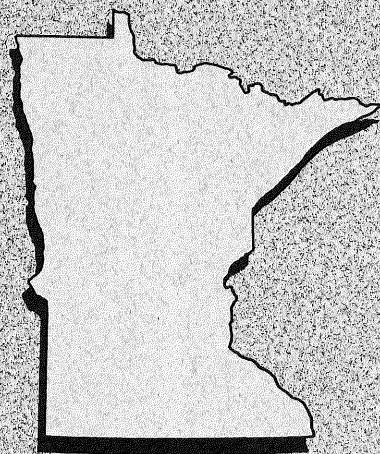


1992-93  
Proposed  
Biennial  
Budget



Environment & Natural Resources

Presented by  
**GOVERNOR ARNE CARLSON**  
to the  
**77th LEGISLATURE**  
**STATE OF MINNESOTA**

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**MISSION:**

The Minnesota Academy of Science is an organization of long standing that was formed to promote an appreciation for science and for students and teachers of science. It is designed to provide an organizational base for people united by a common interest in creating a climate for better understanding of the pure and applied physical, life and social sciences as well as to address the educational needs of the Minnesota populace. The approach adopted by the academy provides a means for advancing science education, promoting scientific research, supplementing the science curriculum, providing an avenue for expression by secondary and post-secondary students interested in science and encouraging the growth of science technology and academia within the state of Minnesota.

The academy's mission continues to be very important with the need to meet the requirements of producing more scientists and mathematicians to support the state and country's technological advancement. While the basic goals of the academy remain fairly consistent from one year to the next, it remains clear that there is a need to expand both programs and publications. Dedication to the advancement of research, education and understanding of science as well as appreciation of science is the theme which is embodied in the program elements. The objectives of the mission related activities are:

- to promote research and experimentation in the sciences, mathematics and engineering at the secondary school level;
- to recognize the accomplishments and encourage the continued interest and participation of secondary students in the sciences, mathematics and engineering;
- to recognize achievement and to encourage continued participation in science among Minnesota college students;
- to plan and provide publications structured for the purposes of assisting the populace to keep abreast of scientific developments that affect the quality of life in the state of Minnesota.

**MAJOR POLICY DRIVERS:**

**Career interest in science.** If Minnesota wishes to attract and keep high-technology companies, more students will need to graduate in the science areas. The potential consequences of not increasing student interest in science is a massive shortfall of not only scientists and engineers, but lab technicians as well. The academy provides the best vehicle for developing an intellectual and career interest in science and technology through student participation in science fairs.

**Students are not learning how to synthesize information and to think.** For too many secondary students, science is the rote learning of facts and theories. These facts are soon forgotten or become obsolete but problem solving methodology does not; however, few students have an opportunity to learn how to develop the process skills necessary for problem solving. Students who participate in the science fairs develop the process skills of measuring, observing, predicting, questioning, recording data, comparing, controlling variables and inferring as they design and carry out their science project. To increase the number of students involved in the science fair process is to teach more students how to synthesize information and to think.

**Minority students, especially those of color, are not involved in the science fairs.** While the 5 county Metro area has about 50% of the state population only about 35% of the science fair participants were from the Metro area and of these students more than 80% came from the suburban schools. Since most of the minority students attend Minneapolis and St. Paul schools, a special effort is needed by the academy to directly contact and provide mentors for students of color to involve them in the science fair process.

**There is a need to build positive attitudes to science before 6th grade.** Much literature points to the 6th grade as the point at which students' perceptions of science become polarized. This would

suggest a special need to target upper elementary school students in particular. The science fair model could be extended to these grades and modified for this age level such as group work or use of video equipment. The academy could provide teacher workshops which would be a vital component of the extension of the science fair model into the elementary school as most elementary teachers have little or no science background.

**Children have negative attitudes about science.** An Osseo teacher recently asked 3rd graders to describe scientists. They responded with "wear white coats, have messy hair, have beards and mustaches and wear "scientist glasses." When they were asked "where do you see these science people?", students replied "in the movies *Back to the Future*, *Ghost Busters*, and *Teenage Mutant Ninja Turtles*." There is a clear need to revive the academy's **Visiting Scientist's Program**. Classroom visits from scientists will help dispel these negative attitudes about science.

**Science teachers need work experience in applied science or technology.** There is a need for the academy to continue and increase efforts to assist science teachers. Rural areas are far more in need of frequent communications on resources available. There is a need to revive, extend and publicize opportunities for science teachers to undertake work experience in applied science or technology through summer programs, weekend programs and sabbatical opportunities. With the assistance of the academy members who are corporate scientists, the academy is well positioned to act as a clearing house for these programs.

**PERFORMANCE:**

The Minnesota Academy of Science is a unique statewide network of secondary and university teachers and corporate scientists who volunteer to conduct programs that are essential to promote research and experimentation in the sciences at the secondary and post secondary level and to recognize the accomplishments of these talented youth and their teachers. About 2,000 volunteers each year assist in programs that provide services for over 10,000 students.

The academy coordinates the annual activities of the 10 regional science fairs which generate over 10,000 projects and papers. About 300 of the top projects and papers are then displayed and/or presented and judged at the State Science Fair which the academy conducts.

The top projects from the State Science Fair continue on to the International Science and Engineering Fair (ISEF). Minnesota ranked 6th among the 50 states in the number of finalists presenting their projects at ISEF, exceeding states with much larger populations including California and New York. Of the 24 Minnesota finalists, 5 were Grand Award winners and another 5 won Federal and Professional awards.

For the past 24 years the academy has conducted The North Central Regional Junior Science, Engineering and Humanities Symposium (JSHS). The winners of the State Fair formal presentations attend the 3 day symposium where they present the results of their research to about 150 students and 35 teachers from high schools throughout Minnesota and the Dakotas. The students also have an opportunity for social and intellectual interaction among peers with similar interest. The winners of the symposium go on to represent Minnesota at the National JSHS. In the last 2 years, one of the top national presenters has been from the North Central Region.

In 1987 the academy began the Winchell Student Research Competition, a forum for college students to present their research at the academy annual meeting. Normally these students would only have the opportunity to present to a small committee at their college. The participation in this competition has grown about 20% each year.

The annual winter issue of the *Journal of the Minnesota Academy of Science* entitled "State of the State of Minnesota" is one of interest to all Minnesotans and is written in lay-language and contains timely articles regarding environment, transportation, health, economics and development in Minnesota. This issue is distributed throughout the state and also through national/international exchange libraries.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

At the present level of funding, the academy will be able to continue its existing programs at the present level; however, there is a need for additional funding to make existing programs more widely available and to fund new programs listed in Policy Drivers.

The academy's annual operating budget is \$150,000. The academy currently receives 18% of its budget from the state, 16% from the private sector, (the amount received from the private sector increased by 31% during the last biennium) 53% from fees, memberships and grants, and 12.5% from a bequest.

**Reallocation of Resources.** The incremental cost of academy programs is covered by a combination of fees and grants; therefore, elimination of any program would reduce revenue and expenditure by the same amount.

The administrative cost is that of a small office, full time secretary and part-time administrator. Further cuts would make it impossible to provide the academy's existing programs.

**Cost of new programs.** The new programs (involving minority students in the science fairs, extending the science fair model into the upper elementary grades, reviving the academy's Visiting Scientists Program, and assisting teachers in finding work experience programs in applied science) will all involve extensive publicity including, but not limited to, bright posters and brochures. In addition the outreach to students of color will require funds for their science project materials.

It is the academy's intention to reduce incremental administrative cost for these new program by involving local college students through an internship program.

**Funding Request.** Without significant support from the state of Minnesota, the academy will not be able to aggressively expand its program at a time when Minnesota is trying to promote technological excellence. The Minnesota Academy of Science plans to ask the Governor and the state legislature to increase state support of the academy to \$38,000 (24% of the operating budget) each year for the 1992-93 biennium.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends base level funding for this agency.



1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: ACADEMY OF SCIENCE  
PROGRAM: ACADEMY OF SCIENCE

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
ACADEMY OF SCIENCE	28	28	28	28	28	28	28	28	28
TOTAL EXPENDITURES BY ACTIVITY	28	28	28	28	28	28	28	28	28
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	28	28	28	28	28	28	28	28	28
TOTAL EXPENDITURES BY CATEGORY	28	28	28	28	28	28	28	28	28
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	28	28	28	28	28	28	28	28	28
STATUTORY APPROPRIATIONS:									
TOTAL FINANCING	28	28	28	28	28	28	28	28	28



**MISSION:**

The Harmful Substance Compensation Board exists to investigate claims of personal injury and property damage caused by the release of harmful substances to the environment and to compensate victims for eligible losses due to such release.

Eligible losses for which the board can award compensation include: replacement of contaminated drinking water, loss in selling price of a home due to the presence of contamination, loss caused by the inability to sell a home due to contamination, chronic or progressive injuries, diseases or death caused by exposure to harmful substances.

The board strives to achieve the following mission-related objectives:

1. to provide an administrative procedure as an alternative to the court system for victims of harmful substance exposure or property damage to recover monetary losses.
2. to assist victims of harmful substance injuries or property damage in investigating the circumstances of claims through coordination with other agencies such as the Pollution Control Agency and Department of Health, as well as physicians, private contractors, property appraisers, and local governments.

**MAJOR POLICY DRIVERS:**

The board was created in 1985 in response to legislative concern about changes in the Superfund law and the adequacy of common law to address harmful substance injuries. Yearly number of claimants are difficult to predict, being dependent on the discovery of new sites of releases of harmful substances, numbers of people affected by a release, availability of other sources of funds for remedies to contamination problems, and lag times for the development of chronic or progressive diseases. The board became administratively equipped to grant compensation beginning in May, 1987. At the end of F.Y. 1990, the board had awarded a total of \$215,000 to 97 claimants.

Legislative changes in 1989 broadened the property damage that is eligible for compensation and allowed compensation for injuries and damage resulting from petroleum products and pesticides, increasing the number of potential claimants.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

Based on an estimate of future claims, interest on the account balance, and administrative expenses, the board has determined that the existing fund should be adequate to cover the anticipated claims and no new revenue is sought this biennium.

Interest on the balance in the board's account is credited to that account. In F.Y. 1990, these earnings amounted to \$189,000. The board does not generate any revenue. The board is developing administrative procedures to coordinate subrogation under its statute with other cost recovery efforts and will initiate subrogation proceedings to recover funds from responsible parties when and where appropriate.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.



1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HARMFUL SUBSTANCE COMPENSATION BOARD  
PROGRAM: HARMFUL SUBSTANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
HARMFUL SUBSTANCE	64	208	276	276	276	276	276	276	276
TOTAL EXPENDITURES BY ACTIVITY	64	208	276	276	276	276	276	276	276
DETAIL BY CATEGORY:									
STATE OPERATIONS	64	208	276	276	276	276	276	276	276
TOTAL EXPENDITURES BY CATEGORY	64	208	276	276	276	276	276	276	276
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATUTORY APPROPRIATIONS:									
GENERAL	64								
ENVIRONMENTAL		208	276	276	276	276	276	276	276
TOTAL FINANCING	64	208	276	276	276	276	276	276	276



**MISSION:**

The Minnesota State Horticultural Society (MSHS), established in 1866, is a semi-state educational agency dedicated to the advancement of horticulture in Minnesota. (The term "horticulture" includes the science and practice of gardening with fruit and nut trees, vegetables, flowering plants, grasses, shrubs and shade trees.) MSHS promotes horticulture for the improvement and development of home, community, and state for the enhancement of the quality of life in Minnesota to benefit both rural and urban communities.

The largest statewide horticultural society in the nation, MSHS fulfills its mission by offering the following services:

- publishes Minnesota Horticulturist, the oldest continuously published magazine in the state;
- sponsors educational workshops, exhibits, and garden information services;
- promotes community and statewide horticultural projects, emphasizing civic beautification and quality of the environment;
- organizes and services volunteer horticultural organizations throughout the state; and
- maintains a multi-media horticultural library, open to members and non-members.

**MAJOR POLICY DRIVERS:**

Interest in horticulture has increased dramatically in recent years to become the number one leisure activity nationwide. Americans no longer garden for survival, as in the past, but the attention to personal and public surroundings has never been higher. Nationally 78% of adults do some gardening; the public is becoming acutely aware of the importance of their surroundings in the quality of life offered by our homes, communities and state. It is a goal of MSHS to aid individuals and communities in beautification projects and informal learning opportunities. This hobby interest and awareness of need to grow appropriate plantings provide increasing economic impact: demand for products and services of local wholesale and retail nurseries; consumer purchase of Minnesota Grown products; landscaping businesses bring service to an increasing number of homeowners.

To accompany the increasing economic demand for horticultural products and services, ongoing consumer information is necessary. MSHS is in an excellent position to provide horticultural outreach, since Minnesotans have looked to MSHS for information about cold-climate growing for over 100 years. MSHS translates technical research into useful information for home and community use in a variety of program offerings.

Public land use and enhancement has become an important issue, MSHS facilitates community plantings and land stewardship with local volunteers. MSHS' Minnesota Green program is a LCMR priority request for 1992-93.

Environmental concerns are increasing for amateur and professional horticulturists. MSHS disseminates information on responsible chemical use, yard waste management and other specific ways to improve the environment, at grass roots level.

Leadership development in this volunteer-based organization is an increasingly important issue statewide. Volunteers are important in setting and accomplishing MSHS goals.

MSHS has very limited resources to meet needs of members and the public. To better meet increasing demands, MSHS combines forces with similar organizations in all service areas.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

The state legislative appropriation request represents approximately 15% of MSHS income in the first year of the biennium; the percentage is expected to decrease during the second year. This will be used for general operating expenses, as in the past. The state appropriation, in dollars, has dropped or remained stationary during the past 8 years. Relating to total revenue, the percentage received from the state of Minnesota has diminished each year for the past 8 years.

Paid memberships will comprise approximately 50% of revenue in the next biennium. Increased emphasis on membership development is planned to substantially increase cash flow, and to better serve our constituency of Minnesotans. Efficiencies of scale will result from increasing the membership base.

Other revenue sources include donations of about 10%. Program fees and earned income (proceeds from tours, educational programs, magazine sales, advertising and product sales) will make up 10% of the first year budget; rising to 15%. Outside fundraising efforts will aid special projects.

A recent dues increase, coupled with sound fiscal management, has aided stability for the organization.

MSHS has outgrown its present office/library space. Plans are being made to move to rented space in July, 1991. Funding for new space has been sought from private donors. A capital request to support a permanent building, at the site of Cass Gilbert Park in St. Paul, has been developed for consideration by the legislature at an appropriate time. The proposed building would be occupied by 1995.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.



1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE HORTIC SOC  
PROGRAM: HORTICULTURE

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
HORTICULTURE	67	68	68	68	68	68	68	68	68
TOTAL EXPENDITURES BY ACTIVITY	67	68	68	68	68	68	68	68	68
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	67	68	68	68	68	68	68	68	68
TOTAL EXPENDITURES BY CATEGORY	67	68	68	68	68	68	68	68	68
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	67	68	68	68	68	68	68	68	68
STATUTORY APPROPRIATIONS:									
TOTAL FINANCING	67	68	68	68	68	68	68	68	68

**MISSION:**

The Minnesota-Wisconsin Boundary Area Commission (MWBAC) is the interstate agency jointly sponsored by the 2 adjoining states to foster and coordinate wise use, development and protection of the waters and lands of the 2 nationally-significant boundary rivers, the St. Croix and the Mississippi. Under the 1965 Interstate Compact (M.S. 1.31-1.40), the MWBAC is charged with making studies and recommendations, coordinating bi-state conservation efforts and assisting the states and local governments in the many federal river management programs on the 2 major waterways. It is also the principal Legislative and Congressional liaison and facilitator of public involvement for the 266-mile-long St. Croix-Mississippi service area, and chairs and staffs the St. Croix National Scenic Riverway Management Commissions for the 2 state departments of Natural Resources and National Park Service.

**MAJOR POLICY DRIVERS:**

The great environmental diversity and majestic beauty of both river corridors makes them very popular with a wide variety of users numbering well over a million annually, ranging from commercial barge operators and waterfowl enthusiasts on the Mississippi to anglers and a full spectrum of water-based recreationists on both rivers. The use pressures and conflicts on the water and the distinctive corridor bluffslands are growing faster than ever. The greatest challenge for both states and the MWBAC for the rest of this century will be to balance the growing demands for various kinds of use and development with the strongly-voiced public expectations for wise stewardship and preservation of vulnerable water and land resources in the St. Croix and Mississippi River Valleys. Elected officials at all levels are calling for new or strengthened comprehensive river corridor plans, guidelines and coordination using the MWBAC as a catalyst and facilitator.

Federal funding commitments are lagging for authorized programs, such as land acquisition and visitor services on the St. Croix National Riverways and the 4 year old Upper Mississippi River System Environmental Management Program to restore fish and wildlife habitat and establish long-term resource monitoring. Because of its strategic interstate position and strong public representation by citizen Commissioners, appointed by the 2 Governors, state and federal officials rely on the MWBAC to lead campaigns to fully fund such national missions on the rivers. The agency cannot maintain this leadership without additional funding due to significant increases in travel and promotional expenses.

The continuing demand for improvement and protection of the water quality of the major rivers, both of which are heavily impacted by the Twin Cities metropolitan area, provides a constant work program element for the MWBAC. The Governors of both states have tasked the agency with responsibilities for public and media liaison and Legislative relations efforts on behalf of water quality advances, and have recently added a special assignment to investigate and recommend ways to prevent and control hazardous river spills.

Declining resource quality and usefulness to the public is a matter of growing concern, especially in terms of impacts on scenic and recreational enjoyment of the Lower St. Croix National Scenic Riverway and of loss of sensitive backwater habitat areas due to excessive sedimentation on the Mississippi River. Concerned citizens, organizations and local officials look to the MWBAC as their ombudsman for fostering action programs at the state and federal levels to arrest declining quality conditions. Thus, the agency is relied upon as a dependable, accurate source of information and an effective mobilizer of intergovernmental resources to maintain and improve the environmental quality of the major river corridors. To respond to this need, the MWBAC seeks to expand its public involvement, information and education outreach in both valleys through additional support from its sponsor states.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:****EFFECTIVENESS MEASURES**

Simply stated in fiscal terms, for each sponsor states' investment of slightly over \$100,000 per year in 1989-91, the MWBAC has led federal funding campaigns which have resulted in additions of \$2.1 million in the Mississippi Environmental Management Program and \$2.7 million in land acquisition and Minnesota visitor center funds on the St. Croix Riverways for F.Y. 1991 alone. In addition, the agency took the diplomatic initiative which led to resolution of the complex interstate-federal disagreements over the renewal of discharge permits for the state's largest wastewater treatment plant (Twin Cities Metro) without a contested case hearing, saving time and tax dollars.

Other non-fiscal measures benefitting the states included direct services in coordinating the 300-mile 1989 St. Croix-Mississippi boating study, staging public forums and co-authoring the special Mississippi River marina development impact study, and organizing and hosting the Boundary Rivers Leadership Conference on challenges of growth in the river corridors. The MWBAC is a full-service partner for its sponsor states on all major river issues and the major link between state and federal governments and local constituencies in the area.

**MINNESOTA BUDGET PLAN**

Because the MWBAC is a joint venture of the states of Minnesota and Wisconsin but funded through their independent actions, it is necessary to request appropriations in accordance with the unique criteria of each state. Historically, the agency has always submitted similar proposals to each partner with the objective of obtaining an equitable share of operating funds from both. The MWBAC is dependent solely upon state appropriations for its basic operations.

Given the extreme limitations of the Minnesota budget process for the 1992-93 biennium, the MWBAC has no choice but to submit inequitable requests in order to give each state the opportunity to make its own investment decision based on its own priorities and needs. Even so, since every reasonable effort has always been made to achieve equity in supporting the agency, this budget plan assumes that both states will ultimately authorize the same appropriation amount based on the lower of the 2 commitments. Therefore, in the following summary, the MWBAC recommends a plan which preserves as many of its services as possible without laying off any of its 4 full-time employees who are considered essential to the program of the 10 member citizens commission.

The MWBAC projects increasing costs in its single program to serve its sponsor states of \$62,000 in F.Y. 1992 and \$80,000 in F.Y. 1993 as a result of increased salary and fringe benefit costs and minimal staff and program upgrades. However, the agency simply cannot reallocate the customary \$31,000 and \$40,000 one-half shares of Minnesota funds within its small budget at an adjusted BASE level of \$117,000. It could not maintain existing levels of activity and keep abreast of basic equipment replacement needs without either freezing salaries of all employees for 2 years to preserve as much of the existing program as possible, or severely reducing basic service levels to maintain its staff through moderate salary adjustments. This is a difficult choice which the commissioners have yet to make if the appropriations are no higher than the projections in this budget plan.

Specifically, under a salary freeze, all the agency would be able to gain would be a needed replacement copy machine in F.Y. 1992 and basic upgrade of its small computer system. Lost would be a proposed part-time clerical position, current temporary employee services, personnel development programs, consultant/special project funds and 1993 MWBAC boating study funds. Congressional and Legislative services and state and local government support on the Mississippi River would be reduced by about 50%.

Alternatively, if the MWBAC chose to use its adjusted BASE level grant funds to meet anticipated salary and benefit needs at an increase of \$11,000 in F.Y. 1992 and \$22,000 in F.Y. 1993 and to purchase a replacement copy machine in F.Y. 1992, the following services and operating elements would be lost: the proposed part-time clerical position, current temporary employee services, the no-toll telephone line from Minnesota to the agency's office in Wisconsin, personnel development



**AGENCY:** Minnesota-Wisconsin Boundary Area Commission  
(Continuation)

**1992-93 Biennial Budget**

programs, the agency automobile, consultant/special project funds, and all MWBAC boating study funds. In addition, the Congressional and Legislative services and state and local government support services on both rivers would be severely curtailed, and the number of agency meetings and support for other intergovernmental meetings would be cut back.

In the event that the state of Wisconsin would appropriate and Wisconsin MWBAC commissioners would allocate an amount significantly greater than that of Minnesota, the agency would probably apply the funds on a priority basis to program reinstatement first and then to salary increases.

As the MWBAC completes its 25th year of service to its sponsor states, its members and staff thank the state of Minnesota for past support and effective leadership in river management programs.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: MN/WIS BNDRY AREA COM  
PROGRAM: MN/WISC BOUND AREA CO

			Est.	FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MN/WISC BOUND AREA CO	99	110	115	117	117	117	117	117	117
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	99	110	115	117	117	117	117	117	117
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	2	2	4	4	4	4	4	4	4
LOCAL ASSISTANCE	97	108	111	113	113	113	113	113	113
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	99	110	115	117	117	117	117	117	117
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	99	110	115	117	117	117	117	117	117
STATUTORY APPROPRIATIONS:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	99	110	115	117	117	117	117	117	117

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: MN/WIS BNDRY AREA COM

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	115	115	115	115				
SALARY ANNUALIZATION	1	1	1	1				
DOCUMENTED RENT/LEASE INCR.	1	1	1	1				
TOTAL	117	117	117	117				
BIENNIAL TOTAL		234		234				



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**MISSION:**

The Science Museum of Minnesota (SMM) is a unique statewide educational resource whose mission is to interpret the objects, discoveries and insights of science for the general public through the preservation and study of collections and the development of exhibits, Omnifilms and educational programs. SMM is an interdisciplinary museum, combining the traditional object-centered approaches and scientific collections of a natural history and anthropology museum with the innovative activity centered approaches of a science and technology center. As a regional educational resource, SMM is responsible for stimulating and sustaining interest in science, and for making accessible science issues and educational programs for young people and adults.

The Science Museum's board-approved strategic plan includes the following 5 objectives, all of which relate to the museum's primary mission of science education:

- to stimulate among visitors a lifelong interest in science and its applications;
- to focus the museum's resources on students, teachers and family groups;
- to broaden its primary audiences to include those groups that have not been traditional museum visitors;
- to balance its exhibits, Omnifilms and interpretive programs to reflect the fundamental principles of science as well as the changing perspectives and issues that result from recent scientific discoveries;
- to collect, research and preserve scientific collections.

**MAJOR POLICY DRIVERS:**

**Public Funding:** The Science Museum has always maintained a diverse funding base: 65% from earned revenue, 17% from the private sector and 18% from public sources. Of this 18%, 12% comes from Ramsey County and 6% comes from the State of Minnesota. Beginning in 1992, Ramsey County support of SMM will be reduced by 64%, from \$1.3 million annually to \$500,000 annually. If replacement funds are not found, this cut will have a severe impact on the quality and accessibility of SMM statewide education programs in the next biennium.

**Science literacy:** There is a national crisis in the quality and quantity of science education. Fewer students are choosing science careers; there is a critical shortage of science teachers; and adults are becoming increasingly less knowledgeable about the facts and issues of modern science. Because the museum has forged strong cooperative relationships with the academic, private and public sectors, and is adept at working within both the formal and informal educational arenas, SMM has been able to develop a wide array of science education programs for students, teachers and the general public throughout the state. The number of school-age children will increase during the next decade, further straining school science programs and resources. The Science Museum provides an essential complement to science curricula statewide. As Dr. Mario Salvadori, eminent scientist, architect and teacher, noted recently, "Kids today have too much education. Teachers tell them about science, but they don't get the chance to experience it for themselves." The Science Museum gives kids this chance.

**Environmental Education:** The successful stewardship of Minnesota's resources depends on an educated citizenry and enlightened leadership. Towards that end, SMM has developed an extensive network of education programs, research activities and exhibits on environmental issues, in cooperation with a wide variety of state agencies and organizations. Three good examples of such programs are: 1) the St. Croix Watershed Research Station, originally established with a 1984 LCMR grant to promote an understanding of the ecology of the St. Croix River watershed; 2) "H2O Minnesota," a statewide package of water education programs to provide Minnesotans with information about their water resources (funded by LCMR); and 3) the Environmental Exhibits Collaborative, a statewide network of exhibits, workshops and school assemblies on environmental issues, also funded by LCMR.

**Accessibility:** The Science Museum's commitment to accessibility is based on the belief that solutions to global problems will be based on society's knowledge and understanding of increasingly complex issues of science and technology. Such knowledge must be made available to all. Nationwide, minorities, women and the handicapped will make up 80% of the new work force by the year 2000. The Science Museum provides the hands-on experiences in science as well as the specialized facilities and social support that have been proven effective in motivating these hard to reach groups to pursue science learning.

**Collections:** The 1.5 million objects in the museum's collection are a statewide patrimony, placed in trust for current and future generations. The collections and the research associated with them are central to the museum's mission. The collections represent a continuing source of new knowledge of our cultural and natural history. They are the basis for our connection to the larger scientific community. They are the focus for amateur collectors of the region and are a vehicle for graduate and undergraduate training. As an educational tool for school groups and the general public, they are the foundation of the museum's exhibition program.

**PERFORMANCE:**

The Science Museum of Minnesota is a unique state asset, and a sound investment of state funds. SMM joins the Minnesota Historical Society and the Minnesota Zoo in providing the state with essential education, preservation and interpretive services. SMM does this with significantly less state support, while its attendance, membership level and education outreach services exceed the other 2. SMM currently receives 6% its budget from the state. In comparison, the Zoo receives 57% of its budget from state funds, and the Historical Society receives 78% (see attached charts).

**Attendance:** The Science Museum is Minnesota's most popular cultural attraction. In Fiscal 1990 SMM's attendance of 931,070 exceeded both the Minnesota Zoo and the statewide sites of the Historical Society. About 453,000 children--more than half of all Minnesota schoolchildren--were reached by SMM education programs at the museum and throughout the state.

**Tourism:** SMM is one of the top tourist destinations in the state. It contributes more than \$40 million annually into the state economy through direct, indirect and visitor spending.

**Membership:** With 22,472 memberships representing more than 100,000 individuals, the Science Museum has one of the largest membership bases of any science center in the country, even compared to those in much larger metropolitan areas. (The Boston Museum of Science, for example, has 25,000 members.)

**Outreach Programs:** Demand for SMM Teacher Training and Student Outreach programs is very strong. Last year, participation in these programs--which served students and teachers in every county in the state--increased by almost 300% from 27,000 to 103,000.

**Earned Income:** SMM receives about 65% of its operating budget from earned revenue (admissions, memberships, store sales, class fees, etc.). This is 50% higher than the average U.S. science center, and more than any other major cultural organization in the state.

**Exhibit Production:** SMM is the nation's leading producer of major travelling science exhibits. Exhibits such as "Wolves and Humans" and "Bionics and Transplants: The World of Replacement Medicine" have attracted over 3 million visitors nationwide and in Canada. Future exhibits such as "Antarctica and the Global Future" will reach another 6 million visitors over the next 4 years. Each of the above exhibits received major financial support from the National Science Foundation or the National Endowment for the Humanities, federal support for SMM projects totaled about \$2 million for fiscal 1990; this is one of the highest levels of federal support received by any science center in the U.S. In recognition of its leadership role amongst science centers nationwide, SMM has been designated as a "mentor museum" by the National Science Foundation.

**Omnifilm Production:** Not only is SMM effectively reaching local and national audiences, it is also reaching millions of people annually around the world through the production of Omnifilms. SMM



**AGENCY: Science Museum of Minnesota (SMM)**  
(Continuation)

**1992-93 Biennial Budget**

is the nation's second-largest producer of Omnifilms (Past films include "Genesis"; "The Great Barrier Reef"; "Darwin on the Galapagos"; "The Magic Egg"; and "Seasons"; coming in 1991 and 92 are "Ring of Fire"--about the volcanoes along the Pacific Rim--and "Tropical Rainforest.") Soon, SMM-produced Omnifilms will be showing in Moscow, as an agreement has been reached between the Soviet Union's Education Ministry and the Omnifilm industry to construct an Omnitheater.

**International Trade:** More than 22 million people worldwide have seen SMM-produced Omnifilms in the past 12 years. Last year, 1,067,000 people saw "Seasons" at the Japanese National Exposition in Yokohama. This was just one of the 23 venues that exhibited this SMM-produced and LCMR-funded Omnifilm since it premiered in St. Paul in June 1987.

**Accessibility:** Through a \$400,000 grant from the McKnight Foundation, SMM is putting significant resources behind its ongoing effort to broaden accessibility to less advantaged audiences. The McKnight Initiative program will improve access to the museum for youth and families for whom barriers to the museum and its resources exist. Targeted groups include students of color, girls and students from low income families. In past years, SMM distributed about 13,000 free or reduced-rate admissions to low income visitors, through human service organizations and local park and recreation departments. This effort, which will be continued, reached only about 2% of the museum's total box office attendance. The McKnight Initiative will have more proactive goals in the areas of teacher training, parental and community involvement and class scholarships.

**Private Annual Support:** SMM annually receives about 17% of its operating budget from more than 26,000 individuals, foundations and corporations. The amount received from the private sector increased by 26% during the last biennium, a remarkable accomplishment during the major fund raising drive for the capital and endowment campaign.

**Capital/Endowment Campaign:** During the past biennium SMM raised more than \$15 million from the private sector in its campaign to renovate core exhibits, produce new travelling exhibits and Omnifilms and augment its small endowment. The Ramsey County cutback comes at a critical time in SMM's long-range planning, when additional operating funds are needed for programming new exhibit halls.

**Collections:** During the last biennium SMM received a \$480,000 Challenge Grant from the National Endowment for the Humanities for Collections Conservation and Research. Granted to only 6 museums in 1990, this grant attests to the quality of the museum's collections and its ongoing commitment to ensure their care for future generations.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

The quality and accessibility of SMM programs are severely threatened by the Ramsey County Board's decision to cut museum funding by 64%, from \$1.3 million to \$500,000 annually. These funds are restricted to maintenance and energy costs of SMM facilities. The county cutback, which takes full effect in 1992, reduces the Science Museum's operating budget by almost 10%. It will not be possible to reallocate resources to accommodate this cutback without severe negative impact on statewide science education services to students, teachers and the general public.

SMM's annual operating budget is \$10.5 million. Sixty-five percent of SMM's operating income is earned (from admission fees, class fees, memberships, store sales, etc). Therefore cuts to offset the loss in county funds must come from non revenue-generating or heavily-subsidized programs. Such programs might include: collections conservation; school ticket subsidies; or outstate student and teacher workshops and assemblies. The museum would be a different institution without these programs: more costly and less accessible to visitors; with a diminished role in the scholarly research community that supports collections and exhibits; and unavailable to outstate students and teachers. The county cutback comes at a critical time: the nationwide crisis in the quality and quantity of

science education is being felt in Minnesota, and SMM is poised with the programs, statewide networks and staff to address this important issue. The museum's exhibit and Omnitheater programs have developed national and international renown; this international stature infuses every aspect of SMM programs, making the museum a unique educational resource; the statewide demand for the museum's education programs has increased dramatically; grants from federal sources totalled almost \$2 million last year; and private support is at an all-time high, as witnessed by the completion of the museum's \$15 million capital and endowment campaign.

The burden of coping with the major shortfall in public support caused by the Ramsey County cutback will fall in 2 areas, in roughly equal proportions:

**1. Increases in fees and/or elimination of outstate outreach programs**

The Science Museum is truly a Minnesota museum. Its outreach programs serve students, teachers and families in every county in the state of Minnesota. During the past year, participation in outreach programs increased by almost 300% from 27,000 to 103,000. Up to this point it has been museum policy to charge schools, students and teachers in outstate areas the same fees as those in the 7-county metro area. These programs are heavily subsidized by the museum. Without additional support to offset the county cutback, they cannot be sustained. Increasing fees to cover actual costs will effectively all but eliminate such programs as teacher workshops and science assemblies, as their cost will be beyond the reach of most outstate school districts.

Elimination of direct and indirect costs of outreach programs could result in cost savings of nearly \$500,000 per year, beginning in fiscal 1992.

**2. Increases in other user fees**

About 65% of SMM's annual operating income is earned-- which is 50% higher than the average for science centers nationwide. Earned income will have to increase even further:

- a. General admission prices will be raised;
- b. Admission fees for school groups will be raised;
- c. Fees for Continuing Education classes will be raised.

To replace lost county funding, various fee increases will need to total about \$500,000 per year, beginning in fiscal 1992.

The effect on current and future Science Museum programs--and on the students, teachers and families of Minnesota--if such cuts are enacted will be disastrous. Retreat from SMM's strong outreach programs flies in the face of demonstrated demand for science education programs statewide. Outreach program participants have increased almost 400% in the last year alone. Many schools statewide cannot afford a trip to the museum. Public support (subsidizing reduced fees) enables unique, high-demand programs to be delivered directly to schools and other community organizations. Without such support, resources must be focused on core programs and activities within the museum.

Quality has distinguished SMM programs locally and built its reputation nationally. To preserve that quality, the museum will be forced to take the difficult step of raising fees for and/or eliminating heavily subsidized activities such as outreach and reduced student admissions. Unfortunately, raising fees means reduced attendance which in turn leads to reduced income, which begins a downward spiral in program quality and accessibility that is difficult to reverse. Nonetheless, such a scenario is preferable to simply spreading resources more thinly across existing programs.

Without significant support from the state of Minnesota, the Science Museum will take a giant step backwards, at the very time when the state, its people and its economy require high-quality, accessible programs in science education. Therefore, the Science Museum plans to ask the Governor and the

state legislature to replace those funds previously provided by Ramsey County. To accomplish this goal for the F.Y. 1992-93 biennium, state support of SMM would have to increase by \$800,000 each year. Even with this increase, the state would be providing only 12% of the museum's budget (as compared to the 57% and 78% currently being received by the Zoo and Historical Society, respectively.) To continue to provide the citizens of Minnesota with high quality science education programs, SMM must preserve its public funding base. Ramsey County has committed to a \$500,000 annual allocation and the City of St. Paul has made a 1-time, \$700,000 3-year grant. From its third and most important public partner, the Science Museum is seeking state funding at a level commensurate with its statewide focus.

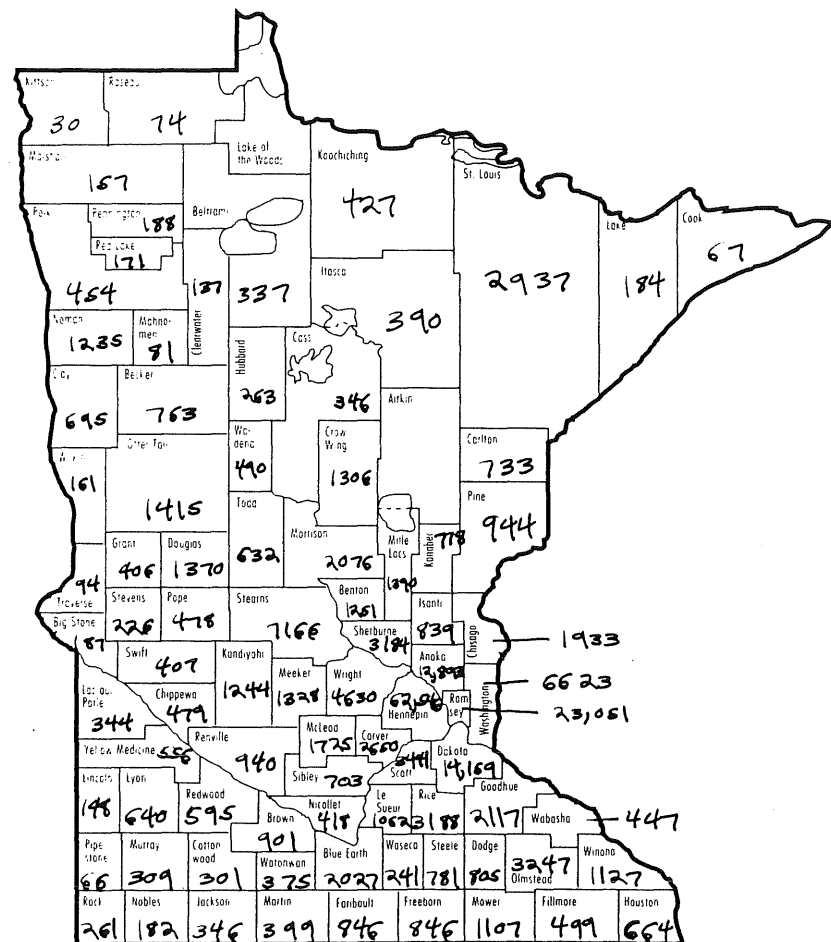
**New LCMR Project:** The LCMR has recommended a \$400,000 grant to SMM for the Environmental Exhibits Collaborative. The collaborative will combine the exhibit and touring expertise of SMM with the program development and delivery skills of such partners as the Freshwater Foundation, MEEB, Environmental Learning Centers Coalition, Minnesota Extension and others. Collaborative members will pool existing exhibits, teacher workshops, school assemblies, etc., on Minnesota's water resources to produce a collaborative program that will travel throughout Greater Minnesota. SMM is the fiscal agent for the collaborative. The grant will be split as follows: \$200,000 in the F.Y. 1992-93 biennium and \$200,000 in the F.Y. 1994-95 biennium.

#### GOVERNOR'S RECOMMENDATION:

The Governor recommends base level funding for this agency. Also, recognizing the authority of the LCMR to make budget recommendations for projects funded by the Environmental Trust Fund, the Governor makes no specific recommendation for the LCMR project.

#### STUDENTS WHO VISITED THE SCIENCE MUSEUM OF MINNESOTA BY COUNTY 1988-90

Students who visit SMM exhibits and Omnitheater have increased from 86,238 in 1986-87 to 123,052 in 1989-90, for a total of 225,187 students during the 1988-90 biennium. These students visit from all corners of the state.

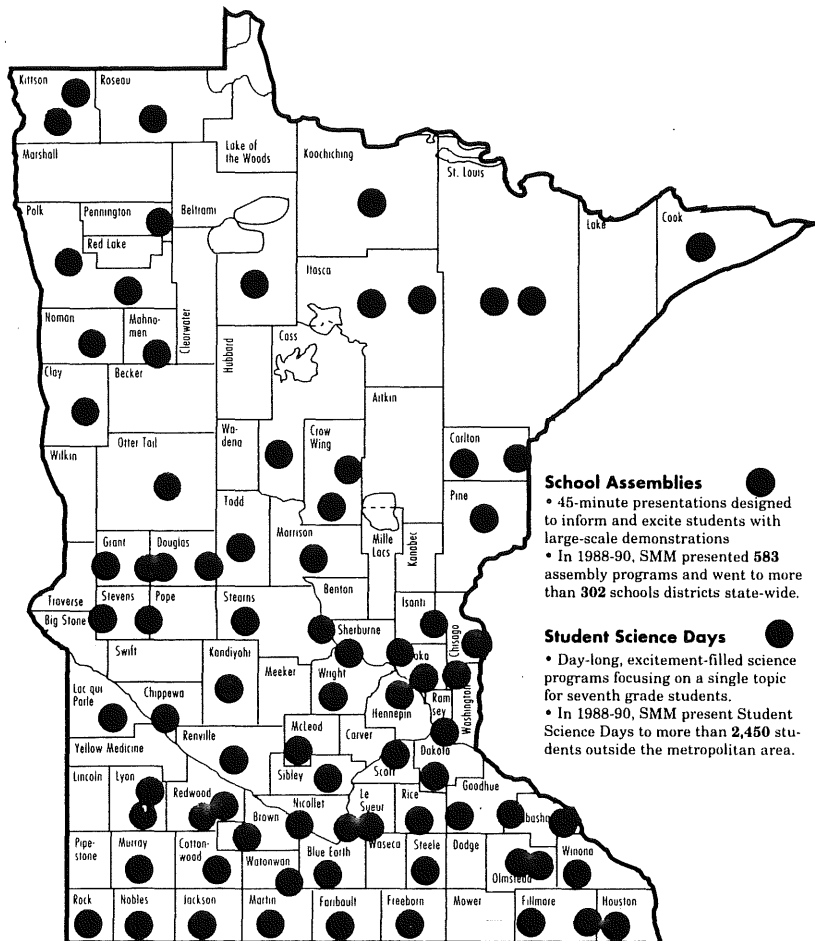


# THE SCIENCE MUSEUM OF MINNESOTA MUSEUM ON THE MOVE

## School Assembly Programs and Student Science Days 1988-90

Part of SMM's mission is to interpret science for the general public. SMM outreach programs bring science education to students in areas outside the metropolitan area.

In 1986, SMM had fewer than 500 participants in its school outreach programs. During the 1988-90 school year, SMM outreach participants numbered **130,009** all across the state.

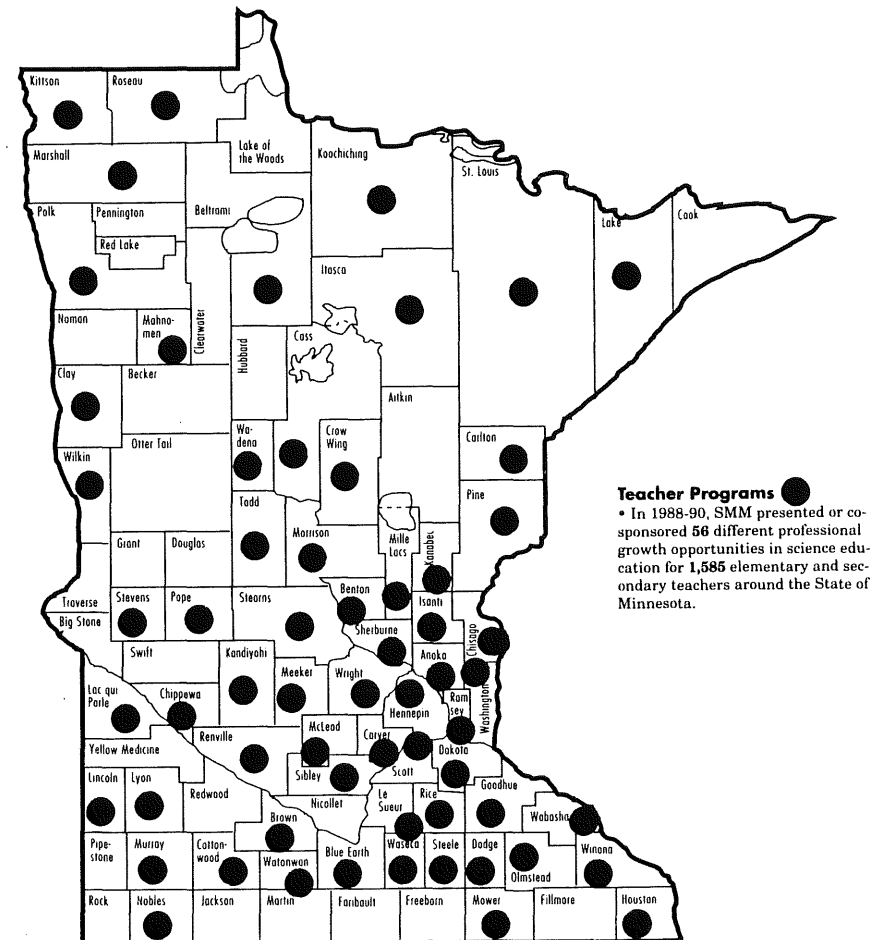


# THE SCIENCE MUSEUM OF MINNESOTA MUSEUM ON THE MOVE

## Teacher Program Participants 1988-90

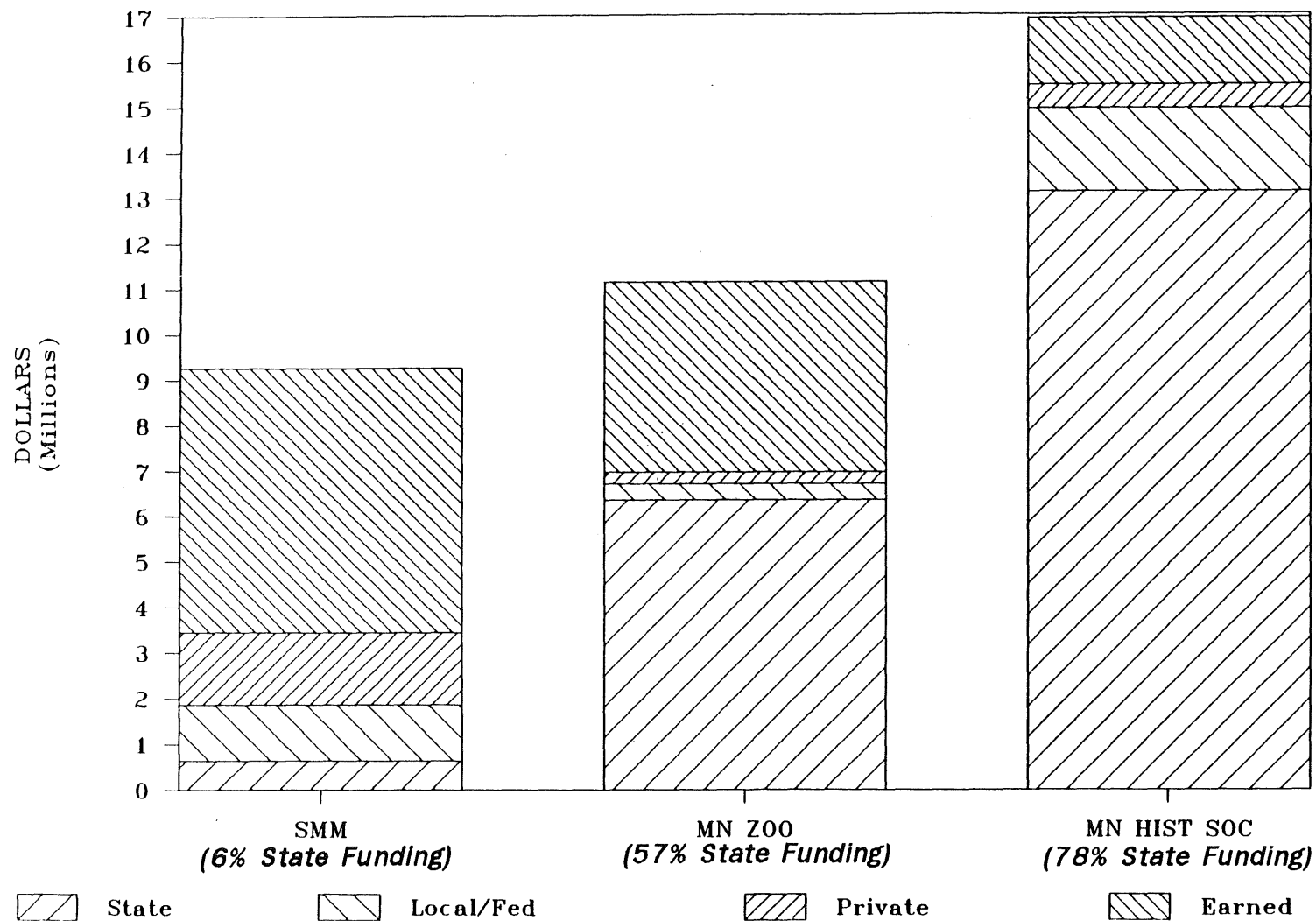
SMM has programs designed strictly for teachers that include workshops, focus dinners, in-service guest speaker presentations, classes and a teacher overnight at SMM. Participants in these programs come from all over the state.

SMM publishes a newsletter for secondary education science teachers titled "Bog Hopper." Teacher involvement is critical to our mission to promote science education. This newsletter is distributed to all secondary education science teachers in Minnesota for a total of 8,600 teachers in every part of the state.

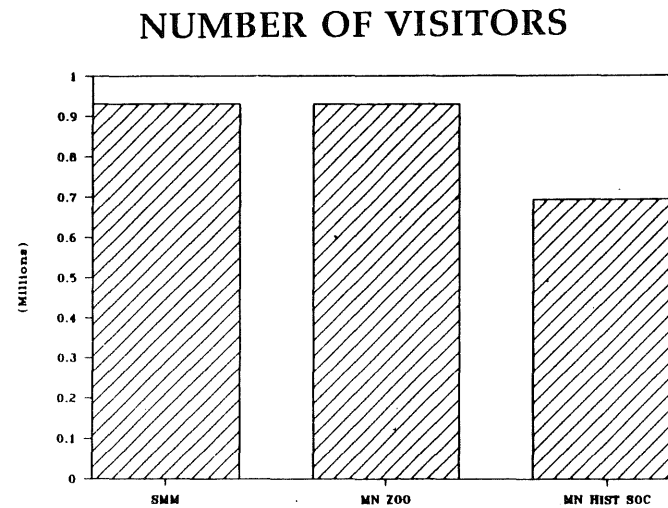
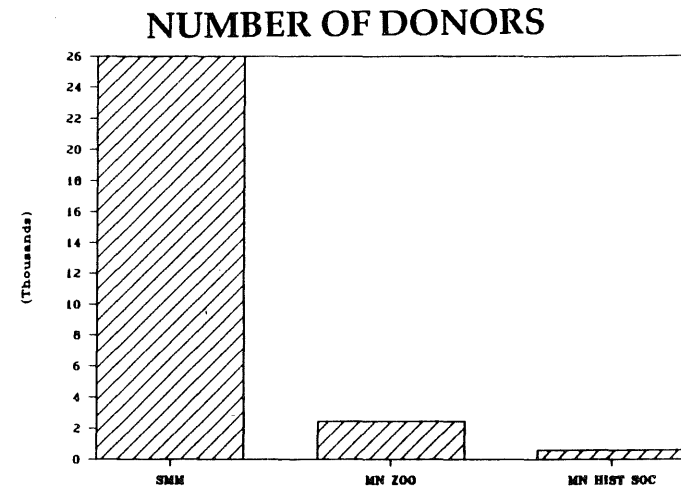
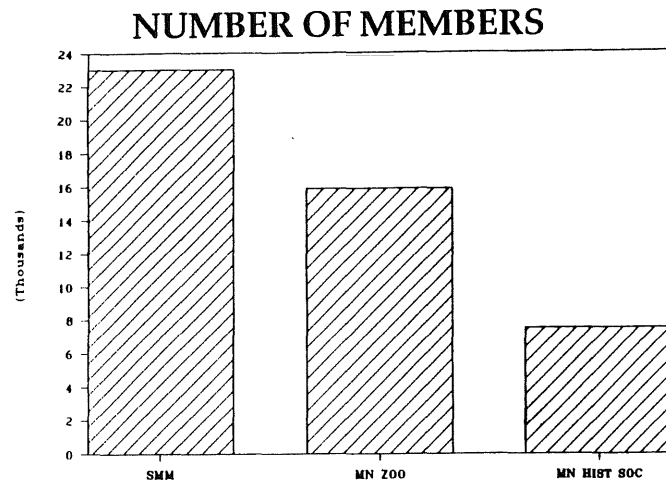




# OPERATING BUDGET FUNDING COMPARISONS F/Y 6/30/90



## COMPARISONS F/Y 89/90



1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: SCIENCE MUSEUM OF MN  
PROGRAM: SCIENCE MUSEUM OF MINN

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SCIENCE MUSEUM OF MINN	591	911	875	638	1,038	1,038	638	638	638
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	591	911	875	638	1,038	1,038	638	638	638
=====									
DETAIL BY CATEGORY:									
=====									
LOCAL ASSISTANCE	591	911	875	638	1,038	1,038	638	638	638
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	591	911	875	638	1,038	1,038	638	638	638
=====									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					400	400			
GENERAL	521	638	638	638	638	638	638	638	638
MN RESOURCES	70	273	237						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	591	911	875	638	1,038	1,038	638	638	638



BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: SCIENCE MUSEUM OF MN

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	875	875	638	638	237	237		
LCMR FUNDED PROJECTS	<237>	<237>			<237>	<237>		
TOTAL	638	638	638	638				
BIENNIAL TOTAL		1,276		1,276				

ACTIVITY: Science Museum of Minnesota  
PROGRAM: Science Museum of Minnesota  
AGENCY: Science Museum of Minnesota

1992-93 Biennial Budget

DECISION ITEM: Environmental Exhibits Collaborative (LCMR)

Dollars in Thousands			
F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

Environmental Trust Fund	\$ 400	\$ -0-	\$ -0-	\$ -0-
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GOVERNOR'S RECOMMENDATION:

Expenditures

Environmental Trust Fund	\$ 400	\$ -0-	\$ -0-	\$ -0-
--------------------------	--------	--------	--------	--------

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

ITEM SUMMARY:

The Legislative Commission on Minnesota Resources has recommended a \$400,000 grant to establish a statewide collaborative to share and create traveling water-related exhibits and programs for schools and family groups at sites throughout Minnesota.

BACKGROUND:

Minnesota's museums, environmental learning centers, governmental agencies, and private organizations have created many excellent environmental exhibits and programs. But no state-wide network exists to coordinate the sharing of these materials or the planning and production of new ones. The Environmental Exhibits Collaborative will combine the exhibit and touring expertise of the Science Museum and Bell Museum with the program development and delivery skills of the Freshwater Foundation, Environmental Learning Centers Coalition, Minnesota Extension, and others. The Collaborative will become a long-term, cost-effective partnership.

RATIONALE:

- Joint Planning & Replication of Rivers, Lakes, and Wetlands Exhibits: With its Collaborative partners, the Science Museum will develop new hands-on exhibits and programs about Minnesota's Rivers, Lakes, and Wetlands lands. These new components and programs will be replicated for short-term loan to Collaborative partners. Smaller, portable versions of these exhibits along with assembly programs, demonstrations, table-top activities, and associated curricula will be made available to schools statewide through the Science Museum's school outreach program, ELCs, MAGE, and other Collaborative partners.

These new exhibits and programs will reach nearly 1,200,000 Minnesotans a year through exhibition at the Science Museum in St. Paul and at other Collaborative partner locations throughout the state. Smaller classroom versions of these hands-on exhibits will provide educators with economical, yet valuable tools for motivating young people to think about environmental issues. Both adults and school children throughout Greater Minnesota will have access to high-quality environmental exhibits and programs that otherwise would not be available.

- Regional Tour of Existing Water Exhibits, Programs, & Curricula: Over an 18-month period, selected existing Minnesota water resource exhibits and programs will tour selected venues in Greater Minnesota.

The Science Museum, Bell Museum, and regional Collaborative partners, such as the Lake Superior Zoological Garden in Duluth, the Heritage-Hjemkomst Center in Moorhead, and the Museum of Natural History at Southwest State University in Marshall will organize a tour. To ensure a high-impact program in each location, the regional exhibitions will involve local schools through special assembly programs, teacher workshops, and environmental science fairs coordinated by ELCs, MAGE, and other Collaborative partners.

The first regional tour will provide a minimum of 400,000 school children, teachers, and families in Greater Minnesota with exposure to high-quality environmental exhibits and programs to which they otherwise would not have access. The regional tour also will establish a foundation for further cooperation between Science Museum and its Collaborative partners.

GOVERNOR'S RECOMMENDATION:

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Environmental Trust Fund, the Governor makes no specific recommendations.

**MISSION:**

The Citizens' Council on Voyageurs National Park purpose is to conduct research and meetings and make recommendations to the National Park Service, U.S. Department of Interior, and to other federal and state agencies on all matters related to the establishment and operation of Minnesota's only national park.

Full council meetings are held quarterly and subcommittee meetings are held as necessary. An office is maintained in International Falls and serves an information gathering and disseminating function and as a coordinating element among agencies involved in the planning and development of Voyageurs National Park.

The council works directly with the National Park Service and approximately 20 other agencies on a wide variety of issues regarding Voyageurs National Park. The council also works with federal, state, and local legislators, as well as with interested and/or affected organizations and citizens.

**MAJOR POLICY DRIVERS:**

The council works hard to fulfill the following objectives:

1. To monitor federal rules, regulations, policies, plans and legislative initiatives and their implementation, governing the use of Voyageurs National Park, and to ensure they give proper consideration to the best interest of the citizens of Minnesota and of the nation as a whole.
2. To seek appropriate and timely federal funding for the planning and construction of new park facilities, the improvement and maintenance of existing facilities and park access roads, and for the acquisition of lands necessary for development and for landowners who wish to sell their land to the National Park Service.
3. To promote appropriate economic development initiatives for the Voyageurs region, consistent with the traditional character of the area.
4. To promote cooperation and coordination between and among the National Park Service and other governmental and private entities to advance the interests of the Voyageurs National Park and adjacent areas.

**EFFECTIVENESS MEASURES**

1. Number of council recommendations and the degree to which they are adopted by the National Park Service or the Congress.
2. Level of federal funding received for Voyageurs National Park and the comparison of that level with the other 75 developing units of the National Park system.
3. Number of council initiatives and the degree to which those initiatives are implemented by the appropriate governmental and/or private entities.
4. Number of council recommendations that deal with more than 1 government agency and/or private entity and the degree to which those recommendations are implemented.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

The council has determined that the following list of activities and funding needs will exceed the base level funding.

1. Aggressive marketing and promotion is needed to:

- Assist in economic growth and diversification of Northern Minnesota.
- Offset recent trends of no growth in visitation to national park areas in rural America.
- Inform the public of the broad range of services, facilities, and recreational experiences available in the Voyageurs National Park area.
- Fulfill the expectations of the Minnesota Legislature as stated in Chapter 84B that Voyageurs National Park will be of "benefit to the citizens of the state, due to its accessibility to them, and to the effect it may reasonably be expected to have on the development of tourism and related economic activities."

2. The council will need to address new and additional federal regulations on trail systems, wilderness designation and a visitor use and facilities plan.
3. Monitor and recommend to private organization or organizations a marketing plan for the park.
4. Monitor and actively coordinate private organization's fight with environmental groups who are attempting and wish to stop motorized uses within the park.
5. Increase in travel due to increased federal activities and research necessary in other parks across the country.
6. Selected research on all of the above.
7. Funding demand for increased per diem with no increase in base level funding to cover this increase will cause a budget problem.
8. Funding demand for increase in employee's salary with no increase in base level funding to cover this increase will cause a budget problem.

**GOVERNOR'S RECOMMENDATION**

Inflation costs at 4.5% would create a need for the council to reallocate roughly \$3,000 in F.Y. 1992 and \$6,000 in F.Y. 1993. The Governor recommends that the Council reduce consultant services and other miscellaneous items in order to live within BASE level funding.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: VOYAGEURS NAT PK ADV

				FY 1992			FY 1993		
PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
VOYAGEURS NATL PK COMM	76	74	72	72	72	72	72	72	72
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	76	74	72	72	72	72	72	72	72
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	76	74	72	72	72	72	72	72	72
STATUTORY APPROPRIATIONS:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	76	74	72	72	72	72	72	72	72

PROGRAM STRUCTURE

**AGENCY:** Minnesota Zoological Garden

PROGRAM

PAGE

**BIOLOGICAL PROGRAMS**

**31**

Animal Management & Health  
Conservation

**OPERATIONS**

**33**

Physical Facilities  
Administrative Services

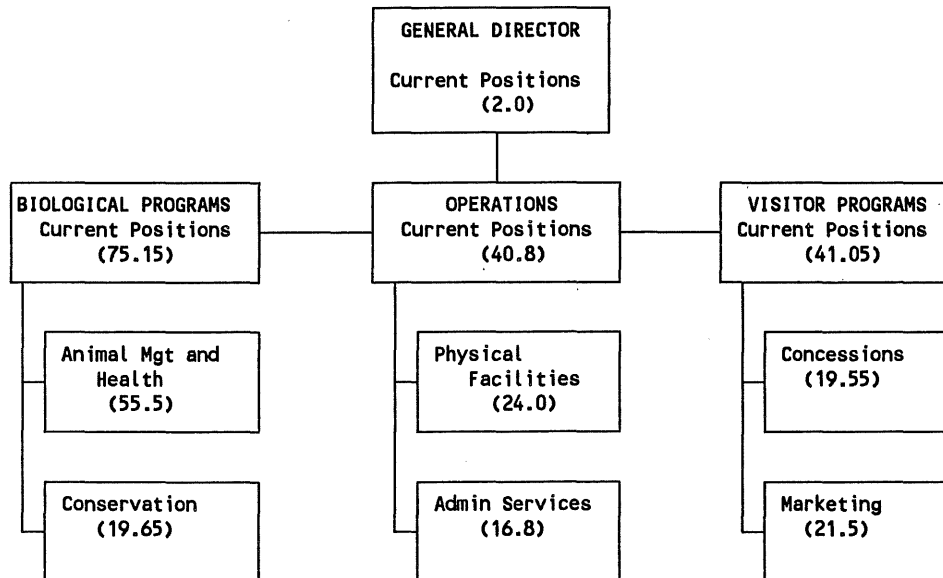
**VISITOR PROGRAMS**

**35**

Concessions  
Marketing



**MINNESOTA ZOOLOGICAL GARDEN**  
Permanent Staff Complement



**MINNESOTA ZOOLOGICAL GARDEN**  
Position and Employee Status Information

<b>Position Reconciliation:</b>		
<b>Authority:</b>	<b>Current FY 91</b>	<b>Requested For 6/30/93</b>
<b>Legislative Complement:</b>		
General Fund	140.0	140.0
LCMR		
Public Health Fund		
Special Revenue	16.0	16.0
LCWM Fund		
Trunk Highway		
Federal	0.0	0.0
Special Rev Direct		
Gift	3.0	3.0
<b>Budgetary Authorized</b>		
General Fund		
<b>LAC Approved</b>		
Federal		
<b>Total Permanent Positions</b>	<u>159.0</u>	<u>159.0</u>
<b>Other Complement (FTE)</b>		
<b>TOTAL Positions</b>	<u>159.0</u>	<u>159.0</u>
<b>Employees on 6/30/90</b>	249.0	

<b>Employees by Employment Status:</b>	
	<u><b>6/30/93</b></u>
Full Time Unlimited	129.0
Full Time Temporary	21.0
Full Time Emergency	0.0
Full Time Seasonal	5.0
Part Time Unlimited	31.0
Part Time Temporary	23.0
Part Time Seasonal	33.0
Intermittent Unlimited	<u>7.0</u>
<b>TOTAL</b>	<b>249.0</b>

AGENCY: Minnesota Zoological Garden

1992-93 Biennial Budget

#### MISSION:

The Minnesota Zoological Garden (MZG) exists to strengthen the bond between people and the living earth. The MZG strives to accomplish its mission by:

1. providing an exciting, affordable family experience that unobtrusively brings visitors to a heightened awareness of and appreciation for wildlife;
2. operating a high quality recreational and educational facility that serves the people of Minnesota and out-of-state tourists;
3. serving as a statewide environmental and educational resource that provides a significant addition to the quality of life in Minnesota;
4. providing a multi-disciplinary education and research environment to promote a better understanding of MZG's endangered and exotic animal collection.

The Zoo operates in three major programmatic areas; the Biological Programs, Operations, and Visitor Programs in order to achieve the following mission-related objectives:

- to maintain the animal husbandry, animal health, animal records and research necessary for a healthy animal collection.
- to provide people of all ages with a variety of Zoo learning adventures which help foster an understanding and appreciation of wildlife and the environment.
- to acknowledge a responsibility to provide leadership in conserving the biological diversity of our planet and in protecting the wild species living under our stewardship.
- to maintain the exhibits and grounds to assure the visitors an interesting and pleasant recreational experience.
- to assure the quality of the visitor experience.

#### MAJOR POLICY DRIVERS:

There is growing concern over the environment and many issues are being discussed. Education through environmental institutions will be one vehicle by which children and adults will become aware of the impacts that pollution of the air and water have on them as well as their environment and wildlife. Destruction of rain forests throughout the equatorial regions of the earth are causing concerns over the impact of the loss on climatic conditions. Acid rains are impacting the quality of their fresh water lakes and threatening forests. Use of herbicides and pesticides are threatening the quality of ground water. The MZG is uniquely positioned, as one of the major environmental institutions in Minnesota, to provide education to children and adults on environmental issues on the state, national and international level. The MZG's animal collection provides the centerpiece of a learning resource for Minnesotans, as well as out-of-state visitors. Through the animal collection the MZG has the opportunity to provide education on the causes of and the impacts that habitat destruction and pollution have on animal species.

Zoos are becoming the last resort for the continued preservation and propagation of animal species because of the ever increasing destruction of habitat for animals worldwide. In addition, Zoos are becoming increasingly important leaders in the discussion of the destruction of habitat for animals and the loss of animal species throughout the world. The MZG, as one of the major Zoos in the United States, is actively involved in the preservation and propagation of endangered species by its

participation in the international Species Survival Program (SSP) for ten species in its collection. In addition, the MZG is confronting this challenge by taking a leadership role through membership and staff involvement in the American Association of Zoological Parks and Aquariums. On the international level, the MZG participates in worldwide conservation efforts to conserve habitat for animals with staff involvement in the Captive Breeding Specialist Group (CBSG).

Funding from public sources for educational and environmental organizations is becoming more competitive. Through cooperative arrangements and joint projects these organizations will be able to make better use of the limited resources. Cooperative efforts are being made by the MZG with the Lake Superior Zoo and Como Zoo as well as the Science Museum of Minnesota, the Minnesota Department of Natural Resources and the University of Minnesota.

Funding from private sources can compliment the limited resources available to educational and environmental organizations from public sources. The MZG continues to forge public/private partnerships to increase revenue from these sources. Partnerships with corporate leaders such as Target Stores, Carson Pirie Scott, International Dairy Queen and the Dayton Hudson Foundation have assisted the MZG in providing new exhibits and enhancing existing exhibits. In addition, the MZG has restructured the Minnesota Zoo Foundation, and through the foundation will continue its efforts to secure private support for its programs.

#### Clientele:

The MZG, as one of the major environmental institutions in Minnesota, attracts over 940,000 visitors annually from throughout Minnesota, the United States and the world. 58,000 children through organized school groups visited the MZG during the past year. In addition, the MZG has an active membership of approximately 16,000 Minnesotans who visited the MZG over 137,000 times during the past year. The MZG's ZooArk, funded from non-State sources, travelled over 19,000 miles throughout Minnesota presenting educational and entertaining programs at schools and county fairs.

#### EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The MZG has restructured its admission categories and increased admission prices that will be effective on 1-1-91. Estimated revenue increases from the changes is \$517,000.

The new admission structure and pricing is as follows:

Senior Adult	65 & over	\$3.00
Adult	13 - 64	5.00
Youth	3 - 12	2.00
Group Adult	13 - 64	4.00
Group Youth	3 - 12	1.60

The parking fee of \$1.00 has been eliminated.

Legislative action is requested to increase the MZG's direct appropriation by the estimated revenue increases from the changes in the admission categories. The increase in direct appropriations will be used to fund the increasing costs associated with negotiated salary increases with the State's bargaining units and to allocate funds to operating expenses in the Operations and Visitor programs.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN

				FY 1992			FY 1993		
PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
BIOLOGICAL PROGRAMS	4,001	5,412	5,554	3,776	3,937	3,937	3,766	4,007	4,007
OPERATIONS	3,804	3,602	4,183	3,910	4,183	4,183	3,903	4,094	4,094
VISITOR PROGRAMS	3,722	3,285	3,219	3,176	3,259	3,259	3,173	3,258	3,258
TOTAL EXPENDITURES BY PROGRAM	11,527	12,299	12,956	10,862	11,379	11,379	10,842	11,359	11,359
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		9,104	9,567	8,329	8,846	8,846	8,309	8,826	8,826
ZOOLOGICAL GARDENS	8,425								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		2,103	2,733	2,365	2,365	2,365	2,365	2,365	2,365
FEDERAL		123	16	16	16	16	16	16	16
ZOOLOGICAL GARDENS	3,102								
GIFTS AND DEPOSITS		969	640	152	152	152	152	152	152
TOTAL FINANCING	11,527	12,299	12,956	10,862	11,379	11,379	10,842	11,359	11,359

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: ZOOLOGICAL GARDEN

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	12,956	12,956	9,567	9,567	3,373	3,373	16	16
ONE-TIME APPROPRIATIONS	<1,111>	<1,111>	<255>	<255>	<856>	<856>		
APPROPRIATIONS CARRIED FWD	<1,064>	<1,064>	<1,064>	<1,064>				
SALARY ANNUALIZATION	81	61	81	61				
TOTAL	10,862	10,842	8,329	8,309	2,517	2,517	16	16
BIENNIAL TOTAL		21,704		16,638		5,034		32

**ACTIVITY:**  
**PROGRAM:** Agency-Wide Decision  
**AGENCY:** Minnesota Zoological Garden

**1992-93 Biennial Budget**

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**DECISION ITEM:** Zoo Admission Fee Increase

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

<b>Expenditures</b>				
General Fund	\$ 517	\$ 517	\$ 517	\$ 517
<b>Revenues</b>				
General Fund	\$ 517	\$ 517	\$ 517	\$ 517

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
General Fund	\$ 517	\$ 517	\$ 517	\$ 517
<b>Revenues</b>				
General Fund	\$ 517	\$ 517	\$ 517	\$ 517

**Requires statutory change:** \_\_\_\_\_ Yes   X   No  
**Statutes Affected:**

**ITEM SUMMARY:**

This proposal is for an increase in General Fund receipts and in General Fund appropriations. These funds will be allocated to offset the projected 4.5% increases in salary and supply/expense costs each year of the biennium.

**RATIONALE:**

The changes and increases in the admission pricing structure became effective on 1-1-91. Changes in the pricing structure resulted in the broadening of the age categories for adult and youth. Prices for the categories increased by an average of \$.74 and the parking fee of \$1.00 was eliminated. The adjustments were approved by the MZG's board of directors as authorized by M.S.85A.01, subd.17. The previous increase in the admission price was in January, 1985.

Prior to the current biennium, monies from admissions fees were dedicated to an enterprise fund used by the Zoo to finance operations. The fund consolidation initiative of the 1989 session moved the Zoo fund into the General Fund, and direct appropriations of increased revenues are necessary if the Legislature intends for the Zoo to have access to the funds.



PROGRAM: Agency-wide Decision  
 AGENCY: Minnesota Zoological Garden

DECISION ITEM: Amphitheater Admission Fee

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

**Expenditures**

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
--------------	--------	--------	--------	--------

**Revenues**

General Fund	\$ 65	\$ 400	\$ 400	\$ 400
--------------	-------	--------	--------	--------

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
--------------	--------	--------	--------	--------

**Revenues**

General Fund	\$ 65	\$ 400	\$ 400	\$ 400
--------------	-------	--------	--------	--------

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

This proposal would generate an increase in General Fund non-dedicated receipts.

**RATIONALE:**

The Minnesota Zoo anticipates completion of a new amphitheater in the spring of 1992. This new amphitheater will be used for the "World of Birds" show as well as other animal demonstrations. In addition, the amphitheater will be used to provide the summer concert series and be available for use by corporations and other institutions to hold special events. An admission fee would be charged to visitors for the bird shows to generate revenue as shown above. These revenues would be deposited into the General Fund (as are current general admission revenues) to help offset the cost of Zoo program operations.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**PROGRAM:** Biological Programs  
**Agency:** Minnesota Zoological Garden

**1992-93 Biennial Budget**

**PROGRAM PURPOSE:**

Biological programs provides a diverse and healthy collection of exotic animals in social groupings living in naturalistic exhibits; maintenance of the tropical plants, grounds and plantings in the public areas; and quality educational and interactive programs for Minnesota Zoological Garden (MZG) visitors, including school groups from throughout the State, gifted students, adults and families; and supports animal research and conservation projects for endangered animal species.

**PERFORMANCE:**

Program performance is directly related to the MZG's efforts to strengthen the bond between people and the living earth. Activities within this program offer many means and methods that provide the MZG visitor with a heightened awareness of wildlife, the environment and the impact destruction of habitat for animals has on their well being.

The opening of the Koala and the Tropical Coral Reef/Shark exhibits provides continued enhancement of the visitor experience and awareness of the diversity of animals. "Dinosaurs Alive" provided a unique experience for visitors and school groups throughout the State this past summer, by showing robotic dinosaurs and providing educational and interactive graphics on the prehistoric world.

The horticultural master plan completed recently, provides a guide for the enhancement of the MZG's grounds including renovation of the plant life in exhibits. Implementation of the master plan now and in subsequent years will create environments that show the diversity of plant life throughout the world and the interdependencies between animals and plants. The "Greening of the Zoo" funding is transforming the entrance into the MZG to make it more aesthetically pleasing and introducing plant materials that will enhance the visitor experience.

Biological Programs' staff work in a variety of cooperative ways with other zoos and environmental and educational institutions to further conservation of wildlife and education of the public on environmental issues. Through successful propagation of trumpeter swans at the MZG, 23 pairs of trumpeter swans have been released into the wild in cooperation with the DNR. Participation with zoo professionals from the National Zoo and the Henry Doorly Zoo has resulted in successful in vitro fertilization and methodology for the propagation of endangered species in Zoos. Education staff have participated in the development of education programs for use at the Lake Superior Zoo, Como Zoo and the MZG. Also, education staff developed the Young Scholars Program which teaches students methodology in biological research. One of the students was selected by the National Science Foundation to accompany the Antarctic summer expedition. In addition, the education activity was reaccredited by North Central Teachers Association. Cooperative educational projects have also been worked on with the Science Museum. Exchange of information and consultation is ongoing between the University of Minnesota's staff at the School of Veterinary Medicine and the MZG's animal health staff.

Through initiatives by Biological Programs' staff new relationships are being forged with other conservation institutions and organizations. Staff have been involved with the International Union for the Conservation of Nature (IUCN) in the preliminary work to develop a conservation plan for the preservation of the Javan rhino in Asia. In addition, through funding from nonstate sources, staff have developed a program to provide assistance and support to the Ujong Kulon Park in Indonesia. A species survival program (SSP), chaired by staff from the MZG, is being developed for the Gibbon species in Zoos in the United States. Staff resources are also being provided to the Captive Specialist Breeding Group (CSBG), which is located at the MZG, that is developing strategies worldwide for the conservation of endangered species in the wild.

**PROSPECTS:**

The diversity of animal life in Minnesota and the world will continue to decline because of the environment and the destruction of habitat. The role of the MZG's Biological Programs will become increasingly important to provide not only space for endangered animals to be maintained but also to provide education to Minnesotans. Through continued cooperative efforts with other Zoos and environmental organizations the MZG will continue to enhance its leadership role.

Funding for educational programs and exhibit space will be necessary to accomplish the many challenges that await the MZG in the decade of the 90s.

**PLAN:**

The MZG proposes to allocate funds from the change in admission prices to fund salary costs associated with the negotiated agreements with the State bargaining units.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Animal Management and Health	\$ 128,000	\$ 174,000
Conservation	33,000	67,000

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN  
PROGRAM: BIOLOGICAL PROGRAMS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
ANIMAL MGT & HEALTH	2,894	4,241	4,456	2,666	2,793	2,793	2,660	2,834	2,834
CONSERVATION	726	922	1,098	1,110	1,144	1,144	1,106	1,173	1,173
INTERNATIONAL SPECIES INVENTORY SY	381	249							
TOTAL EXPENDITURES BY ACTIVITY	4,001	5,412	5,554	3,776	3,937	3,937	3,766	4,007	4,007
DETAIL BY CATEGORY:									
STATE OPERATIONS	4,000	5,412	5,554	3,776	3,937	3,937	3,766	4,007	4,007
LOCAL ASSISTANCE	1								
TOTAL EXPENDITURES BY CATEGORY	4,001	5,412	5,554	3,776	3,937	3,937	3,766	4,007	4,007
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		4,192	4,321	3,399	3,560	3,560	3,389	3,630	3,630
ZOOLOGICAL GARDENS	3,385								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		381	729	361	361	361	361	361	361
FEDERAL		123	16	16	16	16	16	16	16
ZOOLOGICAL GARDENS	616								
GIFTS AND DEPOSITS		716	488						
TOTAL FINANCING	4,001	5,412	5,554	3,776	3,937	3,937	3,766	4,007	4,007

**PROGRAM:** Operations  
**Agency:** Minnesota Zoological Garden

**1992-93 Biennial Budget**

**PROGRAM PURPOSE:**

The Operations program is designed to provide a friendly, safe, attractive and well-maintained visitor environment; protect and maintain the State's investment in the Minnesota Zoological Garden (MZG) physical facilities; and provide staff and program support services including the overall management of MZG programs.

**PERFORMANCE:**

Providing an environment for the visitor that contributes to the overall satisfaction of their experience is essential to maintaining attendance levels and meeting the mission of the MZG. In addition, the maintenance of the environment for the visitor results in protecting the State's investment in the physical facilities and the well being of the animal collection.

The MZG has continued to fund projects and provide for replacement of equipment necessary to the maintenance of the physical facilities including the heating, ventilation and air-conditioning systems (HVAC) and the grounds. New lighting has been installed in the visitor areas of the main building complex that replaces fixtures that were unsafe. Security and fire protection improvements have been made to provide for the protection of the animal collection as well as provide for the protection of the State's investment. A vehicle replacement program was initiated to replace vehicles that were 12-15 years old by acquiring used vehicles from the State's Central Motor Pool and the Minnesota Department of Transportation. Repairs and improvements have been made to animal exhibits and holding areas for the protection and safety of the animal collection. Equipment has been replaced to provide staff with the resources necessary to complete their tasks more efficiently and effectively.

Staff and program support services have initiated staff training and wellness activities to improve staff performance of tasks. Health and safety activities have increased to provide information to staff and recommend changes that provide for improving the safety of the physical facilities for the visitors, staff and the animal collection. A strategic plan has been developed that provides the overall direction and focus for MZG programs.

**PROSPECTS:**

The MZG completed a study of the physical facilities, roadways and pathways during the past two years. The study recommended that significant resources be invested to repair and enhance the physical facilities and infrastructure to maintain and improve their functional utility. Funding requests for the implementation of the study's recommendations were made during the previous legislative session. However, the requests were not funded resulting in continuing deterioration of the physical facilities, roadways and pathways.

The MZG's budget for the maintenance of the physical facilities, animal exhibits, equipment and heating, ventilation and air-conditioning systems is reduced by \$125,000 as a base level adjustment. To continue to maintain and restore the existing facilities and exhibits at a minimal level the base level adjustment needs to be restored.

Increasing emphasis is being placed on the environment and the impact the use of fuels and materials has on the quality of the environment. Escalating prices for oil and other fuels requires that new ways of conserving the use of fuels and materials will need to be explored and implemented. The MZG will continue to explore new methods and materials that enhance the quality of the environment.

**PLAN:**

The MZG proposes to allocate funds from the increased revenue from the admission price change to provide for the negotiated salary increases and to allocate funds to operating expenses in the Physical Facilities activity that had been reduced.

	<u>FY 1992</u>	<u>FY 1993</u>
Administrative Services	\$ 64,000	\$ 62,000
Physical Facilities	\$209,000	\$129,000

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN  
PROGRAM: OPERATIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
PHYSICAL FACILITIES	2,377	2,483	3,020	2,763	2,972	2,972	2,758	2,887	2,887
ADMIN SERVICES	1,427	1,119	1,163	1,147	1,211	1,211	1,145	1,207	1,207
TOTAL EXPENDITURES BY ACTIVITY	3,804	3,602	4,183	3,910	4,183	4,183	3,903	4,094	4,094
DETAIL BY CATEGORY:									
STATE OPERATIONS	3,804	3,602	4,183	3,910	4,183	4,183	3,903	4,094	4,094
TOTAL EXPENDITURES BY CATEGORY	3,804	3,602	4,183	3,910	4,183	4,183	3,903	4,094	4,094
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		3,602	3,878	3,605	3,878	3,878	3,598	3,789	3,789
ZOOLOGICAL GARDENS	3,804								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			305	305	305	305	305	305	305
TOTAL FINANCING	3,804	3,602	4,183	3,910	4,183	4,183	3,903	4,094	4,094

**PROGRAM:** Visitor Programs  
**Agency:** Minnesota Zoological Garden

**1992-93 Biennial Budget**

**PROGRAM PURPOSE:**

Minnesota Zoological Garden (MZG) Visitor Programs provide a comprehensive array of customer services, marketing programs and public information to the Zoo visitor, various constituencies and to the general public to foster a widespread awareness of and support for the Zoo, and operated, through concessions, a number of revenue generating programs.

Marketing and public information programs include advertising in all media, market research, membership programs, public information and publicity, special events, and group sales. Advertising, public service announcements and public relations campaigns provide marketing services for the MZG in general as well as specific programs and services such as Education Department course offerings and off-site programs, Earth Day and Conservation Day programs and special events.

Year-round concessions include the MZG skytrail, gift store, food service and after hours facility rental. Seasonally, the MZG has animal ride and holiday lights concessions.

Customer services includes those activities related to providing a clean, safe, enriching and friendly Zoo experience for all visitors -- custodial, admissions, Skytrail naturalists.

**PERFORMANCE:**

Performance for Visitor Programs can be gauged by attendance and revenue, as well as visitor satisfaction. Attendance has shown an increase over the past 3 fiscal years with a projected 18.5% increase for F.Y. 1991.

Concessions are successful to the degree that they are able to cover all costs (supplies, services, payroll) from revenue generated and in the past 2 years have generated enough excess revenue to contribute 1/3 of the cost of the Tropical Coral Reef exhibit (\$750,000). Gift Store revenues increased during the past 2 years from \$927,009 in F.Y. 1989 to \$994,294 in F.Y. 1990. A new gift store was opened at the Koala exhibit to enhance revenues.

Tens of millions of media impressions (number of stories x circulation/viewership) per year assure that the general public throughout the state are aware of the MZG and what it has to offer the visitor.

**PROSPECTS:**

Like other entertainment, cultural and educational organizations, the MZG must grow in order to survive in a highly competitive market. Increasing the number of concession operations in non-traditional areas will be 1 avenue to growth that will occur without state financial support. During the coming biennium, the MZG will re-negotiate its food service concession contract giving the MZG, for the first time in 15 years, the opportunity to secure better financial terms for this concession. Market research, to be conducted in the second half of F.Y.1991, will provide a more detailed picture of our customer base and demographic and value related data about non-visitors. Marketing programs will be significantly more effective in reaching target audiences.

**PLAN:**

The MZG proposes to allocate funds from the change in admission prices to fund salary costs associated with the negotiated agreements with the State bargaining units and in the first year of the biennium increase the allocation for marketing expenses.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Marketing	\$ 83,000	\$ 85,000

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.



1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

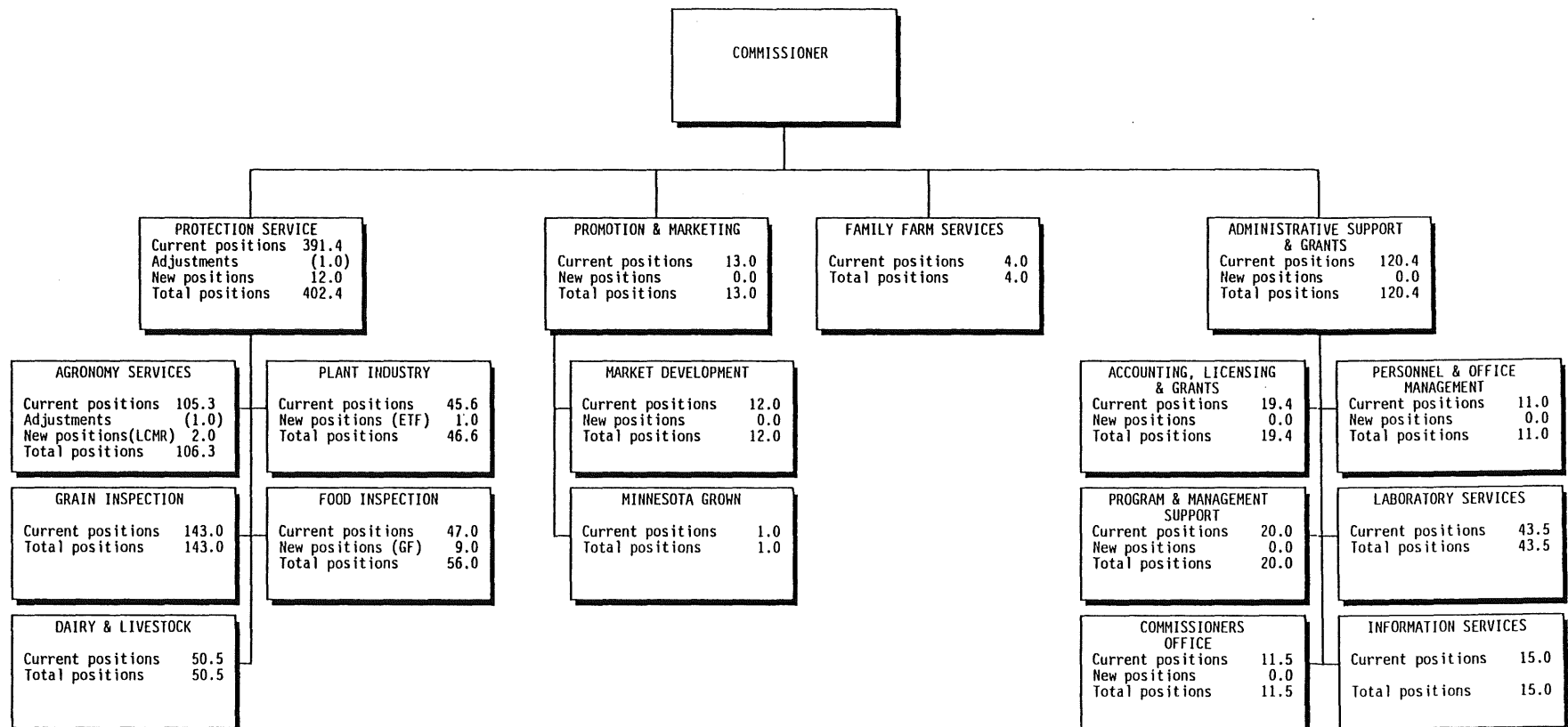
AGENCY: ZOOLOGICAL GARDEN  
PROGRAM: VISITOR PROGRAMS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
CONCESSIONS	1,528	1,858	1,667	1,669	1,674	1,674	1,668	1,679	1,679
MARKETING	2,194	1,427	1,552	1,507	1,585	1,585	1,505	1,579	1,579
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	3,722	3,285	3,219	3,176	3,259	3,259	3,173	3,258	3,258
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	3,722	3,274	3,219	3,176	3,259	3,259	3,173	3,258	3,258
LOCAL ASSISTANCE		11							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	3,722	3,285	3,219	3,176	3,259	3,259	3,173	3,258	3,258
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL		1,310	1,368	1,325	1,408	1,408	1,322	1,407	1,407
ZOOLOGICAL GARDENS	1,236								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		1,722	1,699	1,699	1,699	1,699	1,699	1,699	1,699
ZOOLOGICAL GARDENS	2,486								
GIFTS AND DEPOSITS		253	152	152	152	152	152	152	152
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,722	3,285	3,219	3,176	3,259	3,259	3,173	3,258	3,258

PROGRAM STRUCTUREAGENCY: AGRICULTURE, DEPARTMENT OF

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# MINNESOTA DEPARTMENT OF AGRICULTURE



# Department Agriculture

## Position and Employee Status Information

<b>Position Reconciliation:</b>		
<b>Authority:</b>	<b>Current FY 91</b>	<b>Requested For 6/30/93</b>
<b>Legislative Complement:</b>		
General Fund	208.8	217.8
LCMR/MN Resources	1.0	2.0
Special Revenue	292.7	292.7
Federal	18.3	18.3
Environmental	2.0	2.0
Environmental Trust Fund		1.0
<b>LAC Approved:</b>		
Federal	6.0	6.0
<b>Total Permanent Positions</b>	<b>528.8</b>	<b>539.8</b>
 Other complement (FTE)	 48.0	 48.0
<b>TOTAL Positions</b>	<b>576.8</b>	<b>587.8</b>
 Employees on 6/30/90	 470.0	

<b>Employees by Employment Status:</b>	
	<b>6/30/90</b>
Full-time Unlimited	380
Full-time Temporary	31
Full-time Seasonal	19
Part-time Unlimited	8
Part-time Temporary	7
Part-time Seasonal	1
Intermittent Unlimited	24
<b>TOTAL</b>	<b>470</b>

AGENCY: Agriculture, Department of

1992-93 Biennial Budget

#### MISSION:

The mission of the department is to encourage, promote and facilitate the growth and development of a stable and viable agricultural industry in Minnesota. Agriculture includes a range of activities that include the supply industry through on-farm or production agriculture to marketing, processing, distribution and consumption activities.

As a service and regulatory agency, the department serves the producers, processors, distributors and consumers of agricultural and agriculturally related products. In cooperation with local, state and federal agencies and private organizations, the department actively maintains a network of programs and services that provide economic protection as well as protect public health and the environment while facilitating and promoting the development of agriculture and agricultural and food and fiber industries.

The department is organized into 4 major program areas in order to achieve mission related objectives. The programs are:

1. Protection Service.
2. Promotion and Marketing.
3. Family Farm Services.
4. Administrative Support and Grants.

The major mission related objectives are to:

- Develop and administer regulatory policies that protect public health and the environment while facilitating the production, processing, marketing and consumption of agricultural products.
- Inspect and certify both bulk (or raw) and processed Minnesota agricultural products so that they can enter into intra-state, domestic and international markets without delays or restrictions.
- Protect the safety and wholesomeness of the food supply by administering inspection and regulatory programs that encompass production, processing and consumption.
- Enforce laws that prevent fraud and deception in the manufacture, production and distribution of food, animal feeds, fertilizers, seeds, pesticides and other agricultural products, while maintaining high quality and economically competitive products.
- Work to sustain the family farm system by enforcing laws that control corporate and alien ownership of farmland, and administering supportive assistance and development programs.
- Administer programs and promote practices that support Minnesota's agriculture while protecting natural resources from the introduction of exotic pests, inappropriate or overuse of agricultural chemicals and the unnecessary conversion of agricultural land to other uses.
- Collect, compile and publish statistics and information in regard to the production, marketing and consumption of agricultural products of the state and agricultural industries.
- Lead and/or coordinate the network of state, local and federal regulatory programs so that they interface with each other through inter-agency agreements, contracts, etc.
- Develop and promote markets for agricultural products through the development of farmer's markets, direct assistance to farmers and small businesses, food shows, etc.

#### MAJOR POLICY DRIVERS:

Agriculture is a major sector of both the national and state economy. The USDA estimates that farming accounts for 2% of the Gross National Product (GNP). However, "upstream" linkages (input purchases such as services, seed, feed, fertilizers, etc.) also account for 2% of the GNP while "downstream" linkages (processing, transportation, etc.) account for another 14% of the GNP. In total, the entire complex of agricultural economic activities from the beginning to the end of the stream account for 18% of the U.S. GNP.

In social terms, there are about 2.2 million farms in the United States. According to 1987 population

estimates, some 4,986,000 persons live on farms.

Agriculture in Minnesota is also a large and dynamic industry. In economic terms, farming alone contributed 4.4% to the gross state product (GSP) in 1986. When the "upstream," on-farm and "downstream" sectors of agriculture are taken together, the total economic contribution to the GSP would well exceed the national figure of 18% of the total GNP.

There are 89,000 farms in Minnesota with the majority being family-sized operations. In terms of population, some 359,847 persons lived on farms in 1980 which was 9% of the state's population. Minnesota had the nation's second largest farm population. By all measures, agriculture makes significant economic and social contributions to the state as a whole.

A major sector of Minnesota's agricultural economy is the food processing industry which is the nation's third largest. The food and kindred products sector produces about \$9.5 billion in value of shipments annually, and employs about 45,000 persons. While it has declined slightly in recent years, there is a possibility that strong interest in expanding this sector will reverse this trend.

The economic (and social) contributions of agriculture depend, to a great extent, upon strong regulatory, support and promotion programs. A comprehensive and coordinated network of national, state and local regulatory programs is essential to assure consumer and environment protection, product quality, and fair and truthful wholesaling and retailing activities.

However, there are several major "policy drivers" which profoundly affect agriculture and, subsequently, the department. They are discussed in no particular order of importance:

Internationalization of Agriculture. A major force or trend is the internationalization of agriculture. The most apparent impact of this trend is the growth in both volume and value of commodity exports and importance of foreign exports to the national balance of payments and the economy of the agricultural sector. In 1988, foreign exports contributed \$1.8 billion to Minnesota's economy and provided for over one-fourth of cash farm receipts.

There are other impacts that arise from increased trade, such as the real or potential introduction of exotic plant or animal pests (i.e., Dutch elm disease, tracheal mite, gypsy moth, leafy spurge, etc.) into Minnesota on transportation carriers or imported products; increased requests by Minnesota producers/marketers for certification of products to meet other state or foreign nation import standards; more requests for assistance in finding foreign markets; and consumer demands for greater surveillance of imported food or related products.

There are other important dimensions that affect agriculture and the department. For example, the globalization of financial markets directly impacts American agriculture. The financial stability of agriculture is affected by the availability and cost of capital.

All of these trends would intensify if the world moves toward more open markets and free trade.

Technological Development. The development and adoption of new technologies has and continues to be a dynamic force. However, the pace of change is increasing. New or emerging technologies in food production and processing (genetic engineering; irradiated food; modified atmosphere processing; reconstituted milk; etc.) will be proposed for adoption as the means to maintain economic competitiveness. Another area of emerging technology lies in the bio-conversion of agricultural feed stocks into commercial and industrial products. Genetic engineering, another major emerging technology, will impact production agriculture directly.

Consumerism. In the past, the producers dominated the system with consumers "consuming" what was produced. However, specialization of development through selective breeding or other technologies now permit consumers (companies, nations or persons) to more and more drive production by demanding products tailored to specific attributes. The growth in agricultural contracting is but one expression of this trend. Processors or purchasers of farm products give financial incentives or disincentives, depending upon the consumer demand for taste and nutritional

characteristics, as well as packaging and processing to meet consumer tastes. Increased consumer concern over other issues, such as nutrition, health, food safety and the environment, are all impacting agriculture.

Environmental Protection/Regulation. The increasing recognition of the need to consider the environmental impacts of all agricultural activities will cause more resources to be spent on environmental monitoring and in assessing impacts of current programs as well as analyzing potential impacts before new programs are implemented.

As a major user of natural resources and producer of the food and fiber supply, all agricultural activities will be affected, ranging from the production of inputs through production agriculture to processing and final consumption of agricultural products. This trend will also result in new markets for more environmentally benign products (e.g., ethanol as the "clean air solution"). Another issue will be the disposing of petro-chemical wastes.

Dependency Upon Exporting. Because of geographic location and production capacity, Minnesota must market the majority of its agricultural products to locations outside the state. Foreign exports, mostly bulk commodities, account for approximately one-fourth of Minnesota farm cash receipts. The impact of decreases in or losses of foreign markets was a major factor during the farm financial crisis of the mid 80's. However, domestic exports also are key to Minnesota's agricultural economy. While some processed products go into foreign exports, the greatest proportion are sent to locations within the USA.

Capitalization of Agriculture. The farm financial crisis of the early to mid-eighties demonstrated the extent that production agriculture uses borrowed capital. During the past 30 years, total farm indebtedness has risen sharply, as has the proportion that interest payments comprise of all farm production expenditures. This use of borrowed capital has led to a potential vulnerability that will continue, since the cost and availability of capital are major inputs.

National fiscal policy in general now impacts producers to a greater degree than ever before. Increases or decreases in interest rates have direct, profound impacts upon the profitability of farmers as well as international trade opportunities.

Food Safety. Throughout the 1980's there were several major food safety emergencies in Minnesota, such as: the PCB contamination of products in a food warehouse and bakery; product tampering and vandalism due to a labor dispute; and recalls of food products due to hazardous substances and product adulteration. More recently, there have been emergencies related to aflatoxin in corn, food borne illness outbreaks associated with *Salmonella javiana* and *Listeria monocytogenes* in meat, smoked fish, dairy products and sandwiches. These have also been real or potential health and safety problems associated with alar in apple products, aldicarb in potatoes, and the Chilean fruit tampering incident, as well as increased public concern over the safety of fruits and vegetables imported into this country.

Consumer awareness and concern will probably lead to demand for increased monitoring, inspecting and testing of the food supply. The changes in diets and consumer preferences will lead to modifications in labeling laws, etc.

Diversification. Minnesota agriculture produces over 30 different varieties of crops and livestock products with cash farm receipts split about evenly between crops and livestock products. However, the greatest share of production (and cash receipts) occurs in 6 commodity areas. In 1988, corn, wheat and soybeans accounted for 78% of all crop receipts. In terms of livestock, cattle, hogs and dairy products account for 86% of all such receipts. While very diversified, Minnesota's natural resource base and climate are such that an even greater diversity of products can be grown. Moreover, an increased diversification of crops and non-food uses might provide more economic

stability to agriculture while finding ways to use a productive capacity that is under utilized.

Demand for Renewable Resources. The current reliance on petrochemically-based fuels and products, as well as concern over the reliable sourcing of petrochemicals and the disposal of petrochemically-based waste products will create new markets for renewable fuels (e.g., ethanol) and substitutes for plastics and oils (e.g., starch polymer technologies, soybean oil-based inks, etc.). These developments potentially could have tremendous impact for agricultural production and value-added processing in Minnesota through the creation of new jobs and the reduction of resource imports.

Value-Added Processing. The expansion of value-added processing could be a major contributor to economic growth in Minnesota. While Minnesota has a large food and kindred products industry, a large proportion of several major commodities are exported raw from the state for processing elsewhere. For example, 3 leading export crops--soybeans, feed grains and wheat--accounted for 77% of the state's total agricultural exports in 1988. Increased value-added processing for food and non-food products would create higher values for producers, increase manufacturing jobs and facilitate an active strategy of import substitution.

Centralization of Food Distribution Patterns. Continuing growth of centralized food distribution centers makes it difficult for small and mid-sized food processors to gain access to a market dominated by large producer/marketer entities. Trends toward centralization can be offset by a strategy to encourage marketing of products directly to consumers, increased marketing education for producers and formation of producer-owned cooperatives.

Disposal of Livestock Waste. The livestock sector of Minnesota agriculture accounts for slightly over 50% of direct cash farm receipts. However, with ever-increasing concentrations in production units, the disposal of livestock waste is becoming a major problem. An example includes poultry industry wastes such as dead birds or raw manure. Continued concentrations of livestock production will result in disposal problems due to quantity of waste material. There may be aesthetic problems with non-farm inhabitants of the countryside. Potential environmental problems associated with poor or improper waste management and disposal will increase.

Federal Budget Deficit. Reductions in the federal budget affect the department both directly and indirectly. Direct reductions decrease revenue in direct federal grants and also areas where the department performs services under contract or agreement with federal agencies.

There are indirect impacts as well. Reductions often result in cutbacks in traditionally direct federal services provided by federal agencies. The states are then left with a decision to either pick up the service or take the risk of allowing the absence of some regulatory activity. Decreased activity, due to less inspections or the elimination of activities, weakens the overall regulatory network upon which agriculture and agribusinesses depend. An example is USDA moving to quarterly, risk-based custom meat processing plant inspections.

Sustaining Production Agriculture. There is increasing concern over the long term sustainability of Minnesota's family farm system. The need for efficiency and economic competitiveness will push for changing and restructuring production agriculture as it has been traditionally known. Farming practices will be impacted by the necessity to lower the cost of production, concern over the environment and groundwater quality, and the availability of energy. Although there are terms used to describe current responses - alternative agriculture, low input agriculture, sustainable agriculture, etc., most mean decreased inputs, increased profitability and environmental soundness.

Federal Farm Policy. With federal policy encouraging a more market-oriented agriculture, the total volume of both U.S. exports and imports will increase as nations seek greater interactions of trade. The volume of exports will likely increase with more demands for regulatory inspections, certifications, etc. Increased imports will likely occur, with greater need for pest interception and control, food safety and product quality monitoring, and other related regulatory activities.



Restructuring of Farm and Agribusiness Operations. Structural change is occurring in both the farm and agribusiness sectors of agriculture. Farms are moving into 2 groups, with 1 group being large and the other small. These 2 groups, along with shrinking middle group, have diverse needs for research, extension and supportive programs.

Centralization and consolidation is also occurring among packers, processors, etc. Consolidation results in more sophisticated equipment, organizational structures and marketing systems. The trend in consolidations and growth in size with more sophisticated technologies and equipment (such as computers), requires the department to employ more sophisticated surveillance techniques as well as upgrade personnel skill levels to deal with the sophistication.

There are several other issues that directly affect the department. In the food safety area, the proliferation of convenience stores as well as the growth in value-added processing at retail establishments are creating inspection challenges. Mid-sized feed mills are decreasing, along with related growth in larger operations or on-farm mixing. The larger operations present new problems due to sophistication of equipment, etc.; the proliferation of smaller operations can lead to a lessening of quality control and uniformity of product. Since feed is a major input in the food chain, product quality can be a health or food safety concern, as well as an economic one.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The department has determined that current program resources can be managed to meet the most pressing needs. However, emerging needs and increases in the costs of some programs will result in funding demands which will exceed base funding. Consequently, the department will recommend statutory changes to increase fees in these areas in order to generate an additional \$821,000 in general funds each fiscal year. In terms of dedicated funds, the department is proposing increases that will generate an additional \$417,000 each fiscal year. However, some of the proposed fee increases do not need legislative approval since the fees can be set by rule or Commissioner's Order.

The department has received LCMR approval for 4 projects during the 1992-93 biennium. The total amount approved by LCMR for the biennium is \$1,380,000, with estimated expenditures to be \$690,000 in F.Y. 1992 and \$690,000 in F.Y. 1993.

The general fund reconciliation by program is as follows:

Reallocations by Program  
(Dollars in Thousands)

	General Fund F.Y. 1991	F.Y. 1992 Change From F.Y. 1991	F.Y. 1993 Change From F.Y. 1991
Protection Service	\$ 5,014	\$ 440	\$ 430
Promotion and Marketing	927	(49)	(52)
Family Farm Services	1,554	(186)	(186)
Administrative Support and Grants	<u>5,601</u>	<u>(110)</u>	<u>(95)</u>
TOTAL	\$13,096	\$ 95	\$ 97

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial increase of \$200,000 for a Farm Support Center and program specific reductions of \$1,734,000 for the biennium which are described on separate pages of this budget.

1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
PROTECTION SERVICE	14,570	16,893	18,476	18,148	19,696	19,696	18,552	19,020	19,020
PROMOTION & MARKETING	1,294	1,145	953	905	905	780	902	902	777
FAMILY FARM SERVICES	4,072	2,324	2,694	2,118	2,118	1,718	2,118	2,118	1,718
ADMIN-SUPPORT & GRANTS	6,758	8,060	8,030	7,442	7,742	7,500	7,477	7,477	7,235
TOTAL EXPENDITURES BY PROGRAM	26,694	28,422	30,153	28,613	30,461	29,694	29,049	29,517	28,750
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					650	650			
GENERAL	13,115	13,801	13,070	12,262	12,730	11,963	12,264	12,732	11,965
MN RESOURCES	308	280	310		730	730			
SPECIAL REVENUE	102	85	185	185	185	185	185	185	185
ENVIRONMENTAL			185	130	130	130	130	130	130
STATUTORY APPROPRIATIONS:									
GENERAL	48	17	26						
SPECIAL REVENUE	11,863	13,267	14,943	14,819	14,819	14,819	15,253	15,253	15,253
FEDERAL	943	907	1,289	1,161	1,161	1,161	1,161	1,161	1,161
ENVIRONMENTAL			75						
AGENCY	40								
GIFTS AND DEPOSITS	275	65	70	56	56	56	56	56	56
TOTAL FINANCING	26,694	28,422	30,153	28,613	30,461	29,694	29,049	29,517	28,750

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: AGRICULTURE

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	30,153	30,153	13,096	13,096	15,768	15,768	1,289	1,289
ONE-TIME APPROPRIATIONS	<1,143>	<1,142>	<816>	<815>	<327>	<327>		
BIENNIAL APPROPRIATIONS	<123>	<125>	<68>	<70>	<55>	<55>		
BASE TRANSFER (BTWN AGENCIES)	<26>	<26>	<26>	<26>				
LEG-DIRECTED ADJUSTMENTS	<88>	<88>	<88>	<88>				
SALARY ANNUALIZATION	115	84	115	84				
DOCUMENTED RENT/LEASE INCR.	65	99	65	99				
LCMR FUNDED PROJECTS	<58>	<58>			<58>	<58>		
DEDICATED RECEIPTS AND FUNDS	<138>	296			<138>	296		
FEDERAL RECEIPTS	<128>	<128>					<128>	<128>
BASE TECHNICAL ADJUSTMENTS	<16>	<16>	<16>	<16>				
TOTAL	28,613	29,049	12,262	12,264	15,190	15,624	1,161	1,161
BIENNIAL TOTAL		57,662		24,526		30,814		2,322

F.Y. 1991 Budget Reductions (Information Only)

The following F.Y. 1991 reductions were implemented in Laws 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 or F.Y. 1992-93 BASE Levels within the budget documents.

	General Fund
Protection Service	\$
Plant Industry	120,000
Family Farm Services	
Family Farm Services	169,000
Admin-Support and Grants	
Accounting, Licensing and Grants	66,000
	\$ 355,000

**ACTIVE  
PROGR.**

1992-93 Biennial Budget

AGENCY: Agriculture, Department of

DECISION ITEM: Financing Inflationary Costs - Informational

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>Expenditures</b>				
General Fund - Salary Inflation				
Protection Service	\$ 192	\$ 375	\$ 375	\$ 375
Protection & Marketing	52	78	78	78
Family Farm Services Program	-0-	8	8	8
Admin.-Support & Grants Program	418	603	603	603
<b>TOTAL</b>	<b>\$ 662</b>	<b>\$ 1,064</b>	<b>\$ 1,064</b>	<b>\$ 1,064</b>
Reallocation	\$ (662)	\$ (1,064)	\$ (1,064)	\$ (1,064)
<b>AGENCY TOTAL</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

Requires statutory change: \_\_\_\_ Yes  X  No

Statutes Affected: None

**ITEM SUMMARY:**

Inflation is assumed to be 4.5% in F.Y. 1992 and another 4.5% for F.Y. 1993. No inflation is projected for F.Y. 1994 and F.Y. 1995 in this request above the F.Y. 1993 level.

**RATIONALE:**

Because of the unknown inflation and the changing agricultural situation, the agency will manage salaries by holding positions vacant. This allows for a constant review of the need for positions, and also enables the agency to adjust position levels to meet the changing needs of our agricultural industries and to meet specific regulatory problem areas.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan to manage inflationary increases by holding positions vacant.

**ACTIVITY:**  
**PROGRAM:** Agency-Wide Decision  
**AGENCY:** Agriculture, Department of

1992-93 Biennial Budget

**RATIONALE:**

The LCMR has recommended these projects for funding for the 1992-1993 biennium.

**DECISION ITEM:** LCMR

**GOVERNOR'S RECOMMENDATION:**

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund and the Environmental Trust Fund, the Governor makes no specific recommendations.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
Minnesota Resources Fund				
Act: Agronomy Services	\$ 430	\$ 0	\$ 0	\$ 0
Prog: Protection Service	\$ 430	\$ 0	\$ 0	\$ 0
Act: Program Mgmt. Support	\$ 300	\$ 0	\$ 0	\$ 0
Prog: Admin. - Support & Grants	\$ 300	\$ 0	\$ 0	\$ 0
Environmental Trust Fund				
Act: Plant Industry	\$ 650	\$ 0	\$ 0	\$ 0
Prog: Protection Service	\$ 650	\$ 0	\$ 0	\$ 0
Agency Total (All Funds)	\$ 1,380	\$ 0	\$ 0	\$ 0

**Requires statutory change:** \_\_\_\_ Yes   X   No  
**Statutes Affected:**

**ITEM SUMMARY:**

**Activity:** Agronomy Services

1. Review levels of Pesticides at spill sites. This project of \$300,000 for the biennium will research alternatives to the current costly land spreading of contaminated material from agricultural chemical spill sites. The project will place special emphasis on examining bioremediation alternatives.
2. Native Grass and Wildflower Seed. This project of \$130,000 for the biennium will consist of the collection, analysis and information publication on the varieties, cultural techniques and marketing feasibility of native grass and wildflower seed species. This project is a joint effort among the department, the University of Minnesota, DNR and several private organizations.

**Activity:** Program and Management Support

1. Effective Nitrogen and Water Management for Sensitive Areas. This project of \$300,000 for the biennium is a joint effort with the University of Minnesota, with much of the funding passed through for basic research. The project will also include on-farm demonstrations of farm management practices designed for optimal use of nitrogen from legumes and manure.

**Activity:** Plant Industry

1. Biological Control of Pests. This project of \$650,000 for the biennium will continue a joint effort with the University of Minnesota which is directed at the analysis and development of biological controls of pests that have economic effects on Minnesota agriculture.

#### PROGRAM PURPOSE:

The mission of this program is to develop, administer and coordinate regulatory and service programs which support and protect producers, processors, distributors and consumers of agricultural products in Minnesota. The activities result in a coordinated and comprehensive service and regulatory network that allows producers, processors and consumers alike to produce, process, market or purchase agricultural products of all types within a system which has predictable standards and information.

The network covers the entire agricultural sector, extending from the input supply sector through on-farm production to point of first purchase and processing and retailing to final consumer consumption.

The department operates in this system as the lead state agency, developing and administering programs while providing leadership and coordination to state-federal-local activities through memorandums of agreement, interagency contracts, joint planning groups and other mechanisms of cooperation and communication.

The major mission related objectives are to:

- Provide the regulatory and technical services necessary to inspect and/or certify bulk, processed or other value-added food and non-food agricultural products for orderly movement into intra-state, interstate and international markets.
- Enforce labeling and dating laws through inspections and product sampling in order to assure public health protection, economic fairness and true choice, and protection against unfair economic practices.
- Protect the safety and wholesomeness of the food supply by inspecting processing, storage and retail establishments, and enforcing state and/or federal laws and standards for labeling, storage, handling and retail selling.
- Maintain and improve the regulatory system for the production, transportation, storage, handling, use and disposal of agricultural chemicals through registration, sampling, inspection and educational activities.
- Protect Minnesota's environment from the introduction of exotic plant and animal pests through the importation of agricultural and food products by administering pest inspection, interception and eradication programs.
- Provide economic protection to farmers and consumers by assuring them of the type, quality and standard of food and food products, seeds, chemicals and feed or feed additives being purchased.
- Maintain cooperative agreements with federal, state and local agencies, such as USDA, FDA and the U.S. Department of Commerce, county and city health agencies, etc.
- Develop and promote preventative and remedial programs, such as voluntary best management practices for nitrogen and pesticide use; safe disposal of waste pesticides; recycling of waste pesticide containers, etc.

#### PERFORMANCE:

International and domestic trade is essential to the continued economic well-being of Minnesota agriculture. Minnesota agricultural products move into foreign markets primarily as unprocessed bulk commodities (grain/cattle), and into domestic markets as processed products (cheese/fluid milk/etc.). In 1988, Minnesota's foreign agricultural exports, including both processed and raw food products, were valued at \$1.8 billion. However, an even greater dollar value of processed products were "exported" into domestic markets. The continuing, unimpeded movement of these goods is evidence that regulatory programs are working, providing the necessary services of testing, registrations, certifications, etc., required before the goods or products can be shipped.

There were several food safety emergencies during the biennium. The outbreak included food poisonings (*Salmonella javiana*; *Escherichia coli*); product recalls (*Listeria monocytogenes*); contaminant discoveries (i.e. aflatoxin in corn); and embargoes due to adulterants. The quick containment and successful resolution of these food outbreaks demonstrated the capability of the department's food inspection, dairy and laboratory activities. It also demonstrated the ability of the intergovernmental regulatory network to work together to resolve problems.

The department continued to seek state/local agreements to strengthen food inspection activities. Currently, the department has agreements with 21 county health agencies covering 32 counties which outline MDA/county inspection responsibilities and cooperative regulatory responsibilities, and eliminates duplicate inspections and licensing. There also are agreements with 26 city and county health agencies for the local inspection of food vending machines.

In Minnesota, concern over food safety led to the formation of an Attorney General's Task Force on the subject. The final report, containing 90 separate recommendations, resulted in the passage of Laws of Minnesota 1990, Chapter 511 (M.S. 28A.20), which created a standing Governor's Food Safety Advisory Committee. The purpose of the committee is to provide advice to the Commissioner of Agriculture and the Minnesota Legislature on food issues and food safety. The committee, among other charges, is expected to make recommendations to Congress, the legislature and others about appropriate action to improve food safety in the state.

Groundwater monitoring activities conducted during the past 2 bienniums raised public awareness about the potential contamination of ground water that can occur from the use of pesticides. During the past biennium, the department implemented a statewide monitoring system to provide accurate and representative data. The Water Quality Monitoring Program for Agricultural Chemicals was increased to determine the detection of pesticides and nitrates, and develop trend analysis for evaluation of their chemical impacts. All geographic areas of the state, including urban areas, are now included. The number of monitoring wells has more than doubled.

The department has implemented several programs for protecting groundwater and environmental resources from agricultural chemicals, as directed by the Comprehensive Groundwater Protection Act of 1989. These include:

- A new pesticide registration system was established to fund a wide range of regulatory and non-regulatory activities.
- A new program was implemented to require and oversee investigation and clean-up of agricultural chemical incidents and establish emergency response capabilities to handle spills and other emergencies. Over 100 sites are listed and the department is monitoring the work of responsible parties for incidents where investigations and clean-ups are being voluntarily performed.
- The Agricultural Chemical Response and Reimbursement Account was created to reimburse persons for clean-up of agricultural chemical incidents. The governing board, authorized by law, has been established and has begun to function.
- Several pilot waste pesticide collection and pesticide container disposal and collection programs have been implemented, including the "Rinse and Win" waste pesticide collection and pesticide container recycling projects. Several events have been held to safely gather and dispose of unused and unwanted pesticide products, and collect empty containers for re-use and recycling. Demonstrations were held on how to properly prepare containers for disposal. After the pilot phase, a refined systematic statewide collection program will be instituted to assist counties with these disposal problems.

Gypsy moth, an exotic defoliator, has damaged millions of acres in eastern forests. In Minnesota, the department's plant pest survey has been successful in identifying infestation so that they could be eradicated before populations could become established.

**PROGRAM:** Protection Service  
(Continuation)  
**Agency:** Agriculture, Department of

**1992-93 Biennial Budget**

**PROSPECTS:**

The state's agricultural industries must continue to meet health, safety and environmental protection requirements imposed by state, federal or local laws or regulations for the production and marketing of bulk and processed commodities. If the agricultural sector is to grow and prosper, the state must develop and maintain a strong regulatory system. Moreover, the state system must function within the context of a broad range of federal, state and local agencies which have complimentary and supportive missions.

The department expects continued food safety emergencies throughout the 1990's. Moreover, rising consumer concerns will likely lead to demands for greater surveillance. The department also expects increased demands from processors, retailers and consumers for more food safety work. A statewide survey, conducted by the Minnesota Center for Survey Research during the fall of 1989, found that 92% of all respondents were somewhat to very confident of the safety of food they purchased. However, a clear majority were also very concerned about potential health threats from pesticides, food additives, unclean conditions and tampering.

The department expects heightened activity in agricultural chemical regulation as well as education on the management and use of such products. In the near term, the department expects to develop and implement statewide pesticide and fertilizer management plans, taking into account non-point source programs being developed by the MPCA and the federal EPA. These plans will include the development and promotion of best management practices (BMP's) for pesticides and fertilizers. The plans will include stronger and more effective information and education activities for the users of pesticides and fertilizers.

The department expects a significantly increased volume of agricultural chemical incident response sites and activities as this program is more widely known and better understood.

Urban pesticide and fertilizer use (lawns/nurseries, etc.) will lead to increased information, education and regulatory activities regarding the use and application of pesticides and fertilizers. Consumer awareness and interest in their use is growing as the public is becoming more aware of the potential hazards misuse or overuse can create.

Pesticides and fertilizer fees and surcharges must be maintained to assure adequate funding to support the wide ranging programs for education, information, remedial clean-up or disposal, and regulation of the use of agricultural chemicals and related management practices, as mandated by the Groundwater Protection Act.

The program must continue to develop or enhance preventative programs in several areas. The systematic monitoring of animal feed ingredients for adulteration and harmful contaminants affecting the human food supply should be expanded.

The department must develop a more effective noxious weed control law and provide increased technical training and support for local governments responsible for carrying out these regulations. The effective and timely containment of noxious weeds will be a strong preventative program, leading to less need to control such pests.

The internationalization of agriculture will result in greater volume and freer movement of goods. This trend will impact the activities in this program by demanding greater surveillance to prevent the accidental introduction of imported foods having residues of pesticides banned in the USA or introductions of exotic plant, animal or insect pests. There will be an enhanced demand for inspections and certifications to meet foreign import criteria or standards as nations try to protect their agriculture from the accidental introduction of pests from exporting countries.

Public confidence relating to the safety of the food supply has been eroded due to recent concerns about the microbiological and chemical safety of food. The public's attention has been focused on these issues due to problems relating to alar in apple products, aldicarb in potatoes, the Chilean fruit cyanide tampering, questions regarding pesticides in imported fruits and vegetables, outbreaks of Salmonella javiana and hemorrhagic Escherichia coli in Minnesota, Salmonella enteritidis in egg products, and listeria monocytogenes in meat, smoked fish and dairy products. The concern over these incidents will probably result in stricter food labeling; calls for more inspections of imported food products; demands for greater sampling/inspection of the food supply; and tighter inspections and regulations of food additives. Increasing consumer concerns has and will continue to lead to requests for more services from clientele, such as custom processors and fish processors.

The increasing numbers and diversification of retail food establishments will continue, including the expansion of retail food handlers into processing and the spread and proliferation of convenience oriented retail food handler firms. These trends will result in greater inspection costs and more difficulty in monitoring individual units.

The introduction of exotic pests is expected to continue. If these pests are allowed to spread, environmental degradation, such as the loss of shade trees and/or economic losses through destruction of habitat will rise. Recent examples of such destruction includes: oak wilt; gypsy moth; Dutch elm disease; and purple loosestrife. A growing problem is monitoring incoming goods through air travel.

The restructuring of the industry is expected to continue. Mergers and consolidations, technological development, etc., will all continue to put pressure on departmental programs to alter inspection methods and enhance personal skills. The decline in the number of units (through consolidation) will affect those programs which are directly fee supported. The continuing decline in dairy farms is one example of this trend.

The department must develop procedures for providing technical support to local water plans as local boards and counties begin to implement activities designed to protect water resources. Cooperative programs may include agreements for local authorities to assist with enforcement of state laws. The thrust and pressure of local government involvement could be very strong to change certain state programs, and increase the overall effectiveness of education and regulation. A thoughtful and cautious approach to this movement must be developed to avoid confusion and duplication of the work involved.

The factors will not change substantially in the near future. However, they will grow in complexity and the pace of change will increase in areas such as international trade, technological innovation, reorganization of various industries and consumer demands for safe and wholesome food and food products.

**ALTERNATIVES CONSIDERED:**

The department considered 3 alternatives in developing the budget plan. The first alternative was to continue the status quo, with no changes to the base. This strategy was not considered appropriate since there are increasing needs in selected activity areas. The continuation of the status quo would ignore critical client needs in food safety, nursery inspection and dairy inspection.

The second alternative considered was a review of current activities, with reallocations within the base directed at emerging needs. This alternative also was considered inappropriate. The current mix of activities is based upon 8 to 10 years of evaluation, review and restructuring. Obsolete or lower priority programs were deleted from the budget during the reductions of the early and mid-eighties. Moreover, this program area is mostly fee supported. The department does not feel it could reallocate without violating state law or severely affecting a significant client group.

The third alternative is the one the department is pursuing. This alternative consists of maintaining the current mix of activities and programs, while pursuing expanded resources in selected fee activity areas. This alternative allows the department to continue to provide a base of services to its diverse

clientele, while expanding in areas where clientele or the public welfare is demanding new or enhanced services. Since all proposed program expansion is in fee supported areas and will be based upon fees, the proposals are revenue neutral.

#### BUDGET ISSUES:

The program is heavily dependent upon fees from users or those regulated. There is a continuing concern, however, that the industry is being asked to fund programs that have a beneficial society-wide impact while the costs are born by a shrinking sector. The continuing decline in numbers of clients in some areas as well as the impact of federal farm policy changes severely affect parts of the industry. There is a continuing concern as to the appropriate mix of general fund and fee supports for programs, particularly in the dairy area.

Reductions in USDA support are occurring in the custom meat inspection area. The department anticipates a 31% reduction, leaving this inspection area understaffed.

There have been several enactments of statutory responsibilities without corresponding appropriations or increases in resources. These include:

- Urban forestry promotion. Laws of Minnesota 1990, Chapter 445, requires the commissioner of agriculture to institute a continuing program of research for energy efficient tree varieties and plantings to maximize energy savings and work with suppliers to ensure adequate supplies of trees; establish an information system to match nursery stocks with municipal needs and actively disseminate this information; and expand forestry education and Arbor Day activities.

Adequate implementation of Chapter 445 would require 1 full time position in the department with support monies at \$62.5 per year or \$125 for the biennium.

- Oak Wilt. This disease is now the most serious shade tree disease in Minnesota, threatening 234 million oak trees. The problems are most acute in expanding areas outside large urban areas. An investment of funds on preventative oak wilt management and control procedures would arrest the spread, reduce losses in property values, and avoid tax increases to pay for removal.
- Purple Loosestrife is most prevalent in the eastern part of the USA. The plant causes considerable environment damage by crowding out native plants. However, it has come to Minnesota and is now designated a noxious weed species under the regulatory control of the department.

A 1987 survey, conducted by county agricultural inspectors and other observers, led to the conclusion that 20,000 to 40,000 areas are infested in Minnesota. While the majority of the infestation has occurred on public waters and is the responsibility of the DNR to eradicate, a significant amount of infestation is occurring on private lands with the landowner responsible for eradication. Since the private land usually infested produces little of value in strictly economic terms, resources to deal with the problem on private lands are needed. Eradication efforts put a burden on the landowner.

During the past few years, emergency recalls and food safety reactions depleted the Food Inspection Division's budget through unanticipated travel, overtime and sampling for laboratory examinations. Emergency food safety funds are needed in times of emergencies in order that routine food inspection activities continue at adequate levels.

#### PLAN:

The department has chosen not to propose reallocations at this time. The current structure of the

Protection Service Program, at this point in time, is the result of several key personnel and budget initiatives that were enacted during the past 10 years. These initiatives include several administrative consolidations as well as a general movement toward user supported services. Because of these administrative changes and the dominance of dedicated accounts, the department will not propose reallocations at this time.

Four to 6 year projections show a general need to increase fees in most fee activity areas, since it is anticipated that client demands for services will not decrease. More specifically, fees must be raised immediately to achieve cost recovery in several areas as well as to respond to critical program needs. Therefore, the department is seeking additional revenue by proposing fee increases in 6 areas. The increases are necessary to meet the provisions of M.S. 16A.128 as well as expand selected activities to meet new and emerging client needs. The initiatives are outlined below.

#### Budgetary Legislative Initiatives:

The department will pursue several legislative initiatives that will affect fees and fee revenue. In all but one instance, the fees would be increased to provide services that are necessary to meet client needs. The initiatives are:

1. Plant Pest Act. F.Y. 1992 \$20 F.Y. 1993 \$20  
The department will propose a general rewrite of the Plant Pest Act (M.S. 18.46-18.60), as well as changes in the fee structure so as to achieve full cost recovery. In addition to full cost recovery, increases in fees are being sought so as to generate an additional \$20,000 each fiscal year to expand the program according to client requests. No increase in staff is anticipated.
2. Food Inspection/Food Safety. F.Y. 1992 \$448 F.Y. 1993 \$448  
The department will propose language to increase the consolidated food licensing fees (Chapter 28A.08) in order to achieve full cost recovery. In addition to full cost recovery, increases in fees are being proposed so as to generate \$448,000 each fiscal year to implement new initiatives in food safety. These include conducting special food surveys to determine the chemical and microbiological safety of the food supply, as well as the level of toxic chemical residues on or in our food products; and implementing other activities to ensure public confidence in the safety of the food supply.
3. Dairy Inspection. F.Y. 1992 \$330 F.Y. 1993 \$330  
The dairy inspection fees (M.S. 32.394) would be altered and increased under another initiative. The increases are necessary to maintain adequate services since as the number of farms decline and the cost of services increase the program is caught between escalating costs and decreasing revenues. Since this is a dedicated account, the increases will have no effect upon the general fund.
4. Minnesota Egg Law. F.Y. 1992 \$2 F.Y. 1993 \$2  
The department will pursue amendments to the Minnesota Egg Law (Chapter 29) so as to strengthen food safety provisions regarding salmonella enteritidis control. The department will also seek fee increases in order to expand services. Since this is a dedicated account, the increases will have no effect upon the general fund.
5. East Grand Forks Potato Inspection Facility. F.Y. 1992 \$60 F.Y. 1993 \$60  
The department is seeking the inclusion of this item in the capital budget in order to replace the existing potato inspection building located at East Grand Forks. The new facility would have both potato grade inspection and seed potato certification. Fees will be raised to cover debt service. Since this is a dedicated account the increases will have no effect upon the general fund.
6. LCMR Funding. F.Y. 1992 \$540 F.Y. 1993 \$540  
The department is seeking funding to continue a joint effort with the University of Minnesota regarding the biological control of pests that have economic effects on Minnesota agriculture. The LCMR has allocated \$650,000 from the Environmental Trust Fund for this effort during the



PROGRAM: Protection Service  
(Continuation)  
Agency: Agriculture, Department of

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

biennium.

The department and the University of Minnesota will initiate 2 new projects with LCMR funding during the biennium. A total of \$300,000 will be used to carry research regarding alternatives to current, costly land spreading of contaminated material from agricultural chemical sites. Special emphasis will be given to looking at bio-remediation of material. The second project will involve collecting, analyzing and publishing information on the varieties, cultural techniques and marketing feasibility of native grass and wildflower seed species. The project is a joint effort among the department, University of Minnesota, DNR and several private organizations.

- |                        |           |      |           |      |
|------------------------|-----------|------|-----------|------|
| 7. <u>Canning Law.</u> | F.Y. 1992 | \$25 | F.Y. 1993 | \$25 |
|------------------------|-----------|------|-----------|------|
- The department will pursue amendments and fee increases in the canning statute (M.S. 31.39) in order to continue same level of inspection work. Currently, the present level of expenditures is below the fund balance. Since this is a dedicated account, the increases will not have an effect upon the general fund.

Non-Budgetary Legislative Initiatives:

The department will submit the following legislative initiatives for consideration during the 1991 legislative session:

1. Noxious Weed Law. This law would be reorganized, clarified and simplified to provide greater ease in using and understanding the provisions. While some substantive changes will be added regarding hearings and appeals procedures, the fiscal impact of the bill will not change from that of current law.
2. Dairy Unfair Trade. The department will pursue changes in the dairy industry Unfair Trade Practices Act (M.S., Chapter 32A). Revisions are necessary to clear up ambiguities as well as to strengthen regulatory processions.
3. Governor's Task Force on Food Safety. This Task Force will have specific recommendations for legislative action. However, these will be formulated after the biennial budget is submitted.
4. Minnesota Agricultural Response and Reimbursement Account. The department will pursue a change in the language of this law so as to allow a minimum 30 day application period for requests for reimbursements or payments to the ACRRRA Board.
5. Conservation of Wildflowers. This statute was originally enacted in 1925 and requires modernization. Additional wildflowers have become endangered and require protection, or they will be lost as a public resource. The proposed amendments would strengthen protection for wildflowers by prohibiting private landowners from selling protected state wildflowers. Currently, such persons are not included in the provisions that prohibit the commercial sales of wildflowers.
6. Livestock Market Agency and Dealer Licensing. Changes will be proposed to M.S. 17A so as to clarify the definition of "livestock dealer" and impose civil penalties for violations of the act. The amendments would allow for increased efficiency and better enforcement of the act, principally by not having to go through the costly and time consuming process of criminal enforcement.
7. Shade Tree Program. The department will pursue changes to M.S. 18.023 and 18.024 to allow the Commissioner to establish experimental programs to research tree varieties most suitable for municipal reforestation, and to require a biennial report to the legislature instead of annual reports on shade tree programs.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE  
PROGRAM: PROTECTION SERVICE

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
AGRONOMY SERVICES	3,139	3,913	6,223	6,061	6,491	6,491	6,227	6,227	6,227
PLANT INDUSTRY	2,617	3,576	3,189	2,599	3,269	3,269	2,618	2,638	2,638
GRAIN INSPECTION	5,169	5,411	5,205	5,356	5,356	5,356	5,515	5,515	5,515
FOOD INSPECTION	1,592	1,784	1,858	1,895	2,343	2,343	1,897	2,345	2,345
DAIRY & LIVESTOCK	2,053	2,209	2,001	2,237	2,237	2,237	2,295	2,295	2,295
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	14,570	16,893	18,476	18,148	19,696	19,696	18,552	19,020	19,020
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	14,522	16,158	18,053	18,033	19,581	19,581	18,437	18,905	18,905
LOCAL ASSISTANCE	48	732	143	115	115	115	115	115	115
AID TO INDIVIDUALS		3	280						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	14,570	16,893	18,476	18,148	19,696	19,696	18,552	19,020	19,020
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					650	650			
GENERAL	4,210	5,324	5,014	4,666	5,134	5,134	4,656	5,124	5,124
MN RESOURCES	308	280	310		430	430			
ENVIRONMENTAL			185	130	130	130	130	130	130
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9,361	10,558	11,828	12,430	12,430	12,430	12,844	12,844	12,844
FEDERAL	645	721	1,050	922	922	922	922	922	922
ENVIRONMENTAL			75						
AGENCY	40								
GIFTS AND DEPOSITS	6	10	14						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	14,570	16,893	18,476	18,148	19,696	19,696	18,552	19,020	19,020



**ACTIVITY:** Program-Wide Decision  
**PROGRAM:** Protection Service  
**AGENCY:** Agriculture, Department of

**1992-93 Biennial Budget**

**DECISION ITEM:** Fee Increases

Dollars in Thousands				
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
General Fund				
Plant Industry	\$ 20	\$ 20	\$ 20	\$ 20
Food Inspection	448	448	448	448
Program Total	\$ 468	\$ 468	\$ 468	\$ 468
<b>Revenues</b>				
General Fund				
Plant Industry	\$ 74	\$ 74	\$ 74	\$ 74
Food Inspection	719	719	719	719
Program Total General Fund	793	793	793	793
Special Revenue Fund				
Dairy Inspection	330	330	330	330
Program Total Special Revenue Fund	\$ 330	\$ 330	\$ 330	\$ 330
Program Total All Funds	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
General Fund				
Plant Industry	\$ 20	\$ 20	\$ 20	\$ 20
Food Inspection	448	448	448	448
Program Total	\$ 468	\$ 468	\$ 468	\$ 468
<b>Revenues</b>				
General Fund				
Plant Industry	\$ 74	\$ 74	\$ 74	\$ 74
Food Inspection	719	719	719	719
Program Total General Fund	793	793	793	793
Special Revenue Fund				
Dairy Inspection	330	330	330	330
Program Total Special Revenue Fund	\$ 330	\$ 330	\$ 330	\$ 330
Program Total All Funds	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123

Requires statutory change:  X  Yes   No

Statutes Affected: M.S. 18.51(2), M.S. 18.52 - Plant Pest Act Revision; M.S. 28A.08 - Food Licenses; M.S. 32.394 - Dairy Inspection

**ITEM SUMMARY:**

The department will propose changes in the fee structure for both the Nursery Inspection and the Consolidated Food Licensing fees in order to achieve full cost recovery for those programs. Dairy inspection fees are also proposed to be increased so as to maintain adequate services. To explain the figures listed above, the expenditures for the Dairy Inspection Activity are already included in the budget base, and consequently, do not show up in the figures above.

**RATIONALE:**

As indicated, each of these fee increases will either achieve full cost recovery, maintain an adequate level of service, or address a food safety issue. For the dairy fees, failure to pass the fees would lead to extensive layoffs of dairy inspectors, which in turn could result in Minnesota dairy farmers loss of their dairy grade ratings and ability to sell their products in interstate commerce.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan for fee increases and related expenditures.

**PROGRAM:** Promotion and Marketing  
**Agency:** Agriculture, Department of

1992-93 Biennial Budget

#### **PROGRAM PURPOSE:**

The mission of this program is to improve, expand, or develop markets or uses for the products of Minnesota agriculture. To accomplish this, trade and promotion activities are conducted on local, regional and national levels. The department works with the Minnesota Department of Trade and Economic Development on foreign export or trade matters. The primary goal of the program is to increase sales of Minnesota agricultural products.

The program fulfills its mission by administering a range of activities that include Minnesota Grown promotions; food shows; promotional campaigns; and agricultural development initiatives such as expanding ethanol use and aquacultural production.

The major mission related objectives are to:

- Investigate marketing conditions, develop new domestic markets and provide market development and information services to farmers, small to mid-sized firms and consumers in general.
- Assist producers, processors and other small to mid-sized organizations in finding domestic markets both within and outside of Minnesota.
- Encourage Minnesotans to buy more Minnesota-grown products by promoting direct marketing and making consumers aware of the type, location and access to such products.
- Provide consumers with direct access to Minnesota grown produce and products by assisting with the development of Farmers Markets.
- Work to expand existing industries by encouraging more Minnesota based value added processing of Minnesota-grown products.
- Seek new markets and uses for Minnesota commodities by encouraging the development of industrial and commercial uses (i.e., ethanol, plastics, etc.) for commodities grown in Minnesota.
- Work for greater diversification of Minnesota agriculture by encouraging the introduction and/or production of new crop, livestock and aquacultural products for which there is an identifiable market.
- Develop with state and federal agencies regulations and procedures governing Minnesota's aquacultural industry.
- Assist firms in developing and promoting their products and services.

#### **PERFORMANCE:**

The Minnesota Grown program enjoyed continued success during the biennium. Over 250 producers and processors are now licensed to use the Minnesota Grown logo to promote products. Over 100 new licensees have been added in 1990. Through use of the Minnesota Grown logo on packaging, producers and processors make well over 20 million consumer impressions throughout the United States each year.

Consumer research conducted in the fall of 1989 by the University of Minnesota Center for Survey Research showed that 73% of Minnesotans have seen or heard advertising for Minnesota Grown products.

The program originated and coordinated a project called the Minnesota Meal which generated the contribution of over 84,000 meals to the Minnesota Food Bank Network. All of the advertising and contributions were paid for by processors of Minnesota-grown products.

The department has actively encouraged the value-added processing of grain into ethanol. As a result of ethanol promotion activities, the number of retail outlets selling ethanol-blended fuel increased from 300 to over 500 stations. A directory of these stations is published and updated by the program, with a distribution of 25,000 copies for each printing.

The department has successfully encouraged public and private entities to use and promote ethanol. Three major ethanol marketers (Cenex, SuperAmerica and Holiday) have designed and placed pump labels promoting ethanol's clean air benefits. Twenty-four county fleets and over 20 private fleets now use ethanol-blended fuel. The University of Minnesota plans to begin a pilot program of 200 vehicles, with probable expansion to its entire fleet of 850 vehicles. Due to efforts to educate the public about ethanol's fuel performance, Brainerd International Raceway (BIR), Cenex/Land O'Lakes and the department cooperated to make ethanol-blended fuel the official fuel of BIR. The Minnesota Corn Research and Promotion Council, Minnesota Corn Processors and Cenex have jointly funded a \$67,000 radio, TV and newspaper advertising campaign. The department coordinated the project.

The department actively assists in the development and promotion of processed food products. The processed foods program includes the Minnesota Food Expo, a 26 year old public-private cooperative promotion project. The program counseled over 100 individuals and small companies during the past year on available Minnesota products, market and industry trends and product and market promotion. Other accomplishments include assisting 10 Minnesota food companies participate in the largest national foodservice tradeshow where they generated over \$1.5 million in sales. The program developed a cooperative project among Midwestern states to make a stronger impact on targeted markets; 9 states now jointly plan and execute targeted marketing efforts. A mail-order catalog of Minnesota food companies was developed and updated in order to offer a new marketing tool for this industry segment. Consumer response has been very enthusiastic, and future plans call for increased printings.

The department has been designated as the lead agency to develop the aquaculture industry in Minnesota. This role requires the department to coordinate with other state agencies (DNR, PCA) the development of rules, regulations and permit processes for aquacultural enterprises. The department conducts production surveys, promotes public awareness of Minnesota aquacultural products and provides technical information and assistance to existing and potential producers.

The department began in the past year an effort to conduct market opportunity research and provide expanded market information services to private businesses, producer associations and state agencies. Research has included market demand/supply estimates for grain and vegetable crops, production/consumption and market price information for aquaculture products and estimates of market potential for new agricultural commodities.

During the summer of 1989, the department administered a program designed to improve the diets of infants, children and pregnant women while stimulating sales of Minnesota grown produce at local farmers' markets. The program gave coupons for free produce to participants in the federal Supplemental Food Program for Women, Infants and Children (WIC) in Beltrami, Winona, Ramsey, Blue Earth, Faribault, Nicollet and Watonwan Counties. The regular WIC program vouchers for foods do not include fresh produce. The coupons were exchanged for fresh fruits and vegetables at farmers' markets located in St. Paul, Minneapolis, Winona, Bemidji, Mankato, St. James and Blue Earth. Eighty-six percent of the WIC households that received coupons reported using them, which meant that over 1,800 new households were introduced to farmers' markets. Coupon customers spent approximately \$175,000 in cash and coupons at participating markets. Over 95 percent of both participating farmers and WIC families expressed the desire that the program continue in the future.

#### **PROSPECTS:**

The well-being of Minnesota agriculture depends heavily upon 6 major commodities - corn, wheat, soybeans, beef, pork and dairy. Of these, the producers of grain depend heavily upon foreign exports. The foreign export of these and other commodities in lesser quantities contributed about \$1.8 billion to Minnesota's economy in 1988. These exports represented over one-fourth of cash farm receipts in 1988. In these export areas opportunities exist for value-added processing so as to increase the economic impact of this industry.

Minnesota producers of livestock and livestock products depend heavily upon domestic trade. A study completed in 1988 estimated that only a small proportion of the production of each of these

products could be consumed by Minnesotans. The remaining production had to be sent to markets elsewhere. In addition, industry experts felt that the major proportion of those products were processed outside the state. The estimates were:

	Minnesota Consumption as an Equivalent % of Minnesota Production	Estimated % of Minnesota Production Exported Out-of State For Processing
Beef	22.1%	70%
Fluid Milk	9.4%	70%
Pork	16.3%	80%
Turkey	8.0%	70%

The heavy dependence upon foreign and domestic markets will continue at present levels if not at increased levels. Marketing strategies will be of critical importance to the continued well-being of Minnesota farmers.

A related opportunity exists in food processing. While the food and kindred products industry has declined slightly, it still represents the second largest segment of Minnesota's manufacturing sector, employing over 45,000 persons while producing about \$9.5 billion annually in value of shipments. Given Minnesota's research and development capability, along with its productive capacity, there is a broad base of support to expand this sector.

There are opportunities for diversifying Minnesota's agricultural base in several ways. Diversification can occur in products (i.e., crops) produced; new markets; or new uses. Among the opportunities, there are 3 that hold immediate or short range opportunities. These lie in a) consumption of fresh fruits and vegetables; b) aquaculture; and c) ethanol.

A major opportunity exists in the fresh fruit and vegetable area. Minnesotans produce only 21% of what is consumed in the state.

A feasibility study completed in 1989 concluded that the development of the aquaculture industry would have the potential to generate \$34 million and 151 new jobs, primarily in rural Minnesota, within 7 years. The aquaculture industry has the potential to have a tremendous impact on the huge trade deficit in fish and shellfish products on the state and national level. The department is charged with assisting the development of this high potential industry in an environmentally sound manner. The document, "Strategies for Aquaculture Development in Minnesota" identified several impediments to development of this industry, and recommended actions to remedy these, including: initiation of a development program in the Department of Agriculture to encourage research to address state needs, demonstration projects, loans or loan guarantees, seed stock at reduced prices, and other services.

The market as well as consumer acceptance of ethanol is growing. Federal and state legislation will stimulate usage even more. The ethanol-blended fuel market share in Minnesota has increased from 8 to 14% of all gasoline sold in the state. The growth in market share, as well as the number of retail outlets selling ethanol-blended fuels is expected to continue. International events could spur even greater demand or use, should events affect the price or availability of oil. Consumer acceptance is expected to remain strong, provided price does not become a factor.

The Blandin Foundation conducted an inquiry into the potential for agricultural value-added processing in Minnesota. The major conclusion drawn, based upon personal interviews, was that there is a strong belief that a substantial unrealized potential exists for value-added processing in

Minnesota, a potential that could have a significant impact upon the state's future economy.

The Minnesota Grown WIC Coupon Program has enjoyed success and popularity during the 3 years of implementation. Moreover, a recently released USDA study concluded that the WIC program sharply reduces later health outlays and also results in improved birth weights. This conclusion was similar to a study conducted 4 years earlier. The evaluations of the Minnesota Grown WIC program conducted by the department have concluded that the program would have both immediate as well as longer lasting nutritional and economic benefits for recipients and growers by altering the buying habits of participants. The administrative and programmatic structures are in place for a more intensive effort. Child care professionals and nutritionists would welcome program expansion in light of the potential to improve dietary habits while mitigating or avoiding nutrition deficient related diseases (and future medical costs).

#### ALTERNATIVES CONSIDERED

The department considered 2 alternatives in regard to this program. One alternative would be the reallocation of general fund resources from other activities to those carried out by this program. This alternative was rejected for several reasons. First of all, the amount of general fund dollars available to the department for reallocation is relatively small, and the majority of these resources are used to carry out activities mandated by law. This activity does not generate revenue nor does it provide direct support to revenue producing activities.

The alternative selected was the status quo. The current program is providing a network of services and activities which meet client needs and fulfill the statutory mandates. While not adequate to capitalize on some key opportunities, the level of resources are adequate to maintain a basic level of service to clients.

The department is pursuing additional funds for selected projects through LCMR and federal grant applications. The Federal State Marketing Improvement Grant Program of USDA does offer a possibility to gain funds for selected projects. However, the amount of money is small and the awards are highly competitive.

#### BUDGET ISSUES:

In M.S. 17.03, the commissioner of agriculture is given broad authority to work in domestic agricultural trade matters (i.e., promoting the national marketing of state agricultural products). However, additional resources are necessary to fully meet client requests and to exploit trade and export opportunities.

The aquaculture program, created by Laws of Minnesota 1988, Chapter 350, offers an opportunity for agricultural development in an untraditional agricultural pursuit. However, the feasibility study mentioned above identified several areas where new or expanded investments of state resources will be required at some future point to fully develop this industry.

M.S. 17.03, subd. 7, directs the commissioner to establish a program of agricultural diversification. He is further directed to provide certain services and report annually on activities and actions which should be taken in these matters. However, additional resources were never provided for this responsibility.

The potential for improving the diets while mitigating certain future medical costs for WIC participants cannot be fully realized at existing levels of funding for the Minnesota Grown WIC Coupon Program. Currently, the program only serves a very limited number of WIC sites at both urban and rural locations.

#### PLAN:

The department will not propose reallocations within this program area. However, efforts will be increased to access federal funds and LCMR funding.

**PROGRAM:** Promotion and Marketing  
(Continuation)  
**Agency:** Agriculture, Department of

**1992-93 Biennial Budget**

1. Native Grass and Wildflower Seed. The program will jointly administer with Agronomy Services and the University of Minnesota an LCMR project directed at facilitating the development of the native seed industry. A market feasibility study will be conducted by the program as part of the effort.
2. Federal-State Marketing Improvement Grants. The program, in conjunction with neighboring states, has applied for a direct marketing demonstration grant to help growers know how to access markets. The states participating are Wisconsin, Iowa, Minnesota and North and South Dakota.

Non-Budgetary Legislative Initiatives:

1. Aquaculture. Specific new language will be proposed to clarify reporting requirements; streamline the aquaculture permitting process; define private ownership of farm raised aquatic animals and waters where aquaculture can be practical; and other matters regarding aquaculture development and the role of the department. The recommendations will come from the Aquaculture Advisory Committee which includes representatives of private industry, regulatory agencies and other entities involved in aquaculture.
2. Agricultural Development Grants. The department will seek an amendment to delete the matching requirements for agricultural development grants of \$5,000 or less. In the case of grants of less than \$5,000, the administrative time and effort to document the match provision often is burdensome.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for the following: biennial reductions of \$200,000 for the elimination of funding for ethanol promotion and \$50,000 for Minnesota grown matching funding.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE  
PROGRAM: PROMOTION & MARKETING

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
MARKET DEVELOPMENT	450	564	547	539	539	539	537	537	537
MINN GROWN	844	581	406	366	366	241	365	365	240
TOTAL EXPENDITURES BY ACTIVITY	1,294	1,145	953	905	905	780	902	902	777
DETAIL BY CATEGORY:									
STATE OPERATIONS	754	849	773	725	725	625	722	722	622
LOCAL ASSISTANCE	483	248	125	125	125	100	125	125	100
AID TO INDIVIDUALS	57	48	55	55	55	55	55	55	55
TOTAL EXPENDITURES BY CATEGORY	1,294	1,145	953	905	905	780	902	902	777
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,035	1,096	927	878	878	753	875	875	750
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		1	1	2	2	2	2	2	2
GIFTS AND DEPOSITS	259	48	25	25	25	25	25	25	25
TOTAL FINANCING	1,294	1,145	953	905	905	780	902	902	777



**ACTIVITY:** Minnesota Grown  
**PROGRAM:** Promotion & Marketing  
**AGENCY:** Agriculture, Department of

**1992-93 Biennial Budget**

**DECISION ITEM:** Program Specific Reductions

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

General Fund	\$	(125)	\$	(125)	\$	(125)	\$	(125)
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**Requires statutory change:** \_\_\_\_\_ Yes      X   No  
**Statutes Affected:**

**ITEM SUMMARY:**

The Governor recommends that the Minnesota Grown matching funding be reduced by \$25,000 a year and that the funding for the ethanol promotion program be eliminated at \$100,000 a year.

**RATIONALE:**

Producers benefitting from the Minnesota Grown program should be expected to pay greater than the 20% of its costs now required if they wish the program to be maintained at its current level.

The ethanol industry in Minnesota receives substantial state assistance through the subsidies paid to ethanol producers in the state. The industry and its suppliers should be expected to cover any costs of its promotion.

The Governor and the department's new administration have developed these reductions as part of the Governor's plan to balance the budget for the F.Y. 1992-93 biennium.

**PROGRAM:** Family Farm Services  
**Agency:** Agriculture, Department of

1992-93 Biennial Budget

#### PROGRAM PURPOSE:

The mission of this program is to administer programs or provide direct services which strengthen and protect the family farm system. The program also administers regulatory programs which control non-farm corporate or alien ownership of farm land.

The major objectives of the program are to:

- Assist with entry of beginning farmers into farming as a vocation by administering a loan guaranty program and provide interest adjustment payments.
- Protect and maintain the family farm system by enforcing laws that control the corporate and alien ownership of Minnesota farm land.
- Provide counseling services to financially struggling farmers through farm crisis assistance activity.

#### PERFORMANCE:

The ownership of farms in Minnesota by families has long been regarded as a societal goal, as well as a major state policy. Overall, more than one-half (53%) of Minnesota farmers own the land they operate. In addition, some 34% are part owners of the farms they operate, while only about 12% rent all their land. Moreover, the vast majority of commercial farms (approximately 90%) fall within the mid-sized range of farms. It is this strong pattern of family farm ownership and management that has always been a major goal of the state.

The pattern of strong family farm ownership is evident by other measures as well. According to the 1987 Census of Agriculture, the types of farm ownership organizational structures in both Minnesota and the nation as a whole were dominated by sole or some type of family proprietorship. However, the incidence of other than family type ownership was 2½ times greater for the entire U.S. than for Minnesota.

The department provides affirmative support and information to financially distressed Minnesota farmers. For the year 1989, the 24 Farm Advocates had 17,801 contacts with farmer clients, lawyers, lenders, consultants, counselors and others who could assist farmer clients. A significant portion of work comprised of assisting farmers with mandatory farm credit mediation. Of the 1,508 mediations reported in Minnesota in 1989, Farm Advocates assisted farmers in 911 or about 60%. Another large portion of the department's work involved assisting farmers with the Farmers Home Administration's (FmHA's) 16 page debt restructuring applications. Some 4,000 FmHA debt restructuring notices, which are precursors to foreclosure, went out to Minnesota farmers in 1988, and applications in response to them were due in January 1989. Another 490 went to Minnesota farmers in August 1989. Many farmers did not receive the financial assistance they expected from the FmHA and ended up in negotiations, mediations and appeals with the agency. More than 41% of Farm Advocate 1989 contacts were made helping farmers work with the FmHA.

Farm Credit Services (FCS), local banks, the Federal Deposit Insurance Corporation, and local agricultural input suppliers were also actively restructuring farm debts which otherwise could not have been repaid in 1989. Helping with these negotiations accounted for almost a third of the Farm Advocates contacts for the year.

Entry into and continuing in farming has and continues to be difficult. Reasonably priced credit for the purchase of farmland by beginning farmers is a major obstacle. Two hundred and forty-seven beginning farmers are currently purchasing a land base through the Farm Security Program. Over 100 others are currently farming with initial assistance from the state.

Minnesota has one of the strongest corporate and alien farm laws in the United States. Only 11 non-resident alien individuals/entities own farmland in Minnesota involving 11,667 acres. The

department received reports from 1,462 corporations/limited partnerships owning farmland in 1989. Seventy-one percent are classified family farms. The amount of land reported held by financial institutions and insurance companies dropped from 478,255 in 1987 to 179,953 in 1989.

The legislature passed The Producer Protection Act during the 1990 session. The law is intended to strengthen the family farm system by assuring that producers receive payment for commodities or labor under contracts they have entered into. The act directs the department to act as an ombudsman, provide mediation services, etc.

The Minnesota Packers and Stockyards Act, also passed during the 1990 session, requires the department to perform certain administrative functions. The purpose of the legislation was to set in place a reporting system so that livestock producers would not be exposed to financial losses caused by questionable trade practices on the part of packers. The Commissioner was given certain enforcement duties to carry out the intent of the law.

#### PROSPECTS:

The trend toward agricultural contracting or use of contract production is increasing and is expected to increase at an accelerated pace. The trend is a reflection of the growing "consumerism" in dictating products, internationalization, greater competitiveness in the processing industry, etc. Moreover, most state statutes affording economic protection and regulation were written at a time when contracting was a minor part of agriculture. Contracting is expected to continue to grow as producers, buyers and processors alike attempt to adapt to a changing and ever increasing competitive marketplace.

The sources of farm credit continue to change. The most significant trend for this program is the increased market share of the credit market by FmHA. This has occurred most markedly in non-real estate lending where the market share was doubled while FCS lending has dropped by 40%. The movement by commercial institutions into and out of agricultural lending, depending upon market conditions, leads to a lack of predictability. The decrease in lending activity by private individuals for real estate purchases is also significant, since this was a major avenue of entry for beginning farmers. However, entry into and continuing in farming has and continues to be difficult. Private sources of capital, which in 1980 accounted for 40% of real estate lending, have declined by one-third to about 28% of such lending.

Preliminary results from the 1990 Farm Financial Report show a deterioration of farm financial conditions between 1988 and 1989. The most significant finding is the increasing proportion of farmers who fell into a vulnerable category, based upon measures of cash flow and indebtedness. While this does not indicate that these farmers are faced with the loss of their farms, it does indicate a vulnerability to major events which could affect their financial stability in agriculture, such as droughts, crop losses, rising interest rates, etc. If changes in federal farm policies, such as decreases in target prices and loan rates, decrease farm income there will be severe effects upon a sizable proportion of Minnesota farmers.

Government payments, which have blunted the cost-price squeeze in recent years, are scheduled to decrease. Because of declining government support prices, agricultural economists are predicting lower farm income in the future. An example of future expectations is FmHA's Minnesota Administrative Notice 553 which instructs FmHA county supervisors to use the following prices in 1992 farms plans: corn \$1.52 per bushel; soybeans \$5.02 per bushel; milk \$10.46 per hundred pounds; and hogs 41¢ per pound. In addition, the Administrative Notice instructs supervisors to increase projected costs for fuel and fertilizer by 15%; for agricultural chemicals by 11%; and for machinery and family living by 16%. The expected decrease in loan rates and target prices will depress farm income at the same time that restructuring agreements made during the financial crisis of the mid-80's, will come up for review and renewal.

The high demand for the support services and information offered by the department is likely to continue into 1991 and beyond. A large number of borrowers with FmHA and FmHA Guaranteed loans are being put on notice. The FmHA appeals process is currently bogged down, with many

**PROGRAM:** Family Farm Services  
(Continuation)  
**Agency:** Agriculture, Department of

**1992-93 Biennial Budget**

**GOVERNOR'S RECOMMENDATIONS:**

The Governor recommends funding as requested except for the following: a biennial increase of \$200,000 for a Farm Support Center, and biennial reductions of \$800,000 for the elimination of the farm advocates program, and \$200,000 for the further reduction in Family Farm interest payment adjustments.

farmers having to wait 3 to 6 months for an appeal hearing. Many Farm Credit Service's debts that were restructured on 3 and 5 year plans are now due to be renegotiated, and Farm Credit loan officers have expressed doubts that the farm operations will cash flow with current 11 and 12% interest rates.

Lower farm income and increased farm expenses will mean tighter farm budgets at a time when many farmers have not yet fully recovered from the cost-price squeeze of the early '80s, the severe drop in land values from 1981 to 1987, and the drought of 1987-89. More farmers will be forced to negotiate with their lenders about debts which cannot be repaid as scheduled. To keep their loans performing and their farms producing, they will need technical support and information.

The flux in financial markets and federal lending programs, as well as opportunities for "safe" investments will lead to greater pressures for alien or corporate ownership of land. Other areas of the United States are experiencing the influx of foreign capital to underwrite production or even purchase agricultural land.

**ALTERNATIVES CONSIDERED:**

There are no feasible alternatives for this program area. The majority of expenditures are dedicated to specific purposes by law, and the mechanism for disbursements are contracts between individuals and the state. The majority of these funds cannot be reallocated within this program even if changes in law were to occur.

**BUDGET ISSUES**

The 1990 legislature passed the Producer Protection Act (Chapter 517). The legislation gave the Commissioner of Agriculture certain authorities in the area of agricultural contracting, and directed him to carry out certain functions. The purpose of the legislation is to provide ways of assuring producers payments for their commodities or labor. An agricultural ombudsman is authorized to implement the act, which would include facilitating the resolution of contract disputes. Other provisions of the act provide for recapture of large capital investments, parent company responsibility for contracts, an implied promise of good faith in all agricultural contracts and a provision for a first priority lien for agricultural commodity producers. No resources were provided to implement the legislation.

The 1989 legislature provided \$100,000 for F.Y. 1990 farm crisis assistance regarding mediation. No funds were provided for F.Y. 1991. It is questionable whether or not current levels of funding will be sufficient to meet needs, given the emerging rounds of restructured loans coming due, the expected FmHA action on loan notices, etc.

**PLAN:**

The department will propose the following reallocation.

- |   |         |         |         |         |
|---|---------|---------|---------|---------|
| 1. <u>Family Farm Services Interest</u>   | F.Y. 92 | (100.0) | F.Y. 93 | (100.0) |
| The department is reducing interest adjustments to provide funding for the Farm Advocate program. |         |         |         |         |
| 2. <u>Farm Advocates</u>  | F.Y. 92 | 100.0   | F.Y. 93 | 100.0   |

The department has increased the Farm Advocate funding to be at the fiscal year 1991 level of expenditure.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE  
PROGRAM: FAMILY FARM SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
FAMILY FARM SERVICES	4,072	2,324	2,694	2,118	2,118	1,718	2,118	2,118	1,718
TOTAL EXPENDITURES BY ACTIVITY	4,072	2,324	2,694	2,118	2,118	1,718	2,118	2,118	1,718
DETAIL BY CATEGORY:									
STATE OPERATIONS	3,997	2,187	2,559	2,083	2,083	1,683	2,083	2,083	1,683
LOCAL ASSISTANCE		100	100						
AID TO INDIVIDUALS	75	37	35	35	35	35	35	35	35
TOTAL EXPENDITURES BY CATEGORY	4,072	2,324	2,694	2,118	2,118	1,718	2,118	2,118	1,718
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,098	1,501	1,554	1,368	1,368	968	1,368	1,368	968
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,974	823	1,140	750	750	750	750	750	750
TOTAL FINANCING	4,072	2,324	2,694	2,118	2,118	1,718	2,118	2,118	1,718

ACTIVITY: Family Farm Services  
PROGRAM: Family Farm Services  
AGENCY: Agriculture, Department of

1992-93 Biennial Budget

DECISION ITEM: Farmer Support Center

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

General Fund	\$ 100	\$ 100	\$ 100	\$ 100
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**Revenues**

General Fund	\$	\$	\$	\$
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Requires statutory change: \_\_\_\_\_ Yes      X   No

Statutes Affected:

**ITEM SUMMARY:**

The Governor recommends that funding of \$100,000 a year be provided for a Farmer Support Center within the department. This Center will be the one-stop service for all operating family farmers or potential farmers seeking information on resources available to them and their families. Resource areas the Center will first concentrate on are those related to financial and business management, agricultural law and family support. A central theme of the Center will be to assist farms avoid problems, as compared to most activities that are aimed at assisting farmers once they are in some financial or family difficulty.

One of the primary activities will be to maintain a major, broad-scoped data base of services and informational resources available to farmers. There will be the establishment of a widely publicized 800 number "hot line" for farmers in search of information or assistance. "How-to" publications and resource and training programs will be held for farmers and those who work with or are associated with farmers and their families.

There will be some work with individual farmers to resolve particular financial and financially related problems. However, primary efforts will be directed to being a producer and disseminator of information available to all family farmers and their families.

**RATIONALE:**

The financial situation of Minnesota farmers generally has improved since the height of the farm financial crisis of the mid-eighties. However, there currently are geographic areas and sectors of the agricultural economy (such as dairy) where tight fiscal conditions remain. Moreover, other sectors of the farm community can be greatly affected by decreases in exports, etc.

The implementation of a Farmer Support Center will provide the flexibility to meet current needs while providing for future needs - as and where they arise.

**ACTIVITY:** Family Farm Services  
**PROGRAM:** Family Farm Services  
**AGENCY:** Agriculture, Department of

**1992-93 Biennial Budget**

**DECISION ITEM:** Program Specific Reductions

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

General Fund	\$	(500)	\$	(500)	\$	(500)	\$	(500)
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**Requires statutory change:** \_\_\_\_\_ Yes      X   No

**Statutes Affected:**

**ITEM SUMMARY:**

The Governor recommends that the funding for the Farm Advocates be eliminated at \$400,000 a year and that the interest payment adjustments under the Family Farm Security program be further reduced by \$100,000 a year. These reductions are to the agency's plan, which includes moving \$100,000 from the Family Farm Security program to the Farm Advocates.

**RATIONALE:**

The Farm Advocates program was initiated as a response to the farm crisis in the 1980s. It was not intended to be a permanent program. The financial situation of Minnesota farmers has improved significantly since the height of the crisis. State support for that program should be eliminated; however, the Governor also recommends funding for a Farm Support Center in the department to provide information on resources available to them and their families. That recommendation is found on the previous page of this budget document.

The Family Farm Security program includes the payment of a 4% interest adjustment on loans guaranteed under the program. Through tighter program management and more restrictive use of the ten-year renewal option on those payments, additional savings of \$100,000 are anticipated.

The Governor and the department's new administration have developed these reductions as part of the Governor's plan to balance the budget for the F.Y. 1992-93 biennium.

**PROGRAM PURPOSE:**

The purpose of this program is to carry out policy functions of the department while providing for the overall management and supervision of the department so that statutory obligations are met within budgetary limitations. Other goals include providing agriculture and the department with multiple services and making various payments and reimbursements which support Minnesota agriculture.

The program increases the efficiency and effectiveness of the department by consolidating and providing centralized administration, planning, personnel, office management, laboratory, data and information processing and accounting support services to all departmental activities.

The major mission related objectives are to:

- Develop and suggest to the Governor and the legislature state policies and initiatives needed to assure the growth and development of agriculture in Minnesota.
- Develop and present the department's legislative initiatives and budget requests to the Governor and the legislature.
- Conduct and coordinate the environmental review and planning for the department.
- Investigate and report on the status of Minnesota agriculture, including an annual farm financial report and other studies on significant current issues or topics.
- Develop and maintain laboratory services sufficient to provide regulatory and inspection activities with consistent and timely results consistent with professional standards and required specifications.
- Support the development of research and promotion councils by providing services consistent with statutory responsibilities;
- Administer the accounting, budgeting and auditing functions of the department, including processing appropriations for agricultural societies and timber wolf caused livestock losses.
- Collect, compile and publish Minnesota agricultural statistics and data for use by farmers, consumers, government and the private sector.
- Initiate and develop pilot developmental and demonstration agricultural programs that have potential for statewide implementation.
- Develop and administer environmental programs that protect and enhance production agriculture, including agricultural land preservation and energy and sustainable agriculture.
- Develop and administer the department's computer network and provide agency-wide programming assistance.

**PERFORMANCE:**

The department provided support for 2 legislative task forces during the biennium. The Agricultural Contracts Task Force submitted a report which resulted in passage of the Producer Protection Act. This legislation, recognizing the growth in agricultural contracting, is designed to assure that producers receive payment for commodities or labor under contracts they have entered into. The Farm Safety Task Force report will be submitted in January, 1991. The report will have several recommendations directed at reducing the hazards of farming, including the development of a pilot program of farm safety audits.

During the current biennium, the department participated in several legislative initiatives that resulted in passage of laws having significance for the future of Minnesota agriculture. The initiatives include, among others, far reaching legislation to protect groundwater quality; laws to facilitate the marketing of organic food products as well as promoting Minnesota-Grown food products; statutes creating programs in Minnesota Grown Coupon WIC and sustainable agriculture; and a law that will facilitate the growth and development of the aquaculture industry.

The Sustainable Agriculture Loan Program has issued 79 loans since June of 1989. A total of \$849,122 in loans at an interest rate of 6% have been issued. The loans, carrying a 5 to 7 year repayment schedule, were awarded based on their potential to enhance profitability and efficiency when using off-farm inputs and their soundness environmentally. The loan receipts are being used to finance equipment to improve fertilizer and pesticide management, increase soil conservation, reduce farm energy consumption and better utilize on-farm resources. Increased net farm income resulting from these improvements are used for loan repayment. To date, the program has received approximately 160 applications requesting a total of \$2,000,000.

The Sustainable Agriculture Grant Program makes grants to farmers to demonstrate and promote practices which increase the efficiency of input use or to reduce the amount of purchased inputs used while maintaining or enhancing farm profitability. Grant recipients demonstrate farming practices to their neighbors through field days. Over the past 2 seasons, 51 field days have been held with a total of 2,000 farmers and other agribusiness personnel present. These farm scale demonstrations have included integrated pest management in apples, modified ridge tillage for sugarbeets, alternative weed control in corn, green manure for nitrogen and intensive rotational grazing. One grant recipient's project earned him selection as 1 of 4 National Farmers of the year in 1990.

While definitive results are not available from all sustainable agriculture grant recipients, preliminary results from several show great promise for reducing costs and/or increasing efficiency of input use. For example, an integrated pest management apple project resulted in about a 50% reduction in sprays for apple scab spore maturity while the percent of scab infested fruit remained about the same. A modified ridge-till system for sugar beet production resulted in a reduction of fuel usage by 42% labor reduction of 18% and a reduction in herbicide use by 81%. One loan recipient was able to reduce his fertilizer expenses by 50% by making the transition to a lower input system that better utilized commercial fertilizer through banding. An indirect benefit was reducing the chance of excess nitrogen leaking into the groundwater.

During the past 3 years, the department has moved from having a few personal computers to a department that is fully computerized in a function sense. An Information Services Division was created, with a computer network coordinator, and a department-wide computer network has been implemented. These initiatives have resulted in standardization of hardware and software, while allowing greater efficiencies in use of personnel and equipment. Because of the computerization, the laboratory and regulatory divisions are now capable of tracking all laboratory testing and results from sample check-in to finish. Laboratory results are immediately available on the network to the division needing them.

Minnesota Agriculture in the Classroom (M-AITC) is a public/private partnership that helps better educate students, educators and the general public about the social and economic importance of agriculture today. About 60 private entities currently support the program with the State Board of Education, Department of Education and all leading education and agriculture-based organizations participating. During the biennium, the program steadily broadened a network of users and gained visibility and impact within the formal K-12 education arena. The expanding urban audience is a key target audience and requests for materials from urban educators increase each year. However, M-AITC continues to provide resources and services to all 435 school districts and to non-public schools. Specific achievements included:

- M-AITC services a network of 1,265 schools and 2,000 libraries with its popular student Minnesota Agriculture Magazine and Teacher Guide Series.
- M-AITC provides resources to all 435 school districts, including its new Model Learner Outcomes and Program Planning Guide for Integrating Agricultural Awareness in Grade K-12, a resource for local committees and curriculum leaders. M-AITC also publishes an Educational Resources Guide and offers 2 cash awards programs to educators.

During the biennium, the Laboratory Services Division dealt with several major food safety crises while processing an increasing number of routine samples for regulatory survey and inspection purposes. Laboratory services responded to concerns over salmonella in cheese by working under

**PROGRAM:** Administrative Support and Grants  
(Continuation)

**1992-93 Biennial Budget**

**Agency:** Agriculture, Department of

Health Department and FDA direction to target analysis of thousands of samples. These unprecedented large numbers of salmonella analyses were performed without significantly compromising other laboratory performance. Similarly, in dealing with the crisis of aflatoxin in corn, a federal audit of governments' response to this problem revealed that the Minnesota Department of Agriculture had the most responsive program in the central states region in terms of samples tested and consequent informational services provided for corn growers and processors in dealing with this critical situation. Concern for Alar in apples presented another example of how Laboratory Services provided for inordinately large analytical demands arising from a food safety crisis.

The federal government has consolidated resources and tightened control of the certification process. The Minnesota Department of Agriculture Laboratory is 1 of only 4 national laboratories permitted to perform USDA egg and poultry certified analysis. This capability, a reflection of an ability to meet rigorous standards for quality, led to the lab performing significant numbers of analyses on egg/poultry products needed by troops committed to the Middle East/Iraq conflict.

The Agricultural Land Preservation program provided assistance to local governments, including completing a cost of sprawl study. The efforts of the program resulted in a national award by the American Farmland Trust. Beginning in 1985, the program provided financial and technical assistance to 5 counties on a pilot basis. All 5 counties completed plans and ordinances meeting the agricultural land preservation requirements of the program, and 3 of the counties are currently enrolling land in the agricultural preserves program. In 1989, a study analyzing the costs of urban sprawl was completed for the program by Resource Management Consultants of Washington, DC. The study examined development in Wright County and found that in the rural area the cost of providing public services to a housing unit was almost \$500 more than the taxes generated by the same housing unit. The department has received requests for copies of the study from throughout the country. Staff is using the study in its work with counties in Minnesota. A handbook will be completed by the end of fiscal year 1991 to assist counties with the preparation of plans and ordinances addressing agricultural land preservation.

The department designed and implemented a nuclear preparedness program to mitigate agricultural related problems in the event of accidental offsite releases of radioactive materials from one or both of Minnesota's 2 nuclear power plants. There are 31 Minnesota counties that could be directly affected by a nuclear power plant emergency, including the Twin Cities Metro Area. Emergency Standard Operating Procedures were developed and tested during a May, 1990, Federal Emergency Management Agency (FEMA) exercise evaluation. Federal evaluators cited the program as being one of the most complete programs in the country. The USDA is recommending to state departments of Agriculture throughout the country to adopt aspects of Minnesota's program and to view the program as a model for all states. The program was spotlighted during a November, 1990, video broadcast sponsored by USDA and FEMA which will air nationally.

#### **PROSPECTS:**

The demand for sustainable agriculture demonstration grants is expected to increase with the expected rise in costs of energy and other purchased inputs. During the past 2 years, a total of 227 applicants have sought funding from the program. Total requests to date have exceeded \$4,450,000 or 9 times the amount of funds available. This ratio is expected to continue or rise. Likewise, the demand for loans is expected to increase as farmers try to cope with increasing energy prices by making investments that will decrease the cost-of-production.

The demand for information and demonstrations regarding energy and sustainable agriculture will continue to grow. Energy and other input prices are increasing at the same time that federal farm commodity policy will allow greater planting flexibility. These trends will provide incentives to lower production costs at the same time that farmers search for economic crops to insert into rotations.

There will be an enhanced need to demonstrate practices that reduce purchased input costs while providing for a more economic and environmentally "sustainable" farming system.

Technologies are emerging out of genetic engineering activities which have the potential to greatly affect agriculture. For example, the department processed 2 applications for proposed field tests of genetically engineered organisms in 1989. The 2 cases were processed under the Pesticide Control Law. The department expects an increase in this emerging field of product research. However, until the passage of legislation in 1989 requiring an EQB permit for any release of a genetically engineered organism, no state permits were required (and in some instances no federal permits were required). The department feels some framework is necessary to complement the federal review system, as well as fill in gaps that may exist within the current review system.

Significant opportunities exist for helping rural counties reduce cost of public services by providing assistance in agricultural land use planning. Mailings of information about the State Agricultural Land Preservation Program have been sent to all counties in the state. Staff have actively discussed the program with 17 different counties. Nine of these counties have requested presentations on the program to their County Boards and/or Planning Commissions. Five counties are either beginning or are in the process of updating their comprehensive plans. Two of these counties have indicated that their plans will comply with the requirements of the program. The other 3 are considering participation in the program. However, a major hindrance to participation is a lack of resources available to rural counties for planning activities.

The department anticipates continued growth in the number and capability of network personal computers, but will standardize on PS2 microchannel and Macintosh machines. Projects expected to be completed within the next year will include the conversion of the department's licensing from Accounting's TI990 and Statewide Licensing to the Novell Lan, expansion of the Laboratory Information Management System to provide automatic billing, computerization of Food Inspection, and further software development for the Agronomy, Dairy, Plant Industry and Marketing Divisions.

As the laboratory dealt with the food safety emergencies previously mentioned, it became apparent that the frequency of such emergencies was increasing because of greater public awareness of food safety issues and expression of public desire for greater assurances for safety throughout the food chain.

Initial groundwater investigations and monitoring by the department produced hundreds of samples for testing by the laboratory. Results from these analyses have shown that there is far more widespread groundwater pesticide contamination in Minnesota than was previously thought. To fully understand and quantify the scope and magnitude of the problem, the department projects an increased sampling program for the next biennium which will generate testing in excess of 4 times current levels. Tests for new pesticides and breakdown products are being added to analyses on survey and monitor samples of soil, ground and surface water with the intent of improving product use and regulation while restricting or eliminating problematic pesticides.

Attempting to properly define the scope of environmental problems, while providing increased testing in response to consumer food safety concerns is pushing the limits of antiquated laboratory analytical equipment in terms of technology and production capability. Recognizing that personnel resources are the highest analytical cost, the laboratory needs to upgrade to current state of the art equipment that can provide greater sensitivity with higher accuracy while still reducing manual labor steps. By striving to automate analyses and computerize exchange of analytical data, the laboratory can improve sample processing without proportionately increasing the demand on human resources.

Requests for educational materials have dramatically increased since M-AITC began.

#### **ALTERNATIVES CONSIDERED:**

The department considered 2 options within this program area: a) reallocation; or b) status quo. The first alternative was not chosen since the program is a mix of services, the majority of which provide support to fee activities. Reallocation would affect the ability of all activities to carry out



**PROGRAM:** Administrative Support and Grants  
(Continuation)  
**Agency:** Agriculture, Department of

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their functions. Additionally, the program is supported through a mix of federal cost reallocation and dedicated revenue resources.

The second alternative was selected. This alternative maintains the current level of support which is the result of the restructuring of the past 8 to 10 years.

#### **BUDGET ISSUES:**

The current level of funding in the energy and sustainable agriculture program does not provide adequate resources to meet information requests. Significant opportunities exist for the transfer of practical, scientific based information and technology on farming practices that reduce or make more efficient use of energy and related inputs. The number of farmers seeking this kind of information is significant, as departmental research has demonstrated (focus group meetings; surveys; field days, etc.). Client demands for grants and loans exceed available resources.

M.S. 38.02, established a formula for providing financial support to agricultural societies. Current funding does not provide a full formula allocation to these organizations.

Increased regulatory activities have strained the department's laboratory capability. Expanding demands from regulatory activities, such as pesticide regulation, have created a need to increase laboratory support. While the laboratory is able to respond to most requests, some work cannot be completed within required timeframes. An additional problem is funds for maintaining and/or replacing laboratory equipment due to age or obsolescence. Aging and antiquated equipment prevent the use of personnel resources at maximum levels of efficiency, while lessening the efficiency and timeliness of regulatory activity.

The legislature passed the 1984 Agriculture Land Preservation Act and provided funds only for a pilot county demonstration program. Statewide implementation of the agricultural land preservation program awaits funding.

Producers and agribusinesses continue to request agricultural data on alternatives such as vegetables, berries, etc. Currently, the Minnesota Agricultural Statistics Service does not collect information on such crops. The data is used by producers to make management and marketing decisions, while agribusinesses use the data to assist with business decisions.

#### **PLAN:**

The program will coordinate several departmental-wide legislative initiatives.

#### **Budgetary Legislative Initiatives.**

- |                         |                  |            |                  |            |
|-------------------------|------------------|------------|------------------|------------|
| 1. <u>LCMR Funding.</u> | <u>F.Y. 1992</u> | <u>150</u> | <u>F.Y. 1993</u> | <u>150</u> |
|-------------------------|------------------|------------|------------------|------------|
- The department is seeking LCMR funding for improving on-farm nitrogen management in environmentally sensitive areas. The project is a joint effort with the University of Minnesota, with the greatest proportion of funds being passed through for basic research. However, demonstrations will be held on operating farms to demonstrate management practices for optimal utilization of nitrogen from legumes and manure. The project, while statewide in nature, will be concentrated in the central sand plains during the 1992-93 biennium.

#### **Non-Budgetary Legislative Initiatives**

1. Genetic Engineering. The department will seek support for genetic engineering legislation which would complement existing state and federal law. The resulting legislation would clarify permit

requirements under existing pesticide law for pesticide products, as well as establish new state permits and permit requirements for proposed releases of genetically engineered plants, fertilizers, plant amendments and soil amendments.

2. Comprehensive Agricultural Enforcement. The department will pursue amendments to the department's enforcement provisions by enacting uniform civil penalties and regulatory procedures to replace or complement criminal penalties. The amendments would also install uniform provisions regarding investigative powers, administrative hearings, and judicial hearings.
3. Assaults on State Inspectors. The department will propose amending Minnesota Statutes 609.2231 to include a provision which makes it a gross misdemeanor for a person to assault a state inspector, if it can be shown there is demonstrable bodily harm. Currently, county attorneys are reluctant to prosecute misdemeanor cases because the penalties are so minor.

#### **GOVERNOR'S RECOMMENDATION:**

The Governor recommends the funding as requested except for the following: biennial reductions of \$18,000 for the assistance provided the Minnesota Livestock Breeders' Association; \$62,000 for the elimination of the livestock compensation program; \$70,000 for the elimination of subsidies for grain inspection fees for P.L.480 food for peace at the Duluth Seaway Port Authority; \$86,000 for the Northern Crops Institute; \$200,000 for sustainable agriculture grants, and \$48,000 for the Duluth Seaway Port Authority.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE  
PROGRAM: ADMIN-SUPPORT & GRANTS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
ACCNTING, LICENSING & GRANTS	2,521	2,385	1,986	1,814	1,814	1,696	1,826	1,826	1,708
PERSONNEL & OFFICE MGMT	561	530	352	332	332	332	330	330	330
PROGRAM & MGMT SUPPORT	1,158	1,891	1,879	1,436	1,736	1,636	1,435	1,435	1,335
LABORATORY SERVICES	1,351	2,153	2,317	2,357	2,357	2,357	2,384	2,384	2,384
INFORMATION SERVICES DIVISION	43	197	692	695	695	695	694	694	694
COMMISSIONERS OFFICE	1,124	904	804	808	808	784	808	808	784
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	6,758	8,060	8,030	7,442	7,742	7,500	7,477	7,477	7,235
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	5,112	6,600	7,219	6,766	7,066	7,035	6,801	6,801	6,770
LOCAL ASSISTANCE	1,356	613	631	496	496	385	496	496	385
AID TO INDIVIDUALS	290	847	180	180	180	80	180	180	80
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	6,758	8,060	8,030	7,442	7,742	7,500	7,477	7,477	7,235
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	5,772	5,880	5,575	5,350	5,350	5,108	5,365	5,365	5,123
MN RESOURCES					300	300			
SPECIAL REVENUE	102	85	185	185	185	185	185	185	185
STATUTORY APPROPRIATIONS:									
GENERAL	48	17	26						
SPECIAL REVENUE	528	1,885	1,974	1,637	1,637	1,637	1,657	1,657	1,657
FEDERAL	298	186	239	239	239	239	239	239	239
GIFTS AND DEPOSITS	10	7	31	31	31	31	31	31	31
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	6,758	8,060	8,030	7,442	7,742	7,500	7,477	7,477	7,235

ACTIVITY: Program-wide Decision  
PROGRAM: Admin.-Support and Grants  
AGENCY: Agriculture, Department of

1992-93 Biennial Budget

DECISION ITEM: Program Specific Reductions

GOVERNOR'S RECOMMENDATION:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Expenditures				
General Fund				
Accounting, Licensing & Grants	\$ (118)	\$ (118)	\$ (118)	\$ (118)
Program and Management Support	(100)	(100)	(100)	(100)
Commissioner's Office	(24)	(24)	(24)	(24)
Program Total	\$ (242)	\$ (242)	\$ (242)	\$ (242)

Requires statutory change:  X  Yes   No  
Statutes Affected: M.S.3.737

ITEM SUMMARY:

The Governor recommends the following reductions:

	<u>BASE</u>	<u>REDUCTION</u>	<u>GOV.REC.</u>
Minnesota Livestock Breeders' Association	\$19,000	\$(9,000)	\$10,000
Livestock Compensation Program	31,000	(31,000)	-0-
Grain Inspection/P.L. 480 Food for Peace	35,000	(35,000)	-0-
Northern Crops Institute	73,000	(43,000)	30,000
Sustainable Agriculture Grants	180,000	(100,000)	80,000
Duluth Seaway Port Authority	103,000	(24,000)	79,000
Total	\$441,000	\$(242,000)	\$199,000

RATIONALE:

Grants to the Minnesota Livestock Breeders' Association, the Northern Crops Institute, and the Duluth Seaway Port Authority are recommended as general reductions to pass-through grants that the department administers.

The state now pays compensation for livestock damaged or destroyed by endangered species under M.S. 3.737. Such payments should be provided through private insurance or through the federal endangered species programs.

Grain inspection fees have been subsidized at the Duluth Port in order to ensure that costs for grain shipped under the Food for Peace program remain competitive. Those costs should be calculated based on actual costs, rather than subsidized costs.

The department has both sustainable agriculture grant and low-interest loan programs. The recommendation for reducing the grant program will focus more of the department's efforts on the loan program as the primary source of assistance for these projects.

The Governor and the department's new administration have developed these reductions as part of the Governor's plan to balance the budget for the F.Y. 1992-93 biennium.

Animal Health, Board of  
Position and Employee Status Information

Position Reconciliation:

Authority:	Current F.Y. 1991	Requested For 6-30-93
Legislative Complement:		
General Fund	37.0	34.3
Federal	-0-	.7
LAC Approved:		
General	.3	
Federal	<u>.7</u>	<u>      </u>
Total Permanent Positions	38.0	35.0
Other Complement (FTE)	<u>2.0</u>	<u>2.0</u>
TOTAL Positions	40.0	37.0
Employees on 6-30-90	36.0	

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	34.0
Full-Time Temporary	<u>2.0</u>
TOTAL	36.0

**MISSION:**

The Board of Animal Health is mandated by law to protect the health of the domestic animals of the state by developing and maintaining disease control and eradication programs. This mandate is accomplished by enforcing health requirements for the importation of livestock and poultry and inspection and regulation of livestock and livestock related facilities and activities. The board fulfills its mission through a combination of regulatory activities to prevent the spread of infectious and contagious diseases harmful to the livestock and poultry production of the state.

The board is organized into 6 smaller activity divisions: pseudorabies, brucellosis and tuberculosis, imports and exports, poultry and miscellaneous diseases, laboratory services, and administrative services in order to achieve the following mission objectives:

- to remain a brucellosis free state as determined by the United States Department of Agriculture.
- to prevent and control pseudorabies in swine in Minnesota.
- to prevent other diseases from entering into our state by restricting the importation of diseased cattle and swine.
- to stay free of tuberculosis, sheep scabies, pullorum typhoid in turkeys and chickens.
- to control rabies, anaplasmosis, equine infectious anemia, avian influenza, salmonella, mycoplasma, paratuberculosis and cattle scabies.
- to provide assistance to the cattle, swine and poultry producers and herd owners with the testing and clean up of their herds.

**MAJOR POLICY DRIVERS:**

The agency serves the producers that provide cattle, swine, sheep and poultry to the market place. Diseases such as brucellosis and tuberculosis in cattle and swine have been eradicated from the livestock in Minnesota through the efforts of the board and the livestock producers of the state. Diseases such as pseudorabies in swine and avian influenza in turkeys and chickens continue to be a major problem for the livestock and poultry industry. The industries have gone on record requesting that the state provide regulatory function to monitor these diseases and carry out programs of surveillance to identify those herds or flocks infected and rid them of the disease.

Rabies continues to be a problem for all warmblooded animals in the state and nation. This is a reportable disease to the board and each case of exposure is investigated and quarantines issued when required.

The Board of Animal Health works closely with many producer groups in developing the programs to control and eradicate serious livestock diseases. Pseudorabies still continues to be a serious threat to the livestock industry. It is a herpesvirus disease that attacks the central nervous system and causes severe death losses in young pigs. It primarily affects swine, but it can be transmitted to all other warmblooded animals except man. The major problem is that it is fatal to these other animals. Bovine and swine brucellosis and tuberculosis are diseases that are transmissible to humans. These diseases have been eradicated from Minnesota and throughout the upper midwest. Surveillance programs continue in order to keep the diseases out of the state and maintain the free status.

The board also has other programs in progress that prevent diseases from entering into the state. The imports program exists to prevent the spread of disease in livestock by monitoring livestock and companion animals from other states. The poultry program exists so that we maintain our free status for turkey and chicken mycoplasma gallisepticum, M. meleagridis, M. synoviae and salmonella enteritidis in order to expand their export markets.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

Inflationary and salary increases will play a key role in the development of the 1992-93 biennial budget. Based on an estimated 4.5% increase in F.Y. 1992 and an estimated 9.5% increase in F.Y. 1993 this figures out to be \$12,000 and \$29,000 respectively for supplies and expense items. With

a base budget of \$2,030,000 we cannot afford the above increases during the next 2 years. Salary increases of \$65,000 in F.Y. 1992 and \$143,000 in F.Y. 1993 are another major obstacle the budget must handle if they are to be reallocated within the present funding. An overall decrease in F.Y. 1992 is \$77,000 and in F.Y. 1993 is \$172,000. In order for our agency to offset these increases we will have to cut expenditures in all animal disease control programs. The areas of decreases would be in the professional and technical services and purchased services. This would mean that herd owners would have to pay for the testing and laboratory work out of their own pockets. If this were to happen, the cooperation of all herd owners would decline very rapidly.

**Agency Reallocations**

Rent of Office Space	F.Y. 1992	\$16,000	F.Y. 1993	\$16,000
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The movement of our offices within the Agriculture building was enhanced with the addition of 700 additional square feet of office space. The charge for the additional space is estimated to be \$16,000 in each year of the biennium. The agency is proposing to reallocate this amount from the pseudorabies program as described below.

Funding of Positions	F.Y. 1992	\$25,000	F.Y. 1993	\$27,000
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The position of 1 clerical full time employee was approved by the 1990 Legislature and the funding to come from current appropriations. No additional money was appropriated at that time for the position. We are proposing that the funding be taken from the pseudorabies program where it was initially set up. Since the account has been used up in the previous biennium we have moved the funding to the administrative services division. The proposal for the reallocation is described below.

Pseudorabies Program	F.Y. 1992	(\$41,000)	F.Y. 1993	(\$43,000)
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The money being proposed for reallocation would be taken from 2 object of expenditures: object code 16, professional and technical services and object code 18, purchased services. These amounts would be \$44,000 in professional and technical services and \$40,000 in purchased services for the biennium. This will reduce a significant portion of the pseudorabies funding for testing and laboratory services, meaning less pigs being tested for pseudorabies. However, without the additional position and office space our program would be restricted further.

Inflationary and Salary Increases	F.Y. 1992	\$77,000	F.Y. 1993	\$172,000
-----------------------------------	-----------	----------	-----------	-----------

The inflationary and salary increases will be taken from the abolishment of 3 positions in the future, professional and technical services and purchased services. The proposal is listed below.

Salary Reduction - All Programs	F.Y. 1992	(\$30,000)	F.Y. 1993	(\$113,000)
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In F.Y. 1992, the salary will be reduced from a long standing vacancy of a Law Compliance Representative 2. Two positions will not be filled in F.Y. 1993, when they are vacated by employees who have indicated their retirement will be effective then. The 2 positions are an Agricultural Technician and Veterinarian, Senior.

Disease Control Programs	F.Y. 1992	(\$47,000)	F.Y. 1993	(\$59,000)
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This proposal is to take funds from professional and technical services and purchased services from the various disease control programs. These amounts will curtail the testing of many animals at state expense. With less state money to do the job correctly, the herd owners will suffer for this reduction. They will have to pay for the testing out of their own pocket, making them less cooperative in disease control programs. The amounts will be \$86,000 in professional and technical services and \$20,000 in purchased services for both years of the biennium.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: BD OF ANIMAL HEALTH  
PROGRAM: LIVESTOCK AND POULTRY HEALTH

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
DISEASE CONTROL	1,166	1,591	1,608	1,498	1,483	1,483	1,488	1,462	1,462
REGULATION OF ANIMAL HEALTH	430	458	515	524	498	498	522	502	502
ADMINISTRATIVE SERVICES	213	283	242	232	273	273	232	278	278
TOTAL EXPENDITURES BY ACTIVITY	1,809	2,332	2,365	2,254	2,254	2,254	2,242	2,242	2,242
DETAIL BY CATEGORY:									
STATE OPERATIONS	1,809	2,332	2,365	2,254	2,254	2,254	2,242	2,242	2,242
TOTAL EXPENDITURES BY CATEGORY	1,809	2,332	2,365	2,254	2,254	2,254	2,242	2,242	2,242
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,704	2,198	2,191	2,085	2,085	2,085	2,080	2,080	2,080
STATUTORY APPROPRIATIONS:									
FEDERAL	105	134	174	169	169	169	162	162	162
TOTAL FINANCING	1,809	2,332	2,365	2,254	2,254	2,254	2,242	2,242	2,242

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: BD OF ANIMAL HEALTH

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	2,365	2,365	2,191	2,191			174	174
ONE-TIME APPROPRIATIONS	<94>	<94>	<94>	<94>				
APPROPRIATIONS CARRIED FWD	<25>	<25>	<25>	<25>				
NON_RECURRING EXPENDITURES	<13>	<13>	<13>	<13>				
SALARY ANNUALIZATION	26	21	26	21				
FEDERAL RECEIPTS	<5>	<12>					<5>	<12>
TOTAL	2,254	2,242	2,085	2,080			169	162
BIENNIAL TOTAL		4,496		4,165				331

ACTIVITY:  
PROGRAM:  
AGENCY: Animal Health, Board of

1992-93 Biennial Budget

DECISION ITEM: Financing Inflationary Costs - Informational

Dollars in Thousands				
F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	
AGENCY PLAN:				
Expenditures				
General Fund - Inflation	\$ 77	\$ 172	\$ 172	\$ 172
- Reallocations	(77)	(172)	(172)	(172)
	-0-	-0-	-0-	-0-

Requires statutory change: \_\_\_\_\_ Yes   X   No  
Statutes Affected:

**ITEM SUMMARY:**

The agency is projecting a 4.5% increase in F.Y. 1992 and a 9.5% increase in F.Y. 1993 (over F.Y. 1991 levels). These increases have been calculated against the supplies and expense categories and salary categories of the biennial budget.

**RATIONALE:**

The agency proposes to abolish 3 positions, 1 in F.Y. 1992 and 2 more in F.Y. 1993 in order to offset the inflationary and salary increases. The positions include a Law Compliance Representative, an Agricultural Technician, and a Veterinarian Senior. The loss of these positions would have a significant effect on how we would provide the services required by our programs. The loss of the Law Compliance Representative and the Agricultural Technician would have less effect than the loss of the Veterinarian Senior whose primary responsibilities at the present time are in the pseudorabies program. In F.Y. 1993, when we anticipate on abolishing this position, we may find it hard to do. The pseudorabies program will be in full operation by then and the position will be desperately needed due to the 15,000 herds that will be tested for pseudorabies within Minnesota. This will amount to a savings of \$30,000 in F.Y. 1992 and \$113,000 in F.Y. 1993. The remainder of the inflationary and salary increases will be taken from the disease control programs, specifically pseudorabies and brucellosis. It amounts to \$86,000 in professional and technical services and \$20,000 in purchased services for both years of the biennium. A total decrease of \$249,000 will be accomplished with the above transactions. The decrease in professional and technical services and purchased services means that herd owners will have to pay for the testing of their swine or cattle to accommodate the agency rules. We do find it very difficult to enforce the rules without the funds to at least pay for the testing of blood samples from each animal we require to be tested. This reduction makes it almost impossible to accomplish this task. There are no other areas that we can cut within our budget that can take such a large reduction.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.



ACTIVITY: Program Wide Decision  
PROGRAM: Livestock and Poultry Health  
AGENCY: Animal Health, Board of

1992-93 Biennial Budget

DECISION ITEM: Other Reallocations

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund

Disease Control	\$ (41)	\$ (43)	\$ (43)	\$ (43)
Administrative Services	<u>41</u>	<u>43</u>	<u>43</u>	<u>43</u>
Program Total	\$ -0-	\$ -0-	\$ -0-	\$ -0-

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund

Disease Control	\$ (41)	\$ (43)	\$ (43)	\$ (43)
Administrative Services	<u>41</u>	<u>43</u>	<u>43</u>	<u>43</u>
Program Total	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: \_\_\_\_\_ Yes      X   No

Statutes Affected:

ITEM SUMMARY:

Funds are reallocated for the rental of additional office space in the amount of \$16,000 in each year of the biennium and to fund a position in the amount of \$25,000 in F.Y. 1992 and \$27,000 in F.Y. 1993. The reallocations total \$41,000 in F.Y. 1992 and \$43,000 in F.Y. 1993.

RATIONALE:

When our agency moved to a different location, it was with the understanding that we would be charged rent on the additional office space we required. The above reallocation is the cost of this additional office space. We needed the space due to the expansion of some of our programs. The additional position was requested from the LAC in F.Y. 1991, with funding to come from the pseudorabies program. The position is being placed under the Administrative Services budget activity since the majority of the job is a receptionist for the agency. We are reallocating pseudorabies program money to this budget activity to pay for the salary costs of this position as well as the rental of office space. This means that fewer pigs will be tested at state expense. Herd owners will have to pay for the drawing of blood samples and the laboratory results in order to accommodate the rules established by the agency.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

### MISSION:

The commission's mission is to assess the status of the state's natural resources and to provide leadership and oversight of resource management by recommending allocations of dedicated revenue sources to projects that will preserve and enhance Minnesota's environment.

On a biennial basis, the commission assesses the status of the state's natural resources; convenes a state resource congress; establishes priorities for funding requests, reviews and recommends allocations for programs from the Minnesota Future Resources Fund, Minnesota Environment and Natural Resources Trust Fund and Oil Overcharge money. After commission recommendations have been enacted into law, the projects are required to submit workplans and are subjected to ongoing review. The commission holds interim hearings for the purpose of accomplishing this task.

The commission is comprised of 16 members of the legislature consisting of the chairs of the house and senate committees on environment and natural resources or designees appointed for the terms of the chairs, the chairs of the house appropriations and senate finance committees or designees appointed for the terms of the chairs, 6 members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and 6 members of the house appointed by the Speaker.

### ALLOCATION PROCESS:

The process of choosing projects to recommend for funding is both complex and time consuming. Commission members and Citizen Advisory Committee members spent the summer of '89 visiting cities and towns throughout Minnesota looking at natural resource projects. Seven regional forums were held giving over 1,000 citizens the opportunity to advise commission members of their concerns regarding natural resources in their area. In October, the commission sponsored a statewide Natural Resource Congress which was held in St. Paul. Experts were brought in from all over the United States to address concerns in 11 different issue areas. About 250 people attended the Congress. The data was gathered, organized and evaluated.

In December, we issued a Request for Proposal (RFP) resulting in over 700 responses. They came from academic institutions, state agencies, cities and counties and private businesses, both profit and non-profit. From the February 16th RFP deadline, through July, hundreds of dedicated people have had input into the selection of the recommended projects.

The first group to review the projects were coordinating committee members - experts in each issue area who spent dozens of hours carefully analyzing the diverse projects. After their consideration, the Citizen Advisory Committee (CAC), comprised of 14 individuals appointed by the Governor, the Speaker of the House and Majority Leader, carefully reviewed each project that might be funded by the Environment and Natural Resource Trust Fund. The CAC formulated the Trust Fund's Strategic Plan and the projects were considered according to the guidelines set forth in the Trust Fund strategic plan.

With these recommendations in place, the commission began their work. The projects were winnowed down to 220 which best matched the criteria set forth in the RFP. Hearings (very similar to legislative budget hearings) were then set and each proposed project manager had the opportunity to state their case before the commission members. The hearings occurred over 8 separate days and then the allocation process took an additional 3 days.

### EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The strategies guiding the commission's recommendations for the 1992-93 biennium are listed below by issue area:

#### **Recreation, Fisheries**

- Develop significant recreational opportunities through increased access and acquisition for trails, lakes, rivers and streams.
- Preserve and manage river, lake, stream resources.
- Enhance recreational resource uses in urban areas.
- Provide natural and historic resource preservation and interpretation.
- Improve sportfishing and hunting opportunities.

#### **Water**

- Broaden the base of water monitoring activities through citizen and local government partners.
- Accelerate land and water restoration activities by pursuing new research techniques.

#### **Natural Resource and Environmental Education**

- Coordinate lifelong learning opportunities through a variety of deliverers of environmental education.
- Address future needs through planning efforts.
- Increase learning opportunities for persons with disabilities and minority and urban populations.
- Target inservice training and continuing education opportunities for natural resource and education professionals.

#### **Agriculture, Wildlife and Forestry**

- Improve land and resource management practices.
- Increase the potential of biological, nonchemical controls of pests and exotic species.
- Broaden and increase the understanding of managing the forest ecosystem for the impacts on forest resources and wildlife.
- Provide for wetland restoration, information, education and easement acquisition to enhance wildlife habitat, control erosion and improve water quality.
- Maintain the diversity of the ecosystem through research, acquisition, monitoring and data collection.

#### **Land, Minerals, Waste and Energy**

- Support all natural resource management by providing basic data collection and mapping.
- Determine new mineral resource and technology potential.
- Research and develop alternative uses for problem wastes and production by-products.
- Increase energy efficiency and conservation reduce energy generation and consumption and the resulting pollution.

#### **LCMR Administration**

The commission and its advisory committee activities are supported by 6 professional non-partisan staff. The major activities of the commission can be divided into the following major categories

#### Percent of Time

Evaluation	40%
Factfinding	25%
Strategies and Priorities	2%
Allocation	33%

**AGENCY: Legislative Commission on Minnesota Resources (LCMR) 1992-93 Biennial Budget**  
(Continuation)

**Recommended Projects**

These LCMR recommendations are supported by funding from the following sources based on July 1990 revenue projections.

Minnesota Future Resources Fund	17,399,000
Environment and Natural Resources Trust Fund (noted as TF)	13,960,000
Oil Overcharge (Subd. 14)	<u>1,050,000</u>

<b>TOTAL</b>	<b>32,409,000</b>
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Projects consistent with the RIM statutes are noted (R).  
There are 26 such projects which total \$10,256,000.

Subd. 2	LCMR Administration	850,000
Subd. 3	Recreation	4,364,000
	(a) Off-Highway Vehicle Recreation Area	75,000
	(b) Superior Hiking Trail	400,000
	(c) Rails-to-Trails Acquisition and Development	1,000,000
	(d) Local Rivers Planning	400,000
R	(e) Access to Lakes and Rivers	1,000,000
TF	(f) Land/Water Resource Management Lower St. Croix Riverway	360,000
TF	(g) Mississippi River Valley Blufflands Initiative	150,000
	(h) Reclamation of Recreation Systems and Environmental Resources	200,000
	(i) Preservation of Historic Shipwrecks Lake Superior	100,000
	(j) Pokegama Lake Outlet Channel	15,000
	(k) Land and Water Conservation Fund Administration	84,000
	(l) Historic Records Database-Final Phase	180,000
	(m) Fur Trade Research and Planning	250,000
	(n) Mystery Cave State Park Resource Evaluation	150,000
Subd. 4	Water	4,769,000
TF	(a) Stream and Watershed Information System	200,000
TF	(b) S Can Minnesota Surface Water Resource Atlases/Data Base	300,000
TF	(c) Minnesota River Basin Water Quality Monitoring	700,000
	(d) Waterwatch-Citizen Monitoring and Protection Program	272,000
	(e) Bioremedial Technology for Groundwater	96,000
TF	(f) County Geologic Atlas and Groundwater Sensitivity Mapping	1,400,000
	(g) Aquifer Analyses in Southeast Minnesota	73,000
TF R	(h) Clean Water Partnership/Grants to Local Units of Government	700,000
TF R	(i) Cannon River Watershed Grants	60,000
TF	(j) Mitigating Mercury in Northeast Minnesota Lakes	300,000
	(k) Development and Application of Aeration Technologies	148,000
	(l) Lake Superior Initiative/Institute for Research	400,000
	(m) Lake Mille Lacs Public Land Use Plan	20,000
TFR	(n) Ecological Evaluation of Year-Round Aeration	100,000
Subd. 5.	Education	2,885,000
	Education Program	790,000
	Environmental Education	5,000

TF	(c) Video Education Research and Demonstration Project	100,000
TF	(d) Integrated Resource Mgmt Education and Training Program	300,000
	(e) Continuing Ed in Outdoor Rec for Natural Resource Mgrs	125,000
TF R	(f) Environmental Exhibits Collaborative	400,000
	(g) Upper Mississippi River Environmental Education Center	600,000
	(h) Urban Rangers Program	100,000
	(i) Crosby Farm Park Nature Program	85,000
	(j) Youth in Natural Resources	250,000
	(k) Environmental Education for Handicapped	130,000

Subd. 6	Agriculture	2,490,000
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TF	(a) Biological Control of Pests	650,000
	(b) Review Levels of Pesticides at Spill Sites	300,000
	(c) Effective Nitrogen/Water Mgt for Sensitive Areas	300,000
TF R	(d) Conservation Reserve Easements	1,000,000
	(e) Native Grass and Wildflower Seed	130,000
	(f) Community Gardening Program	110,000

Subd. 7	Forestry	1,550,000
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R	(a) Minnesota's Old-Growth Forest: Character and Identification	150,000
	(b) Nutrient Cycling and Tree Species Suitability	220,000
R	(c) State Forest Land Acquisition	500,000
	(d) Means for producing Lignin-Based Plastics	100,000
	(e) Regeneration and Management of Minnesota's Oak Forests	225,000
R	(f) Private Forest Management for Oak Regeneration	200,000
	(g) Aspen Hybrids and New Tissue Culture Techniques	70,000
	(h) Aspen Decay Models for Mature Aspen Stands	85,000

Subd. 8	Fisheries	2,020,000
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R	(a) Pilot Fish Pond Complex-Fisheries Development and Education	250,000
	(b) Aquaculture Facility Purchase and Dev. and Genetic Gamefish	1,200,000
R	(c) Cooperative Urban Aquatic Research Education Program	340,000
R	(d) Catch and Release Program	35,000
	(e) Metropolitan Lakes Fishing Opportunities	75,000
R	(f) Lake Minnetonka Bass Tracking	85,000
	(g) Stocking Survey	35,000

Subd. 9	Wildlife	5,500,000
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TF R	(a) Insecticide Impact on Wetland and Upland Wildlife	650,000
TF	(b) Biological Control Eurasian Water Milfoil	100,000
	(c) Microbial and Genetic Strategies for Mosquito Control	150,000
TF R	(d) Minnesota County Biological Survey	1,000,000
TF R	(e) Data Base for Plants of Minnesota	130,000
TF	(f) Aquatic Invertebrate Assessment Archive	130,000
TF R	(g) Wetlands Forum	40,000
TF R	(h) Easement Acquisition on Restored Wetlands	400,000
R	(i) Swan and Heron Lake Area Projects	1,000,000
	(j) Wildlife Oriented Rec Fac/Sandstone Unit Nat Wildlife Refuge	9,000
TF R	(k) Reinvest in Minnesota Critical Habitat Match	1,000,000
R	(l) Acquisition and Development of Scientific and Natural Areas	300,000
R	(m) Black Bear Research in East Central Minnesota	100,000
R	(n) Partnership for Accelerated Wild Turkey Management	50,000
TF	(o) Restore Thomas Sadler Roberts Bird Sanctuary	50,000
TF R	(p) Changes in Ecosystem on Biodiversity of Forest Birds	300,000

Resources (LCMR) 1992-93 Biennial Budget

<b>AGENCY:</b>			
	(q)	Establish Northern Raptors Rehabilitation and Ed Facility	75,000
R	(r)	Effect of Avian Flu Virus in Wild Waterfowl	16,000
Subd. 10	Land		4,826,000
TF	(a)	Base Maps for 1990s	1,900,000
	(b)	Accelerated Soil Survey	1,270,000
TF R	(c)	Statewide Natl Wetlands Inv/PWI/Watershed Map Digitization	750,000
	(d)	Statewide Land Use Update	338,000
	(e)	Local Geographic Information System Program	143,000
	(f)	Geographic Information System Control Point Inventory	175,000
	(g)	Land Use and Design Strategies to Enhance Env. Quality	100,000
	(h)	Model Residential Land Use Guidelines	150,000
Subd. 11	Minerals		620,000
	(a)	Subsurface Greenstone Belts in Southwestern Minnesota	120,000
	(b)	Direct Smelting	500,000
Subd. 12	Waste		385,000
	(a)	Remediation of Soils by Co-Composting with Leaves	135,000
	(b)	Land Spreading of Yard Wastes	100,000
	(c)	Cellulose Rayons for Biodegradable Packaging	150,000
Subd. 13	Energy		300,000
	(a)	Tree and Shrub Planting for Energy in Minnesota Communities	300,000
Subd. 14	Oil Overcharge		1,050,000
	(a)	Traffic Signal Timing and Optimization Program	500,000
	(b)	Waste Crumb Rubber in Roadways	100,000
	(c)	Biodegradable Plastics-Microbial and Crop Plant Systems	150,000
	(d)	Agricultural Energy Savings Information	150,000
	(e)	Residential Urban Environmental Resource Audit	150,000
Subd. 15	Contingent Account		<u>800,000</u>
	Total		\$32,409,000

**GOVERNOR'S RECOMMENDATION:**

The Governor makes no specific recommendations on the allocations proposed by the commission. However, as the attached decision item indicates, the Governor recommends transfer of certain Minnesota Resources fund balances to the General Fund.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: LEG COMM-MN RESOURCES

				FY 1992			FY 1993		
			Est.						
PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Adjusted	Agency	Governor	Adjusted	Agency	Governor
=====	=====	=====	=====	Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
LCMR	263	340	340		800	800			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	263	340	340		800	800			
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
MN RESOURCES	263	340	340		800	800			
STATUTORY APPROPRIATIONS:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	263	340	340		800	800			

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: LEG COMM-MN RESOURCES

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	340	340			340	340		
LCMR FUNDED PROJECTS	<340>	<340>			<340>	<340>		
TOTAL								
BIENNIAL TOTAL								

DECISION ITEM: Transfer Minnesota Resources Fund Balances to General Fund

The Governor further recommends that the state begin the process of phasing out the deduction of cigarette tax revenues to the Minnesota Resources Fund by reducing the allocation to one cent in the 1994-95 biennium and zero in F.Y. 1996-97.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Minnesota Resources Fund	\$ (1,000)	\$ (1,000)	\$ (4,000)	\$ (4,000)
<b>Revenues</b>				
General Fund - Transfer In	\$ (1,000)	\$ (1,000)	\$ (4,000)	\$ (4,000)

Requires statutory change:   X   Yes        No  
 Statutes Affected: M.S. 297.13

**ITEM SUMMARY:**

This proposal would require the transfer of \$1,000 each year of the 1992-93 biennium from the Minnesota Resources Fund to the General Fund.

**BACKGROUND:**

The Legislative Commission on Minnesota Resources (LCMR) is responsible for reviewing proposals and recommending allocations of funds for projects to be financed from the Minnesota Resources Fund, the Environment and Natural Resources Trust Fund and certain oil overcharge funds. During the F.Y. 1992-93 biennium, the following amounts are projected to be available for allocation:

	F.Y. 1992-93	F.Y. 1994-95	F.Y. 1996-97
Minnesota Resources Fund	\$ 17,500	\$ 16,000	\$ 16,000
Environment and Natural Resources Trust Fund	16,000	24,000	26,000
Oil Overcharge	1,000		
Total	\$ 34,500	\$ 40,000	\$ 42,000

The budget reduction package passed by the Legislature contained a \$1,000 transfer from the Minnesota Resources Fund to the General Fund. This reduction came from excess fund balances and did not require the reduction of any ongoing project budgets.

**RATIONALE:**

Historically, LCMR fund have played a role in addressing general fund shortfall situations. Analysis of fund statements and the current set of allocation recommendations by the LCMR indicates that an additional \$1 million per year could be transferred from the Minnesota Resources Fund to the General Fund without requiring elimination of any currently recommended projects.

Longer term, the state needs to reassess the relationships between the natural resource acceleration funds available through the LCMR process and the general revenues available for supporting BASE programs. Currently, the Minnesota Resources Fund receives a dedicated share of two cents of the 38 cent cigarette tax. The remaining revenues accrue to the general fund either to support debt service requirements or to support general state spending.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that \$1 million each year be transferred from the Minnesota Resources Fund to

1992-93 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

<u>PROGRAM</u>	<u>PAGE</u>
MINERAL RESOURCES MANAGEMENT	93
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Mineland Reclamation	
WATER RESOURCES MANAGEMENT	97
Water Resources Management	
FOREST MANAGEMENT	101
Forest Management	
Fire Fighting	
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PARKS AND RECREATION MANAGEMENT	108
Parks and Recreation Management	
TRAILS AND WATERWAYS MANAGEMENT	113
Trails and Waterways Management	
Water Access and Recreation	
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FISH AND WILDLIFE MANAGEMENT	118
Fish Management	
Wildlife Management	
Ecological Services	
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Enforcement of Natural Resource Laws and Rules	



PROGR   STRUCTUREAGENCY:   NATURAL RESOURCES, DEPARTMENT OFPROGRAMPAGE

## FIELD OPERATIONS SUPPORT

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Field Services  
Fleet Management  
Engineering Services  
Real Estate Management

## REGIONAL OPERATIONS SUPPORT

151

Regional Operations Support

## SPECIAL SERVICES AND PROGRAMS

155

Information and Education  
Planning  
Youth Programs  
Other Support Services  
Minnesota Environmental Education Board

## ADMINISTRATIVE MANAGEMENT

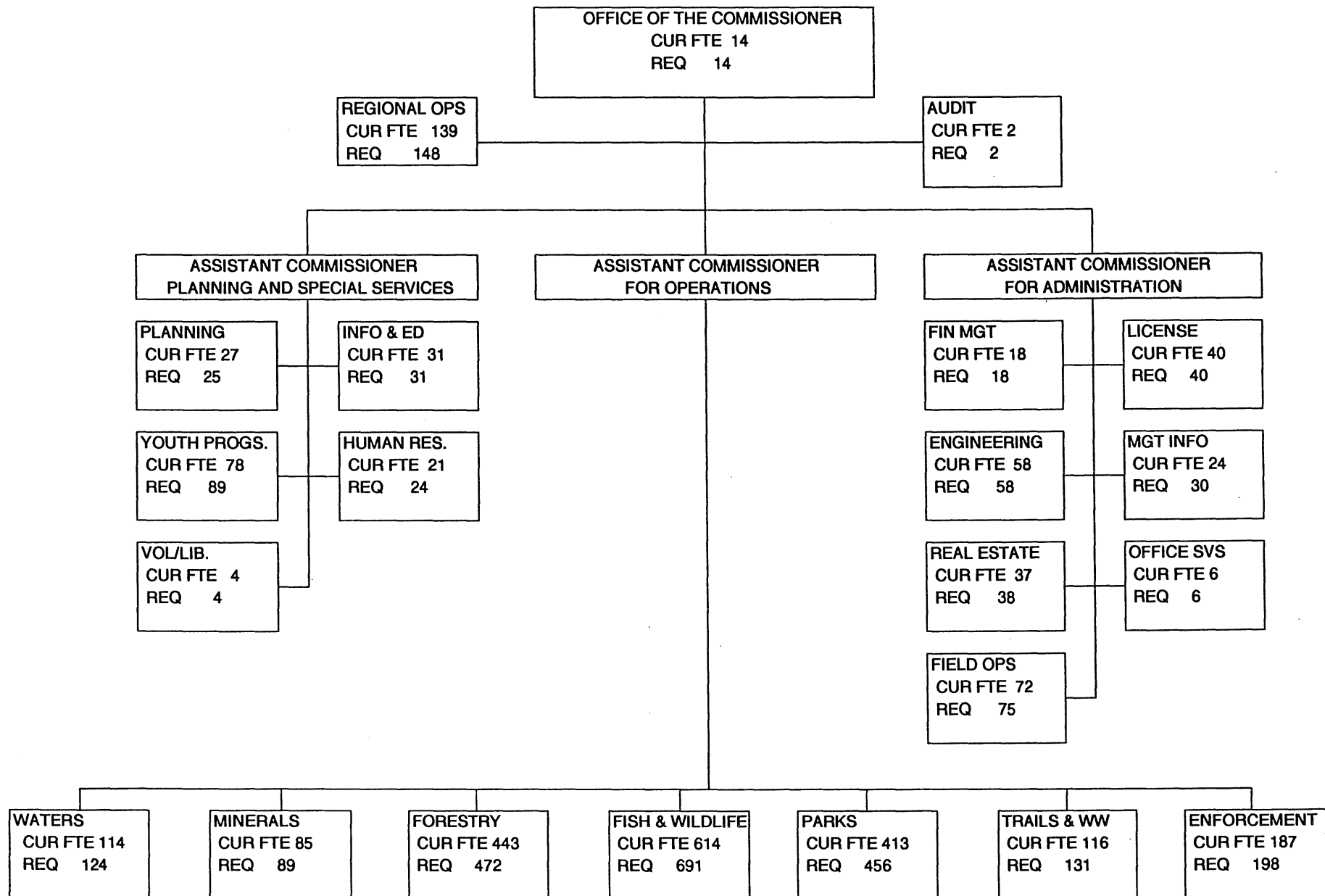
159

Administrative Management  
Licensing  
Information and Data Systems

## NON-PROGRAMMATIC

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# DEPARTMENT OF NATURAL RESOURCES ORGANIZATION CHART 7/1/90



Note: Positions are Full-Time Equivalent ( FTE ) determined by dividing the number of hours worked for all types of positions ( part-time, seasonal and full-time ) and dividing by the number of hours in a year - 2,088.

# DEPARTMENT OF NATURAL RESOURCES

## FULL-TIME EQUIVALENT ( FTE ) AND EMPLOYEE STATUS INFORMATION

### FTE RECONCILIATION:

PROGRAM:	CURRENT FY'91	REQUESTED FOR 6/30/93
MINERALS	85	89
WATERS	114	124
FORESTRY	443	472
PARKS	413	456
TRAILS	116	131
FISH & WILDLIFE	614	691
ENFORCEMENT	187	198
FIELD OPS	167	171
REGIONAL OPS	139	148
SPECIAL PROGS.	161	172
ADMINISTRATIVE MGT.	104	110
	<u>2,543</u>	<u>2,762</u>
Employees on 6/30/90	3,198	

### EMPLOYEES BY EMPLOYMENT STATUS:

	6/30/93
FULL-TIME UNLIMITED	1,802
FULL-TIME TEMPORARY	262
FULL-TIME EMERGENCY	4
FULL-TIME SEASONAL	299
PART-TIME UNLIMITED	254
PART-TIME TEMPORARY	116
PART-TIME EMERGENCY	5
PART-TIME SEASONAL	306
INTERMITTENT UNLIMITED	8
INTERMITTENT TEMPORARY	105
INTERMITTENT EMERGENCY	2
INTERMITTENT SEASONAL	35
TOTAL	<u>3,198</u>

### SUMMARY OF FTE REQUEST:

APPROPRIATED FTE	2,543
LAC INCREASE	<u>209</u>
FY 1991 TOTAL	2,752
FY 1992-93 BASE ADJ	(41)
FY 1992-93 CHANGE REQUESTS	<u>51</u>
TOTAL REQUIRED FTE FY 1992-93	<u>2,762</u>

**FULL-TIME EQUIVALENT (FTE) AND SALARY LIMITS:**

Laws of 1989 amended M.S. 16A.123 requiring the legislature to establish FTE and salary limits for the Department of Natural Resources (DNR). The purpose of this section of the budget request is to provide background and detail the FTE and salary limits proposed. A supplemental report on FTE/salary limits required by legislation goes into greater detail, contains recommendations for further refinements, and is available upon request.

**FTE:**

FTE is determined by dividing the number of regular hours worked for all types of positions (full-time, part-time, seasonal, laborers) by 2,088--the number of hours in a year. For example, 2 part-time employees working half-time (1,044 hours) in a year would be the equivalent of 1 full-time employee. FTE does not include overtime hours nor firefighting.

During the 1989 session, the legislative FTE limit was set at 2,543 with authorization to increase the limit with the approval of the Legislative Advisory Commission (LAC).

A request was submitted to the LAC in September of 1990 because of the following:

1. The actual FTE's required to utilize the salary funding reflected in the budget system was 2,693 (about 150 FTE's more than authorized).
2. The salary funding within the biennial budget system did not reflect the full amount of salaries required. The salary limit was understated by \$1,850,000, which translates into about 59 FTE's.

In response to our documented request, the LAC authorized an increase in FTE's of 209, raising the limit to 2,752. As expected, only 2,512 FTE's were utilized during F.Y. 1990. Because of expected delays in filling new positions authorized for the 1990-91 biennium, utilization was well below the authorization. However, for F.Y. 1991, we are projecting that the 2,752 FTE's authorized will be fully utilized.

**F.Y. 1992-93 FTE REQUEST:**

The F.Y. 1992-93 FTE base has been reduced by a net of 41 due to base adjustments. The majority of the base reductions reflect termination of Legislative Commission on Minnesota Resources (LCMR) projects. In addition, this budget request contains an additional 51 FTE's as part of the department's decision items.

The total FTE request for the 1992-93 biennium is as follows:

F.Y. 1991 Legislative Base	2,543
LAC Increase	209
Net Base Adjustments	(41)
Budget Decision Items	<u>51</u>
Total FTE Request	2,762

By program, the FTE limit is allocated as follows:

Mineral Resources Management	89	Enforcement of NR Laws/Rules	198
Water Resources Management	124	Field Operations Support	171
Forest Management	472	Regional Operations Support	148
Parks and Recreation Management	456	Special Services and Programs	172
Trails and Waterways Management	131	Administrative Management	<u>110</u>
Fish and Wildlife Management	691	Total	2,762

**SALARY LIMIT:**

In addition to FTE limits, there is a salary limit to be established jointly by DNR and the Department of Finance, in consultation with the chairs of the House Appropriations and the Senate Finance Committees. The limit is the total amount that can be expended on salary costs for full-time, part-time, seasonal, and all other employment conditions, not including overtime, severance, unemployment, and firefighting.

The salary limit that was established consists of the salary amounts shown in the biennial budget, as well as LCMR and other decision item appropriations containing salary amounts. During the 1989 session, the total salary limit was set at \$81,795,000.

Upon review of the base, the Department of Finance and DNR determined that the salary requirements were understated by \$1,850,000. A request for this amount was submitted to, and approved by, the LAC. The salary limit was also increased by the amount of the salary supplement. In the F.Y. 1991 base year, the amount was increased by \$8,414,994.

In F.Y. 1990, the salary limit was \$88,510,888 (\$82,112,000 base, plus LAC increase of \$1,850,000, plus salary supplement of \$4,548,888). Of this amount, we utilized \$83,414,370. This underutilization was expected in F.Y. 1990 due to the time required to establish and fill newly authorized positions. In F.Y. 1991, we will require the full amount authorized.

**SALARY LIMIT REQUEST:**

The salary base has been increased in F.Y. 1992 by \$260,000 and decreased in F.Y. 1993 by \$116,000. In addition, there are salaries included in the 1992-93 biennium decision items totaling \$6,056,000 in F.Y. 1992 and \$5,978,000 in F.Y. 1993.

Therefore, the salary limit request for the 1992-93 biennium is calculated as follows:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
F.Y. 1991 Salary Base	\$81,795,000	\$81,795,000
LAC Increase	1,850,000	1,850,000
F.Y. 1991 Salary Supplement	8,414,994	8,414,994
Base Adjustments 1992-93	260,000	(116,000)
1992-93 Biennium Decision Items	<u>6,056,000</u>	<u>5,978,000</u>
Total Salary Limit Request	\$98,375,994	\$97,921,994

By program, the salary limit is allocated as follows:

	<u>(Dollars in Thousands)</u>	
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Mineral Resources Management	\$ 3,392	\$ 3,380
Water Resources Management	5,145	5,055
Forest Management	17,000	16,946
Parks and Recreation Management	13,255	13,412
Trails and Waterways Management	3,906	3,885
Fish and Wildlife Management	26,448	25,776
Enforcement of NR Laws/Rules	8,937	9,197
Field Operations Support	6,633	6,720
Regional Operations Support	4,968	4,911
Special Services and Programs	4,715	4,608
Administrative Management	<u>3,977</u>	<u>4,032</u>
Total	\$ 98,376	\$ 97,922

**MISSION:**

The mission of the Department of Natural Resources (DNR) is to serve present and future generations of Minnesotans by professionally managing our rich heritage of fish, wildlife, waters, wetlands, forests, prairies, minerals, public lands, and other natural resources, in order to preserve and enhance our environment. To this end, the agency is charged with the management of public waters, lands, parks, forests, and minerals, as well as with the regulation of a broad range of activities that affect natural resources.

DNR is the major land management state agency, administering 94% of all state-owned land administered by state agencies. This includes ownership of 12 million acres in mineral rights and 5.3 million acres of land for parkland, wildlife areas, public water accesses, scientific and natural areas, state trails, and state forests. These lands provide wildlife habitat and recreational opportunities and play an important role in supporting resource industries.

DNR also administers state-owned navigable waters and submerged land and is charged with maintaining surface water and ground water supplies that meet long-term requirements for basic use, environmental protection, and economic production.

Activities regulated include hunting; trapping; fishing; boating; snowmobiling; wild rice gathering; mineral exploration, mining and reclamation; dredging, filling, and draining protected waters and wetlands; constructing and maintaining dams; appropriating and using surface and ground waters; establishing lake levels; developing shorelands, floodplains, and the shores of wild, scenic, and recreational rivers; permitting and licensing private game farms, fish hatcheries, roadside zoo operations, and open burning.

In addition, the agency creates safe opportunities to utilize resources to provide economic return. It also provides forest fire protection to billions of dollars' worth of private and public timber, as well as private property, in forested areas encompassing 45 million acres. It develops and disseminates information on recreational travel and educational materials on natural resource subjects. It provides assistance to local governments, organizations, and individuals on natural resource matters such as forest management, wildlife habitat improvement, and trail development.

**OPERATIONS AND CLIENTELE:**

The DNR employs between 2,500 and 4,000 (spring and summer) full-time, part-time, and seasonal persons to carry out its mandate. The department is organized on a line-staff basis. Line units consist of the 7 major resource disciplines.

The 7 major disciplines are the divisions of Forestry, Waters, Parks and Recreation, Fish and Wildlife, Minerals, and Enforcement, and the Trails and Waterways Unit. Each of the disciplines is responsible for the management and regulation of those resources reflected in its title. Enforcement is vital to ensure compliance with the statutes, rules, and orders that govern not only hunting and fishing, but many other resource management areas such as water, outdoor recreation, and forestry. Directors of each division report to the Assistant Commissioner for Operations.

To generate efficiencies, the department's line divisions are supported by a number of staff units. These include the bureaus of Financial Management, Management Information Systems, Engineering, Real Estate Management, Licenses, Field Services, and Office Services, all of which report to the Assistant Commissioner for Administration.

Also providing staff support are the units that report to the Assistant Commissioner for Planning and Special Services. These include the Office of Planning, the Bureau of Human Resources, the Bureau of Information and Education, Volunteer Services, Youth Programs, and the Department Library.

Operations are conducted in the field through an organizational structure consisting of 6 regions. Each region has regional supervisors representing 5 line divisions and 1 unit (the Minerals Division is excepted) and a regional administrator who provides overall coordination and support. The regional support staff provides specialized services for field operations, including facility and equipment maintenance, inventory management, land sale and leasing administration, engineering, personnel management, financial management, information and education services, and office management functions. The Minerals Division has 2 field offices (Hibbing and Ironton) that are managed as single entities.

The issues of the DNR are complex and widespread. They affect all Minnesota citizens, present and future, as well as large numbers of travelers from other states and nations. Department operations interact directly and indirectly with local and regional governments, the federal government, other state agencies, members of the state's business community, and millions of private citizens.

The department's direct economic impact is especially important. For example, a study using a survey prepared by the United States Forest Service found that state park visitors generate more than \$100 million in business annually for the state. Department-administered lands and facilities form the primary public investment in outdoor recreation and tourism, helping to keep travel expenditures by residents in Minnesota and attract nonresident dollars to the state. Hunting and fishing resources conserved and developed by the state are extremely important in Minnesota. Department-administered trails are a major attraction in the winter months, providing balance to seasonal swings in cash flow to privately managed tourism and outdoor recreation enterprises. Twelve months a year, outdoor recreation travelers provide a considerable portion of the state's travel income.

At the same time, forest products grown on state land contribute heavily to income and employment of small- and large-scale forestry concerns. Much of Minnesota's mineral wealth is administered or regulated by the department. Proper, progressive management is vital to forest and mineral industries in Minnesota and influences manufacturing nationwide.

Of equal importance is the indirect economic impact of good stewardship on the state's natural resources. For example, the department's management and conservation of water resources serve to enhance agriculture, outdoor recreation, mining, and other industry in Minnesota in addition to assuring adequate water supplies for domestic uses. Well-planned and implemented development and preservation of water and other natural resources stand on an equal footing with a vital economy and strong cultural amenities in guaranteeing Minnesota's high quality of life.

The impact of the department is further revealed in the magnitude of its responsibilities. DNR manages 21,800 lakes and wetlands (including 6,000 fishing lakes and 3.8 million acres of fishing water); 94,000 miles of waterways (including 2,000 miles of trout streams and 13,000 miles of warm water fishing streams); as well as extensive ground water supplies. It manages approximately 5.3 million acres of state lands. Included are 81 parks, recreation areas and waysides; 59 scientific and natural areas; 56 state forests (over 3,000,000 acres with 2,063 miles of road used by sportsmen, recreationists, and the forest industry); 1,365 wildlife management areas (483,815 acres); as well as 1,540,000 acres of land outside of designated management units managed for timber and mineral production as well as many other uses.

The department is also responsible for over 1,200 water access sites; 19 designated canoe and boating routes; more than 12,000 miles of snowmobile trails (including nearly 10,000 miles of grant-in-aid trails coordinated with local units of government); 2,150 miles of biking, hiking, and horseback trails and 1,580 miles of cross-country ski trails (including 800 miles of grant-in-aid trails).

Of the state-owned lands described, approximately 2.8 million acres are forested. These lands produce timber sale revenues of about \$4.5 million annually. In addition, the department administers over 12 million acres of state-owned mineral rights and over 3 million acres of potentially valuable peat deposits. Currently, annual royalty revenues from state-administered minerals are approximately \$3 million. The total revenue generated from all sources in F.Y. 1990 was nearly \$85 million, an amount equal to approximately one-half of the DNR's total annual budget.

The department receives thousands of water-use reports and permit applications annually from organizations, businesses, local government, and private citizens and continues to emphasize working with local governments to assure wise management of Minnesota's lakes, rivers, and wetlands.

#### **MAJOR POLICY DRIVERS:**

Summarized below are some significant trends that may influence natural resource management. These trends were identified as part of the Department of Natural Resources' (DNR) strategic planning process.

**Degradation of Natural Systems:** The international loss and degradation of natural systems due to agricultural expansion, urban development, environmental contaminants, and invasion of exotic species has become critical. In Minnesota, wetlands, native prairies, old-growth forests, shorelands, blufflands, lakes and rivers, and ground water systems are the ecosystems most severely threatened.

As these threats increase, DNR's management efforts to protect and restore natural systems will become increasingly important. Despite what has already been lost, Minnesota has more and better remaining examples of the major ecosystem types native to the Midwest than does any other state.

**Hazardous Chemicals:** America is increasingly dependent on the use of pesticides, both in agricultural and urban areas. The structure of current government farm programs encourages pesticide-oriented farming practices, such as growing monocultures, abandonment of crop rotation, and maximizing production on each unit of land.

Recent studies indicate there is a large potential for aerially applied insecticides to enter wetlands and reduce their value for waterfowl and other wildlife. Further investigation is necessary to define these effects better. The use of herbicides can result in drastic alteration of food and cover plants necessary for wildlife populations. There is a need to set aside areas where desirable vegetation is left in a natural state. A coordinated effort by farmers, wildlife managers, and pesticide regulatory agencies is needed to minimize these effects.

**Exotic Species:** The mixing of exotic species from around the world is causing major dislocations of native flora and fauna. Exotic, or non-native, species are a growing threat to lakes, wildlife areas, parks, agricultural lands, roadsides, and the ecological balance in our state. For example, purple loosestrife plants, Eurasian water milfoil plants, and river herring are posing serious threats to our natural systems.

Exotic species threaten Minnesota's natural systems. We must find ways to minimize harmful effects of exotic species on fish and wildlife habitat, native plant communities, recreation areas, and visual aspects of our natural heritage.

**Integrated Resource Management:** Emerging environmental problems are complex and interrelated; they will not be successfully treated as isolated problems addressed by single disciplines. In response, natural resource agencies are increasingly moving towards more comprehensive integrated management strategies.

Implementing more integrated ecological approaches to natural resource management will require trade-offs. Single resource management objectives may need to be modified in order to meet long-term goals of maintaining ecosystem health and providing multiple resource benefits to a broader public.

**Biological Diversity Management:** The accelerating erosion of biological diversity, the full spectrum of living organisms and their ecosystems, has elevated the maintenance of biological diversity to a primary issue in natural resource management.

Effective management of biological diversity in Minnesota will require greater interdisciplinary coordination between DNR foresters, wildlife biologists, ecologists, field managers, and planners. New management plans must adopt more holistic ecological approaches that provide for viable populations of all native species, especially those sensitive to anticipated environmental changes, and maintenance of the full range of natural communities and ecosystems across regional landscapes.

**Increasing Recreation Demands:** Recreation use of resources has intensified, especially on the highest amenity resources. Trends indicate increased demand for a variety of activities. The same resources and same general geographic areas appear to be the recipients of the increased use. Conflicts exist between people who desire incompatible recreation forms. Public recreation facilities, both state and local, have deteriorated in part because of heavy use, but also due to lack of reinvestment.

Growing, changing demands are often focused on Minnesota's most sensitive resources, such as the state's prime lakes, vanishing urban open space, and on increased use of already crowded surface water resources. New and emerging recreation demands often conflict with established uses of public lands.

**Environmental Education:** In our increasingly urban society many Minnesotans are becoming further removed from natural, ecological surroundings. Consequently, many lack even a basic understanding of environmental concepts, outdoor and life skills, or the ethical behavior and values associated with natural resources conservation.

The state's formal education institutions cannot possibly reach all audiences, nor is Environmental Education required beyond the elementary school level. Increasingly, public and private agencies are being called upon to assist in efforts to provide environmental learning opportunities for all Minnesotans.

**Conflict Management:** Since the mid-1970s the techniques of negotiation and mediation have increasingly been applied to complex, controversial environmental disputes. These alternative approaches to litigation or administrative proceedings have been used to resolve conflicts regarding siting of highways, forest management, hazardous waste disposal, and water use. Federal and state agencies are also using negotiation in the development of policies and regulations. Currently, there is a trend to institutionalize negotiated or mediated approaches to conflict resolution, making their use part of standard management or administrative procedures.

Successful resource management and regulation in the arena of negotiation and dialogue will require DNR personnel at all levels of the agency to understand the value and usefulness of consensus-based approaches to conflict management and in which cases those approaches will be most effective.

**Mobility/Career Enhancement:** The changing composition and values of the workforce have implications for employee career expectations. Simultaneously, agencies are undergoing changes such as flattening of the organization which may limit upward mobility opportunities. These changes in workforce and organization apply to the DNR.

The DNR must create and foster alternative options for career movement. Flexibility and opportunities for creativity and innovation should be encouraged. To maintain a motivated and productive workforce that is effective in serving the public, the DNR needs to foster a structure which enhances employee freedom, enrichment, and creativity.

**Sustainable Resource Production:** During the early 1980s natural resource conservation efforts declined in response to a worldwide economic slowdown. Unsound agricultural practices increased, irrigation methods depleted water supplies, and deforestation caused conversion of fertile lands into deserts. This damage to natural resources led to the recognition that economic success cannot continue without wise resource management.

The DNR must strengthen the capability to produce commodities necessary to achieve a viable natural resource economy within the biological constraints of natural systems. Efforts to provide

stewardship assistance to ensure a continued supply of high-quality products from the private sector must also be increased.

**Information Management:** Diverse and often contentious natural resource issues (wetlands, timber supply and old-growth forests, ground water systems, and endangered species management) require substantive information management activities for the Department of Natural Resources (DNR) to succeed in meeting legal and societal mandates. DNR needs to build capacities to react to new information management initiatives, new resource data sources, and to further develop and retain skills of valued employees. Geographic Information Systems is a theme for cohesive departmental information system strategies, culminating in an information utility that serves a much broader constituency than DNR or state government.

The DNR is establishing a comprehensive and integrated information systems structure to integrate data bases where possible, to incorporate mapping capabilities within the major departmental data bases, to establish processes to ensure that managers get timely and correct information, and to organize and staff departmental operations to ensure success.

**Maintain State Investment in Infrastructure:** The state of Minnesota has invested millions of dollars in developing parks, trails, roads and bridges, parking lots, water accesses, and public buildings. These facilities have become essential to the operation of natural resource management functions and provide the citizens and visitors of Minnesota opportunity to use and enjoy our natural and economic heritage. Unfortunately, due to inadequate funding for maintenance, these facilities are deteriorating and will need to be closed or cause much higher levels of funding to be needed later for major rehabilitation. Adequate funding is therefore needed to at least maintain facilities at the present level.

#### **BUDGET ISSUES AND ALTERNATIVES:**

In response to the emerging changes affecting management of the state's natural resources, the department's strategic plan identifies 11 major issues for the 1992-93 biennium. To appropriately address these issues, the department must undertake some new initiatives in conjunction with ongoing programs.

**Protect and restore the health and productivity of natural systems:** Develop and implement no-net-loss of wetlands legislation. Continue coordinated wetlands management under the North American Waterfowl Management Plan. Update the national wetland inventory, protected waters inventory, and watershed maps. Establish a Twin Cities wetlands forum. Develop policies and legislation to control exotic plants and animals. Develop pesticide-use guidelines. Monitor contaminants in aquatic ecosystems to track pollution of surface water. Define management standards for maintenance and protection of old-growth forests. Survey rare species and habitats and establish new scientific and natural areas. Conduct inventories of state parks natural communities. Continue work on the county geologic atlas and ground water sensitivity mapping. Increase technical and financial aid to promote community tree and shrub planting, provide matching funds for federal assistance to control oak wilt, and consolidate forest ownership. Develop techniques to prevent acid-mine drainage.

**Employ integrated resource management approaches to ensure that the unique values of all resources are recognized and protected.** Provide the computers, software, and personnel necessary to develop a comprehensive Geographic Information System. Develop integrated resource management plans for DNR forest lands. Apply management guidelines to reduce the visual impact of timber cuts on recreation and tourism. Expand efforts to manage fish, wildlife, and native plant resources on a watershed basis.

**Focus on managing resources in and near rapidly growing urban and suburban areas.** Expand

recreation opportunities near cities. Increase law enforcement in urban areas to monitor violations of game, fish, and environmental laws.

**Improve service to recreation visitors.** Rehabilitate buildings and facilities at some parks and improve maintenance of state trails, water accesses, and fishing piers. Survey participants regarding desired services.

**Provide quality environmental education and interpretive opportunities.** Add interpretive program on state trails, at water and recreation sites, and in 6 state parks. Upgrade existing services in 14 parks. Renovate and replace deteriorating displays, and provide a stable internship program. Develop school materials for students describing the state's geology and mineral industry. Create demonstrations and information centers at several high-use fish and wildlife centers. Continue Project Learning Tree, Project Wild, and Project Aquatic Wild Programs.

**Ensure natural resource products and services are available to meet the needs of society, consistent with a commitment to sound environmental management.** Provide more opportunities for citizens to get involved in decisions affecting natural resource issues. Adopt a forest land no-net-loss policy. Encourage better management of nonindustrial private forest lands. Increase private forest management assistance in southeastern Minnesota to provide increased timber production on a sustainable basis. Develop a state leasing policy for high-grade industrial metals and petroleum. Participate in the federal forest land stewardship program. Exchange school trust land out of non-income producing areas such as state parks and the Boundary Waters Canoe Area.

**Improve conflict management efforts.** Establish an environmental dispute resolution program to address management and regulatory disputes and provide a catalyst to resolve user group and special interest differences. Design a negotiation process to develop regulations.

**Strive for excellence in management services.** Continually evaluate DNR programs and procedures to ensure they meet high-quality and service standards. Continually update DNR staff with state-of-the-art customer relations techniques to ensure that Minnesota citizens receive quality responses and services. Develop a management program to maintain, build, and replace the DNR's roads, trails, bridges, and 2.5 million square feet of buildings.

**Increase investment in the DNR human resource.** Improve employee training opportunities with better curricula and equipment. Train employees in new technologies. Expand the Youth in Natural Resources program to include more Indian youth and other minorities.

**Expand planning and coordination activities.** Continue to refine the department's strategic planning process and increase the strategic, unit, biennial, and fiscal planning capability throughout the department. Develop communications and marketing plans for DNR programs to address internal and external needs.

**Information management.** Regional headquarters need to have centralized, well-staffed and supported information center facilities as ways to meet demands and to minimize space and staffing conflicts. Replacing the 4 regional headquarters IBM S/36's with IBM AS/400's not only upgrades capacities, but can sustain significant Geographic Information System initiatives within the agency and with local units of government. This proposal allows significantly less staff effort and enables regional applications to be developed. Provide competent support for field and regional information system operations. Provide professional staff, well versed in the resource management issues and particular skills of the disciplines, to develop and maintain unit-level data bases and information systems. Local area networks are needed to interconnect UNIX-based workstations with the DNR's other computers.

#### **EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

Program guidelines and statutory requirements currently exceed available funding. Present underfunding of salaries and expected cost increases for goods and services (including salaries) will be approximately \$10 million for F.Y. 1993. In order to manage this reduction of resources, statutory

**AGENCY:** Natural Resources, Department of  
(Continuation)

**1992-93 Biennial Budget**

requirements must be adjusted, organizational changes made, and many activities curtailed or eliminated. Present funding and the decreased purchasing power are as follows:

Present Funding and  
Decrease in Purchasing Power  
Under Base Level Funding

General Fund Only

(Dollars in Thousands)

Program	Present Funding	Decrease in Purchasing Power	
	F.Y. 1991	F.Y. 1992	F.Y. 1993
Mineral Resources Management	\$ 4,964	\$ 370	\$ 648
Water Resources Management	7,703	547	970
Forest Management	24,740	1,709	2,999
Parks and Recreation Management	17,716	1,339	2,342
Trails and Waterways Management	1,216	92	161
Fish and Wildlife Management	2,739	190	340
Enforcement of Natural Resource	2,201	162	284
Laws and Rules			
Field Operations Support	5,389	377	671
Regional Operations Support	3,976	334	623
Special Services and Programs	4,298	328	592
Administrative Management	<u>3,000</u>	<u>241</u>	<u>358</u>
Totals	\$77,942	\$5,689	\$9,988

Impacts on staffing include elimination of 42 vacant positions, layoff of 62 full-time employees, and layoff or shortened seasons for numerous part-time employees. In total, it is expected that nearly 600 persons will have shortened work seasons or be laid off.

Anticipated program adjustments include the elimination of the flood damage reduction grant program, shortened operating season for state parks, reductions in mineral diversification and industrial minerals development that result in some future loss of state revenue, reduced reforestation resulting in future loss of state revenue, reduced maintenance of facilities and no maintenance of newly purchased railroad grades, reduced enforcement activities, and the return of some delegation of activities to staff agencies; i.e., delegated exams and audits, allotment input, etc.

EXPLANATION OF BUDGET REQUEST:

Due to fund consolidation, the department is including in its budget request an increase in the General Fund of \$878,000 in F.Y. 1992 and \$1,377,000 in F.Y. 1993. Under fund consolidation certain receipts in the Minerals, Forestry, and Parks and Recreation Programs that were formerly deposited to dedicated accounts and expended are now deposited directly to the General Fund. The department's request is based on an increase in estimated receipts for the General Fund. An increase in timber sales and forest campground receipts will be utilized to reforest and manage the forest lands to provide a sustained yield of multiple benefits and increase the maintenance provided to forest campground and day-use areas. Increased receipts from mineral leasing of tax-forfeited lands will be used for mineral diversification projects. Estimated increases in state park admission receipts will partially offset funding shortages for sustaining park resources, facilities, and services.

Also included in the department's General Fund request is \$140,000 for the biennium to continue

the Lakeshore Leasing and Sales Program. This request is not related to fund consolidation.

In the Special Revenue Fund - Forest Nursery Account, funds are requested for the construction of a new office building and tree seed distribution center at the Badoura Nursery.

An increase in funds requested from the Natural Resources Fund by fiscal year includes: \$1,202,000 and \$1,408,000 from the Water Recreation Account; \$10,000 and \$18,000 from the All-Terrain Vehicle Account; \$1,489,000 and \$1,533,000 from the Nongame Wildlife Account; and \$708,000 in F.Y. 1992 and \$860,000 in F.Y. 1993 from the Land Acquisition Account. Included in these amounts, except for the Land Acquisition Account, is a 3% per year adjustment for inflation and the possible cost of salary increases for the 1992-93 biennium. The request from the Land Acquisition Account provides funding for 2 high-priority field office consolidation projects--Aitkin and Warroad area offices.

Included in the Game and Fish Fund budget request are increases of \$3,783,000 in F.Y. 1992 and \$5,162,000 in F.Y. 1993. The request for increases by program and fiscal year is as follows: \$318,000 and \$340,000 for Trails and Waterways; \$2,318,000 and \$3,159,000 for Fish and Wildlife; \$659,000 and \$930,000 for Enforcement; \$229,000 and \$365,000 for Field Operations Support; \$71,000 and \$96,000 for Regional Operations Support; \$63,000 and \$76,000 for Special Services and Programs; and \$125,000 and \$196,000 for Administrative Management. Included in these amounts is a 3% per year adjustment for inflation and the possible cost of salary increases for the 1992-93 biennium.

The Game and Fish Fund will become insolvent without increases in fees and licenses or changes in expenditures. The department proposes license increases as part of this budget request. These increases are necessary to support essential programs, projects, and services provided by the department. Additional revenue is needed to fund high-priority requests using dedicated funds. Fee and licenses increases will require a change in M.S. 97A.475. The proposed license changes, to be effective 3-1-92, will generate \$453,300 in F.Y. 1992 and \$912,400 each year thereafter.

A proposed watercraft registration fee increase is also included in the budget request for the 1992-93 biennium. The increase, if approved, would be effective 1-1-92 and generate an average of \$2,200,000 per year to the Water Recreation Account in the Natural Resources Fund.

The Legislative Commission on Minnesota Resources is recommending appropriations of \$7,481,000 from the Minnesota Resources Fund and \$5,100,000 from the new Environment and Natural Resources Trust Fund to the Department of Natural Resources for various projects. For purposes of budget presentation, these projects are displayed as F.Y. 1992 requests.



**1992-1993 BIENNIAL BUDGET**  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MINERAL RESOURCES MGMT	5,091	5,287	5,436	5,265	5,381	5,381	5,260	5,358	5,358
WATER RESOURCES MGMT	6,237	8,605	8,859	8,214	9,355	9,355	8,128	8,133	8,133
FOREST MANAGEMENT	36,052	34,809	35,847	33,532	35,611	33,360	33,484	34,297	32,046
PARKS & RECREATION MGMT	14,418	19,172	20,411	19,810	20,172	20,172	19,765	20,241	20,241
TRAILS & WATERWAYS MGMT	9,159	9,762	12,199	11,452	14,763	14,763	11,435	12,465	12,465
FISH & WILDLIFE MANAGEMENT	29,595	32,654	36,878	35,673	45,053	45,053	35,567	40,267	40,267
ENFORCEMENT--NR LAWS&RULES	11,688	12,968	13,443	13,594	14,786	14,786	13,556	15,053	15,053
FIELD OPERATIONS SUPPORT	9,122	11,926	12,562	12,117	13,100	13,033	12,095	13,479	13,406
REGIONAL OPERATIONS SUPPORT	4,332	4,841	5,400	5,417	6,026	6,026	5,400	5,511	5,511
SPECIAL SERVICES AND PROGRAMS	6,484	6,940	6,880	6,715	8,505	8,505	6,712	6,824	6,824
ADMINISTRATIVE MANAGEMENT	5,129	6,185	6,406	6,467	6,622	6,622	6,455	6,710	6,710
NON-PROGRAMMATIC ACCOUNTS	21,875	21,467	18,288	18,288	18,288	16,188	18,288	18,288	16,188
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	159,182	174,616	182,609	176,544	197,662	193,244	176,145	186,626	182,202
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					5,100	5,100			
GENERAL	53,538	74,182	78,258	78,538	79,537	77,219	78,383	79,833	77,509
MN RESOURCES	2,849	2,408	3,552		7,481	7,481			
NATURAL RESOURCES		15,018	17,943	16,941	20,350	20,350	16,905	20,724	20,724
WATER RECREATION	7,681								
SPECIAL REVENUE	11,627	742	935	835	1,220	1,220	835	835	835
GAME AND FISH	39,989	43,521	45,595	46,053	49,829	49,829	45,918	51,066	51,066
IRON RANGE R & R	172	199	200						
WATER POLLUTION CNTRL	806								
PERMANENT SCHOOL	359	337	303	299	267	267	299	363	363
STATUTORY APPROPRIATIONS:									
GENERAL	17,543	14,613	13,974	13,974	13,974	11,874	13,974	13,974	11,874
WATER RECREATION	9								
SPECIAL REVENUE	17,103	16,176	13,496	13,400	13,400	13,400	13,400	13,400	13,400
GAME AND FISH	1,010	1,120	1,224	1,224	1,224	1,224	1,224	1,224	1,224
FEDERAL	6,118	5,960	6,814	4,965	4,965	4,965	4,892	4,892	4,892

**1992-1993 B I E N N I A L B U D G E T**  
**(DOLLARS IN THOUSANDS)**

**AGENCY: NATURAL RESRCS,DPT OF**

				FY 1992			FY 1993		
			Est.						
<b>PROGRAM RESOURCE ALLOCATION:</b>	<b>FY 1989</b>	<b>FY 1990</b>	<b>FY 1991</b>	<b>Adjusted</b>	<b>Agency</b>	<b>Governor</b>	<b>Adjusted</b>	<b>Agency</b>	<b>Governor</b>
				<b>Base</b>	<b>Plan</b>	<b>Recomm.</b>	<b>Base</b>	<b>Plan</b>	<b>Recomm.</b>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>GIFTS AND DEPOSITS</b>	<b>378</b>	<b>340</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>TOTAL FINANCING</b>	<b>159,182</b>	<b>174,616</b>	<b>182,609</b>	<b>176,544</b>	<b>197,662</b>	<b>193,244</b>	<b>176,145</b>	<b>186,626</b>	<b>182,202</b>

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: NATURAL RESRCS,DPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93
F.Y. 91 FUNDING LEVEL	185,793	185,793	92,232	92,232	86,747	86,747	6,814	6,814
ONE-TIME APPROPRIATIONS	<1,405>	<1,405>	<163>	<163>	<1,242>	<1,242>		
BIENNIAL APPROPRIATIONS	49	47	<81>	<83>	130	130		
APPROPRIATIONS CARRIED FWD	<483>	<483>	<268>	<268>	<215>	<215>		
SUNSET PROGRAMS	<263>	<263>	<63>	<63>	<200>	<200>		
SALARY ANNUALIZATION	1,421	1,040	853	628	533	412		
DOCUMENTED RENT/LEASE INCR.	48	105	48	105				
LCMR FUNDED PROJECTS	<3,552>	<3,552>			<3,552>	<3,552>		
DEDICATED RECEIPTS AND FUNDS	<31>	<31>	<31>	<31>				
FEDERAL RECEIPTS	<1,849>	<1,922>					<1,849>	<1,922>
TOTAL	179,728	179,329	92,512	92,357	82,251	82,080	4,965	4,892
BIENNIAL TOTAL		359,057		184,869		164,331		9,857

F.Y. 1991 Budget Reductions (Information Only)

The following F.Y. 1991 reductions were implemented in Laws 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 or F.Y. 1992-93 BASE Levels within the budget documents.

General Fund

General Reduction

\$ (970)

\* Reconciliation totals include re-invest in Minnesota (RIM) Fund amounts which are not included on the fiscal pages that follow.

**ACTIVITY:****PROGR****AGEN**

Natural Resources, Department of

1992-93 Biennial Budget

ease of budget presentation.

**DECISION ITEM:** Financing Inflationary Costs - Non-General Fund

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:****Expenditures**

Natural Resources Fund	\$ 251	\$ 509	\$ 509	\$ 509
Game and Fish Fund	\$ 1,594	\$ 2,983	\$ 2,983	\$ 2,983

**Revenues**

Natural Resources Fund	\$ 251	\$ 509	\$ 509	\$ 509
Game and Fish Fund	\$ 1,594	\$ 2,983	\$ 2,983	\$ 2,983

**GOVERNOR'S RECOMMENDATION:****Expenditures**

Natural Resources Fund	\$ 251	\$ 509	\$ 509	\$ 509
Game and Fish Fund	\$ 1,594	\$ 2,983	\$ 2,983	\$ 2,983

**Revenues**

Natural Resources Fund	\$ 251	\$ 509	\$ 509	\$ 509
Game and Fish Fund	\$ 1,594	\$ 2,983	\$ 2,983	\$ 2,983

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

The department requests funds to allow for a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the 1992-93 biennium. The 3% adjustment was applied across-the-board to all 2-digit object classification codes. Inflation adjustments made by fiscal year include: \$10,000 and \$18,000 from the All-Terrain Vehicle Account; \$39,000 and \$83,000 from the Nongame Wildlife Account; \$202,000 and \$509,000 from the Water Recreation Account within the Natural Resources Fund; and \$1,344,000 and \$2,733,000 from the Game and Fish Fund.

Also included is a base restoration request to partially offset the impacts of underfunded salary supplement and no inflation allowances for the current biennium in the following support service programs: Field Operations Support, Regional Operations Support, and Administrative Management. The base restoration request for these programs is \$250,000 per year from the Game and Fish Fund.

Other base restoration requests from the Game and Fish Fund are included in the Enforcement and Fish and Wildlife Programs. The request for support service programs has been consolidated for

**RATIONALE:**

The inflation adjustment is based on the Data Resources, Inc., forecast of the consumer price index: F.Y. 1992, 3.2%; and F.Y. 1993, 2.9%. This inflation adjustment will maintain the current levels of service to the user groups. It will be funded from the projected balances in each dedicated fund. In the Game and Fish Fund and the Water Recreation Account, license fee increases will be necessary to fund the inflation; the other funds will not require an increase to fees.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**ACTIVITY:****PROGRAM:****AGENCY:** Natural Resources, Department of**1992-93 Biennial Budget****DECISION ITEM:** Financing Inflationary Costs - Informational

F.Y. 1991 salary supplement from the General Fund was underfunded by \$1,568,852. This amount was not restored during the budget development process and therefore results in a permanent reduction to the budget base.

**RATIONALE:**

The department's plan for addressing base level funding will require reductions in program level of effort that will result in cost savings of approximately \$5,689,000 in F.Y. 1992 and \$9,988,000 in F.Y. 1993. This will be achieved by holding vacant 42 full-time and 43 part-time positions; the lay off of 62 full-time and 97 part-time employees; and reductions in supplies, expense, and grants-in-aid expenditures. Approximately 58% of the cost reduction measures will impact the department's budget for full-time and part-time personnel.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
General Fund - Inflation	\$ 1,119	\$ 2,288	\$ 2,288	\$ 2,288
- Salary Increases	<u>2,984</u>	<u>6,130</u>	<u>6,130</u>	<u>6,130</u>
	\$ 4,103	\$ 8,418	\$ 8,418	\$ 8,418
<b>Revenues</b>				
General Fund	\$	\$	\$	\$

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

In calculating the inflationary costs for the 1992-93 biennium, the Department of Natural Resources assumed annual increases of 5.5% for all employees and 4.5% for goods and services. This is generally in line with budget guidelines provided by the Department of Finance. The amount of inflationary increases on programs funded wholly or in part from the General Fund is as follows:

<u>Program</u>	(Dollars in Thousands)	
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Mineral Resources Management	\$ 264	\$ 542
Water Resources Management	402	825
Forest Management	1,280	2,625
Parks and Recreation Management	953	1,957
Trails and Waterways Management	65	134
Fish and Wildlife Management	142	291
Enforcement of NR Laws/Rules	116	238
Field Operations Support	280	574
Regional Operations Support	222	456
Special Services and Programs	232	475
Administrative Management	<u>147</u>	<u>301</u>
Total	\$ 4,103	\$ 8,418

In addition to the anticipated inflationary increases for the 1992-93 biennium, the department's

#### PROGRAM PURPOSE:

The Mineral Resources Management Program includes 2 activities: Mineral Management and Mineland Reclamation. The program manages:

- over 12 million acres of state-owned school trust and tax-forfeited mineral rights (including 18% of the Mesabi Iron Range mineral rights);
- 3 million state- and county-owned acres of peatlands; and
- surface rights for industrial and construction materials on 3 million acres of additional state-owned land.

In addition to known deposits of iron ore and taconite, titanium, manganese, copper-nickel, peat, and other industrial minerals, the geology of Minnesota shows significant potential for gold, platinum, other precious metals, copper, zinc and other base metals, industrial minerals such as clay, silica sand, dimension stone, olivine, and construction commodities such as sand and gravel, crushed stone, and mine waste rock.

The mission of the state's mineral management program is to administer publicly owned mineral rights and mineral-related research so that environmentally sound mineral development will generate an equitable return to the Permanent School Fund, Permanent University Fund, General Fund, and local taxing districts. The mission is achieved by:

- making state-owned land available for mineral exploration and mining through public lease sales, which ensure the consideration of potential environmental effects and possible land-use conflicts through the screening and careful selection of lands to be leased;
- ensuring the reclamation of mined lands to hazard-free and useful condition;
- conducting environmental studies to ensure present and future mining impacts are controlled;
- managing state iron, taconite, metallic minerals, and peat leases to insure lease compliance and return of revenue;
- documenting and communicating the mineral potential of Minnesota; and
- fostering innovation and competitiveness in existing mineral enterprises and supporting environmentally sound new mineral activity.

#### PERFORMANCE:

The minerals sector has had several recent successes. The taconite industry, after years of declining employment and production, has a renewed competitiveness owing to improvements in pellet production quality and lower production costs. Between 1982, at the low point of pellet demand, and the present, pellet production went from 23.4 million tons to over 40 million tons; at the same time, beneficiation and mining costs declined 25%.

The search for commercially viable non-ferrous base and precious metals resources is itself an important industry. Exploration leasing by national and international mining concerns increased thirtyfold between 1980 and the present. In addition, expansion has occurred in industrial minerals, especially dimension stone, for which sales have increased substantially in recent years. Specific successes have occurred in:

##### 1. Leasing

- Title research since 1986 identified almost 210,000 new acres of state mineral rights available for leasing.
- Three hundred thirty-seven (337) new metallic mineral leases were issued since F.Y. 1988, increasing the state's chances of a precious or base metals discovery.

- Revenue generated from state iron ore/taconite, metallic minerals, and peat reached nearly \$6 million in F.Y. 1988-89; revenues are distributed to the state funds, the General Fund, and the local taxing districts.

##### 2. Environmental Protection

The environmental soundness of mineral leasing and mineral activity proposals is ensured through a comprehensive program of environmental review. This program reviews and assesses the risk and magnitude of potential impacts from mineral activities. Specifically:

- All parcels offered in state metallic mineral lease sales are evaluated for potential land-use conflicts, water and aesthetic impacts, and impacts on sensitive features in the environment. Up to 25% of parcels offered in sales are identified for additional restrictions and review before exploration activity begins.
- All proposals for exploration activity (geophysics and drilling) on state-owned land are logged and monitored; exploration activity on parcels identified for additional restrictions and review is carefully guided and monitored by the department. About 200 drill holes were monitored by the program in F.Y. 1990-91.
- Mining proposals with the potential for significant environmental impacts are reviewed under rules provided by the Minnesota Environmental Policy Act. During F.Y. 1990-91, 4 environmental documents were prepared for new mining projects or expansions.

##### 3. Defining State Mineral Potential

Increased state leasing and mineral exploration for metals by private industry are spurred by mineral potential projects that demonstrate the likelihood for mineral discoveries in specific areas of the state. Inventories of pits and quarries for industrial minerals, aggregate resources, and potential dimension stone quarry sites are extensively used by the industry for the planning of their activities. Dramatically increased use of our core repository and other facilities by the industry has been noted.

##### 4. Promoting Competitiveness in the Iron Ore/Taconite Industry

Cooperative and interdisciplinary research projects have been fostered by 2 division-lead programs. The Iron Ore Cooperative Research Program, operating on state-private funding matches, has sponsored 23 projects since 1984. They generate results that can be directly applied to improvements in taconite pellet production; at least 3 of the projects have been applied in taconite plants, and more application of past work is expected.

##### 5. Encouraging a Diversified Minerals Economic Base

The other cooperative program, which is directed by the Minerals Coordinating Committee, is Mineral Diversification. Its mission is longer-term research to diversify Minnesota's minerals economic base. Several projects nurtured by this program have generated significant mineral leasing interest, and others have provided basic information critical to industry research and mineral exploration efforts.

##### 6. Regulating Mining in Minnesota

Since 1980, Permits to Mine (under mandatory Mineland Reclamation Rules) have been granted for 7 active taconite operations, 6 peat mining operations, as well as numerous permits for natural ore operations, and 1 closure permit for a taconite operation.

##### 7. Innovative Environmental Studies

The department is a national leader in the study and determination of effective methods to

**PROGRAM:** Mineral Resources Management  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

predict acid-mine drainage and effective mitigation techniques. A research laboratory and field facility have been set up to conduct these studies. Cooperative research projects in these areas have been funded by the United States Bureau of Mines, the United States Environmental Protection Agency, and the mining industry. Research results have been published in over 30 publications and presented at national and international conferences. Results from these studies are incorporated into regulations of the state and in permits granted to the mining industry.

#### **PROSPECTS:**

**Protecting the Environment:** The commitment to balancing mineral development with environmental protection is a priority of the highest order. This priority involves 2 things: 1) the environmental review and evaluation of potential impacts from mineral exploration geophysical surveys and drilling and 2) the environmental review of mineral industry expansions and new proposals.

**Supporting and Enhancing Existing Industry:** The past 2 biennia were a period of significant progress in improving the competitive position of the state's taconite industry and in furthering efforts to enlarge the industrial minerals sector. Both are high priorities for F.Y. 1992-93 in the continuing endeavor to maintain and diversify the base of Minnesota's mineral economy. Cooperative taconite research projects--co-funded by the state, private industry, and the United States Bureau of Mines--could reach \$1.2 million. Interest in value-added production based on iron ore has grown dramatically over the last few years and is expected to continue. Resource identification and new product research initiatives for industrial minerals, especially dimension stone and kaolin, could result in significant industry expansions. The horticultural peat segment of the industry is expected to see 2 company expansions in production facilities.

**Reclamation and Mitigation Research:** The 3 highest priorities are directed at preparing for possible future non-ferrous mining in Minnesota. They are 1) to develop processes to predict the quality of drainage from mine wastes so that waste disposal plans can be effectively designed; 2) to design a mine waste materials reclamation process that controls acid-mine drainage and minimizes to within standards the metals releases to the environment; and 3) the incorporation of this information into reclamation regulations for non-ferrous metallic mining.

**Encouraging New Mineral Ventures:** Recent efforts to upgrade the quality and accessibility of mineral information for private mineral companies and the public will continue to be a high priority. Mineral potential information, plus the mineral leasing program, are the foundation for attracting new non-ferrous mineral activity to Minnesota. The integration of mineral and land ownership information in a Geographic Information System format is especially critical to success in this area.

#### **PLAN:**

The biennial BASE level appropriations for the division are divided among functions as follows:

Biennial Base Level Funding General Fund (Dollars in Thousands)	
Minerals Management	\$ 7,361
Iron Ore Cooperative Research	650
Mineral Diversification	1,456
Mineland Reclamation	886
Total	\$10,353

The cost increases attributable to salaries and supply/expense items will be approximately \$1.02 million for the biennium. These increased costs cannot be handled solely through careful management of costs and will require layoffs of existing staff, not filling existing vacancies, reduction or elimination of some projects within several programs, and redesigning of some work programs. The cuts will reduce the division's staffing by approximately 13.5%. As part of this realignment, it is proposed to eliminate rider language for industrial minerals development and minerals research.

The division will maintain its programs that reflect commitment to protecting the environment, the reclamation program, and reclamation mitigation research. Cuts and changes will be taken in programs that support and enhance existing industry, programs that encourage new mineral ventures, and planning and monitoring services.

The industrial minerals program is working to assist the statewide development of this existing industry. The projects concerning heavy minerals, peat marketing, industrial minerals development, and industrial minerals monitoring would be eliminated.

One of the functions of the mineral potential program is to provide information to private mineral companies and academia to encourage exploration in the state. Cuts in staff will decrease the quantity and timeliness of data that attracts companies to explore and develop mineral resources in the state.

The mineral diversification program pursues long-term research to diversify the economic base of Minnesota's mineral industry. Cuts in staff will reduce mineral potential evaluation studies, mineral ownership title work, and iron ore process studies. Since about three-fourths of the mineral diversification funding is contracted to other governmental units, these cuts will also mean layoffs and cuts in programs managed by the Minnesota Geological Survey, Natural Resources Research Institute, and the Mineral Resources Research Center. These cuts are partially offset by revenue from leasing of tax-forfeited lands, which will generate an additional \$160,000 and is requested for the mineral diversification program (as a result of consolidation of the lease and exploration fund).

Reductions in use of supplies and fleet vehicles and restrictions on out-of-state travel will result in some savings. Adjustments will be made in work duty assignments to maintain service levels in the critical functions of monitoring revenue-producing activities on state land and generation of new revenues through the leasing programs. Additional savings will be needed and achieved through reductions in planning, managerial, and technical services staff. This will restrict the division's ability to plan and analyze projects, decrease communication and coordination of projects, lower interaction with other Department of Natural Resources' units, and diminish information provided to the public.

#### **GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**1992-1993 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: MINERAL RESOURCES MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
MINERAL MGMT	4,657	4,722	4,833	4,654	4,716	4,716	4,652	4,750	4,750
MINELAND RECLAMATION	434	565	603	611	611	611	608	608	608
TOTAL EXPENDITURES BY ACTIVITY	5,091	5,287	5,436	5,265	5,327	5,327	5,260	5,358	5,358
DETAIL BY CATEGORY:									
STATE OPERATIONS	5,090	5,247	5,436	5,265	5,327	5,327	5,260	5,358	5,358
LOCAL ASSISTANCE	1	40							
TOTAL EXPENDITURES BY CATEGORY	5,091	5,287	5,436	5,265	5,327	5,327	5,260	5,358	5,358
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,392	4,948	5,202	5,179	5,241	5,241	5,174	5,272	5,272
MN RESOURCES	153	82	148						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	511	201	51	51	51	51	51	51	51
FEDERAL	22	18							
GIFTS AND DEPOSITS	13	38	35	35	35	35	35	35	35
TOTAL FINANCING	5,091	5,287	5,436	5,265	5,327	5,327	5,260	5,358	5,358



**ACTIVITY:** Mineral Management  
**PROGRAM:** Mineral Resources Management  
**AGENCY:** Natural Resources, Department of

**1992-93 Biennial Budget**

**DECISION ITEM:** Mineral Diversification

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

**Expenditures**

General Fund	\$ 116	\$ 98	\$ 98	\$ 98
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**Revenues**

General Fund	\$ 116	\$ 98	\$ 98	\$ 98
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**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

General Fund	\$ 116	\$ 98	\$ 98	\$ 98
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**Revenues**

General Fund	\$ 116	\$ 98	\$ 98	\$ 98
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**Requires statutory change:** \_\_\_\_\_ Yes   X   No

**Statutes Affected:**

**ITEM SUMMARY:**

Increased revenue from mineral leasing of tax-forfeited lands is projected for the next biennium. Twenty percent of this increase (\$116,000 in F.Y. 1992 and \$98,000 in F.Y. 1993) would have been deposited into the mineral lease account for mineral diversification projects prior to fund consolidation. These revenues are now deposited directly to the General Fund.

**RATIONALE:**

The increased funding will ensure the intent that the revenue receipts continue to be used for the purposes for which they have been expended at the time of the fund consolidation.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

REVISED 3/28/91

**PROGRAM PURPOSE:**

The Department of Natural Resources' Division of Waters is the principal water resources management agency of state government involved primarily with water quantity and regulatory issues, including ground and surface water appropriation or diversion, dam safety, construction in public waters, and water-related land-use issues.

The mission of the division is to maintain surface water and ground water supplies that meet long-term requirements for basic necessity, environmental protection, and economic production. The division strives to achieve this mission by:

1. conducting investigations that collect, analyze, and interpret data on climate, ground water, and surface water, adding to and maintaining systems that provide crucial information to guide state water policy-making;
2. monitoring and regulating the amount of water used for commercial, industrial, municipal, agricultural, and other purposes, restricting withdrawals when necessary during drought conditions to ensure adequate supplies;
3. responding to surface water problems that arise, such as fluctuating lake levels, shoreline erosion, declining water quality, and conflicts among uses of the water surface by providing statewide standards and policy development;
4. guiding the development of shoreland and floodplain areas, including wild and scenic rivers, through statewide rules and ordinances administered by local governments that seek to prevent erosion, contamination, and flood damages, and maintain scenic and fish/wildlife habitat values;
5. providing technical assistance to local units of government in development of water plans that detail local roles in regulation of water and land use, development of alternative supplies, etc.;
6. reducing the risk of loss of life or injury associated with the presence of dams on state waterways through a program of inspection, repair, construction, or removal of dams;
7. reducing the risk of loss of life, injury, and property damage associated with floods through regulation, provision of grants for projects to mitigate flood damage, and coordination of governmental response during major flood events;
8. preventing degradation of streams, lakes, wetlands, and ground water by regulating alteration of these water systems through a permit system; and
9. preventing destruction or loss of wetlands or other protected waters through the maintenance of an inventory of such areas and through a water bank program to compensate landowners for refraining from such actions.

**PERFORMANCE:**

- In general terms, Minnesota's performance in water quantity management has been successful in that the water supply has been sufficient to meet the aggregate demand for water. There is normally about 22 million acre-feet of water available per year. During drought periods, that drops to 15 million acre-feet. Current annual amounts appropriated for regulated uses total 3.5 million acre-feet. However, total use may exceed 5 million acre-feet given the large number of unregulated uses.
- Water availability varies over time in response to climatic factors and in response to human

influences such as water withdrawals, diversions, and contamination. It also varies spatially according to topography and geology. As a result, localized shortages can occur and should be planned for. Contingency planning is presently done on a case-by-case basis and would benefit from some statewide guidelines.

- New shoreland management rules were adopted in July of 1990 and 103 local governments are in the process of adopting the new rules during the F.Y. 1990-91 biennium, assisted by a state appropriation of \$1.1 million per year.
- During the 1988-89 drought, 200 irrigation permits were suspended statewide to protect stream baseflows. This is an illustration of the effectiveness of the division's monitoring and appropriation procedures as well as the state water-use priority law. Conservation and contingency planning might make these suspensions less necessary or easier to live with in the future.
- Recent droughts also have highlighted problems with government response and conflicts among types of users and regions regarding water allocation policies. The division worked with other interests to produce a formal statewide drought response plan and a low-flow water allocation plan for the Mississippi River.
- Floodplain management regulation has proven consistently cost effective. Recent estimates regarding the Red River flood last biennium indicate that property damage averted is many times greater than the ongoing regulatory and mitigation costs.
- State Water Bank Program activity during this biennium has resulted in the purchase in fee or easements of 520 new acres of wetland and associated adjacent land and the expenditure of \$596,000 for acquisition and annual payment costs for existing State Water Bank Program agreements and leases. Renewal offers have been made on the 19 projects expiring during 1990 and activity involving the appraisal or optioning of these projects is in the beginning stages.
- As a result of funding appropriated in the Ground Water Protection Act of 1989, the division has embarked on a number of new ground water projects. Specifically, in cooperation with the Minnesota Geological Survey, we have started the first regional assessment project in the Anoka Sand Plain counties of Anoka, Sherburne, Isanti, and Chisago. This project is about halfway to completion and will continue into the next biennium.
- Additional funding was supplied by the 1989 Act for acceleration of the Department of Natural Resources/Minnesota Geological Survey county geologic atlas program. During F.Y. 1989, work was completed on both the Washington County and Dakota County atlas projects and reports were published. The Ramsey County atlas project has been started in F.Y. 1990 and negotiations are under way with other counties. A second project will begin this fall.
- The Department of Natural Resources' Division of Waters has added unmatched funding from the 1989 Act to its joint funding agreement with the United States Geological Survey to enable work to start on a regional aquifer study in the Red River Basin encompassing Marshall, Pennington, Polk, and Red Lake Counties. The local units of government are helping to fund this project and the United States Geological Survey is contributing what it can in any increases. Federal matching funds are increasingly difficult to obtain, however.
- In order to participate in these studies and to continue to expand technical assistance to the public, the division, with Ground Water Act funding, added 5 positions in ground water and particularly added a geophysicist to support county atlas and regional assessment projects. Two of the remaining positions are specifically assigned to the observation well program. That network of wells has been increased by about 50 wells during the past year to a total of about 650 wells statewide. Ground Water Act funding will enable the division to drill several new observation wells this fall.
- In response to legislative policy direction during both the 1989 and 1990 sessions, the division is working with permit holders to phase out "once-through cooling" uses of ground water for large

**PROGRAM:** Water Resources Management  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

installations mostly located in the Twin City Metropolitan Area.

- The 1989 Ground Water Bill established funding for improving the Department of Natural Resources' (DNR) Division of Waters lake level and streamflow data collection and management programs.
- Funds have been used to increase DNR participation in the State/United States Geological Survey cost-sharing program by an additional 5 gauging sites and to expand the program's real-time electronic data collection and transmission capability.
- Increased coordination with other agencies, watershed districts, counties, and consultants has increased interest and cooperation in local data collection activities. This funding has substantially increased the division's ability to maintain and expand the existing gauging networks and information and education programs. Current Division of Waters' activities include about 450 lake gauges and 20 stream gauges.

#### PROSPECTS:

**Ground Water Acceleration:** The past 2 years have resulted in significant progress in this area. Funds provided by the Ground Water Protection Act of 1989 have supported the completion of 3 county hydrogeologic atlases, providing invaluable localized data on surface and ground water characteristics. Current BASE funding levels will support work on 2 additional atlases per year in the F.Y. 1992-93 biennium. To accelerate the production of atlases, the Legislative Commission on Minnesota Resources (LCMR) recommended an appropriation of \$1.4 million from the Environment and Natural Resources Trust Fund, of which \$800,000 would go to the Minnesota Geological Survey and \$600,000 to the Division of Waters during the biennium. This will allow work to continue on a total of 4 atlases per year. This effort will require continued department attention well past the year 2000.

**Technical and Financial Assistance to Local Government:** Recent efforts at assisting local units of government with local water planning and implementation of shoreland management rules will continue to be a high priority for the field staff and the division generally in F.Y. 1992-93. The important new obligations taken on by these local units of government to implement the state's policy direction justify continuation of the Shoreland Management Grant Program administered by the division.

**Data Collection:** Significant efforts are still needed to improve the gauging network on Minnesota lakes and rivers and to further coordinate collection of this water level and flow data among the various involved actors. The observation well network is well established and includes 52 soil and water conservation districts as participants. We will continue to expand this network with a goal of having all districts participating.

**Water Conservation:** The division will carefully monitor the impact of increased water appropriation permit fees on water conservation practices and recommend revisions if appropriate. While these data convey the impression that Minnesota has a comfortable supply of water, it must be recognized that as population in the state grew by 50% from 1955 to 1985, water use increased 400% during the same period. Water use continues to increase. The division will also provide technical assistance and monitor the efforts of private industry to develop alternatives to aquifer use in once-through cooling systems as these systems phase out in the mid to late 1990s. Additionally, we must be concerned with adequate water to meet in-stream flow needs--such as water availability for navigation, recreation, or habitat--which do not involve withdrawal of water.

**Wetland Protection:** Roughly 50% of the original United States wetland acreage has been destroyed.

In Minnesota, approximately 8.7 million acres remain of an original total of 18.4 million acres. The current rate of loss is at least 5,000 acres annually. Preservation of wetland acres yields 3 major types of benefits:

1. **Water Conservation:** Wetlands are important natural regulators of water quantity, absorbing excess runoff during floods and slowly releasing it into the hydrologic system.
2. **Pollution Control:** Wetlands serve as natural filters of pollutants and sediment both through consumption and production of certain chemical compounds in the water and through deposition of harmful materials.
3. **Wildlife Habitat:** Duck populations are roughly half of 1950s levels, and pheasant numbers have declined 90% because of habitat loss. In the United States, 25% of the plants and animals on the threatened and endangered species lists occupy wetlands.

#### PLAN:

Biennial BASE level appropriations for the division are divided among functions as follows:

#### Biennial Base Level Funding (Dollars in Thousands)

Shoreland Management	\$ 2,213
Water Recreation	188
General Operations and Management	11,790
Ground Water Bill	1,742
Total	\$15,933

Cost increases attributable to salaries and supply/expense items will approximate \$1.5 million for the biennium. These costs will have to be managed by reducing personnel costs, redesigning work processes, delaying certain tasks, and eliminating some services.

The division will propose legislation to eliminate statutory responsibilities for flood damage reduction, saving \$1.5 million over the biennium. While the division believes its work in this area is important, the difficult fiscal climate requires elimination of this function so that higher priority division work may continue. Local government and property owners will bear the full responsibility for non-federal costs of flood damage reduction. This reduction eliminates flood damage reduction grants-in-aid to local units of government. Therefore, many necessary works of improvement will not be constructed. This will generate \$976,000 over the biennium. Six positions will need to be phased out during the same period of time to generate the remaining dollars to make up the \$1.5 million budget shortfall. Local governments will have to reduce reliance on state support for floodplain management.

Included in the budget request is a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the next biennium. Adjustments of \$3,000 in F.Y. 1992 and \$5,000 in F.Y. 1993 have been made from the Natural Resources Fund (Water Recreation Account).

The LCMR has recommended funding in the amount of \$88,000 from the Minnesota Resources Fund and \$1,050,000 from the Environment and Natural Resources Trust Fund. Project amounts recommended in F.Y. 1992 include: \$73,000 for aquifer analyses in southeast Minnesota; \$15,000 for Pokegama Lake outlet channel; \$300,000 for South Central Minnesota Surface Water Resource Atlas; and \$750,000 for statewide national wetlands inventory, protected water inventory, and watershed map digitization.

#### GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: WATER RESOURCES MGMT

				FY 1992			FY 1993		
			Est.	Adjusted	Agency	Governor	Adjusted	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
WATER RESOURCES MGMT	6,237	8,605	8,859	8,214	9,355	9,355	8,128	8,133	8,133
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	6,237	8,605	8,859	8,214	9,355	9,355	8,128	8,133	8,133
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	5,782	6,982	7,545	6,833	7,586	7,586	6,747	6,752	6,752
LOCAL ASSISTANCE	455	1,623	870	937	1,325	1,325	937	937	937
AID TO INDIVIDUALS			444	444	444	444	444	444	444
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	6,237	8,605	8,859	8,214	9,355	9,355	8,128	8,133	8,133
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					1,050	1,050			
GENERAL	4,634	7,911	7,844	7,879	7,879	7,879	7,866	7,866	7,866
MN RESOURCES	560	445	779		88	88			
NATURAL RESOURCES		87	93	94	97	97	94	99	99
WATER RECREATION	80								
WATER POLLUTION CNTRL	806								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	60	61	37	37	37	37	37	37	37
FEDERAL	97	101	106	204	204	204	131	131	131
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	6,237	8,605	8,859	8,214	9,355	9,355	8,128	8,133	8,133

**ACTIVITY:****1992-93 Biennial Budget****PROGRAM:** Water Resources Management**AGENCY:** Natural Resources, Department of**DECISION ITEM:** Legislative Commission on Minnesota Resources

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:****Expenditures**

Minnesota Resources Fund	\$	88	\$		\$	
Environment and Natural Resources Trust Fund	\$	1,050	\$		\$	

**GOVERNOR'S RECOMMENDATION:****Expenditures**

Minnesota Resources Fund	\$	88	\$		\$	
Environment and Natural Resources Trust Fund	\$	1,050	\$		\$	

Requires statutory change: \_\_\_\_\_ Yes      X   No

Statutes Affected:

**ITEM SUMMARY:**

The Legislative Commission on Minnesota Resources (LCMR) has recommended funding for the following projects:

## ■ Minnesota Resources Fund

\$ 73,000 - Aquifer Analyses in Southeast Minnesota

\$ 15,000 - Pokegama Lake Outlet Channel

## ■ Environment and Natural Resources Trust Fund

\$300,000 - South Central Minnesota Surface Water Resources Atlas

\$750,000 - Statewide National Wetlands Inventory/Protected Water Inventory/Watershed Map Digitization

**RATIONALE:**

- Aquifer Analyses in Southeast Minnesota: This project provides funds to the Commissioner of Natural Resources for a grant to Winona State University to perform aquifer tests in southeast Minnesota in order to determine aquifer characteristics, surface-subsurface ground water interaction, and aquifer interaction.

- Pokegama Lake Outlet Channel: This project provides funds to the Commissioner of Natural Resources for a grant to the Pokegama Lake Association to develop an environmentally sensitive design for and to install a permanent outlet channel for Pokegama Lake. State funds provided for this project must be matched by \$15,000 of local resources. The local funds must be spent before the grant is made.

- South Central Minnesota Surface Water Resource Atlases and Data Base: Project funding is from the Minnesota Environment and Natural Resources Trust Fund to the Commissioner of Natural Resources for a grant to Mankato State University for development of surface hydrology atlases and data base in both hard copy and electronic format for the 13 counties of south central Minnesota.

- Statewide National Wetlands Inventory, Protected Water Inventory, and Watershed Map Digitization: Project funding is from the Minnesota Environment and Natural Resources Trust Fund to the Commissioner of Natural Resources to complete the digitization of the national wetlands inventory, protected water inventory, and watershed boundaries.

**GOVERNOR'S RECOMMENDATION:**

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund and the Environment and Natural Resources Trust Fund, the Governor makes no specific recommendations.

**PROGRAM PURPOSE:**

The Department of Natural Resources' (DNR) Division of Forestry is the state's forest management agency. The division has responsibility for protection of the state's forest lands, management of state-owned lands for multiple benefits, providing assistance in the management of other publicly and privately held forest lands, and coordination of federal forestry technical assistance and cost-share programs in the state.

The mission of the division is to work with public and private entities to promote the conservation, protection, and enjoyment of Minnesota's forest resources through multiple-use management, wildfire and pest protection, and technical forestry assistance. Quality forest resources for the people of the state are provided by balancing public needs with sound natural resources management principles. Specific program activities include:

1. protect and manage state-owned forest lands according to the principles of multiple-use and sustained-yield to provide forest resources which can be used in a manner that best meets the needs of Minnesota citizens;
2. provide technical forestry advice and assistance to individuals, communities, and governmental subdivisions in the management of their trees and woodlands;
3. prevent and suppress wildfires on public and private land in the forested counties of Minnesota encompassing some 45.5 million acres;
4. produce or procure seed and seedlings to reforest public and private lands in Minnesota;
5. monitor and evaluate the forest resources to enable management and protection of the various forest resources in a sustainable manner;
6. provide leadership in the forestry community to assure coordination among the principal stakeholders to best utilize available resources to provide for the protection, management, research, teaching, and outreach elements of forestry; and
7. assure that the elements of forest management are integrated so that the needs of an ever-changing clientele can be met while maintaining the diversity of the resource and protecting the unique cultural, historic, and biological entities.

**PERFORMANCE:**

Minnesota's forest resources are at the core of our quality of life. Our citizens want, at the same time, to utilize its various forest resources, protect its diversity and uniqueness, live in it, and somehow keep it from changing in any way. It is this divergence of needs and wants that creates management challenges and opportunities.

- State forest lands are providing a broader mix of outputs than ever before. Timber harvest is more than 2 times higher than 4 years ago. Sales have increased from 349,000 cords in 1986 to 772,000 cords in 1990. Reforestation efforts complement the harvest program by returning all harvested lands to new growth. Forest recreation usage is at an all time high and covers the gamut of use from wilderness camping to all-terrain vehicle recreation usage. The division has implemented best management practices to enhance water quality. Guidelines for old-growth timber retention and management for older forests are being developed. Visual management issues are being addressed. Integrating resource management options in decision-making is emerging as the management norm.

- Providing assistance to other governmental units and individual forest landowners has emerged as a larger and larger workload. Workloads in the community forestry continue to increase. Staff have been shifted to the Metro Region to address the opportunities in community forestry. Cooperative forestry efforts are shifting to address the conversion of marginal agricultural lands to forests and to address the management problems of the oak forests. A significant portion of the division's budget (nearly \$3.5 million) is passed directly through to Minnesota counties for forest development activities, including reforestation and road construction, the University of Minnesota, and selected Minnesota cities to assist in fostering appropriate forest management activities and research.

- Wildfire suppression activities are becoming more and more complex due to the burgeoning development of residential housing in rural and suburban settings (the so-called rural-urban interface). In the average year, more than 1,900 fires burn 65,000 acres. Drought conditions have resulted in high program costs due, in part, to the amount of ground fire (peat) suppression activities.

A notable gain in fire program efficiency has resulted by combining forces in fire suppression. The Minnesota Incident Command System combines state and federal fire fighting forces in an effort to share resources to minimize costs while maximizing effort and coordination. This sharing includes air support, fire fighting labor and overhead, dispatch and specialized equipment. The program is a recognized national model.

- Nursery production continues to average about 20,000,000 seedlings per year. Farmland conversion programs have helped maintain strong demand. Losses in reforestation monies will have a direct, negative impact on future year's production, however.
- Monitoring and evaluating forest resources are continuing on many fronts. DNR's share of the statewide forest (Forest Inventory Analysis or Phase 1) inventory has been completed and is awaiting analysis. Detailed forest inventory (Continuous Stand Assessment or Phase 2) data banks are being maintained and improved. Soil survey information is becoming available from the most heavily forested counties. The Minnesota Forest Resources Plan is being updated. Regional Forest Management Plans are being developed in the 2 northern regions. Remaining regional plans are scheduled to follow.

Data processing improvements and emerging geographic information systems have improved data retention, analysis, and use. Much remains to be done, however, to implement electronic data processing, storage, and analysis into all Forestry programs.

- Leadership is becoming more challenging as more competing pressures on the resource come into play. Industrial development has been unprecedented in the past 10 years and is expected to continue for at least 10 more years. Concerns over timber supply, biological diversity, old growth/old forest retention, forest fragmentation, and conflicting recreation interests have become rallying cries.
- The division and the larger forestry community are striving to manage and minimize the conflicts. It is hoped that the generic environmental impact statement on timber growth and harvest will answer many of the issues as the effort proceeds.

**PROSPECTS:**

Prospects for the forestry sector and the Division of Forestry reveal a mixed bag of opportunities and challenges.

Industrial development and timber harvest are at modern highs and are expected to increase. This results in additional job opportunities (56,000 Minnesotans are currently employed in the forestry and forest products sector). Gross sales now exceed \$5 billion. State tax revenues total about \$150 million directly and an additional \$400 million from indirect economic activity.

**PROGRAM:** Forest Management  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

Opportunities and demands from our citizens to broaden the forestry program are placing greater demands on resource managers. Planning, coordination, and integration of competing management needs require time, money, and effort.

Protection of the forest resource is proving to be more challenging as development continues in the rural/urban interface. Life and real property loss potentials continue to increase each year. Cooperative efforts between the Department of Natural Resources and other governmental agencies have kept the costs of protection from becoming overwhelming.

Downside parts of the equation include an already reduced Division of Forestry effort. Reductions approximate 10% of established need or a shortage of \$2.5 million. Additionally, the Federal Boundary Waters Canoe Area (BWCA) Settlement Grant ended in September, 1990, resulting in a net budget reduction of \$2.7 million per year. Most of the BWCA funds were spent on reforestation, road development, and associated state forest development. With the loss of these federal funds, along with reductions in the General Fund, the dollars devoted to development projects have diminished from the 1990 expenditure level of \$5,100,000 by approximately 50%.

Current inflation trends will likely result in an additional real reduction during the biennium averaging at least \$2 million per year.

Upside opportunities include potential appropriation of land-use receipt increases totaling about \$600,000 annually. An appropriation for reforestation resulting from charges for carbon dioxide emissions in Minnesota could be substantial. Two federal programs (Stewardship and America the Beautiful) may provide technical assistance and reforestation monies for cooperative forest management and community forestry programs.

Forestry and forest management issues will continue to emerge from a number of economic and environmental concerns. This will require expanded support to integrate our management efforts and balance the various needs for goods and services as demands increase.

#### **PLAN:**

The budget plan expresses both the positive gains of increased timber and recreation use receipts and the deepening impacts of the costs of doing business expressed in the sections of this budget narrative.

The division estimates that timber receipts will rise by \$569,000 in F.Y. 1992 and \$773,000 in F.Y. 1993. We have chosen to allocate these revenues to personnel costs to partially offset the continued salary underfunding. The conversion of the Boundary Waters Canoe Area Wilderness positions from federal to general funding increased our salary liability in F.Y. 1991 by approximately \$850,000. The division had \$570,000 in the budget dedicated to these salaries. This left a deficit balance of \$280,000 which had to be made up by holding 8 positions open.

Campground fees are expected to generate an additional \$40,000 in each year. We anticipate using this entire amount to fund campground maintenance.

Collectively, the personnel impacts of the positive cash flow of timber receipts and the negative impacts of BWCA position conversion and underfunding will cause a reduction in force of 35 positions in F.Y. 1992 and 46 positions in F.Y. 1993. The division is currently holding some 28 vacancies. Thus, the net additional layoff impact will be 18 positions.

We anticipate that approximately 21% of the layoffs will be in the professional classes, 64% in

the technical and support service classes, and 15% from the supervisory/managerial classes. In order to handle inflationary adjustments, operational reductions as outlined below will be required.

- Reduced General Fund road maintenance will amount to \$159,000 in F.Y. 1992 and \$413,937 in F.Y. 1993. This will move the entire road maintenance budget to the fuel tax appropriation, which is insufficient. Recreation users will be most troubled because 90% of the use is by this traveling user group.
- Reductions in staff will result in travel and expense cost savings of \$80,045 in F.Y. 1992 and \$275,000 in F.Y. 1993, respectively.
- We anticipate a reduction in fleet equipment rental amounting to \$180,000 and \$220,000, respectively, during each year of the biennium.

Other anticipated reductions will be in office space, training, and cutbacks on abandoned well closure efforts that will amount to \$50,000 each year.

Combined personnel and operations reductions will impact every element of the operation of the Division of Forestry. This includes our service to the public, emergency responsibilities, state land management efforts and planning and program oversight. As stated earlier, this comes at a time of increased public expectation by our clientele and increased complexity of management.

The budget includes a base level of \$769,000 for fire suppression and suppression activities. In addition, the division estimates a need for fire suppression funds through the open appropriation of an additional \$5,000,000.

Included in the request for F.Y. 1992 is funding for the construction of an office building (\$151,000) and a tree seed distribution center (\$234,000) at the Badoura Nursery. Funding for this request is from the State Forest Nursery Account.

The Legislative Commission on Minnesota Resources has recommended funding in the amount of \$1,085,000 from the Minnesota Resources Fund. Project amounts recommended in F.Y. 1992 include: \$500,000 for state forest land acquisition; \$200,000 for private forest management/oak regeneration; \$85,000 for aspen decay models for mature stands; and \$300,000 for tree/shrub planting for energy in Minnesota communities.

#### **GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: FOREST MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
FOREST MANAGEMENT	25,547	25,853	26,707	24,525	26,604	26,604	24,478	25,291	25,291
FIRE FIGHTING	8,094	6,716	6,015	6,020	6,020	6,020	6,019	6,019	6,019
FOREST MGMT GRANTS	2,411	2,240	3,125	2,987	2,987	736	2,987	2,987	736
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	36,052	34,809	35,847	33,532	35,611	33,360	33,484	34,297	32,046
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	33,822	31,829	32,578	30,426	32,220	32,220	30,378	31,191	31,191
LOCAL ASSISTANCE	2,230	2,980	257	119	404	<1,847>	119	119	<2,132>
AID TO INDIVIDUALS			3,012	2,987	2,987	2,987	2,987	2,987	2,987
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	36,052	34,809	35,847	33,532	35,611	33,360	33,484	34,297	32,046
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	17,833	22,635	24,851	24,772	25,381	23,130	24,724	25,537	23,286
MN RESOURCES	25	110	210		1,085	1,085			
SPECIAL REVENUE	4,079	727	935	835	1,220	1,220	835	835	835
STATUTORY APPROPRIATIONS:									
GENERAL	6,674	5,392	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SPECIAL REVENUE	3,236	1,971	2,104	2,024	2,024	2,024	2,024	2,024	2,024
FEDERAL	4,203	3,973	2,747	901	901	901	901	901	901
GIFTS AND DEPOSITS	2	1							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	36,052	34,809	35,847	33,532	35,611	33,360	33,484	34,297	32,046



ACTIVITY: Forest Management  
PROGRAM: Forest Management  
AGE: Natural Resources, Department of

1992-93 Biennial Budget

DECISION ITEM: Increased Timber/Forest Campground Revenues

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
General Fund	\$ 609	\$ 813	\$ 813	\$ 813
Revenues				
General Fund	\$ 609	\$ 813	\$ 813	\$ 813

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 609	\$ 813	\$ 813	\$ 813
Revenues				
General Fund	\$ 609	\$ 813	\$ 813	\$ 813

Requires statutory change: \_\_\_\_\_ Yes   X   No  
Statutes Affected:

ITEM SUMMARY:

This request will increase the Division of Forestry's General Fund appropriation by an amount equal to that portion of the increased revenues generated from the sale of timber stumpage from state-administered forest lands that is certified by expenditures on trust lands. This increase (\$569,000 in F.Y. 1992 and \$773,000 in F.Y. 1993) will be utilized to reforest and manage the forest lands to provide a sustained yield of multiple benefits. The Forest Resource Management Act of 1982 requires the Commissioner to reforest at least as much acreage as that harvested each year. Prior to its repeal by the 1989 legislature, the Department of Natural Resources (DNR) had a dedicated forest management fund that linked revenues from the increased harvest level to that which would be available to develop state lands.

Also, this request will increase the division's campground and day-use area operation and maintenance appropriation to the level of receipts that are collected at our campgrounds. This request (\$40,000 each fiscal year) will not provide the public with any new services. It will allow the division to operate and maintain its campground facilities at a minimum level of service.

RATIONALE:

Declining General Fund resources is making it extremely difficult for the Division of Forestry to

continue to meet the requirements of the 1982 Forest Management Act. At the same time, timber harvest revenues from DNR-administered lands has increased from \$3.2 million in F.Y. 1988 to almost \$4.5 million in F.Y. 1990 from all land sources. Of this amount, \$3,360, generated from trust fund-administered lands. Based on anticipated receipts for F.Y. 1991, more than \$1 million will be available during the next biennium for an increased appropriation to the DNR. This will help to ensure Minnesota's commitment to sustained yield principles, sensitive resource management, reforesting harvested sites and to support the investments made in Minnesota's forest industries.

Currently, the Division of Forestry maintains 46 campgrounds and 44 day-use areas. Use of state forest campgrounds increased 39% (55,700 to 77,434) between 1986 and 1990. Campground receipts rose 67% (\$82,000 to \$139,000) during that same period. Use is expected to stabilize at this level. The increased level of usage has caused a severe strain on the division's declining budget, along with increases that have occurred in the cost of labor and supplies. In addition, solid waste disposal fees have skyrocketed due to limited landfill space and long hauling distances for collection. This request will allow the division to continue to maintain its facilities at a minimum standard to protect the public and our natural resources.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**ACTIVITY:** Forest Management  
**PROGRAM:** Forest Management  
**AGENCY:** Natural Resources, Department of

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The tree seed distribution building will provide more efficient work space for packaging, storing, and distributing tree seedlings. The added space and improved design of the building will allow faster packaging of the trees, reducing packaging costs and desiccation of the seedlings. The cooler is essential to keep the seedlings at a temperature which ensures healthy plantable seedlings.

**DECISION ITEM:** Badoura Nursery: Office Building  
Tree Seed Distribution Center

Volume at the nursery has increased 100% since 1977, and the number of orders processed has increased in response to federal and state cost-share programs for private land. A larger facility is essential to process the seedlings efficiently.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

**Expenditures**

Special Revenue - Nursery	\$	385	\$		\$
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**Revenues**

Special Revenue - Nursery	\$	385	\$		\$
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**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

Special Revenue - Nursery	\$	385	\$		\$
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**Revenues**

Special Revenue - Nursery	\$	385	\$		\$
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**Requires statutory change:** \_\_\_\_\_ Yes      X   No  
**Statutes Affected:**

**ITEM SUMMARY:**

Funds are requested from the State Forest Nursery Account for the construction of an office building and a tree seed distribution center at the Badoura Nursery as follows:

- \$151,000 for construction of a new office building (1,765 square feet) that will be single-story, energy efficient, and handicapped accessible.
- \$234,000 for construction of a new building (6,280 square feet, which includes a 1,344 square foot cooler) to provide for tree seedling packaging, refrigeration, and distribution. The blueprint plans have been completed, and this project is to the point of releasing bids for the actual construction.

**RATIONALE:**

The office building will provide an administrative site which will be more energy efficient, will be handicapped accessible, and will be more accessible to the public than the present building which was built in 1960. It is anticipated that substantial savings will be realized with a more energy efficient building. With the location of this new building, personnel and public safety will increase since it will be removed from the busy vehicular shop area.

ACTIVITY:  
PROGRAM: Forest Management  
AGENCY: Natural Resources, Department of

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which is used for bicycling, hiking, and ski touring and is managed by Goodhue County.

DECISION ITEM: Legislative Commission on Minnesota Resources

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

Minnesota Resources Fund	\$ 1,085	\$	\$	\$
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GOVERNOR'S RECOMMENDATION:

Expenditures

Minnesota Resources Fund	\$ 1,085	\$	\$	\$
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Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

ITEM SUMMARY:

The Legislative Commission on Minnesota Resources (LCMR) has recommended funding for the following projects:

1. State Forest Land Acquisition - \$500,000: Acquisition of lands in Goodhue County, along the Cannon River, which are owned by The Nature Conservancy and are within a high-priority purchase compartment for the Richard J. Dorer Memorial Hardwood State Forest. Any remaining funds after the completion of this acquisition will be used to acquire other lands in high-priority purchase compartments elsewhere in the state forest.
2. Private Forest Management/Oak Regeneration - \$200,000: Increase technical assistance to non-industrial private forest landowners in southern Minnesota for oak regeneration.
3. Aspen Decay Models for Mature Stands - \$85,000: Study of the level of wood decay in mature aspen stands in Koochiching County and develop a relational model based on stand and site characteristics.
4. Tree/Shrub Planting for Energy in Minnesota Communities - \$300,000: Develop research-based guidelines and publications on planting trees and shrubs for energy conservation in urban areas. Funding will also support a cost-share program for purchase of planting stock by communities.

RATIONALE:

1. State Forest Land Acquisition: Acquisition of this land will protect 1.25 miles of the Cannon Wild and Scenic River shoreline from being developed, allow for the protection of some rare plants, provide the public with additional lands for recreation, and allow the lands to be managed for other forestry purposes. This project will also help to prevent erosion into the river and help to maintain water quality. The parcel is bisected by the Cannon Valley Trail,

2. Private Forest Management/Oak Regeneration: The oak resource in Minnesota is currently being harvested at an annual rate exceeding 50 million board feet. In specific areas, such as southern Minnesota, the annual harvest level exceeds annual growth by a 2:1 ratio. This serious difference between annual growth and harvest is a concern not only to forest and wildlife managers, but also to primary and secondary forest products industries as well as private landowners. The problem is not strictly over-cutting, but a lack of attention during harvesting to foster regeneration of the stand. Mature oak trees are removed during harvest; but without professional technical advice, the opportunity to regenerate oak is greatly diminished. Since much of the oak harvest is occurring on non-industrial private forest lands, education and technical assistance must be available to these landowners to encourage planning, pre-sale, harvesting, and post-sale techniques that enhance oak regeneration. The goal of this project is not to increase the harvesting levels, but to provide technical advice that will promote oak regeneration on more of the acres now being harvested.

3. Aspen Decay Models for Mature Stands: The amount of aspen timber volume which is lost to decay is assumed to be large in Minnesota. Forest managers need more information on managing mature aspen stands so that this loss is minimized. By understanding the relationship between individual-stem decay and stand characteristics, decisions can be made as to which mature stands should be harvested first, which can be left, and how long stands can be left before the decay loss is critical. The accuracy of long-range planning efforts can be increased by incorporating this new information into existing growth and yield models. Given the increasing pressure on Minnesota's aspen resource, accurate long-term planning and forecasting is critical. This new information will also be developed in the form of indices which classify stands as to their vulnerability to decay (risk level) based on stand characteristics such as soil type, site index, and age. These indices could be easily placed into existing geographic information systems to serve as an aid for site-specific harvesting operations.

4. Tree/Shrub Planting for Energy in Minnesota Communities: Reductions in energy consumed for air conditioning and heating will save Minnesotans money, will reduce need for power generation and new power plant construction, and will increase the quality of life by reducing carbon dioxide emissions and acid rain resulting from power generation. As stated in a 1990 report to the Minnesota legislature by the Minnesota Shade Tree Advisory Committee, the value of trees for energy conservation has been demonstrated for other regions: up to 30% reduction in air-conditioning costs and 10-25% reductions in costs for heating. Minnesotans already spend millions on landscaping, often with minimal energy savings realized. Instead, through this project, people throughout the state will see returns on their investments in plantings through reduced fuel and electric bills and through more comfortable buildings in an improved environment. This proposal complements \$80,000 of other funding already committed to the Department of Natural Resources by the United States Department of Agriculture's Forest Service and Northern States Power Company for energy conservation plantings. The research, guidelines, publications, and technical assistance represent a specific public service not presently existing in Minnesota, which builds upon existing state community forestry and energy programs. This project will aid the state in securing more federal monies currently proposed through the America the Beautiful Program for tree planting.

GOVERNOR'S RECOMMENDATION:

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund, the Governor makes no specific recommendations.

**ACTIVITY:**  
**PROGRAM:**

**AGENCY:** Natural Resources, Department of

**DECISION ITEM:** Reduce Forestry-Related Local Assistance

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Total Forestry-related Local Assistance - BASE Level:

County Administered Land and Timber Revenues	\$ 4,419
State Administered Land and Timber Revenues	546
Payment-In-Lieu of Taxes	4,220
County Forestry Assistance Grants	2,251
County Forest Road Grants	275
Total	\$11,711

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
Payment-In-Lieu of Tax on Tax-Forfeit Land	\$ (2,100)	\$ (2,100)	\$ (2,100)	\$ (2,100)
County Forestry Assistance Grants	\$ (2,251)	\$ (2,251)	\$ (2,251)	\$ (2,251)

Requires statutory change:  X  Yes   No  
Statutes Affected: M.S. 477A

**ITEM SUMMARY:**

This proposal would eliminate payments-in-lieu of taxes on tax-forfeit land and County Forestry Assistance grants.

**RATIONALE:**

The state provides a variety of forestry-related direct-paid assistance to local units of government. Most of these funds are shared with 14 heavily forested counties in the state. These are areas with large concentrations of land in public ownership including state acquired and tax-forfeit lands, federal, and county owned lands. Much of this assistance is related to state ownership of various lands. The DNR administers roughly 5.3 million acres of state-owned natural resources land; counties administer another 2.8 million acres of state-owned tax-forfeit land, in addition to any county ownership.

- State law provides that counties earn all revenues from land and timber sales revenues on state-owned tax forfeit land administered by the counties. This generates roughly \$4.4 million per year.
- State law further provides that half of the timber and land sale revenues from certain types of state-owned forestry land be shared with counties, generating about \$546 thousand per year, (which is deducted from amounts paid in lieu of tax).
- DNR pays \$4.2 million per year to forested counties as payment-in lieu of taxes; about half (\$2.1 million) was for county managed tax-forfeit land and half for DNR managed trust fund and acquired lands. About one-quarter of these funds are designated for resource development and three-quarters for general property tax levy reduction. The payments for various types of lands are set as fixed payments per acre, which creates wide variations in the effective tax rates the state is paying on land values.
- The County Forestry Assistance grant program provides \$2.251 million per year to counties based on the acreage of commercial state tax-forfeit forest land managed by the counties.
- A share of the state gas tax (\$275 thousand annually) is dedicated to grant payments to subsidize forest road construction and maintenance.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends a statutory change eliminating payments-in-lieu of tax to counties on tax-forfeit land, administered by the counties saving \$2,100 each year of the biennium. The Governor further recommends eliminating County Forestry Assistance grants at a savings of \$2,251 each year.

These recommendations are consistent with the Administration's overall position on state-paid assistance to local units of government. This framework calls for the state to support those payments to local units that are intended to finance state mandates, and to phase out many other forms of state assistance. Resource Management activities on tax-forfeit land are not mandates, but rather opportunities for the counties to generate revenues.

Furthermore, allowing counties to retain revenue from timber and land sales of state-owned tax-forfeit land represents a significant commitment of funds by the state. Additional compensation in the form of direct grants and payment-in-lieu of taxes is duplicative.

**PROGRAM PURPOSE:**

- In 1991, the Minnesota State Park System will be 100 years old. Through these many years, state parks have provided countless hours of enjoyment for park visitors and preserved Minnesota's most unique and valuable cultural and natural resources.
- The mission of the Division of Parks and Recreation is to provide a state park system that perpetuates Minnesota's scenic beauty and its natural and cultural resources while being responsive to public needs and expectations and providing a diversity of recreational and educational opportunities.
- State parks contain a variety of natural wonders, including relict old-growth forests, the state's highest waterfall, the headwaters of the Mississippi River, natural national landmarks, thousands of acres of native prairie, and rare calcareous fens. Cultural resources preserved include ancient bison kill and village sites, early settlement ghost towns, Indian conflict battle sites, historic iron mines, and old mills.
- This program provides for the management, maintenance, operation and development of 200,000 acres that comprise 65 state parks, 17 waysides, and 1 state trail. This responsibility is accomplished with only 204 full-time people. This permanent staff is assisted by approximately 600 seasonal and part-time employees and 40 needy/elderly people employed under a contract with Greenview, Incorporated. This staff maintains and operates the park system's campgrounds, trails, picnic areas, interpretive centers, and all other physical developments. The division also provides low-key enforcement, operates and leases concessions, provides lifeguard and night security services, conducts environmental education programs for park visitors, and manages park resources.
- The state's investment in this excellent state park system must be maintained to make sure that Minnesota's quality of life and diverse economy is preserved.
- The state park system is a key element of Minnesota's tourism industry.
- The 1989 legislature approved an increase in the state park operating budget to bring the system up to minimum operating standards. This increase was a great step toward achieving a park system and staff that provide quality service for today's park visitor and also maintains and manages the park infrastructure and resources so future visitors can also enjoy the Minnesota State Park System. While the 1989 legislative increase went a long way to fund the operating needs of the state park system, there are still many critical issues that need to be addressed.

**PERFORMANCE:**

- Park visitors make a positive contribution to the local rural economy where state parks are located.
- In 1989, park visitors spent \$137 million in communities surrounding state parks on travel expenses, goods, and services. Parks located throughout the state have played an important role in the redistribution of wealth from the Metro Area in a 2-economy state.
- This \$137 million in expenditures generated \$197 million of business for the state and supported 3,381 full- and part-time jobs.
- The state of Minnesota received \$17.4 million in revenues (\$5.9 million from park visitor fees, \$7.2 million from sales taxes, and \$4.3 million from indirect taxes) from state park visitors in 1989.

- Bringing new recreation dollars into Minnesota has long been an important function of the state park system. Many of these dollars were spent by people from other regions and states, thereby fueling the economic growth and well-being of rural areas and Minnesota as a whole.
- The Division of Parks and Recreation has developed a "minimum operations standards" system. These standards identify park tasks which are described in terms of how often, what level of quality, and how much staff time is allowed for each task. The standards provide a means to establish budgets, allocate money equitably to each park, communicate management expectations, and evaluate performance of park staff. If adequate money is not available to operate parks at a minimally acceptable level of operation, the standards provide a means to allocate the existing budgets where they will do the most good and to identify what jobs and services can be accomplished.
- State park attendance has increased from 5,500,000 visitors in 1986 to 7,900,000 visitors in 1989 (a 44% increase). It appears that substantial increases in economic impact will continue to be realized in the future if minimum standards can be maintained.
- The 1987 state park visitors survey showed that 94% of the state park visitors enjoyed their stay, 98% said they would return for another visit, and 97% said they would recommend state parks to their friends.

**PROSPECTS:**

- From 1986 to the year 2000, the number of Minnesotans between the ages of 35 and 54 will increase 51% and there will be a 14% decrease in people between the ages of 15 to 34.
- This growing middle-aged population will have more leisure time to spend close to home, more disposable income, and higher expectations for comfort and services than current park visitors.
- The type of activities these visitors demand will change. They will require more hiking and biking trails, fishing opportunities, and improved roads for pleasure driving.
- A 44% increase in visitor use from 1986-89, plus much heavier use during the winter season, has taxed the staff and facilities beyond capability. With the state park centennial in 1991, park visitation is expected to continue to increase.
- The state park system's operating needs continue to expand with increased public use, aging park facilities, public demand for new park activities, and the need to preserve outstanding natural and cultural resources.
- A quiet crisis is emerging within the state park infrastructure. We need to maintain our state park landmarks: historical buildings, archaeological sites, and natural areas. Many of the most significant landmarks are deteriorating from excessive use. Over the years, increased use and absence of maintenance programs have led to serious deterioration of park facilities. Roads, buildings, structures, trails, and campgrounds have deteriorated to the point where some are closed and more will be closed in the future unless we take corrective action. Funds are urgently needed to maintain and enhance park facilities and the cultural and natural landmarks which are the cornerstone of Minnesota state parks.
- There is a need to institute a planning program within state parks to address existing and emerging issues.
- The division is also faced with the need to improve its cultural and natural resource management programs which are responsible for maintaining and preserving the unique resources found within state parks.
- State funding deficiencies and cuts have seriously eroded the ability to serve an increasing and more demanding clientele. Although many cost-saving measures have been implemented, it is

**PROGRAM:** Parks and Recreation Management  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

impossible to maintain acceptable levels of service to the public, provide adequate training for park employees, contribute to the state's tourism economy, maintain the physical plant, manage park resources, and generate appropriate revenues without additional staff and funding.

**PLAN:**

The Minnesota State Park System has entered an era of expanded visitation, user expectations, and resource and facility needs. At the same time, it faces reduced funding due to a number of factors. These include a lack of F.Y. 1992-93 inflation/salary supplement, plus current shortages due to F.Y. 1991 General Fund reductions, F.Y. 1991 salary supplement shortage, and original funding shortage of minimum operating standards. These shortages are partially offset by an expected increase in state park revenue of \$207,000 in F.Y. 1992 and \$466,000 in F.Y. 1993. The net shortage from all these factors will require the following reductions:

**Public Service**

- State park offices are now open 7 days a week for public information, public safety, and fee collection. Under this plan 25% of park offices will be open only on weekends. Public service will be reduced and income lost.
- The staff will be reduced 15%, resulting in numerous layoffs.
- Visitor services will be reduced in all areas, including security patrols.
- Sixteen percent of camping facilities will be closed during the busy summer season--Memorial Day to Labor Day.
- Fifty percent of all camping and lodging facilities will be closed during the fall, winter, and spring--Labor Day to Memorial Day.
- This reduced level of public service will result in decreased expenditures of \$702,106 in F.Y. 1992 and \$1,504,892 in F.Y. 1993.
- Approximately \$200,000 in revenue will be lost each year due to reduced availability of facilities.
- Most winter trails will not be groomed.

**Park Protection**

- Work on state parks resource management problems--such as non-native species invasion, limited resource inventories, increasing visitor impacts, erosion, disease, and species that are becoming rare and endangered--will be reduced by 20%.
- Maintenance work on deteriorating park facilities--such as roads, structures, trails, and campgrounds--will be reduced by 20%.
- This reduction in resource management and facility maintenance will result in reduced expenditures of \$175,527 in F.Y. 1992 and \$376,223 in F.Y. 1993.

**Additional Impacts**

- Grand Portage State Park was authorized by the 1989 state legislature and the land acquired in 1990. It will not be opened if the inflation/salary supplement is not funded.

- The Iron Range Resources and Rehabilitation Board will provide \$200,000 per fiscal year only through 7-1-91 for the operation of Hill Annex Mine State Park. This park will be closed if the inflation/salary supplement is underfunded.

- Additional employee development is essential for park employees to meet the diverse demands and preferences of the public while protecting park resources and to accomplish their many diverse responsibilities in an efficient and effective manner.

Included in the budget request is a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the next biennium. Adjustments of \$5,000 in F.Y. 1992 and \$10,000 in F.Y. 1993 have been made from the Park Development Account in the Natural Resources Fund.

The Legislative Commission on Minnesota Resources has recommended \$150,000 in F.Y. 1992 from the Minnesota Resources Fund for Mystery Cave Resource Evaluation.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: PARKS & RECREATION MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
PARKS & RECREATION MGMT	14,418	19,172	20,411	19,810	20,172	20,172	19,765	20,241	20,241
TOTAL EXPENDITURES BY ACTIVITY	14,418	19,172	20,411	19,810	20,172	20,172	19,765	20,241	20,241
DETAIL BY CATEGORY:									
STATE OPERATIONS	14,418	19,147	20,411	19,810	20,172	20,172	19,765	20,241	20,241
LOCAL ASSISTANCE		25							
TOTAL EXPENDITURES BY CATEGORY	14,418	19,172	20,411	19,810	20,172	20,172	19,765	20,241	20,241
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	8,756	17,108	17,717	17,925	18,132	18,132	17,880	18,346	18,346
MN RESOURCES		75	215		150	150			
NATURAL RESOURCES		509	973	579	584	584	579	589	589
WATER RECREATION	616								
SPECIAL REVENUE	2,437								
IRON RANGE R & R	172	199	200						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,424	1,268	1,278	1,278	1,278	1,278	1,278	1,278	1,278
GIFTS AND DEPOSITS	13	13	28	28	28	28	28	28	28
TOTAL FINANCING	14,418	19,172	20,411	19,810	20,172	20,172	19,765	20,241	20,241

**ACTIVITY:** Parks and Recreation  
**PROGR** Parks and Recreation Management  
**AGEN** Natural Resources, Department of

1992-93 Biennial Budget

sustaining park resources, facilities, and services.

Prior to the current biennium, monies from park admission receipts were deposited in a special revenue account and used for park operations. This account was moved to the General Fund in the 1989 session, and direct appropriations of these increased revenues are necessary if the legislature intends for the department to receive the funds.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**DECISION ITEM:** Increased Park Revenues

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

**Expenditures**

General Fund	\$	207	\$	466	\$	466	\$	466
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**Revenues**

General Fund	\$	207	\$	466	\$	466	\$	466
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**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

General Fund	\$	207	\$	466	\$	466	\$	466
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**Revenues**

General Fund	\$	207	\$	466	\$	466	\$	466
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Requires statutory change: \_\_\_\_\_ Yes      X   No

Statutes Affected:

**ITEM SUMMARY:**

In the past decade, the division has continually assumed additional duties in order to meet the recreational demands of the citizens of Minnesota and to deal with urgent problems brought on by deterioration of aging facilities and neglected natural resources. To meet these needs, a system of minimum operating standards was developed to determine the funding needed to adequately sustain park facilities, resources, and services. As a result of additional funding received last biennium, Parks began F.Y. 1990 close to fully funded (\$284,000 short) for minimum operating standards. Due to the salary supplement shortfall and 2% reduction in General Fund appropriations, the F.Y. 1991 standards funding shortage rose to \$980,000. Without additional funding to offset the impact of inflation and the possible cost of salary increases for the 1992-93 biennium, the gap will widen between the level of funding available and funding required to maintain facilities and service park users at a minimally acceptable level.

**RATIONALE:**

Due to increased marketing efforts by the Division of Parks and Recreation, state park revenues have increased steadily over the past 5 years. Projected increases in Parks' General Fund revenue are \$207,000 in F.Y. 1992 and \$466,000 in F.Y. 1993. These increases should be used to increase funding for minimum operating standards. This increase will partially offset funding shortages for



**ACTIVITY:** 1992-93 Biennial Budget  
**PROGRAM:** Parks and Recreation Management  
**AGENCY:** Natural Resources, Department of

**DECISION ITEM:** Legislative Commission on Minnesota Resources

Dollars in Thousands			
F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

**AGENCY PLAN:**

**Expenditures**

Minnesota Resources Fund	\$	150	\$		\$	
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**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

Minnesota Resources Fund	\$	150	\$		\$	
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Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

The Legislative Commission on Minnesota Resources (LCMR) has recommended funding for the Mystery Cave Resource Evaluation Project. Mystery Cave was acquired by the state of Minnesota and made part of Forestville State Park in 1988. It is one of the primary resources of the park and the only show cave in the outdoor recreation system. Although some prior research has involved the cave, major gaps in understanding the ground water, geology and mineralogy, meteorology, and biology of the cave place limitations on the ability to develop interpretive programs and make sound management decisions. The cave is one of the 100 longest caves in the world and the longest in Minnesota. It has the classic characteristics found in many caves and also somewhat unusual cave features. Mystery Cave has been an important facet of southeastern Minnesota tourism for 50 years. It is a natural laboratory for the intimate study and understanding of karst and ground water flow which is of regional and national importance.

**RATIONALE:**

No systematic examinations of Mystery Cave have integrated the major environmental components of ground water, meteorology, mineralogy, and biology. Existing information on the cave is limited. The present information used for public tours, educational tours, and management decisions is piecemeal with a significant portion being generic, extrapolated from studies in other caves.

Management of the unique and fragile Mystery Cave karst hydrologic system requires a detailed inventory of the drip, pool, and stream waters of the cave and an understanding of how those waters respond to natural and human-induced changes on the surface. The focus of this objective is to inventory the cave's ground water resources and to evaluate how those waters respond, in

quantity and quality, to surface events.

Determining the water chemistry, flow paths, and underground effects of surface precipitation will have direct and immediate benefits in the form of public education on cave tours and other interpretive activities in Forestville State Park. The focus of this objective will answer a multitude of fundamental and specific ground water questions frequently asked by the public about Mystery Cave. It will also provide invaluable baseline data which will help gauge hydrologic changes resulting from human activity or natural occurrences.

**GOVERNOR'S RECOMMENDATION:**

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund, the Governor makes no specific recommendations.

**PROGRAM PURPOSE:**

The Department of Natural Resources' (DNR) Trails and Waterways

Unit provides citizens of the state and visitors access to Minnesota's water resources and safe and enjoyable opportunities to utilize Minnesota's natural and historical amenities along trails, river corridors, and lands adjacent to its water resources; to protect the natural resources involved; and to maximize the tourism growth of the state. As such, it contributes to the total package of outdoor recreation opportunities provided by the DNR. This program provides a wide range of outdoor recreational facilities (trails, river recreation routes, fishing piers, and water accesses) throughout the state.

This program encompasses:

1. Plan, acquire, and develop new trails; manage and maintain 900 miles of state trails for cross-country skiing, snowmobiling, horseback riding, hiking, and bicycling.
2. Administer the 12,500 miles of the snowmobile trail program--including the development, maintenance, and grooming of state and unit trails--and provide grants to local units of government.
3. Administer 1,800 miles of cross-country ski trails by providing grants to local units of government for maintaining grants-in-aid trails and funding DNR unit trails.
4. Provide technical assistance and funding for the development and maintenance of unit trails in state parks and state forests.
5. Implement a program of interpretive services on trails and water recreation sites managed by this program.
6. Manage and maintain 2,865 miles of river recreation routes; acquire and develop access points, campsites, portages, and rest areas; and remove hazards such as snags, piers, pilings, and lowhead dams.
7. Manage and maintain 1,250 accesses to public waters and continue the acquisition and development of access sites on priority lakes and rivers.
8. Implement and administer the all-terrain vehicle program, including grants to local governments.
9. Manage, in cooperation with the DNR's Division of Fish and Wildlife, 95 fishing piers. In cooperation with local governments, construct and install fishing piers on priority waters.
10. Acquire land and develop and maintain recreation sites on the wild and scenic rivers system.
11. Provide public information which promotes activities facilitated by water accesses, fishing piers, river recreation routes, and trails administered by the DNR.
12. Implement Minnesota's Clean Rivers Project.
13. Implement the Harbor of Refuge Plan completed for Lake Superior.

**PERFORMANCE:**

Trail and water recreation facilities have experienced unprecedented growth in use over the last 10 years. The department has made significant efforts to meet the demand through the acquisition and development of new facilities throughout the state. A key element of the program has been the involvement of all special interest groups in the planning and operation of these recreation facilities.

- Licensed boats in Minnesota continue to increase at approximately 2% per year. The state maintains 1,250 public water access sites in an attempt to meet this growing demand. Approximately 250 more sites need to be acquired and developed. Existing sites need to be

- Public recreational sites developed and maintained on Minnesota's 19 design canoe and boating routes supply over 2,865 miles of waterways for an ever-increasing number of river anglers and recreationists.

- State trails supply multi-use recreation on over 420 miles of acquired and 250 miles of fully developed abandoned railroad grades. Use of these facilities has exceeded all expectations and has provided significant economic benefits to communities served.

Over the last 5 years, new state trails have been developed and the snowmobile trail system has become more complete. Use on summer trails has increased 53%, snowmobile registrations have increased 5%, and all-terrain vehicle registrations have increased 110%. Trail demand and use have created problems due to inadequate staffing and funding, especially for non-motorized uses where no dedicated funding is available.

- Grants-in-aid trail funding is provided for local snowmobile, cross-country ski, and all-terrain vehicle trails through local units of government. These trails are established and maintained through the efforts of thousands of volunteers throughout the state. Approximately 10,000 miles of snowmobile and 900 miles of cross-country ski trails are provided through this activity.

- The Trails and Waterways Unit provides public information through maps and brochures. Over 340,000 copies are distributed each year.

**PROSPECTS:**

**Close-to-Home Opportunities:** Growth in urban populations, uncertain energy costs, the rise of single-parent heads of household, and changing patterns of leisure time mean more emphasis on urban opportunities. The department has responded to these needs through the state trail, water access, and fishing pier programs. As an example, fishing piers can provide 3,000 to 6,000 hours per pier of fishing use annually and are especially popular with children, the handicapped, and the elderly. The 95 piers are operated on a grant basis to local units of government, with the state constructing the pier through a contract with Stillwater Prison Industries and installing the pier on priority lakes and the local governments providing operation and maintenance. The department is experiencing increasing demand for these types of experiences (including shore fishing and trails, etc.) close to urban populations. The development of the Gateway Segment of the Willard Munger State Trail will help supply needed recreational opportunities as well as provide a safe corridor for non-motorized commuters.

**Planning:** Technological innovations, expanding interest in trails and waterways, land-use conflicts, and rapid demographic changes underscore the need for an increased emphasis on planning at all levels. Although initial trail master plans are being completed as per the requirements of the Outdoor Recreation Act, this unit has not had sufficient personnel to revise now obsolete documents (some over 10 years old). Additional planning (strategic and program) is needed to guide activities in the Trails and Waterways Unit. As facility inventory increases, more time needs to be dedicated to plan how facilities can address emerging trends and to formulate statewide policies that anticipate diverse needs of the users.

Because interpretation at program facilities can build an understanding of today's complex natural resource issues, the visitor services program is being proposed for expansion to canoe and boating routes and public water accesses.

**Additional Trail Facilities:** Accelerated development of facilities has required additional administrative, operation, and maintenance responsibilities. During the past 6 years, total mileage of state trails has increased 22%; however, trail operations and maintenance funding has increased by only 12% (for non-motorized trail activities). The result is that bicycling and hiking trails are not being adequately maintained.

**PROGRAM:** Trails and Waterways Management  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

**Additional Water Access:** Accelerated development of water access facilities has also required additional operation and maintenance responsibilities. During the last 2 years, 75 new water access sites were constructed and 15 were redeveloped. In that same time period, 109 new concrete plank ramps were built and 99 ramps were replaced. Funding for adequate maintenance and operation has not kept up with the need due to these new and redeveloped water access sites.

Lake Superior has great potential to address unmet demand for waterbased activities in Minnesota. In the 1990-91 biennium, the Legislative Commission on Minnesota Resources (LCMR) funded a North Shore Harbors Study. This plan provides the numbers, sizes, and locations of safe harbors, including boat accesses on Lake Superior. Due to boater safety issues associated with Lake Superior, implementation of this network of harbors will be a priority. Continued contact with the North Shore Management Board, who conducted the study, will be necessary to establish site priorities, timelines, and funding sources so that construction can begin as soon as funding is available. In addition, the LCMR provided partial funds for a harbor in the city of Duluth on Lake Superior. Once the site location is determined, additional funds will be necessary to complete construction.

**Trails:** In response to unprecedented growth in trail use and continuing abandonment of Minnesota's railroads, the legislature (during the last session) appropriated funding to acquire another 100 miles of abandoned railroad grades and to develop another 15 miles. The LCMR, for the 1990-91 biennium, funded a statewide trail plan to address acquisition and development priorities for linear corridors and to coordinate the activities of other public entities (including the Minnesota Department of Transportation) interested in corridor protection.

**Cooperative Ventures:** Cooperative ventures play a major role in Trails and Waterways' programs. The Water Recreation activity relies heavily on the maintenance of public accesses and fishing piers in conjunction with other units of government and local outdoor sports interest groups. The Trail activity also relies heavily on other units of government and trail-oriented clubs, especially in the grants-in-aid program, which provides funding for snowmobile, cross-country ski, and all-terrain vehicle trails. As real funding levels decrease, an even greater reliance on cooperative projects will have to occur.

**Liability:** Even though less is heard of liability concerns, activities which deal with other government entities and corporations on joint projects are running into more and more resistance because of liability questions. If the trend continues, Trails and Waterways Management could be greatly impacted, possibly including closure of some facilities.

**PLAN:**

Biennial BASE level funding for the unit is divided among functions as follows:

Biennial Base Level Funding	
All Funds	
(Dollars in Thousands)	
Trails and Waterways Management (General Fund)	\$ 1,874
Snowmobile (Dedicated)	8,313
Cross-Country Ski (Dedicated)	336
Cross-Country Ski (General Fund)	362
All-Terrain Vehicle (Dedicated)	1,227
Water Recreation (Dedicated)	8,289
Recreational Boating (Federal)	1,328
Clean Rivers (General Fund)	220
Water Recreation (Game and Fish)	862
Trails and Waterways (Gift)	76
Total	\$22,887

- Cost increases attributable to zero allowance for inflation and salary supplement on all General Fund programs will cost Trails and Waterways Management approximately \$252,500 for the biennium.

- The impact of absorbing inflationary increases within BASE level funding will have the following effects:

Summer maintenance of newly acquired railroad grades will be curtailed or won't be initiated.

Existing summer, non-motorized trails maintenance season will be reduced either through a shorter season or a reduced level of effort during the non-snow year. Some of the state trails impacted will include the Luce Line, Douglas, Root River, Willard Munger, etc. The reduced level of effort on these trails will total \$168,095 for the biennium.

Base level funding will also impact the administration, planning, marketing, and visitor service efforts supported through the General Fund. These efforts will be reduced by \$84,405 for the biennium.

Because the other trail activities (snowmobile, all-terrain vehicle, cross-country ski) are driven in whole or in part by dedicated accounts, the same level of effort for the 1990-91 biennium is anticipated during the 1992-93 biennium.

- The department proposes an increase in funding for maintenance and operations, and land acquisition of water access sites of \$809,000 in F.Y. 1992 and \$821,000 in F.Y. 1993. Of this amount, \$500,000 per year is requested from the Water Recreation Account and is dependent on a proposed watercraft registration increase.

This increase to the watercraft registration, effective 1-1-92, would generate an average of \$2,200,000 per year to the Water Recreation Account in the Natural Resources Fund. The increase varies by watercraft type and size. For example, the canoe registration would increase from \$7 to \$12, and pleasure craft less than 17' would increase from \$12 to \$22.

The Game and Fish Fund request of \$309,000 in F.Y. 1992 and \$321,000 in F.Y. 1993 is necessary to comply with the federal Wallop-Breaux Act that requires states to spend 10% of the federal sportfishing restoration revenue they receive on the water access program.

- Included in the budget request is a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the next biennium. Adjustments have been made by fiscal year as follows: \$90,000 and \$184,000 from the Water Recreation Account; \$9,000 and \$19,000 from the Game and Fish Fund; and \$3,000 and \$6,000 from the All-Terrain Vehicle Account.

- The LCMR has recommended funding in the amount of \$2,400,000 from the Minnesota Resources Fund. Project amounts recommended in F.Y. 1992 include: \$400,000 for the Superior Hiking Trail; \$1,000,000 for access to lakes and rivers; and \$1,000,000 for rails-to-trails acquisition and development.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: TRAILS & WATERWAYS MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TRAILS & WATERWAYS MGMT	779	1,068	1,226	938	1,338	1,338	936	936	936
WATER ACCESS & RECREATION	4,619	4,888	5,367	5,393	7,211	7,211	5,382	6,222	6,222
TRAILS RECREATION	3,761	3,806	5,606	5,121	6,214	6,214	5,117	5,307	5,307
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	9,159	9,762	12,199	11,452	14,763	14,763	11,435	12,465	12,465
DETAIL BY CATEGORY:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATE OPERATIONS	7,258	7,639	8,793	8,569	11,485	11,485	8,552	9,582	9,582
LOCAL ASSISTANCE	1,901	2,123	3,406	2,883	3,278	3,278	2,883	2,883	2,883
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	9,159	9,762	12,199	11,452	14,763	14,763	11,435	12,465	12,465
SOURCES OF FINANCING:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:									
GENERAL	746	1,109	1,217	1,229	1,229	1,229	1,227	1,227	1,227
MN RESOURCES	257	210	299		2,400	2,400			
NATURAL RESOURCES		7,222	9,383	8,921	9,514	9,514	8,908	9,598	9,598
WATER RECREATION	3,312								
SPECIAL REVENUE	3,591	15							
GAME AND FISH	416	421	430	432	750	750	430	770	770
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	127	164	168	168	168	168	168	168	168
FEDERAL	660	575	664	664	664	664	664	664	664
GIFTS AND DEPOSITS	50	46	38	38	38	38	38	38	38
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	9,159	9,762	12,199	11,452	14,763	14,763	11,435	12,465	12,465

ACTIVITY:  
PROGR/ : Trails and Waterways Management  
AGEN : Natural Resources, Department of

1992-93 Biennial Budget

DECISION ITEM: Legislative Commission on Minnesota Resources

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

Minnesota Resources Fund	\$ 2,400	\$	\$	\$
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GOVERNOR'S RECOMMENDATION:

Expenditures

Minnesota Resources Fund	\$ 2,400	\$	\$	\$
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Requires statutory change: \_\_\_\_\_ Yes  X  No

Statutes Affected:

ITEM SUMMARY:

Recommendations made by the Legislative Commission on Minnesota Resources (LCMR) include \$1,000,000 for the partial acquisition of the Paul Bunyan Trail and to acquire the abandoned railroad from Hawick to Richmond; \$400,000 to continue development of the Superior Hiking Trail; and \$1,000,000 to provide the public with access to lakes and rivers throughout the state. Access includes boat access, fishing piers, and shoreline access, and will provide fishing opportunities to both anglers with or without a boat. The access to lakes and rivers project will provide for 1 to 2 water access on large lakes, 20 new fishing piers, and an inventory map and improvement of shore access sites in the metropolitan area.

RATIONALE:

The partial acquisition of the legislatively authorized Paul Bunyan Trail will bring the department closer to completing the acquisition of the entire trail; the acquisition of the abandoned railroad grade from Hawick to Richmond will extend the already acquired grade from Willmar to Hawick. The Superior Hiking Trail project will extend the existing trail from Grand Marais to the Canadian Border. Combining this with the previously developed portion of trail will create a 230-mile continuous pathway along the North Shore for hiking and backpacking.

Through meetings with outdoor sports interest groups throughout the state, results of the 1988 watercraft survey, and the continuous rise in boat registrations all indicate that acquisition and development of access sites and fishing piers continue to be a high priority for Minnesota's recreational boaters and anglers. Demand for water access sites remains strong. Boat licenses continue to increase about 2% per year and Minnesota ranks fourth in the nation in total number of boats. Fishing piers provide 3,000 to 6,000 hours each of barrier-free angling opportunities for those

who do not use a boat, especially the elderly, handicapped, and children. The backlog of requests for piers is nearly 60. Similar to fishing piers, shore access sites provide fishing opportunities for anglers without a boat. Metropolitan lakes are more and more intensively managed by the Section of Fisheries; and with the increasing population, more opportunities are needed for shore access for anglers.

GOVERNOR'S RECOMMENDATION:

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund, the Governor makes no specific recommendations.

**ACTIVITY:** Water Access and Recreation  
**PROGRAM:** Trails and Waterways Management  
**AGENCY:** Natural Resources, Department of

**1992-93 Biennial Budget**

**DECISION ITEM:** Water Access Acquisition and Maintenance

expanded facilities. These funds will be used to increase maintenance on existing sites that are becoming more heavily used due to the increased number of users.

Because of the demand for more water access sites, additional funds are needed for land acquisition. Lake and river frontage is expensive, and land that meets standards for constructing access sites is becoming more difficult to obtain. Costs are increasing due to the private demand for recreational land and the amount of private development.

**RATIONALE:**

Because of the federal mandate that at least 10% of the sportfishing restoration funds be used for water access, nearly \$1.0 million of water access projects must be submitted for 75% federal reimbursement each year. As the amount of federal funds available increases, the amount required to be spent on water access sites will also increase.

Demand for access to lakes and rivers remains strong, as indicated by boat license increases of about 2% each year. Currently, Minnesota is fourth in the nation in number of boat licenses (714,000) and leads the nation in boats per capita with nearly 1 boat for every 6 people. Minnesota also ranks near the top in the nation in number of fishing licenses sold.

Also, meetings with outdoor sports interest groups throughout the state and the results of the 1988 boater survey indicated that acquisition and development of access sites continues to be a priority among boaters and anglers.

The Department of Natural Resources has identified over 250 lakes and rivers needing new or increased boat access.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

Dollars in Thousands  
F.Y. 1992   F.Y. 1993   F.Y. 1994   F.Y. 1995

**AGENCY PLAN:**

**Expenditures**

Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
Game and Fish Fund	\$ 309	\$ 321	\$ 321	\$ 321

**Revenues**

Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
Game and Fish Fund	\$ 309	\$ 321	\$ 321	\$ 321

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
Game and Fish Fund	\$ 309	\$ 321	\$ 321	\$ 321

**Revenues**

Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
Game and Fish Fund	\$ 309	\$ 321	\$ 321	\$ 321

Requires statutory change:   X   Yes          No

Statutes Affected: M.S. 86B.415

**ITEM SUMMARY:**

This request will provide funds in F.Y. 1992 to increase maintenance and operation of water access sites by \$409,000 and land acquisition of new water access sites by \$400,000 and in F.Y. 1993 by \$421,000 and \$400,000, respectively. The funds requested from the Water Recreation Account are dependent on the proposed watercraft license fee increase. The Game and Fish Fund request is necessary in order to comply with the federal Wallop-Breaux Act that requires states to spend 10% of the federal sportfishing restoration revenue they receive on water access programs.

Maintenance and operation are a high priority for water recreation. With continued capital expenditures from the Water Recreation Account, state bonds, and the Legislative Commission on Minnesota Resources, these additional funds are necessary to maintain and operate the new and

**PROGRAM PURPOSE:**

The Department of Natural Resources' Division of Fish and Wildlife has the primary responsibility and the mission to protect and manage Minnesota's fish, wildlife, native plants and their communities for their intrinsic values and long-term benefits to the people of Minnesota. The division has established 2 long-term objectives to accomplish its mission.

1. **Stewardship:** Achieve and maintain appropriate fish, wildlife, and native plant populations and their viability.
2. **Recreation:** Provide and maintain quality recreational opportunities for use and appreciation of these resources.

These objectives were established by a comprehensive planning process in 1985 and were to be achieved by 1992. The planning process is a major effort to enhance resource management problem solving and decision making within the division.

The division uses 7 primary strategies to carry out its mission and achieve its objectives. These include:

1. **Resource Protection:** Activities include fish and wildlife habitat acquisition, environmental review of development projects, wetland protection, scientific and natural areas acquisition, prairie bank acquisition and development, exotic species control, endangered species protection and restoration, aquatic plant management, investigation of pollution-caused fish and wildlife kills, and in lieu of tax payments.
2. **Resource and Recreation Development:** Activities include fish and wildlife habitat development, fish hatcheries, watchable wildlife, wildlife lake management, harvest regulation, public access development, lake rehabilitation, fish winterkill prevention, wildlife management area development, native prairie restoration, kids fishing ponds, fishing piers, and wetland restoration.
3. **Resource Monitoring:** Activities include fish and wildlife population and habitat surveys, lake and stream survey, county biological survey, fish health monitoring, pathology and chemistry laboratories, lake sounding and mapping, natural heritage data base, in-stream flow studies, fish and wildlife contaminant monitoring, and ecological monitoring of the Mississippi River.
4. **Resource Partnerships/Information:** Activities include cooperative projects, joint ventures, matching programs, divisional newsletter and news releases, aquatic education, Project Wild, public participation processes, and special ecology and stewardship publications.
5. **Resource Research:** Activities include forest, wetland, farmland, nongame wildlife, and native plant research projects, fish population research, angler attitude surveys, exotic species research, aeration research, in-stream flow research, and acid rain research.
6. **Resource Planning:** Activities include lake and stream management planning, wildlife management area planning, comprehensive fish and wildlife management planning, and aquatic vegetation management planning.
7. **Resource Coordination:** Activities include forestry/wildlife coordination, comprehensive lake management, metropolitan mosquito control coordination, and cooperative work with the Minnesota Pollution Control Agency to establish water quality standards and classifications. Coordination with the United States and State Departments of Agriculture to implement the Conservation Reserve Program and Reinvest in Minnesota (RIM).

Minnesotans are proud of their state's environmental quality and what it offers.

As an indicator, in 1988, our citizens overwhelmingly voted for a constitutional amendment to establish the Environment and Natural Resources Trust Fund. In 1990, voters constitutionally dedicated 40% of the state-sponsored gaming proceeds to the Environment and Natural Resources Trust Fund. The purpose of this fund is to provide stable, consistent long-term funding for the state's environment and natural resources. Our fish and wildlife resources now provide the support base for a recreational industry valued at over \$1 billion per year. Increased emphasis on recreation provides a strong challenge to the division to accomplish its long-term objectives.

The 1984 Governor's Citizen Commission to Promote Hunting and Fishing in Minnesota stated that "Minnesota's fish and wildlife resources could not, in their present condition, offer any substantially increased tourist attraction, as they have been suffering a long-term and steady process of depletion." The recommendations of the commission, carried forward through the establishment of RIM in 1986, have not been completed because funding for RIM has been unstable and insufficient.

Since 1987, the RIM Program funding from the General Fund and bonding has been a major part of the Division of Fish and Wildlife's budget. The RIM funds are used on activities that contribute significantly towards the results for many objectives of the division. RIM has also funded conservation activities by the Board of Water and Soil Resources that contribute to the Division of Fish and Wildlife's objectives. RIM funding has declined from \$16 million available in F.Y. 1987 to \$3.75 million available in F.Y. 1991. The Legislative Commission on Minnesota Resources recommended \$2 million for the RIM Program from the Environment and Natural Resources Trust Fund in the 1992-93 biennium.

In order to maintain the fish and wildlife population objectives and related recreation objectives, there must be considerable reinvestment into our resources. Additional RIM funding from the General Fund and bonding is needed to maintain the state's resources upon which the annual \$1.3 billion hunting and fishing recreation and tourism industry is based.

**PERFORMANCE:**

The Division of Fish and Wildlife uses broad integrated strategies for enhancing and protecting fish and wildlife and plant habitat. Results are primarily measured against its objectives for its 2 primary responsibilities: natural resource stewardship and quality recreational opportunity.

For the purposes of the 1992-93 budget presentation, the Division of Fish and Wildlife has highlighted examples of its significant program objectives that have been achieved and must be maintained. Also, examples of major resource protection objectives that have not been reached, but to which the division and the public remain committed, are presented.

**Stewardship Examples**

■ **Critical Habitat Private Sector Match**

**Objective:** Seek private sector donations of cash and land to match state appropriations of \$5.2 million to the Critical Habitat Match Account.

**\*Results:** State funds have been matched by private donations. On 11-1-90, donations of \$5.2 million have been received and pledges on hand equal \$2.7 million. Another \$2.8 million of pledges are expected during the 1992-93 biennium. Therefore, \$4.5 million of state funds are needed to match private pledges during the biennium.

**\* M.S. 84.944** requires the department to report the status of the Critical Habitat Match Account in this biennial budget request.

■ **Deer**

**Objective:** Manage population at goal levels and maintain populations within acceptable public and environmental limits.

**Results:** Goals for populations have been achieved in most of the 26 deer management units, but deer habitat is changing because of intensive forest management, intensive agricultural, and other conflicting uses. To maintain our objective, more staff is needed to coordinate and evaluate forest harvest activities with state, county, federal, and private forest land managers. Also, more staff is required for private lands technical assistance in the agricultural regions as well as funding for the acquisition of critical deer wintering areas.

■ **Ring-Necked Pheasants**

**Objective:** By 1992, achieve a wild population of 3 million pheasants.

**Results:** Minnesota's pheasant population reached 1.5 million in 1990. To double the population and meet our objective, use of agricultural lands must be improved. More staff must be provided to work with landowners to improve grassland, food, and shelter requirements. More dollars for habitat are needed from Reinvest in Minnesota (RIM).

■ **Ducks**

**Objective:** Maintain duck populations capable of sustaining an annual harvest of 850,000.

**Results:** The 1989 duck harvest was 299,000 or 65% below the objective. This severe decline in duck populations is a result of long-term habitat loss; i.e., drainage of 90% of the wetlands in the prairie pothole region of Minnesota, extended severe drought, and low recruitment. Minnesota's duck objective cannot be achieved without a net gain in wetlands, more secure nesting habitat, and intensified management of existing wetlands resources as guided by the North American Waterfowl Management Plan.

■ **Endangered Flora and Fauna**

**Objective:** Prevent listed species from becoming extirpated or extinct, enhance self-sustaining populations of listed species, and improve the status of bald eagles, piping plover, wood turtle, common tern, prairie bush clover, white-fringed orchid, and American ginseng by 1992.

**Results:** The state Scientific and Natural Areas Program currently includes 69 preserves. Over the past biennium, 1,255 acres of critical habitat for the wood turtle, Hills thistle (a federal candidate for endangered species status), and Kitten Tails (state endangered), as well as one of the most significant populations of prairie bush clover in North America (a federal threatened species), have been protected. The Minnesota Biological Survey initiated in 1987 will have completed systematic rare habitat and species surveys of 20 counties by 1993. Interim old-growth guidelines were established. Through expanded Geographic Information System capabilities, the natural heritage data base has improved integration of rare features data with other Department of Natural Resources' data bases and decision making.

**Objective:** Establish self-sustaining populations of trumpeter swans and peregrine falcons by 1992.

**Results:** As of the 1990 breeding season, 5 pairs of trumpeter swans had been successfully re-established in northwestern Minnesota. The long-term goal is 15 pairs. The present statewide population of peregrine falcons is 7 breeding pairs. The long-term goal is 12 pairs. Both restoration projects have been extremely successful and have benefited from strong interagency cooperation.

■ **Native Prairie**

**Objective:** Protect and maintain 150,000 acres of native prairie statewide by preventing the further loss of native prairie through conversion to other land uses and through improved management practices.

**Results:** Less than 1% of Minnesota's original prairie lands remain today. Seven thousand acres of high-quality prairie have been protected as state scientific and natural areas, with an additional 15,000 acres of mixed-quality prairie existing in state wildlife management areas and state parks. Approximately 1,100 acres of private land have been enrolled in RIM prairie bank easements and approximately 12,000 acres in prairie tax exemption. Two-thirds of the remaining prairie land in the state, however, still receives no protection. Prescribed burning of publicly owned prairies has doubled from 3,000 acres/year to 6,000 acres/year. A level of 15,000 acres/year must be achieved to meet resources needs.

■ **Walleye and Sauger**

**Objective:** To maintain and enhance current walleye and sauger fishing, harvest, and populations in lakes comprising nearly 2 million acres of water and over 3,000 miles of major streams.

**Results:** The objective has been reached in most waters. To maintain the objective and to maintain or increase the average size of harvested fish will require funding for increased data procurement and an enhanced Management Information System to allow for informed management decision and coordination with various groups and agencies. More effort will also be required in areas of permit review, genetic integrity, catch and release, species regulations, and aquatic education. Continue present stocking level of 342 million fry and 6 million fingerling to enhance the population according to lake management plans.

■ **Lake Trout**

**Objective:** Maintain the genetic integrity of the phenotypes of discrete native lake trout populations.

**Results:** Genetic integrity has been maintained in 35 heritage lake trout lakes. More effort will be necessary to monitor populations and potential overharvest, as well as maintaining genetic lines in our hatchery system. Continue stocking levels of 580,000 annually in inland lakes and Lake Superior.

■ **Stream Trout**

**Objective:** Provide quality coldwater aquatic communities by maintaining 325 miles of improved stream trout streams and improve the habitat in an annual average of 30 miles of trout streams per year.

**Results:** A total of 35 miles of streams were improved and 144 miles maintained in 1989. In order to reach the objective and respond to increasing demand on warmwater as well as trout streams, additional funding for habitat improvement and maintenance must be secured, in addition to acquisition funding to allow angler and management access. Continue stocking levels of 3.7 million annually.



■ Northern Pike

Objective: Maintain the present statewide northern pike population of 9.6 million fish, 18 inches or larger.

Results: The northern pike population has been maintained at objective levels. Habitat must be maintained and data for management plans obtained to address both quantity and quality of northern pike. Continue stocking levels of 1 million annually.

■ Largemouth and Smallmouth Bass

Objective 1: Maintain largemouth bass populations in 1,199 lakes and 500 river miles considered suitable largemouth bass habitat.

Objective 2: Maintain and improve smallmouth bass populations in 235 lakes and 800 river miles of suitable habitat.

Results: Largemouth and smallmouth bass populations have been maintained in waters identified in the objectives. Efforts to maintain or improve quality through habitat improvement, special regulations, catch and release, and other management techniques need to be expanded.

Recreation Examples

■ Deer

Objective: Set annual deer hunting seasons that provide hunting opportunity for 500,000 hunters with 15-50% success rate through 1992.

Results: A record number of deer were taken in 1990. This will be the fourth record in the last 8 years. An estimated 500,000 hunters harvested 160,000 deer for a success rate of 32%.

■ Bear

Objective: Distribute hunting opportunity to provide a minimum of 15% annual hunter success.

Results: During the 1989 season, over 2,000 bear were expected to be harvested by 6,000 hunters for a success rate of over 30%.

■ Geese

Objective: Annually provide an average of 56,000 goose hunters a minimum of 375,000 recreational days, with an average harvest of about 100,000.

Results: A total of 79,000 geese were harvested by 50,000 goose hunters in 290,000 days of hunting in 1989.

■ Ruffed Grouse

Objective: Maintain ruffed grouse hunting recreation that provides an average annual harvest of 550,000 through 1992.

Results: In 1989, 161,000 hunters harvested 1.2 million grouse.

■ Pheasants

Objective: By 1992, achieve and sustain a statewide population of 3 million wild ring-necked pheasants that provides hunting opportunities to 250,000 hunters.

Results: In 1989, 400,000 pheasants were harvested by 100,000 hunters. Sustained funding for the division's farmland programs is required to meet this objective as well as funding for Reinvest in Minnesota at the recommended levels.

■ Sharptailed Grouse

Objective: By 1992, provide 20,000 hunters with the opportunity to harvest 40,000 sharptailed grouse annually.

Results: During the 1989 season, 14,000 hunters took 35,000 grouse. This objective cannot be achieved nor sustained without greater program funding for brushland management and prescribed burning effort.

■ Ducks

Objective: Provide duck populations capable of sustaining 948,000 days of hunting by 125,000 hunters.

Results: In 1989, 85,000 hunters hunted 517,000 days. The serious decline in hunter numbers and hunting opportunity is because of low duck populations. Long-term loss and degradation of wetlands, compounded by a severe drought, have substantially lowered duck populations to 40-50% below continent-wide objectives. Much more funding is required for wetland habitat development, restoration, protection, and evaluation if this objective is to be met.

■ Watchable Wildlife

Objective: By 1992, increase wildlife recreational use (nonconsumptive) to \$300,000,000 annually.

Results: Minnesotans presently spend over \$230 million annually for wildlife photography, bird feeding, landscaping for wildlife, and other activities not associated with harvesting wildlife species. More enjoyment can be derived from the state's wildlife without detriment to the resource.

■ Walleye and Sauger

Objective: To provide 13 million angler days of walleye and sauger angling opportunities through 1992.

Results: The objective has been surpassed each of the past several years as more than 2 million anglers annually fish Minnesota waters. In order to maintain quality fishing experiences, more funding is necessary for fish population and angler surveys on our lakes and streams. Such surveys provide data from which management plans detailing the necessity for habitat improvement, special regulations, stocking, or other management techniques are developed.

■ Salmon

Objective: To provide an annual harvest of 7,500 chinook and 1,000 Atlantic salmon from Lake Superior and its tributaries and to provide Atlantic salmon for inland waters on an experimental basis.

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**Results:** An estimated 6,000 chinook salmon and 300 Atlantic salmon were harvested in 1989. Lake Superior and its tributaries have provided expanded fisheries opportunities. To reach long-range objectives will require increased monitoring to assess the impacts of interactions among species, including a number of introduced exotics such as the river herring and zebra mussel. Improvements to the hatchery system will ensure adequate numbers of desirable strains and species are available. Stocking will continue at 500,000 chinook salmon and 100,000 Atlantic salmon annually.

■ **Northern Pike**

**Objective:** To provide 8.4 million angler days with a harvest of 3.8 million northern pike annually.

**Results:** Angling pressure for northern pike over the past several years has also surpassed the objective. An emphasis is placed on increasing the frequency of fish population and angler surveys to facilitate computer modeling and management plan development.

■ **Muskellunge**

**Objective:** Maintain trophy muskellunge fishing opportunities in the environmentally suited 79 lakes and 300 miles of river.

**Results:** Muskellunge populations were maintained and enhanced in the objective areas. The conversion of the stocking program to the Leech Lake strain, continued cooperative efforts with private groups and organizations, size limits, and catch and release have all contributed to the program. Stocking will continue at 50,000 fingerlings annually.

■ **Panfish**

**Objective:** Annually provide 22 million days of panfish angling for 1.5 million anglers with a harvest of 73.8 million panfish.

**Results:** Panfish account for most of the fish caught in Minnesota. It is estimated that approximately 17 million days of panfish angling resulted in a harvest of 65 million panfish. Increased focus on quality panfishing is desirable.

■ **Largemouth Bass**

**Objective:** Maintain largemouth bass populations in 1,199 lakes and 500 river miles considered suitable largemouth bass habitat.

**Results:** Largemouth bass populations were maintained in the objective areas. Needs for more fish population and angler data accumulation exist to maintain fishing quality as angling pressure for this species increases.

**PROSPECTS:**

An expanding human population continually exerts more pressure on habitat and fish and wildlife populations. Every year, more habitat is affected by a variety of commercial and residential development as well as changes in land-use practices such as wetland drainage for agricultural purposes.

As the amount and quality of habitat decreases, pressure for its recreational products (hunting, trapping, fishing, viewing, clean environment) increase. The challenge is to provide stable or increasing recreational use with a smaller habitat base and to minimize habitat loss. To do this requires more information to provide the answers for better resource management decisions, as well as more staff, public land, and efficient management. Also, better equipment and facilities are required.

Resource consumers (hunters, trappers, and anglers) continue to pay (Game and Fish Fund) directly through license fees and excise taxes for recreation and stewardship. The traditional revenue base has not been able to pay for all of the new demands placed on the programs. Increasing numbers of nonconsumptive users want fish, wildlife and resource stewardship. A 1985 survey conducted by the United States Fish and Wildlife Service revealed that 2.7 million Minnesotans observe, photograph, or feed wildlife; and they spend \$238 million annually participating in these activities. However, providing the expansion of services requires funding in addition to the Game and Fish Fund. Through Reinvest in Minnesota (RIM), all citizens have the opportunity to support fish, wildlife, native plant, soil, water, and resource stewardship. The nongame tax checkoff and the new endangered resource corporate checkoff are other options the private sector has to help fund resource stewardship.

The following are priority strategic issues:

1. **Resource Protection**

- Wetlands continue to be lost or degraded by human activities. A net increase in quality or quantity will be our goal.
- Water quality must be preserved and enhanced to protect aquatic ecosystems.
- Long-range transport of air borne contaminants like mercury threatens state waters. Cooperation with other state and federal jurisdictions is needed to improve air quality.
- The fish, wildlife, and native plant resources in the Twin Cities metro region and other urban areas requires immediate attention if they are to be maintained into the 21st Century.
- Forest landscapes will change dramatically because of intensified forest harvest. Also, many nonforested lands may be converted to trees affecting grassland dwelling species.
- Agricultural land use continues to hurt soil, water, and wildlife resources. The 1985 Food Security Act, complemented by RIM Reserve, began the change to greater balance between economic and environmental concerns, but much more needs to be accomplished.
- The use of pesticides may have detrimental effects on our fauna and flora, particularly in and around aquatic sites. Further evaluations are needed.
- Undesirable exotic species are threatening native communities. They need to be monitored and controlled and potential future problems identified and prevented.

2. **Resource and Recreation Development**

- Management of fish, wildlife, and native plant resources on a watershed basis will provide a more holistic and integrated approach to managing our resources.
- Biological diversity is a natural and desirable landscape feature that will be diminished if we don't take steps to assure its continuance through integrated management activities.
- Changing trends in recreational use, demographics, and family patterns will drastically change outdoor recreational-use patterns. According to the 1985-86 Stat Outdoor

Recreation Participation Survey of Minnesotans, between 1985 and the year 2000, annual activity hours for fishing are expected to increase by 12%. Annual hunting activity hours are expected to increase by 9%.

- Recreational development must be balanced with resource protection.

### 3. Resource Monitoring

- To meet present and changing demands on fish, wildlife, and native plant resources, a long-term commitment to systematic information gathering and monitoring is required.
- Resource information, transfer, and use of Geographic Information System and Ecological Classification Systems are inadequate and prevent the attainment of many fish, wildlife, and native plant resource goals.

### 4. Resource Partnerships/Information

- Considerable resource work can be accomplished with the private sector.
- For the department to be more responsive to the public, it is critical that the public be well informed on natural resource management issues for fish, wildlife, and native plants.

### 5. Resource Research: Research is required to improve inventory techniques and interpret data to provide a sound basis for resource protection, development, and management.

### 6. Resource Planning: There are opportunities to be more effective and efficient in administering programs by reducing duplication of efforts in data collection and retrieval by eliminating unnecessary paperwork and by improving interdisciplinary and interagency coordination.

### 7. Resource Coordination: Intensified commercial use of public and private forests in Minnesota has a potential to dramatically affect fish, wildlife, and native plant resources and must be carefully coordinated and planned to manage adverse environmental impact.

## PLAN:

### General Fund

For F.Y. 1991, the division received a direct appropriation of \$2,739,000 from the General Fund. General Fund dollars are used to support the Scientific and Natural Areas Program, the Natural Heritage Program, and functions of the Ecological Services Section. Reinvest in Minnesota (RIM) General Fund supports activities such as fish contaminant monitoring, environmental evaluation and monitoring, and forest wildlife habitat improvement.

The impact of absorbing inflationary increases within the BASE level funding in the General Fund will require reallocation totaling \$530,006 for the 1992-93 biennium. These base reallocations will have the following impacts:

### 1. Staffing: Eliminate 2.4 FTE's

- Ecological Services Executive I (1.0)
- County Biological Survey (0.5)
- Natural Heritage (0.5)
- Scientific and Natural Areas (0.4)

### 2. Environment/Resource

- Reduce fisheries habitat improvement
- Discontinue cost-sharing on private lands habitat development projects
- Reduce fish contaminant monitoring
- Reduce chemistry lab contract

### 3. Planning: Eliminate public input to the division's long-range planning process.

Although not a part of the agency request, additional funding for the RIM Program will be necessary for the state to maintain and improve its fish, wildlife, and native plant resources. The priorities for RIM General are as follows:

(Dollars in Thousands)

1. RIM Regional Environmental Review	\$ 375
2. Computerized Lake Mapping	250
3. Wildlife Research Projects	400
4. County Biological Survey	300
5. Fish Management Information Systems	200
6. Lake and Stream Management	500
7. Implement a Management Information System/Geographic Information System Plan	350
8. Swan Lake	240
9. Recreation Opportunities Brochure	50
10. Stream Flow for Fish, Wildlife, and Recreation	600
<b>Total</b>	<b>\$3,265</b>

### Non-General Fund Accounts

The primary source of funding for the division for F.Y. 1991 is the Game and Fish Fund which provided \$28,389,000, slightly over 80% of the total budget. Other sources include the Minnesota Resources Fund (\$1,225,000) and the Natural Resources Fund (\$1,951,000). The Natural Resources Fund includes appropriations from the Nongame Wildlife Account and the Water Recreation Account. The division also receives RIM funding through the issue of general obligations bonds that funds land acquisition and capital improvement projects. RIM funding through bonding will be addressed in the capital budget request for the 1991 session.

Included in the budget request is a 3% increase to the base per fiscal year to cover salary and inflationary increases for the division's non-General Fund accounts. Adjustments for F.Y. 1992 and F.Y. 1993 are as follows: \$37,000 and \$79,000 from the Nongame Wildlife Account; \$13,000 and \$26,000 from the Water Recreation Account; and \$835,000 and \$1,698,000 from the Game and Fish Fund.

The Game and Fish Fund will become insolvent without increases in fees and licenses or changes in expenditures. The division proposes license increases as part of this budget request. These increases are necessary to support essential programs, projects, and services provided by the division. Additional revenue is needed to fund high-priority requests using dedicated funds. Fee and licenses increases will require a change in M.S. 97A.475. The proposed license changes to be effective 3-1-92 will generate the following amounts for the Game and Fish Fund:

- Non-resident fishing license increase from \$20 (authorized for 3-1-92) to \$25. This increase is estimated to generate an additional \$343,200 per year.
- Non-resident family license increase from \$33.50 (authorized for 3-1-92) to \$35.50. This increase is estimated to generate an additional \$115,200 to the Game and Fish Fund.

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- Removal of 4% county share on fishing license surcharge. This is estimated to generate an additional \$109,500.
- Turkey license increase from \$14 (3-1-92) to \$20. This increase will generate an additional \$24,000.
- Wildlife acquisition surcharge increase from \$4 to \$5. This will generate an additional \$320,000.
- The total increase would be \$453,300 in F.Y. 1992 and \$912,400 each year thereafter. (The first year of a license increase only impacts fishing licenses.)

The department uses a strategic planning process ("Directions") to establish division and department priorities for funding. Using this process and focusing on priorities for the next biennium, the division proposes the following requests within the Game and Fish Fund:

	<u>(Dollars in Thousands)</u>
1. Restore Division Base Levels	\$ 930
2. Special Hunt Opportunities	200
3. North American Waterfowl Management Plan	100
4. Accelerated Turkey Management	200
5. Deer Habitat Improvement	500
6. Lake and Stream Management	400
7. In Lieu of Taxes	314
8. Aquatic Education	200
9. Wildlife Lakes Surveys	<u>100</u>
<b>Total</b>	<b>\$2,944</b>

The division anticipates receipts for the Nongame Wildlife Account of \$2.8 million and for the Corporate Endangered Resources Checkoff Account of \$3 million for the next biennium. The division is requesting \$2.9 million from the Corporate Endangered Resources Checkoff to fund new initiatives of the Nongame Wildlife, Natural Heritage, and Scientific and Natural Areas Programs that will protect and manage endangered species and rare natural communities.

The Legislative Commission on Minnesota Resources has given final approval to fund 19 projects totaling \$5,569,000 in which the division is responsible. These projects are:

<u>Title</u>	<u>(Dollars in Thousands)</u>
■ Scientific and Natural Areas Acquisition and Development	\$ 300
■ Cooperative Urban Aquatic Resources Education	340
■ Minnesota Old-Growth Forests: Characterization/Identification	150
■ Minnesota County Biological Surveys	1,000 *
■ Reinvest in Minnesota Critical Habitat Match	1,000 *
■ Biological Control of Eurasian Water Milfoil	100 *
■ Ecological Evaluation of Year-round Aeration	100 *
■ Fish Stocking Survey	35
■ Lake Minnetonka Bass Tracking	85
■ Catch and Release	35
■ Pilot Fish Pond Complex/Fisheries Development and Education	250
■ Metro Lakes Fishing Opportunities	75

■ Restore Thomas Sadler Roberts Bird Sanctuary	50 *
■ Ecosystem Biodiversity of Forest Birds	300 *
■ Partnership for Accelerated Wild Turkey Management	50
■ Wildlife-oriented Recreational Facilities/Sandstone Unit	9
■ Swan/Heron Lake Acquisition	1,000
■ Wetlands Forum	40 *
■ Insecticide Impact on Wetland/Upland Wildlife	<u>650 *</u>

**Total** **\$5,569**

- \* Indicates projects funded from the Environment and Natural Resources Trust Fund. The remaining projects are funded from the Minnesota Resources Fund.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**1992-1993 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: FISH & WILDLIFE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
FISH MANAGEMENT	13,273	15,037	16,413	15,991	17,839	17,839	15,929	17,426	17,426
WILDLIFE MANAGEMENT	14,531	15,188	17,587	16,877	24,141	24,141	16,840	19,931	19,931
ECOLOGICAL SERVICES	1,791	2,429	2,878	2,805	3,073	3,073	2,798	2,910	2,910
TOTAL EXPENDITURES BY ACTIVITY	29,595	32,654	36,878	35,673	45,053	45,053	35,567	40,267	40,267
DETAIL BY CATEGORY:									
STATE OPERATIONS	29,031	32,137	36,183	34,978	44,208	44,208	34,872	39,422	39,422
LOCAL ASSISTANCE	107	182	265	265	265	265	265	265	265
AID TO INDIVIDUALS	457	335	430	430	580	580	430	580	580
TOTAL EXPENDITURES BY CATEGORY	29,595	32,654	36,878	35,673	45,053	45,053	35,567	40,267	40,267
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					3,240	3,240			
GENERAL	1,744	2,307	2,739	2,770	2,770	2,770	2,763	2,763	2,763
MN RESOURCES	1,041	933	1,225		2,329	2,329			
NATURAL RESOURCES		1,806	1,951	1,755	3,255	3,255	1,748	3,303	3,303
WATER RECREATION	157								
SPECIAL REVENUE	532								
GAME AND FISH	24,674	26,916	28,389	28,675	30,986	30,986	28,583	31,728	31,728
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	925	117	100	100	100	100	100	100	100
GAME AND FISH		9							
FEDERAL	460	511	2,429	2,328	2,328	2,328	2,328	2,328	2,328
GIFTS AND DEPOSITS	62	55	45	45	45	45	45	45	45
TOTAL FINANCING	29,595	32,654	36,878	35,673	45,053	45,053	35,567	40,267	40,267

**ACTIVITY:**  
**PROGRAM:** Fish and Wildlife Management  
**AGENCY:** Natural Resources, Department of

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**DECISION ITEM:** Fish and Wildlife Base Adjustment

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

**Expenditures**

Game and Fish Fund	\$ 465	\$ 465	\$ 465	\$ 465
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**Revenues**

Game and Fish Fund	\$ 465	\$ 465	\$ 465	\$ 465
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**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

Game and Fish Fund	\$ 465	\$ 465	\$ 465	\$ 465
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**Revenues**

Game and Fish Fund	\$ 465	\$ 465	\$ 465	\$ 465
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**Requires statutory change:** \_\_\_\_\_ Yes  X  No

**Statutes Affected:**

**ITEM SUMMARY:**

This request is for \$930,000 to adjust base levels for the Division of Fish and Wildlife.

**RATIONALE:**

Base level funding for F.Y. 1991 was not sufficient enough to cover salary costs. Salary supplement was also underfunded for the fiscal year. This request is to restore underfunded salaries.

Without this base level adjustment, programs and operations of the division will be impacted by forcing cuts elsewhere within existing operations. In addition, the underfunded salary problem is further compounded when base level F.Y. 1991 salary amounts are used to annualize salaries for F.Y. 1992-93 salary allotments. The restoration of underfunded salary supplement for the biennium will allow the division to achieve the goals set forth in its long-range plan.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

PROGRAM: Fish and Wildlife Management  
 AGENCY: Natural Resources, Department of

1992-93 Biennial Budget

DECISION ITEM: Legislative Commission on Minnesota Resources

Dollars in Thousands			
F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

Minnesota Resources Fund	\$ 2,329	\$	\$	\$
Environment and Natural Resources Trust Fund	\$ 3,240	\$	\$	\$

GOVERNOR'S RECOMMENDATION:

Expenditures

Minnesota Resources Fund	\$ 2,329	\$	\$	\$
Environment and Natural Resources Trust Fund	\$ 3,240	\$	\$	\$

Requires statutory change: \_\_\_\_\_ Yes  X  No  
 Statutes Affected:

ITEM SUMMARY:

The Legislative Commission on Minnesota Resources (LCMR) has given final approval to fund 19 projects totaling \$5,569,000 in which the Division of Fish and Wildlife is responsible. These projects are:

Minnesota Resources Fund	(Dollars in Thousands)
Scientific and Natural Areas Acquisition and Development	\$ 300
Cooperative Urban Aquatic Resources Education	340
Minnesota Old-Growth Forests: Characterization/Identification	150
Fish Stocking Survey	35
Lake Minnetonka Bass Tracking	85
Catch and Release	35
Pilot Fish Pond Complex/Fisheries Development and Education	250
Metro Lakes Fishing Opportunities	75
Partnership for Accelerated Wild Turkey Management	50
Wildlife-Oriented Recreational Facilities/Sandstone Unit	9
Swan/Heron Lake Acquisition	<u>1,000</u>
Total	\$2,329

Environment and Natural Resources Trust Fund

(Dollars in Thousands)

Minnesota County Biological Surveys	\$1,000
Reinvest in Minnesota (RIM) Critical Habitat Match	1,000
Biological Control of Eurasian Watermilfoil	100
Ecological Evaluation of Year-round Aeration	100
Restore Thomas Sadler Roberts Bird Sanctuary	50
Ecosystem Biodiversity of Forest Birds	300
Wetlands Forum	40
Insecticide Impact on Wetland/Upland Wildlife	<u>650</u>

Total	\$3,240
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RATIONALE:

The Division of Fish and Wildlife has examined future issues and challenges it faces as part of the long-range planning process. Issues such as degradation of natural systems, use of chemicals, impacts of exotic species, cooperative opportunities for resources management, environmental education, increasing recreation demand, and habitat preservation are high priorities for funding for the division. However, traditional funding sources, such as the Game and Fish Fund or the General Fund, cannot support all division projects and priorities. The Legislative Commission on Minnesota Resources plays a significant role in helping the division reach its goals by authorizing funding through the Environment and Natural Resources Trust Fund and the Minnesota Resources Fund. Funding of projects identified in this request will help the division to:

1. provide educational opportunities for clientele;
2. conduct valuable and necessary research to establish or improve programs;
3. accelerate essential management activities for fish and wildlife programs; and
4. develop important cooperative efforts for fish, wildlife, and plant management.

GOVERNOR'S RECOMMENDATION:

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund and the Environment and Natural Resources Trust Fund, the Governor makes no specific recommendations.

ACTIVITY: Wildlife Management  
 PROGRAM: Fish and Wildlife Management  
 AGENCY: Natural Resources, Department of

1992-93 Biennial Budget

DECISION ITEM: Special Hunt Opportunities

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Lac qui Parle Special Hunt and Survey	\$ 55,000	\$ 55,000
Special Early Goose Hunts	<u>45,000</u>	<u>45,000</u>
Total Special Hunt Opportunities	\$ 100,000	\$ 100,000

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100
Revenues				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100

GOVERNOR'S RECOMMENDATION:

Expenditures				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100
Revenues				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100

Requires statutory change: \_\_\_\_\_ Yes  X  No  
 Statutes Affected:

ITEM SUMMARY:

A biennial increase of \$200,000 from the Game and Fish Fund is requested for providing and maintaining special hunt opportunities for geese. Application fees for special hunts are being collected under M.S. 97A.401 but have not been appropriated to support the costs associated with conducting them.

RATIONALE:

It is the goal of the Division of Fish and Wildlife to manage populations of geese within acceptable public and environmental limits for optimum hunting and viewing opportunity. To achieve this goal, several strategies identified in the division's long-range plan on geese must be expanded, including 1) open refuge areas to hunting when necessary to control populations and 2) continue the present system of controlled hunts and expand them where appropriate. These strategies will be funded as follows:

Hunts are often needed in areas where hunter numbers or access must be restricted and where additional management effort is necessary to provide that opportunity. Conducting these hunts requires a greater commitment of resources and time than do the regular seasons, and it is inappropriate for all license buyers to subsidize those who received this opportunity.

This request will allow the continuation and expansion of special hunt opportunities by appropriating the money received back to administer the hunts. It will allow continuation of 4 special goose hunts involving over 30,000 hunters. Three special early season goose hunts resulted in removal of over 8,000 resident geese in local problem areas in 1989, while providing additional recreational opportunity to 15,000 hunters. A permit system initiated at Lac qui Parle in 1990 will involve 15-20,000 hunters and will support a goose hunter survey to collect data needed to maintain the migratory population and maximize recreational opportunity. Management of the goose flock using Lac qui Parle is shared with several other states and provinces and with the Canadian and United States federal governments. More precise data and monitoring methods are needed to protect the resource and maintain or possibly expand recreational opportunity.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.



PROGRAM: Fish and Wildlife Management  
AGENCY: Natural Resources, Department of

1992-93 Biennial Budget

addressed by funding additional coordination staff as follows:

DECISION ITEM: North American Waterfowl Management Plan  
Coordination

Game and Fish Fund (1 FTE) \$ 50,000  
Wetland Wildlife Specialist \$ 50,000

F.Y. 1992 F.Y. 1993

Dollars in Thousands

F.Y. 1992 F.Y. 1993 F.Y. 1994 F.Y. 1995

AGENCY PLAN:

Expenditures

Game and Fish Fund \$ 50 \$ 50 \$ 50 \$ 50

Revenues

Game and Fish Fund \$ 50 \$ 50 \$ 50 \$ 50

GOVERNOR'S RECOMMENDATION:

Expenditures

Game and Fish Fund \$ 50 \$ 50 \$ 50 \$ 50

Revenues

Game and Fish Fund \$ 50 \$ 50 \$ 50 \$ 50

Requires statutory change: Yes X No

Statutes Affected:

ITEM SUMMARY:

A biennial increase of \$100,000 from the Game and Fish Fund is requested for a position to develop and coordinate wetland habitat programs to meet goals and objectives of the Division of Fish and Wildlife's long-range plans and of the North American Waterfowl Management Plan.

It is the goal of the Division of Fish and Wildlife to achieve a net gain in quality and quantity of wetland habitat in Minnesota.

RATIONALE:

Wetlands provide essential habitat for a wide variety of resident and migratory wildlife. Wetland losses continue to occur because existing wetland programs and regulations address only a small part of the total wetland loss and degradation problems. Less than 10% of Minnesota's original wetlands remain in the prairie pothole region and about 20% remain statewide, excluding peatlands. To address this problem, several strategies as identified in the division's long-range plan must be addressed. They are 1) strengthen state and federal statutes and policies designed to protect wetlands, 2) increase acquisition of wetlands and adjacent habitats, 3) increase management and restoration of wetlands, and 4) accelerate management of shallow lakes. The strategies can be

The Department of Natural Resources is currently developing implementation plans and funding proposals for the Prairie Pothole Joint Venture and the Upper Mississippi River and Great Lakes Joint Venture under a Legislative Commission on Minnesota Resources (LCMR) grant for the North American Waterfowl Management Plan. This request will convert the LCMR-funded project to an operational program and will allow expansion of the Section of Wildlife's wetland protection and management efforts. It will enable the state to obtain up to \$2 million annually in North American Wetland Conservation Act and other funding, to develop wetland habitat protection programs and priorities, and to provide necessary coordination with other agencies and groups. By establishing partnerships and leveraging funds, significant progress towards the objective of increasing the waterfowl breeding population in the prairie pothole region by 200,000 will be achieved.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**ACTIVITY:** Wildlife Management  
**PROGRAM:** Fish and Wildlife Management  
**AGENCY:** Natural Resources, Department of

**1992-93 Biennial Budget**

**DECISION ITEM:** Accelerated Wild Turkey Management

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

<b>Expenditures</b>					
Game and Fish Fund	\$	100	\$	100	\$ 100 \$ 100

<b>Revenues</b>					
Game and Fish Fund	\$	100	\$	100	\$ 100 \$ 100

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>					
Game and Fish Fund	\$	100	\$	100	\$ 100 \$ 100

<b>Revenues</b>					
Game and Fish Fund	\$	100	\$	100	\$ 100 \$ 100

Requires statutory change: \_\_\_\_\_ Yes   X   No  
 Statutes Affected:

**ITEM SUMMARY:**

A biennial increase of \$200,000 and 4 FTE are requested from the Game and Fish Fund to accelerate the management of wild turkeys. Increased turkey license sales have added \$100,000 to the Game and Fish Fund in F.Y. 1991.

**RATIONALE:**

It is the goal of the Division of Fish and Wildlife to establish and maintain turkey populations in suitable habitat and to reach a spring population of 20,000 wild turkeys by 1995. Minnesota hunters want the opportunity to hunt wild turkeys and in more areas of the state. The number of permits issued each year (10,000) does not meet the demand. To meet demand, these strategies must be adequately funded:

1. continue and accelerate the wild turkey trapping and transplant program; and
2. establish winter food plots in well-known wild turkey wintering areas.

These strategies shall be funded as follows:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Trapping:		
Game and Fish Fund Request	\$ 65,000	\$ 65,000
National Wild Turkey Federation (NWTF) (current base)	25,000	25,000
State Chapter NWTF	25,000	25,000
Legislative Commission on Minnesota Resources (LCMR)	25,000	25,000
Turkey Management:		
Game and Fish Fund Request	<u>35,000</u>	<u>35,000</u>
Turkey Management Total	\$ 175,000	\$ 175,000

Presently, the Department of Natural Resources has 3 trapping crews funded by the NWTF. This request will provide for a substantial increase of our efforts.

Combined with the proposed LCMR adjustment of 25,000 per year, plus a pledge of 25,000 per year from the NWTF, trapping efforts will be increased three-fold resulting in the annual stocking of 400 birds--20 birds to each of 20 new areas.

At this level of trapping and transplanting, most suitable turkey habitat will be filled by 1997, and a total of 15,000 spring and 6,000 fall hunting permits will be available.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**DECISION ITEM:** Two-Year Deer Habitat Improvement Program  
 (Expansion)

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
Game and Fish Fund	\$ 250	\$ 250	\$	\$
<b>Revenues</b>				
Game and Fish Fund	\$ 250	\$ 250	\$	\$
<b>GOVERNOR'S RECOMMENDATION:</b>				
<b>Expenditures</b>				
Game and Fish Fund	\$ 250	\$ 250	\$	\$
<b>Revenues</b>				
Game and Fish Fund	\$ 250	\$ 250	\$	\$

Requires statutory change: \_\_\_\_\_ Yes   X   No  
 Statutes Affected:

**ITEM SUMMARY:**

A one-time biennial increase of \$500,000 from the Game and Fish Fund is requested to fund 3 FTE positions and to establish several major deer habitat initiatives. M.S. 97A.075, Subd. 1(b) requires that \$2.00 from the sale of each deer license be used for deer habitat improvement. Approximately \$630,000 of unappropriated funds have accrued in the Game and Fish Fund.

**RATIONALE:**

Deer populations are still below goal populations in some management units, and in other areas additional habitat protection and management is needed to maintain deer populations over the long term.

The Division of Fish and Wildlife's long-range plan identifies these solutions:

1. Expand habitat enhancement efforts through coordination and direct habitat management.
2. Provide for permanent protection and maintenance of critical deer habitats.

	F.Y. 1992	F.Y. 1993
Geographic Information System Database Development	\$ 175,000	\$ 175,000
Acquisition of Critical Wintering Areas	65,000	65,000
Browse Regeneration	<u>10,000</u>	<u>10,000</u>
Total	\$ 250,000	\$ 250,000

This request will allow for the acquisition and formatting of data for use in geographic information system processes so that forest deer managers can effectively evaluate habitats and plan management activities. It may also provide funds to purchase one or more "model" deer wintering complexes identified by the recently completed deer wintering area inventory. In addition, these funds will be used to improve the quantity and quality of natural browse on existing state-owned deer wintering areas.

This one-time use of funds will build a foundation for long-term improvements in deer habitat evaluation, project planning, and timber management programs; will provide an example of the benefits of protection and development of deer wintering habitats in agricultural areas; and will improve existing complexes. The overall result will be the maintenance or increase of deer populations and a reduction of deer depredations on private lands.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**ACTIVITY:** Fish Management  
**PROGRAM:** Fish and Wildlife Management  
**AGENCY:** Natural Resources, Department of

**1992-93 Biennial Budget**

**DECISION ITEM:** Lake and Stream Management

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

<b>Expenditures</b>				
Game and Fish Fund	\$ 200	\$ 200	\$ 200	\$ 200
<b>Revenues</b>				
Game and Fish Fund	\$ 200	\$ 200	\$ 200	\$ 200

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Game and Fish Fund	\$ 200	\$ 200	\$ 200	\$ 200
<b>Revenues</b>				
Game and Fish Fund	\$ 200	\$ 200	\$ 200	\$ 200

**Requires statutory change:** \_\_\_\_\_ Yes  X  No  
**Statutes Affected:**

**ITEM SUMMARY:**

A biennial increase of \$400,000, including 4 FTE from the Game and Fish Fund, is requested to increase the frequency of lake and stream survey to an adequate level to effectively monitor the resource.

**RATIONALE:**

Lake and stream surveys provide physical, chemical, and biological information. This includes fish species, abundance, size, age, growth rates, disease or parasites, reproduction success, habitat, shoreline development, vegetation, erosion or pollution, water chemistry, water levels, inlets and outlets, water levels, water depth, lake size, etc.

Currently, the average time between lake surveys is 8 to 10 years. This frequency is not adequate to monitor changes in fish community structure, habitat, harvest, or quality. The goal is to reduce the time between lake surveys to a technically sound 5- to 7-year frequency. This data is necessary to implement and evaluate effective fisheries management.

This information will be used to evaluate long-term trends and provides a key component in future efforts towards integrated watershed management, critical to water quality and the state's fisheries

resources. This request is to provide the following results:

1. Reduction of the average frequency of lake surveys from 1 every 8.9 years to 1 every 5 to 7 years will allow managers to more closely monitor year-to-year changes in fish communities and initiate management in an effective and timely fashion.
2. Data will allow more effective and comprehensive management plans for individual lakes to be developed. These plans are the foundation of fisheries management.
3. Data will be used to guide decisions on development, permitting, watershed management, and others, in addition to those directly related to fisheries management.
4. Data will be used by resource users and those in related industries.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

DECISION ITEM: In-Lieu-of-Tax Payments

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

<b>Expenditures</b>				
Game and Fish Fund	\$ 168	\$ 146	\$ 168	\$ 146
<b>Revenues</b>				
Game and Fish Fund	\$ 168	\$ 146	\$ 168	\$ 146

GOVERNOR'S RECOMMENDATION:

<b>Expenditures</b>				
Game and Fish Fund	\$ 168	\$ 146	\$ 168	\$ 146
<b>Revenues</b>				
Game and Fish Fund	\$ 168	\$ 146	\$ 168	\$ 146

Requires statutory change: \_\_\_\_\_ Yes  X  No

Statutes Affected:

ITEM SUMMARY:

A biennial increase of \$376,000 from the Game and Fish Fund is requested to pay in-lieu-of-tax payments for acquired wildlife management area (WMA) lands in 81 counties.

RATIONALE:

It is the goal of the Division of Fish and Wildlife to continue to make full payments for taxes as follows:

	F.Y. 1992	F.Y. 1993
Current Game and Fish Fund Base	\$ 685,700	\$ 685,700
3% Inflationary Adjustment	20,000	42,000
Additional Request for Full Payment	<u>168,000</u>	<u>146,000</u>
Total In-Lieu-of-Tax Payment	\$ 873,700	\$ 873,700

Under M.S. 97A.061, annual payments in lieu of taxes are based on three-fourths of 1% of the appraised value of purchased lands for WMA's. The appraisal value is the purchase price for 5

years after acquisition. The appraised value is determined by the county assessor every 5 years after acquisition. This year, 1990, is a 5-year adjustment year. Since land values have been increasing in Minnesota and as we continue to acquire new lands, the estimate is for in-lieu payments to increase between 18-22%. This will result in an estimated shortfall of \$322,000 to \$376,000 for the next biennium.

The F.Y. 1990 payment was \$697,000 on approximately 300,000 acres of acquired WMA lands. The Section of Wildlife was appropriated \$685,700 for in-lieu-of-tax payments in F.Y. 1990-91. This resulted in a shortfall of \$11,300 in the F.Y. 1990 in-lieu payment that put a strain on other programs that had to absorb this difference. Payments next year are expected to be between \$822,000 and \$875,000. This request will ensure full payment to counties.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**ACTIVITY:** Fish Management  
**PROGRAM:** Fish and Wildlife Management  
**AGENCY:** Natural Resources, Department of

**1992-93 Biennial Budget**

This request is to provide the following results:

1. Expand present LCMR-funded MinnAqua efforts (urban angling and volunteer training) to outstate areas.
2. Develop and implement the classroom materials and educational display components of the MinnAqua Program.

Last summer, over 6,000 people participated in the MinnAqua Program in the Hennepin, Ramsey, and St. Louis Counties. Requests for the program are growing faster than the present staff can handle. By adding positions in Bemidji and New Ulm, the program can expand statewide and more efficiently meet local needs. At this level of support, the program could easily reach over 25,000 people each summer with key DNR aquatic resource-related messages and help foster an increased role of minorities in resource careers.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**DECISION ITEM:** Aquatic Education

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100
<b>Revenues</b>				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100
<b>Revenues</b>				
Game and Fish Fund	\$ 100	\$ 100	\$ 100	\$ 100

**Requires statutory change:** \_\_\_\_\_ Yes      X   No  
**Statutes Affected:**

**ITEM SUMMARY:**

A biennial increase of \$200,000, which includes 2 FTE, is requested to provide aquatic education positions at Bemidji and New Ulm to expand efforts presently being done by the MinnAqua Program (Department of Natural Resources' (DNR) Aquatic Education/Fishing Program) and to establish an agency funding base once Legislative Commission on Minnesota Resources (LCMR) funds are no longer available.

**RATIONALE:**

To help increase public understanding and knowledge about aquatic ecology, fishing, fisheries management and regulation, human impacts on the resources, multi-use conflicts, and ethical use which will help the Section of Fisheries more effectively manage these resources. Our aquatic resources are threatened daily by pollution, erosion, development, and unwise use. Fisheries management practices by themselves can only go so far in helping improve and/or protect these dwindling resources. Educating the public to work with us and understand why we do things will provide a basis for wise management.

ACTIVITY: Wildlife Management  
PROGR Fish and Wildlife Management  
AGEN Natural Resources, Department of

1992-93 Biennial Budget

DECISION ITEM: Accelerated Wildlife Lakes Survey

		Dollars in Thousands			
		<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<b>AGENCY PLAN:</b>					
<b>Expenditures</b>					
Game and Fish Fund	\$	50	\$ 50	\$ 50	\$ 50
<b>Revenues</b>					
Game and Fish Fund	\$	50	\$ 50	\$ 50	\$ 50

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>								
Game and Fish Fund	\$	50	\$	50	\$	50	\$	50
<b>Revenues</b>								
Game and Fish Fund	\$	50	\$	50	\$	50	\$	50

Requires statutory change: \_\_\_\_\_ Yes   X   No  
Statutes Affected:

**ITEM SUMMARY:**

A biennial increase of \$100,000 and 1.5 FTE are requested from the Game and Fish Fund for accelerating the biological inventory of large prairie wetlands and shallow lakes.

**RATIONALE:**

The Division of Fish and Wildlife's goal is to inventory and develop management plans for 50 large (greater than 80 acres) wetlands a year. All large wetlands will be inventoried by the year 2010. These large wetland basins provide a unique habitat base for waterfowl, furbearers, shorebirds, herons, and other nongame wildlife species. Changes in natural watersheds and the accidental introduction of carp have led to severe degradation of water quality and aquatic vegetation. Reclamation efforts have been plagued by the lack of resource information to guide recovery plans.

To achieve this goal, the following strategies identified in the Division of Fish and Wildlife's long-range plans must be accelerated:

1. accelerate the biological inventory of wetlands over 80 acres in size;
2. develop lake management plans to recommend strategies to preserve or recover wetland wildlife values of individual basins;

3. identify large wetland basins with high potential wildlife values for priority action;
4. provide inventory information to local units of government to enhance local water planning;
5. pursue special designation of same as "Wildlife Management Lakes" to allow for intensive management; and
6. encourage state and federal land retirement programs and wildlife land acquisition programs to target areas adjacent to large wetlands with high or potentially high wildlife values.

These strategies can be addressed by funding a survey crew as follows:

	F.Y. 1992	F.Y. 1993
Game and Fish Fund - 2 Person Survey Crew	\$ 50,000	\$ 50,000

The Department of Natural Resources currently has a temporary survey crew funded through the Legislative Commission on Minnesota Resources. This request will allow the continuation of this crew. Continued funding through the year 2010 will allow inventory of each wetland basin larger than 80 acres and the development of individual wetland management plans. Completion of management plans will provide the basis for the development of protection or recovery efforts.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

ACTIVITY: Wildlife Management  
PROGRAM: Fish and Wildlife Management  
AGENCY: Natural Resources, Department of

1992-93 Biennial Budget

DECISION ITEM: Corporate Endangered Resources Checkoff

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures				
Natural Resources Fund	\$ 1,450	\$ 1,450	\$ 1,450	\$ 1,450
(Nongame Wildlife Account)				

Revenues				
Natural Resources Fund	\$ 1,450	\$ 1,450	\$ 1,450	\$ 1,450
(Nongame Wildlife Account)				

GOVERNOR'S RECOMMENDATION:

Expenditures				
Natural Resources Fund	\$ 1,450	\$ 1,450	\$ 1,450	\$ 1,450
(Nongame Wildlife Account)				

Revenues				
Natural Resources Fund	\$ 1,450	\$ 1,450	\$ 1,450	\$ 1,450
(Nongame Wildlife Account)				

Requires statutory change: \_\_\_\_\_ Yes      X   No  
Statutes Affected:

ITEM SUMMARY:

A total of \$3,000,000 is anticipated from the recently established Corporate Endangered Resources Checkoff to fund new initiatives of the Nongame Wildlife, Natural Heritage, and Scientific and Natural Areas Programs that will protect and manage endangered species and rare natural communities. The \$2,900,000 request reflects a payback of \$100,000 to the Nongame Wildlife Account for an advance in F.Y. 1990-91 to launch a publicity campaign for the Corporate Checkoff. This request also includes 15.5 FTE positions (10 full-time and 5.5 part-time positions).

RATIONALE:

Although the agency has made significant progress protecting endangered resources over the past decade, much work still remains. For example, as survey efforts have expanded through the County Biological Survey, protection, management, and land-use planning efforts have not kept pace with the identification of new endangered resource sites. Critical habitats--including wetlands, native prairies, and old-growth forests--are in need of expanded research efforts that define new and innovative

management techniques. Survey and research efforts directed at aquatic resources have lagged behind work in terrestrial habitats despite increasing threats, and the public's demand for information and educational materials continues.

To help address these and numerous other needs, the state legislature created a new checkoff for endangered resources on the state's corporate tax forms. Corporations will have their first opportunity to make donations in the 1991 tax year. The monies will be available for expenditure in F.Y. 1992 and will be shared among 3 division programs whose major responsibility is the protection and management of endangered resources: the Natural Heritage, Nongame Wildlife, and Scientific and Natural Areas Programs.

The express intent of the Corporate Endangered Resources Checkoff is to provide funding for new and expanded endangered resource initiatives. These initiatives will focus on 4 primary program areas: 1) inventory and research, 2) habitat protection and species restoration, 3) stewardship, and 4) information and education.

Examples of specific project areas include land protection and management, natural areas interpretive efforts, prairie and wetland community research, botanical publications and informational displays, database management for endangered species and natural communities, development of a watchable wildlife program, lakeshore habitat initiatives, bald eagle and peregrine falcon management, elementary and secondary educational efforts directed at endangered resources, an increased emphasis on inventory of aquatic species, and coordination with public land managers. Funds will also be used to initiate a new conservation effort to help protect forest songbirds that are declining due to the accelerating loss of their wintering habitat in the tropics.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.



**PROGRAM PURPOSE:**

The Department of Natural Resources' (DNR) Division of Enforcement is the primary law enforcement agency within the state of Minnesota responsible for natural resource and recreational law enforcement.

The mission of the division is to ensure the perpetuation of Minnesota's natural resources and to provide equal recreational opportunity and public safety through sound educational and regulatory practices for all citizens and guests to enjoy. The division strives to achieve this mission by:

1. Enforcing regulations pertaining to Minnesota's wild animal resources, including fisheries, small game, big game, migratory waterfowl, furbearers, and turkey. Investigations, surveillance, and general patrol ensure adequate protection and law compliance to maintain populations for current and future generations to enjoy.
2. Enforcing recreational vehicle regulations, including all-terrain vehicle (ATV) and snowmobile, to ensure that public safety, environmental protection, and quality recreational opportunities are provided.
3. Enforcing regulations pertaining to licensing and permits to ensure revenues supporting natural resource and recreational programs are collected and reporting requirements are met.
4. Reducing the risk of loss of life or injury associated with outdoor recreational activities by ensuring public use rules and regulations are adequately enforced and public safety is provided.
5. Enforcing regulations pertaining to watercraft, including general operation, licensing and registration requirements, boating while intoxicated, and equipment requirements.
6. Providing assistance to other agencies and DNR disciplines, including natural resources enforcement, recreational enforcement, and environmental protection. Cooperative agreements, technical assistance, and professional leadership allow other agencies and DNR disciplines to fulfill their primary objectives and responsibilities.
7. Enforcing regulations pertaining to commercial activities such as minnows, commercial fishing, game farms, fur buyers, shooting preserves, and taxidermy. Adequate enforcement ensures protection and prevents exploitation of desired species. It also ensures that reporting requirements are current and timely; non-commercial species, including threatened and endangered, are protected; and that licenses and facilities are inspected and equipment requirements are within guidelines.
8. Enforcing regulations pertaining to public water resources such as enforcing permit requirements, terms and periods for lake and streambed work, aquatic vegetation laws, and irrigation regulations. Adequate enforcement will ensure environmental protection and that adequate water supplies are available for public use.
9. Enforcing regulations in state parks and other DNR-managed lands. Responsibilities include regulations pertaining to the general use of:
  - Minnesota state parks
  - Scientific and natural areas
  - State forest campgrounds
  - State trail system
  - Wildlife management areas
  - State game refuges

- State forests
- Public accesses

Cooperative working relationships with other department managers ensure state lands and indigenous wildlife species which inhabit them receive adequate protection. Recreational opportunity for the public is also provided.

10. Administering and coordinating youth firearm, ATV, and snowmobile safety programs. Recruit and train volunteer instructors to teach Minnesota youth between 11 and 17 years of age. Instruction includes the safe handling of firearms and responsible recreational vehicle operation.
11. Administering and coordinating an Advanced Hunter Education Program. The purpose is to teach Minnesota citizens hunting ethics and associated responsibilities required to be safe and knowledgeable hunters. In 1989-90, the program conducted specialized hunting clinics focusing on turkey, deer, bear, and waterfowl. A well-informed and educated hunting public leads to ethical practices and sportsperson-like behavior.
12. Informing the public of division and departmental policies, plans, and programs through personal contacts, radio, television, and newspaper. A well-informed public reduces natural resource violations and promotes interest in the protection and conservation of Minnesota's resources.
13. Investigating, controlling, and reporting damage or depredation complaints involving migratory waterfowl, timberwolf, big game, small game, and unprotected wild animals. Cooperatively work with other agencies and private landowners to minimize and control wild animal damage.
14. Providing aircraft support for the department's programs and other agencies, including:
  - Surveillance and enforcement of natural resource and environmental laws
  - Census work
  - Fire prevention and wildfire investigation
  - Drug surveillance
  - Photography
  - Forest inventory

**PERFORMANCE:**

Minnesota's 184 Conservation Officers are licensed peace officers empowered to enforce all laws within the state. Their primary responsibility, as directed by the legislature, is to enforce laws relating to the preservation of natural resources and the regulation of recreational activities.

Public attitudes and expectations in relation to outdoor recreation, compounded by enhanced mobility and technological advances in recreational and commercial equipment, have put considerable pressure on the state's resources.

The responsibility for protecting Minnesota's vast natural resources is a complex and demanding task. The Division of Enforcement addresses this task through its Conservation Officer services.

In 1989, there were 10,529 arrests made for natural resource and recreational violations, with a 98% conviction rate for wildlife law violators. The arrests include:

- Approximately 3,000 arrests for wildlife law violations.
- Approximately 4,000 arrests for fisheries law violations.
- Approximately 3,000 arrests for watercraft, boat and water safety, and recreational vehicle law violations.
- Approximately 58 arrests for commercial violations.
- Approximately 8,000 warnings are issued each year by Conservation Officers for natural resource and recreational violations.

**PROGRAM:** Enforcement of Natural Resource Laws and Rules      **1992-93 Biennial Budget**  
(Continuation)  
**Agency:** Natural Resources, Department of

In 1989, the division conducted 29 separate road checks for the purpose of detecting illegal fish and game. The following results were achieved:

- 3,660 vehicles checked
- 255 game and fish violations
- 300 game and fish warnings
- 55 violations of other laws
- 16.7% overall violation rate

Specialized enforcement units have been created for the purpose of working in specific resource-oriented areas which have special needs. The complexity of natural resource enforcement and laws governing users of certain resources have initiated the creation of aircraft surveillance and enforcement, Lake Superior marine enforcement, specialized fur teams, special investigations, and canine and wildfire investigation units.

Migratory waterfowl populations reached record lows in the late 1980s. Based on a "critical" need to protect existing populations, the Division of Enforcement placed a high priority on working migratory waterfowl hunters. In 1989, Conservation Officers spent 22,000 hours, or 40% of their time during the 30-day waterfowl season, working migratory waterfowl hunters. There were 970 arrests for migratory waterfowl violations. In 1989, the number of hours worked and arrests made were the highest of all states within the Mississippi Flyway.

In 1990, the Division of Enforcement initiated a working agreement with the Pollution Control Agency in the area of environmental crimes. Solid waste, hazardous waste, and pollution spills are special concern areas with Conservation Officers involved.

In 1989-90, the division negotiated Memorandums of Understanding (MOU) with the Departments of Agriculture and Health and the United States Forest Service. The MOU with the Departments of Agriculture and Health governs the conditions under which protected species of wild animals may be utilized for human consumption. The primary purpose of the MOU is to ensure every effort has been made to maximize the use of natural resource products confiscated by Conservation Officers as a result of law enforcement activities or accidental taking. The MOU with the United States Forest Service governs law enforcement activities within the Boundary Waters Canoe Area Wilderness and addresses mutual concerns, cooperative agreements, and conditions of operation. Both agreements were initiated through sound communications and professional leadership.

During the 1988-89 drought, the Division of Enforcement worked closely with the Division of Waters to ensure compliance of water-use laws.

Turn In Poachers (TIP) is a non-profit organization formed by concerned citizens and conservationists who want to stop the illegal taking of Minnesota's fish and wildlife resources. The Division of Enforcement works cooperatively with TIP to investigate information received on the TIP Hotline. In 1989, 5,814 calls were received with 1,002 being referred to Conservation Officers for investigation.

The complexity of federal Indian treaties involving Minnesota's Chippewa tribes, compounded by the socio-economic sensitivity concerning the area's natural resources, has prompted the division's involvement. The division has been directly involved with treaty settlement issues, including:

- administrative negotiations,
- cooperative working relationships with Indian conservation officers involving law enforcement responsibilities, and
- cooperative working communications with the Attorney General's Office and other department

disciplines involving treaty issues.

Conservation Officers are law enforcement professionals with specialized skills in natural resource, public safety, and human relations areas. In 1987, the Division of Enforcement prioritized officer training as a major objective in reaching short- and long-term goals. A training/planning coordinator position has been created to oversee divisional objectives and goals in relation to training and short/long-term planning.

Due to the increased number of serious injuries and fatalities associated with alcohol and recreation, the division has placed an emphasis on alcohol-related recreational enforcement. In 1989, 142 "Boating While Intoxicated (BWI)" arrests were made by Deputy Sheriffs and Conservation Officers working Minnesota's lakes and rivers. By September of 1990, 213 BWI arrests have been made. Conservation Officers have also been assigned to work special projects involving snowmobile enforcement. Officer efforts focus on alcohol and speed--2 areas associated with injuries, fatalities, and citizen complaints.

During the 1988-89 drought, the Division of Enforcement took a lead role in wildfire investigations. Conservation Officers were directed to prioritize wildfire investigations over other responsibilities due to the possibility of lost lives and/or property. Interdisciplinary teams composed of Conservation Officers and Department of Natural Resources' Foresters worked cooperatively in areas of surveillance, investigations, interviews, and subsequent arrests to ensure compliance of forestry fire prevention laws.

In 1990, the division worked cooperatively with other agencies involving natural resource and law enforcement issues, including:

- Cook County Sheriff's Office - Rainbow Family Gathering
- Pollution Control Agency/Environmental Protection Agency - Minnesota River oil spill
- Lake of the Woods - international cooperative investigation
- Sheriff's offices throughout southern Minnesota dealing with aeration systems, closing public accesses, and signing requirements due to deteriorating ice conditions throughout the winter
- Conservation Officers and equipment were provided to the counties of Traverse, Clay, and Wilkin due to flooded conditions. Responsibilities included security and evacuation.

Minnesota's commitment to maintaining quality natural resources and recreational opportunity for its citizens and guests to enjoy is widely recognized. The Division of Enforcement's role as a leader in professional law enforcement and educational services will ensure that commitment is preserved.

#### PROSPECTS:

The Division of Enforcement is unlike other disciplines within the department in that services provided are not individual programs but are geared to provide regulatory services through its 184 Conservation Officers to the department, natural resources users, and recreationists.

The expansion of the Division of Enforcement's role and responsibilities associated with natural resource and recreational law enforcement will be a serious challenge in the future.

The workload of the division has steadily increased. Budget shortfalls have seriously limited the division's ability to add staff or to even maintain current complement to fill all officer stations. The effects of the Fair Labor Standards Act, budget reductions, and other unanticipated expenses have seriously limited officer hours available to work current responsibilities.

Priorities will need to center on issues associated with public safety and impacts associated with environmental degradation.

Technological advances in recreational equipment, compounded by the public's perception and initiative to enjoy quality outdoor recreational activities, will substantively increase the demand for law enforcement services in the future.

Major metropolitan populations looking for recreational opportunities close to home will put enormous pressure on the state's resources. User conflicts, public safety issues, environmental degradation, and quality recreational experiences are areas of concern.

Demands for professional law enforcement services will prompt the Division of Enforcement to increase its focus and efforts on recreation.

Attempting to serve increasing public and resource needs with current officer complement will cause issues and areas of special concern to emerge. Anticipated problems associated with this strategy in relation to current and emerging needs are:

- Prioritizing special concern areas--such as public safety, environmental crime, and recreational use--will leave other areas of responsibility without adequate service.
- User groups which focus on a specific recreational activity (i.e., hunters and anglers) may not be adequately served, which in turn will create political complaints and pressure.
- Cooperative services to other agencies and disciplines--including enforcement, protection, public relations, nuisance animal control, and general information--will not meet agency and discipline expectations.
- Staffing "shifts" to areas of special need will leave areas of the state without service for specified periods of time.
- Resources which generate economic stability for Minnesotans may not receive adequate service and protection in specific areas.
- The division's ability to protect game and fish resources has declined. The increase in a need to provide service in non-resource areas, compounded by a limited complement of officers, has created a situation where the division can no longer provide adequate service to the state's game and fish resources.

The utilization of our environment has created special concerns for all Minnesotans. The demand for clean air, suitable water supplies, enhanced wildlife populations, and places to dispose of solid waste have initiated conflicts between users and protectionists, as well as natural resource professionals and legislators. The division's responsibility as a natural resource law enforcement agency will be directly affected by political decisions and public concerns and expectations in relation to the environment. They will include:

- No net loss of wetlands. Public demands for stopping the destruction of Minnesota's wetlands will increase the division's responsibility to ensure compliance, protection, and enforcement are maintained.
- State and federal agencies, such as the Pollution Control Agency and the Environmental Protection Agency, have requested the division to provide manpower and equipment to assist with environmental issues. The degradation of our environment and subsequent need for protection will place increasing demands on division personnel.
- The public's perception and demand for an adequate supply of clean water will create additional responsibilities for the division to ensure compliance by users.
- The closure of facilities and areas to dispose of solid waste, compounded by increased costs, has created enforcement problems on state lands.

- The decline of certain wildlife species due to habitat loss, predation, overuse, and other environmental factors will place specific demands on the division to focus its efforts on protecting these species.

The Division of Enforcement has initiated major changes in the past 5 years. The purpose is to provide professional law enforcement service and protection to constantly changing natural resource and public needs. To assist in assuring adequate service is provided, the following strategies are being incorporated:

1. Customer Survey: The division is currently surveying Minnesotans to determine how effectively we are doing our job. The survey will determine population attitudes and trends in relation to hunting, fishing, vehicular recreation, and other forms of leisure activity. The division hopes to improve natural resource law enforcement service by determining areas in which the public feels they are not being adequately served.
2. Geographic Information System (GIS) Study: The division is currently conducting a GIS study within Conservation Officer stations throughout the state. The purpose of the study is to obtain information on workload indicators and how they vary from one station to the next.

The indicators would include:

- Fishing pressure
- Hunting pressure
- General use of trail activities, including snowmobile, all-terrain vehicle, and cross-country skiing
- Population
- Numbers of children under age of 16 years
- Other resource indicators such as public land acreage, water resources, etc.

The study will provide data which will determine officer assignments, the development of new stations, and subsequent closure of existing stations. It should identify strategically located high-use areas which will mandate officer assignments during specified periods of time.

3. Canine Unit: The division is currently establishing a canine unit. Officer/dog teams will be strategically located throughout the state for the purpose of detecting illegal fish and game activity.

#### PLAN:

The Division of Enforcement's budget shortfall for the 1992-93 biennium will be approximately \$443,000. The impact this shortfall will have on division operations and responsibilities is compounded by previous funding shortfalls. Inflation, underfunding of salary supplement, unanticipated administrative costs, and General Fund budget reductions have created current shortages.

#### 1. Increase in Open Stations

The division is currently holding 6 Conservation Officer stations open. Based on budgetary shortfall prospects, 1 more station will be held open at a cost savings of \$118,240 for the biennium. The importance of having officer stations filled relates directly to natural resource and public needs. The public's perception of having a Conservation Officer located in "their" area is extremely important.

#### 2. Support Staff/Area Office Elimination

The elimination of support staff positions and area offices at a cost savings of \$67,000 will decrease interdisciplinary cooperation by removing Area Enforcement Supervisors from Department of Natural Resources' area offices. Cooperative multi-disciplinary resolution of public concerns has been shown to be a positive and responsive program. The loss of part-time

**PROGRAM:** Enforcement of Natural Resource Laws and Rules      **1992-93 Biennial Budget**  
(Continuation)  
**Agency:** Natural Resources, Department of

support staff will seriously delay all facets of work, including processing of permits, responding to correspondence, and in general, diminish the division's ability to respond to the public.

3. Adult Hunter Education Staff Decrease

An Adult Hunter Education staff position will be held open for the biennium at a cost savings of \$60,000. By holding the position open, educational opportunities for the public in relation to hunting ethics, hunter/landowner conflicts, firearm safety, and other related hunter education topics will be diminished. Not filling this position will adversely affect the division's ability to educate the public.

4. Snowmobile Leases

The division will cut the snowmobile rental lease program at a cost savings of \$59,000, leaving areas of the state without adequate snowmobile enforcement. The division has initiated a major enforcement effort to curb the illegal operation of snowmobiles in relation to speed and the usage of alcohol. Serious injuries and fatalities are attributed to both factors. The reduction of snowmobile enforcement would have serious public safety impacts.

5. Field Operations

A decrease in operational dollars at a cost savings of \$94,692 will have a disproportionate negative effect upon the level of activity of the Enforcement Division. Previous reductions, including General Fund cuts, have been largely absorbed by cutting operation funding. The effects of increased gasoline prices at an anticipated cost of \$290,000 for the biennium also serve to compound this shortfall. At this level, operational reductions would include:

- Delay purchase of 3-group equipment
- Decrease travel expenses for in-state conferences and meetings
- Eliminate out-of-state travel
- Eliminate the printing of informational and educational brochures
- Decrease statewide mailing, resulting in a delay of information to division personnel
- Decrease Firearm Safety, Snowmobile Safety, Adult Hunter Education, and All-Terrain Vehicle program budgets with associated decline in students
- Cut patrol mileage for Conservation Officers
- Eliminate work crews and special assignments
- Decrease officer training budget
- Low priority work would not be completed

6. Officer Overtime

An increase in division responsibilities, including new department initiatives, coupled with the public's demand for increased service in the areas of recreation and environmental degradation, has increased Conservation Officer workload. Overtime hours are generally required to be used by officers to work traditional game and fish enforcement because the state's wildlife resources are not receiving adequate protection by officers working "normal" hours. The division will need to reduce officer overtime at a cost savings of \$44,086 for the next biennium.

7. Beaver Damage Control

During the past legislative session, the division's appropriation for beaver damage control was cut by \$100,000. M.S. 97B.665, Subd. 1, which is still in effect, requires the department to take action, including the destruction or alteration of beaver dams or the removal of beaver if there

is an impairment of drainage and if there is unanimous consent of the County Board, the Commissioner, and the landowner.

Based on the loss of appropriations this past year, the division was not able to provide beaver damage control services. Conservation Officers were directed to provide expertise and information to private landowners and governmental agencies on methods to destroy nuisance beaver and the removal of dams. Generally, this method of control has worked extremely well.

8. County Boat and Water Grants

In conjunction with a proposed increase in watercraft license fees and in response to an increasing number of watercraft and the resulting demand for additional patrol, enforcement, education, search and rescue, accident investigation and waterway markers, there is an increase of \$500,000 for the county boat and water safety grants. This is the first increase in this program since F.Y. 1988 and will supplement the existing \$1,124,300 annual allocation. The additional funds will only be distributed on a 50/50 match-reimbursement basis to those counties who wished to participate.

9. Game and Fish Fund Base Restoration

■ Conservation Officer Stations

The public's attitude and expectations regarding the protection of Minnesota's natural resources, compounded by their perception and initiative to enjoy quality outdoor recreational activities, is a priority among Minnesotans. The concerns of the public focusing on a clean environment and public safety issues associated with outdoor recreation are major issues which will dictate Enforcement responsibilities during the next biennium. The Division of Enforcement has held 6 field officer stations open at a cost of \$354,720 per year. In order for the division to fill these stations, a base level increase is needed in the Game and Fish Fund (which is 71% of the division's budget) for a total of \$252,000 per year. This would enable the division to fill 4 of the 6 vacant field stations.

■ Gasoline Allocation

The effects of increased gasoline prices at an anticipated cost of \$145,000 per year is also included in the base restoration request.

10. F.Y. 1992-93 Inflation and Salary Supplement Increase

Included in the budget request is a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the next biennium. Adjustments for F.Y. 1992 and F.Y. 1993 are as follows: \$5,000 and \$10,000 from the All-Terrain Vehicle Account; \$28,000 and \$57,000 from the Water Recreation Account within the Natural Resources Fund; and \$262,000 and \$533,000 from the Game and Fish Fund.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: ENFORCEMENT--NR LAWS&RULES

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
ENFORCEMENT--NR LAWS&RULES	11,688	12,968	13,443	13,594	14,786	14,786	13,556	15,053	15,053
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	11,688	12,968	13,443	13,594	14,786	14,786	13,556	15,053	15,053
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	10,560	11,834	12,304	12,455	13,147	13,147	12,417	13,414	13,414
LOCAL ASSISTANCE	1,128	1,134	1,139	1,139	1,639	1,639	1,139	1,639	1,639
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	11,688	12,968	13,443	13,594	14,786	14,786	13,556	15,053	15,053
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	1,444	2,322	2,201	2,226	2,226	2,226	2,220	2,220	2,220
NATURAL RESOURCES		2,373	2,517	2,534	3,067	3,067	2,529	3,096	3,096
WATER RECREATION	1,952								
SPECIAL REVENUE	322								
GAME AND FISH	7,961	8,256	8,725	8,834	9,493	9,493	8,807	9,737	9,737
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2								
GIFTS AND DEPOSITS	7	17							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	11,688	12,968	13,443	13,594	14,786	14,786	13,556	15,053	15,053
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

**ACTIVITY:** **1992-93 Biennial Budget**  
**PROGRAM:** Enforcement of Natural Resource Laws and Rules  
**AGENCY:** Natural Resources, Department of

**DECISION ITEM:** Increase in County Grants for Boat and Water Safety

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

**AGENCY PLAN:**

<b>Expenditures</b>				
Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
<b>Revenues</b>				
Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
	Based on proposed watercraft license fees.			

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
<b>Revenues</b>				
Natural Resources Fund (Water Recreation Account)	\$ 500	\$ 500	\$ 500	\$ 500
	Based on proposed watercraft license fees.			

**Requires statutory change:**  X  Yes   No  
**Statutes Affected:** M.S. 86B.415

**ITEM SUMMARY:**

This request will provide funds to increase grants to counties which participate in the Boat and Water Safety Grant Program. Additional funding will meet the increasing demand for patrol, enforcement, education, search and rescue, waterway marking, and accident investigation.

From 1981-87, the county boat and water safety grant total was \$994,300 per year. In 1988, this total was raised to \$1,124,300 by the legislature. This request will raise the amount to \$1,624,300 as follows:

- \$1,124,300 will be distributed as in the past with no match required by the county.
- \$500,000 will be distributed on a 50/50 reimbursement match basis to those counties who wished to participate beginning in F.Y. 1992. The county's match will have to be over and above any base level the county expends now.

Any increase will be dependent upon a suitable increase in the watercraft registration fees to provide the necessary additional funding.

**RATIONALE:**

Grants to counties for boat and water safety are made under authority of Chapter 86B and are funded from the Natural Resources Fund (Water Recreation Account). Since its inception in 1959, this program, along with others, has resulted in a significant reduction in boating accidents and drownings. In 1990, as an example, there was a record low of 48 water fatalities (17 of which were boating related) compared to 138 in 1959. This, in spite of the fact that there are over 1 million additional residents and an increase of 550,000 registered boats (a 1990 total of 714,802).

In the department's 1988 statewide boater survey, nearly 60% of the boat owners wanted increased enforcement on the state's waters, 80% wanted speed restrictions on certain lakes and rivers, and 64% wanted some restrictions on the type of boat use. This demand now, and in the future, has resulted in a higher workload for the counties. The increasing diversity of watercraft, along with larger boats and more powerful engines, has also caused the role of enforcement to change. In addition, many counties have or are upgrading their efforts through the use of 1) specialized search and rescue teams; 2) increased emphasis on alcohol, noise, and speed enforcement; and 3) community education efforts. Increased funding will allow for the much-needed expansion of these services.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**ACTIVITY:**  
**PROG:** Enforcement of Natural Resource Laws and Rules  
**AGENCY:** Natural Resources, Department of

1992-93 Biennial Budget

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**DECISION ITEM:** Fill 4 of the 6 Vacant Field Stations

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

<b>Expenditures</b>					
Game and Fish Fund	\$	252	\$	252	\$ 252
<b>Revenues</b>					
Game and Fish Fund	\$	252	\$	252	\$ 252

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>					
Game and Fish Fund	\$	252	\$	252	\$ 252
<b>Revenues</b>					
Game and Fish Fund	\$	252	\$	252	\$ 252

**Requires statutory change:** \_\_\_\_\_ Yes  X  No  
**Statutes Affected:**

**ITEM SUMMARY:**

The agency requests funding to fill 4 of the 6 Conservation Officer field stations which have been held open due to a number of reasons, including:

- Impact of inflation
- Underfunding of salary supplement
- Effects of sales tax
- Cost of employee insurance

The importance of having officer stations filled relates directly to natural resource and public needs.

**RATIONALE:**

The public's perception of having a Conservation Officer located in "their" area is extremely important in relation to attitudes pertaining to the state's resources and as a catalyst to rely on. Conservation Officers not only supply regulatory service, but also coordinate division safety education programs, provide expertise and service to Department of Natural Resources' disciplines and other agencies, and provide information to the public regarding division and department policies, plans, and programs.

**ACTIVITY:** 1992-93 Biennial Budget  
**PROGRAM:** Enforcement of Natural Resource Laws and Rules  
**AGENCY:** Natural Resources, Department of

**DECISION ITEM:** Increase in Gasoline Allocation

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

<b>Expenditures</b>				
Game and Fish Fund	\$ 145	\$ 145	\$ 145	\$ 145

<b>Revenues</b>				
Game and Fish Fund	\$ 145	\$ 145	\$ 145	\$ 145

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Game and Fish Fund	\$ 145	\$ 145	\$ 145	\$ 145

<b>Revenues</b>				
Game and Fish Fund	\$ 145	\$ 145	\$ 145	\$ 145

**Requires statutory change:** \_\_\_\_\_ Yes      X   No  
**Statutes Affected:**

**ITEM SUMMARY:**

The agency requests funding to provide Minnesota Conservation Officers with adequate gasoline to properly do their jobs. Rising gasoline prices have affected the division's ability to carry out normal functions and responsibilities.

**RATIONALE:**

Minnesota's 184 Conservation Officers are the primary peace officers in the state responsible for enforcing laws relating to the preservation of natural resources and the regulation of recreational activities. The responsibility is a complex and demanding task considering each field officer is responsible for approximately 500 square miles. Due to a shortage in the division's gasoline budget, brought about by rising gasoline prices, the division has placed limitations on officer driving. These limitations have diminished the officers' ability to effectively meet natural resource and public expectations. An adequately funded gasoline budget will ensure public concerns are met and the state's resources are protected.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.



#### PROGRAM PURPOSE:

The purpose of the Field Operations Support Program is to provide professional management and administrative support services required for the effective and efficient management of the Department of Natural Resources (DNR), so that resource professional staff are able to maximize time spent managing the state's natural resources. Services are provided by 3 bureaus (Field Services, Real Estate Management, and Engineering). The program is accomplished through the following activities:

1. Field Services: 1) administers the maintenance, repair, and rehabilitation of over 2,000 DNR buildings by developing specifications for work and materials, contracting for work with private vendors, or performing work with department personnel; 2) develops, implements, and administers a department-wide safety program for loss control and claims management (accident reporting and investigation, management of workers' compensation claims, and training in safe work practices, equipment use, etc.); 3) manages the department's 23,500 fixed assets (original acquisition value \$56,000,000), including tracking, inventory, and reconciliation with purchase data, audits, and disposal of surplus property through sales or recycling; 4) coordinates the department's Fleet Management Program, including equipment replacement, repair, maintenance, and monitoring of use; 5) administers the department's procurement program, including audits of local purchase authority compliance, coordination of requisitions through the Department of Administration, bidding and contracting with private vendors, and maintenance of 2 warehouses; and 6) coordinates other support activities, including maintenance of fire fighting supply/equipment cache, energy conservation and recycling programs, wood-routed signs, DNR uniforms, the department's radio program, non-fleet equipment replacement, and DNR policy development and training for all bureau programs.
2. Real Estate Management: For 5.3 million acres of land administered by DNR, provides professional real estate management support for issuance of land leases, utility licenses, and road and flowage easements; facilitates acquisition of land by purchase, exchange, and acceptance of donations; sells surplus DNR real estate; reviews and audits the administration of Permanent School Fund land; and manages the DNR land records information system.
3. Engineering: With a staff of professional architects, engineers, land surveyors, landscape architects, technicians, and cartographers, conducts land and topographical surveys to establish ownership boundaries, to allow for legal posting of natural resource management units, and for the design and construction management of DNR-operated facilities such as roads, water accesses, recreation buildings, campgrounds, trails, fish barriers, and forest nursery facilities; and produces DNR recreational user and wildlife management maps and informational signs.

#### PERFORMANCE:

- Approximately 500 DNR facilities underwent repair or maintenance work in the last year at an average cost of \$2,400 per project. This work brought \$1.2 million in business (over 300 bids at approximately \$4,000 per bid) to Minnesota contractors for facility repair or maintenance work. The Bureau of Field Services has also completed the implementation of Phase One of a facility management data base that will enable a greater degree of accuracy in cost forecasting and maintenance or repair planning.

Ninety percent of all DNR worksites have undergone a safety audit in the last 3 years, resulting in a significant drop in safety violations. Safety committees have been formed in each region to address methods of improving worker safety and promoting wellness in the workplace, and the bureau has designed a first report of injury and workers' compensation data base.

The Bureau of Field Services handled 1,100 requisitions for over \$8 million in purchases for the

department this year; and the warehouses' annual sales for F.Y. 1990 total .593,000, an increase of over \$200,000 from F.Y. 1989.

Since the inception of the Fleet Management Program in 1987, 755 equipment units have been replaced, and the number of department vehicles and equipment which meet or exceed replacement standards has dropped from 65% to 35%. Replacement of these elderly and inefficient units allows the department to save money on repairs, maintenance, downtime, and fuel.

The Procurement Unit recently produced the "User's Guide to Procurement," a purchasing guide for DNR employees; and the Bureau of Field Services received a department award for "Best Money-Saving Idea," based on Procurement Unit innovations in purchasing methods.

Other accomplishments achieved by the Bureau of Field Services include: over 600 United States fires were supplied equipment from the fire cache; 37 underground storage tanks were disposed of; and 42 tons of paper, 5,400 gallons of oil or lubricants, and 190 tons of scrap metal were recycled. With the objective of achieving greater customer satisfaction, the bureau completed a comprehensive self-evaluation (Phase II of its New Directions Plan).

- The Bureau of Real Estate Management generated approximately \$6 million in revenues during the biennium (\$5 million in dedicated trust funds, \$937 thousand in dedicated special revenues, and \$415 thousand in non-dedicated revenues) through the following accomplishments: issued or renewed about 2,700 contracts covering 38,000 acres of state-owned land; completed 330 land acquisitions totaling 8,500 acres for DNR resource management programs (valued at about \$9.3 million); made 64 land exchanges, with the state relinquishing 18,800 acres and acquiring 16,000 acres; and made land sales valued at over \$5.8 million.

Certification and payment of over \$12 million for in-lieu-of-tax payments was made to the counties on DNR-administered land during the current biennium.

All DNR real estate transactions were automated on a central administrative computer with access for all DNR central and regional office staff.

- Of 1,500 project requests the Bureau of Engineering receives each year, the bureau is able to work on 700 to 800. These include: \$5 to \$7 million in design and new construction; 5,000 boundary descriptions for leases, land acquisition, development, land exchange, legislation, and the water bank program; \$7 to \$12 million in development and acquisition programs funded through Reinvest in Minnesota, Water Recreation Account, Game and Fish Fund, Coast Guard funds, Duck Stamp funds, and Ducks Unlimited; and the production of 200 to 300 recreational maps.

Current staffing, funding, equipment, and priorities do not allow for inventorying and inspecting over 300 DNR bridges, establishing and maintaining boundaries for DNR-administered land, Geographic Information System base map development, space planning, facilities management and feasibility studies for facilities, and long-range planning.

#### PROSPECTS:

- Department unit heads have agreed that rehabilitation, repair, and maintenance of DNR facilities must be a top priority in the next biennium if much more extensive costs are to be avoided. The facility repair and maintenance that the Bureau of Field Services was able to accomplish in the last fiscal year is in no way sufficient. For instance:
  1. Up to 75% of DNR administrative or operational facilities in Greater Minnesota still suffer from severe overcrowding and are experiencing accompanying problems with inadequate or antiquated plumbing and electrical systems, inefficient temperature control, inadequate sanitary facilities, etc.
  2. At least 35% of all DNR buildings need immediate repair or maintenance (within the next biennium) in order to prevent extensive structural damage.

**PROGRAM:** Field Operations Support  
(Continuation)  
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**1992-93 Biennial Budget**

3. At least 60% of all Department of Natural Resources (DNR) facilities need retrofitting for acceptable energy efficiency or handicapped accessibility.

According to a recent report by the Building Owners and Managers Association (BOMA), current construction and materials costs mandate an expenditure of \$2.10 per square foot for administration, maintenance, and repair of facilities such as those owned by the DNR. Current DNR expenditures for facility management are just under \$.66 per square foot, which is less than one-third of the BOMA-recommended amount. Effective management of DNR buildings will continue to be impossible at these funding levels, and eventually some buildings will deteriorate to the point of destruction. The department's action plan for this issue concluded that a management system with adequate funding and staffing must be established and implemented in order to address the demands of the department's rapidly deteriorating physical plant.

More and more studies are demonstrating the high cost of poor health and accidents in the workplace. Within the DNR, F.Y. 1990 shows a \$27,000 increase in these costs over F.Y. 1989, and lost time accidents in the department increased from 52 in 1989 to 63 in 1990. The state of Minnesota spends over \$100 million each year on health care, workers' compensation, and sick leave; and these costs are steadily rising. These increases indicate the department's need for expanded funding of improved training in safety, health, and accident prevention. If adequate funding is available, the Bureau of Field Services will implement a statewide training effort designed to reduce accidents and promote general health. The Safety Program will begin training managers and supervisors in general safety practices as well as instruction for all employees in changing traditional behavior to increase job safety.

The Bureau of Field Services is examining the viability of establishing a program similar to that implemented by fleet for the replacement of non-fleet equipment. Currently, it is difficult for the DNR to practice state-of-the-art resource management because new equipment is often unavailable. An equipment management program will encourage maximum equipment utilization through shared use. The bureau will also be able to replace sadly outdated or worn-out equipment, reducing maintenance, repair costs, and loss of productivity due to downtime and inefficiency of antiquated equipment.

Over the next biennium, the Bureau of Field Services will be examining means of reducing energy consumption and promoting recycling within the DNR. This may mean conducting energy audits in facilities and retrofitting facilities (if funds permit) with more energy-efficient materials, equipment, or electrical/plumbing systems.

Increasing oil and gas costs will necessitate a reduction of/more efficient use of DNR vehicles in the coming years. Department disciplines have been encouraged to dispose of or transfer into the pool of shared equipment any units that were not frequently used. The size of the permanent fleet has dropped from 1,950 units in F.Y. 1987 to its current level of 1,825 units, and fleet size will continue to shrink as more equipment becomes available to managers through this pool.

In January of 1991, the Department of Administration will discontinue its Fixed Asset Records Management System and each agency will be responsible for establishing and maintaining its own inventory system. The Bureau of Field Services will work to establish a data base that is useful and accessible for the entire department.

- Increased demand for real estate services from both within the department and from the public has strained the bureau's ability to provide efficient and timely service. Recent actions by the legislature have expanded the DNR's authority in the areas of land sales, commercial leasing, and land exchanges. The legislature has also directed the DNR to improve revenue generation on trust fund lands and sell millions of dollars' worth of leased lakeshore land at public auction.

Thus, activities in these areas have increased significantly in the current biennium and are expected to expand further in the next biennium. The DNR is investigating internal reallocation of management responsibility in order to increase the sale of surplus lands as a potential source of funding for acquiring more desirable land. Other initiatives, such as Reinvest in Minnesota and the Environment and Natural Resources Trust Fund, will continue to add to the bureau's acquisition workload. The loss of the accelerated land exchange program, whose Legislative Commission on Minnesota Resources (LCMR) funding has ended, will result in a reduction in exchange completions with the loss of the 2 FTE's that were a part of this program.

With this increase in workload comes more competition for the bureau's real estate services. Current staff funding mandates that some staff work exclusively on certain real estate programs, making long-range work planning very difficult and greatly reducing staffing flexibility and thus reducing efficiency. It is now time to recognize the DNR's ongoing needs for the timely delivery of real estate services by converting 8 unclassified realty positions to the General Fund.

1990 changes in the lakeshore sale law (M.S. 92.67 and M.S. 92.46) allowed lease holders to withdraw their lot from a sale and/or continue to lease a lot. This means substantial costs cannot be recovered. The best estimate, at this time, is that there will be a shortfall to the Permanent School Trust Fund of approximately \$524,000.

Also, 3 FTE positions and funding authorized in the General Fund for the Lakeshore Leasing and Sales Program are funded only until 6-30-91.

- The Bureau of Engineering needs adequate base level funding for staff and equipment to adequately respond to the diversity of project requests coming from resource managers. Priority systems have been utilized to assure that the higher priority projects are completed. Higher priorities are given to projects funded through accelerated bonding, LCMR programs, and emergency maintenance. Projects such as wildlife impoundment feasibility, capital facility planning, Geographic Information System base map development, boundary surveys, and bridge inventory and inspection are simply not given a high priority to complete.

The concept of implementing accelerated bonding and LCMR programs that change in magnitude and focus each year and biennium, with staff funded from a revolving fund, is not a manageable concept for the following reasons:

1. Professional staff levels would have to fluctuate each year to match the changing needs of DNR programs. This is simply not realistic or cost effective because of the time to accomplish staff changes and inability to keep experienced staff.
2. To estimate budget and professional staff needs each year, accurate project work planning must be done by all DNR clients which currently has not been accomplished and may not be achievable because of the many variables impacting project development and funding.
3. Administrative costs to track professional service costs and bill DNR clients will increase.
4. Good professional products and services will become secondary to minimizing the costs for professional services. This can lead to compromising of public safety and long-term increases in facility maintenance costs as field managers attempt to engineer projects themselves.

A base level of funding to support unclassified revolving fund positions and equipment is necessary to provide steady and cost-effective professional services to resource managers and the public.

#### PLAN:

- The BASE level funding for the Bureau of Field Services is approximately \$6,300,000 per year. Cost increases attributable to salary and cost-of-living increases will amount to \$658,500 for the 1992-93 biennium.

The programs administered by the Bureau of Field Services fall into 2 categories, either service support for resource programs or coordination of the requirements imposed on the department by other agencies or authorities. In general, these programs are common to all Department of Natural Resources' units, so a centralized approach is the most economical and efficient method of management.

Many of the Field Services' personnel carrying out these programs are multi-functional, holding responsibilities in more than one program. If Field Services' positions were eliminated, these responsibilities would have to be picked up by the disciplines, creating the inherent additional costs and inefficiencies brought on through a decentralized approach.

Cost increases will be managed by reducing expenditures in several programs that are sadly underfunded already. They are:

1. Facility Management: The current annual budget for maintenance, betterment, and associated support facilities/equipment for the department's 2,000 plus buildings (encompassing some 2,400,000 square feet) is \$1,600,000. A budget of \$7,200,000 will be required to prevent a major investment in repairs or renovation made necessary by further facility deterioration. Under this budget scenario, this program will be reduced by \$137,400. A reduction of this magnitude will postpone critical preventive maintenance projects and will add to the growing list of major repairs.
  2. Replacement of Non-Fleet Equipment: The current annual budget for replacement of the department's 21,000 assets is \$608,000. This budget--which is not sufficient to fund replacement of existing high-maintenance, labor-intensive, and archaic equipment--will be reduced by \$60,800. At this level, program costs will increase due to factors such as repair of equipment that is not worth repair, increased downtime, and reduced effectiveness/efficiency through lack of modern equipment.
  3. Radio System Equipment Replacement: The Bureau of Field Services manages the department radio system (including 2,900 base, mobile, and portable radio units with an original acquisition value of \$3,000,000) for law enforcement, fire support, safety, and public and administrative use. To avoid high repair costs and obsolescence, this equipment should be replaced every 8 years. To do so will require an annual budget of \$630,000. This budget will be reduced by \$38,300 further inhibiting the department's ability to maintain a modern radio system and complete the statewide radio network currently being developed in the Division of Parks and Recreation. Repair and maintenance of the system will increase with time, and eventually the integrity of the system will be threatened.
  4. Uniforms: The department uniforms over 1,000 personnel with law enforcement or regular public contact responsibilities. These uniforms provide personnel with the appearance of authority and public recognition necessary to carry out enforcement, regulatory, and public contact roles. The annual budget for uniforms is \$180,000. The uniform program will be reduced by \$90,000 (50%) necessitating a drastic reduction of the number of uniformed personnel. Loss of uniforms, with the accompanying loss of professional appearance, will make law enforcement and public contact a much more difficult task.
- The cost increases attributable to salaries and supply/expenses in Real Estate Management will approximate \$173,000. These increased costs cannot be handled solely through cost management.

A staff reorganization will be required to reduce administrative management and record keeping. Two layoffs, or a combination of not filling positions and layoffs, will be required and work assignments will be modified to increase staff assignment flexibility.

The goal will be to maintain a maximum effort in leases, easements, land exchange, and sales. Land record services will be maintained but slowed.

Land acquisition will be slowed due to reduced fund availability for water access and wildlife appraisals.

Availability of funds to pay consolidated conservation land ditch assessments will be reduced by about 5% for the biennium. This will cause continued increase in outstanding bills.

Because of 1990 changes in the Lakeshore Leasing and Sales Program, a shortfall to the Permanent School Trust Fund of approximately \$524,000 will be required in the future from the General Fund (see Prospects).

- The Bureau of Engineering's primary function is to provide professional engineering, surveying, architecture, and landscape architecture support services to field and office resource managers in implementing programs and managing the state's natural resources. Current staff and budgets are already limited, resulting in backlogs in requests from resource managers. To accomplish the proposed reductions, the bureau would have to reduce its base position complement by 3 positions. This 12% staff reduction will not reduce the need for surveyed boundaries of wildlife management areas; creating, improving, and acquiring fish and wildlife habitat impoundments; inspecting and maintaining park and forest roads and bridges; and maintaining and improving facilities such as fish hatcheries, field offices, etc. All of these activities require technical/professional support to effectively and legally accomplish. To accomplish the reductions proposed, the bureau will:

1. Drop the development and production of public recreational maps.
2. Reduce boundary surveys of wildlife management areas and scientific and natural areas for posting and fencing by 100%.
3. Reduce technical/professional assistance to resource managers by 25%.

The anticipated impacts of making these reductions in services will be as follows:

1. Increased encroachments on state land.
2. Park, forestry, and trail recreational maps will not be available for use by the public.
3. Resource managers will be forced to spend more time in finding solutions to technical issues related to resource management.
4. Morale will drop and stress levels will increase.
5. Public safety risks will increase as a result of deterioration of facilities and makeshift repairs by non-technical field staff.

Included in the Field Operations Support Program request is a 3% per year non-General Fund budget adjustment for inflation and the possible cost of salary increases for the 1992-93 biennium. Adjustments made by fiscal year include: \$11,000 and \$22,000 from the Water Recreation Account in the Natural Resources Fund; and \$133,000 and \$269,000 from the Game and Fish Fund.

To partially offset the impacts of underfunded salary supplement and no inflation allowances for the current biennium, a base restoration of \$96,000 per year is requested from the Game and Fish Fund.

The department is also requesting funds in this program for 2 high-priority field office consolidation projects. In F.Y. 1992, \$708,000 is requested to construct a consolidated area office at Aitkin for the Fish, Wildlife, and Forestry programs. In F.Y. 1993, \$860,000 is requested to construct a consolidated area office at Warroad for the Forestry and Wildlife programs. Funds for these projects are requested from the Land Acquisition Account in the Natural Resources Fund.

In order to continue the Lakeshore Leasing and Sales Program in the 1992-93 biennium, \$67,000 in F.Y. 1992 and \$73,000 in F.Y. 1993 and 2 FTE positions are requested from the General Fund. Under current law, these positions and funding will sunset on 6-30-91. Also included in this request

**PROGRAM:** Field Operations Support  
(Continuation)

**1992-93 Biennial Budget**

**Agency:** Natural Resources, Department of

is a reduction in funding of \$32,000 in F.Y. 1992 and an increase of \$64,000 in F.Y. 1993 from the Permanent School Fund. The Permanent School Fund will provide funding as needed to appraise and sell properties, most of which are on school trust land.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the funding as requested, except for a biennial reduction of \$140,000 and 2 FTE positions in the General Fund and a \$32,000 reduction in the Permanent School Fund for continuation of the Lakeshore Leasing and Sales Program.

1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: FIELD OPERATIONS SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1992						FY 1993		
	FY 1989	FY 1990	Est. FY 1991	Adjusted	Agency	Governor	Adjusted	Agency	Governor
				Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
FIELD SERVICES	4,175	5,110	6,269	6,318	7,173	7,173	6,307	7,409	7,409
DEPARTMENT EQUIPMENT	1,065	1,111							
ENGINEERING SERVICES	1,978	3,236	3,562	3,219	3,271	3,271	3,212	3,295	3,295
REAL ESTATE MGMT	1,904	2,469	2,731	2,580	2,656	2,589	2,576	2,775	2,702
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	9,122	11,926	12,562	12,117	13,100	13,033	12,095	13,479	13,406
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	9,122	11,926	12,562	12,117	13,100	13,033	12,095	13,479	13,406
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	9,122	11,926	12,562	12,117	13,100	13,033	12,095	13,479	13,406
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	4,244	5,300	5,388	5,376	5,443	5,376	5,367	5,440	5,367
MN RESOURCES	155	346	471						
NATURAL RESOURCES		379	399	404	1,123	1,123	402	1,284	1,284
WATER RECREATION	346								
SPECIAL REVENUE	11								
GAME AND FISH	3,714	4,098	4,245	4,282	4,511	4,511	4,271	4,636	4,636
PERMANENT SCHOOL	359	337	303	299	267	267	299	363	363
STATUTORY APPROPRIATIONS:									
GENERAL	141	134	29	29	29	29	29	29	29
SPECIAL REVENUE	11	1,120	1,444	1,444	1,444	1,444	1,444	1,444	1,444
GAME AND FISH	89	137	211	211	211	211	211	211	211
FEDERAL	52	75	72	72	72	72	72	72	72
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	9,122	11,926	12,562	12,117	13,100	13,033	12,095	13,479	13,406

ACTIV Field Services  
PROGR Field Operations Support  
AGENCY: Natural Resources, Department of

1992-93 Biennial Bud

DECISION ITEM: Consolidation of Field Offices

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

Natural Resources Fund	\$ 708	\$ 860	\$	\$
(Land Acquisition Account)				

Revenues

Natural Resources Fund	\$ 250	\$ 692	\$ 172	\$ 172
(Land Acquisition Account)				

If the appropriation for either year is insufficient, the appropriation for the other year is available for it. The appropriation is available until spent.

GOVERNOR'S RECOMMENDATION:

Expenditures

Natural Resources Fund	\$ 708	\$ 860	\$	\$
(Land Acquisition Account)				

Revenues

Natural Resources Fund	\$ 250	\$ 692	\$ 172	\$ 172
(Land Acquisition Account)				

If the appropriation for either year is insufficient, the appropriation for the other year is available for it. The appropriation is available until spent.

Requires statutory change:  X  Yes   No

Statutes Affected: Appropriation made notwithstanding M.S. 94.165.

ITEM SUMMARY:

This request includes funds for 2 high-priority field office consolidation projects--Aitkin and Warroad area offices.

In F.Y. 1992, \$708,000 is requested to consolidate the Fish, Wildlife, and Forestry programs at Aitkin. This includes moving area Forestry personnel from Hill City to Aitkin. District Forestry personnel will remain in Hill City. Construction to accomplish the consolidation will include the following: office space, 4,000 square feet; shop and storage, 8,000 square feet; security fence, 800 lineal feet, 8' high; and parking and outside storage, 40,000 square feet. The proposed consolidation

will provide facilities for 29 personnel. Presently, office space for area Fish and Wildlife personnel is in a leased building in downtown Aitkin at an annual cost of over \$25,000. Also, the district Forestry office and garage in Aitkin can be declared surplus and sold for an estimated \$25,000.

In F.Y. 1993, \$860,000 is requested to construct an area office facility and storage space to adequately office approximately 22 department employees. The most recent proposal, discussed with the Warroad Port Authority, provides for site acquisition and the construction of a 5,000 square foot office building with storage and maintenance structures of 8,000 square feet on a 5- to 10-acre site. Acquisition of this facility will allow the department to move present area office personnel into a facility that is adequate for their needs and then consolidate personnel located at the Clear River District Forestry Station and the Norris Camp Wildlife Management Area. Present facilities at Warroad, Clear River, and Norris Camp could then be disposed.

Funds for the office consolidation projects are requested from the Land Acquisition Account in the Natural Resources Fund.

RATIONALE:

The department has made a major effort to consolidate its facilities. The major objective of this consolidation effort is to provide more efficient operations and better facilitate interdisciplinary management of the state's natural resources. Bringing Forestry, Wildlife, Fisheries, etc., field managers together in common facilities will encourage coordination and interaction. This will result in more comprehensive management of the resources and provide better service to the public.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

ACTIVITY: Real Estate Management  
PROGRAM: Field Operations Support  
AGENCY: Natural Resources, Department of

1992-93 Biennial Budget

DECISION ITEM: Continue Lakeshore Leasing and Sales

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund	\$ 67	\$ 73	\$ 73	\$ (131)
Permanent School Fund	\$ (32)	\$ 64	\$ (299)	\$ -0-

Revenues

General Fund	\$ -0-	\$ 42	\$ 56	\$ 27
Permanent School Fund	\$ 335	\$ 777	\$ 981	\$ 540

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$	\$	\$	\$
Permanent School Fund	\$	\$	\$	\$

Revenues

General Fund	\$	\$	\$	\$
Permanent School Fund	\$	\$	\$	\$

Requires statutory change: \_\_\_\_\_ Yes   X   No  
Statutes Affected:

ITEM SUMMARY:

The purpose of the General Fund request is to continue funding for 2 FTE positions that sunset under current law at the end of F.Y. 1991. The Permanent School Fund request is to provide additional funding as needed to appraise and sell the properties, most of which are on school trust land. Reductions are requested in Permanent School Fund appropriations in F.Y. 1992 and F.Y. 1994 reflecting increased use of General Fund resources to minimize the expense to the trust fund for lakeshore sales. Sales of lakeshore lots will be completed in F.Y. 1994. However, lakeshore lease reappraisal work will continue as required by new lease rules. Thus, General Fund costs in F.Y. 1995 will be reduced but not eliminated.

Estimated revenue impacts are based on planned lakeshore sales in 1991, 1992, and 1993. They include projected cash down payments, sale contract principal and interest payments, and interest earned on invested sale proceeds.

RATIONALE:

The 2 positions requested to continue are critical to the administration of lakeshore sales and leases through F.Y. 1994, when sales will be completed under current state law. In F.Y. 1995, the lakeshore lease workload will continue at a level requiring only 1 of the 2 positions. Without these positions, the Department of Natural Resources will not be able to proceed with planned lakeshore sales or complete and implement new lakeshore lease rules and revised lease rates, as required by the legislature.

GOVERNOR'S RECOMMENDATION:

Given the constraints for funding, the Governor is unable to recommend funding for this request.

Significant efficiencies have resulted by providing these vital services in the regional offices. Examples include better utilization of equipment, efficient procurement of equipment and supplies, disposal of excess equipment and buildings, consolidation of DNR offices, improved bill-paying performance, more efficient bidding and contract administration, improved payroll administration, more consistent administration of bargaining unit contracts, more responsive service to the public, more efficient use of clerical staff, the faster resolution of resource management issues at the local level, and more comprehensive and coordinated management of the Mississippi, St. Croix, and Minnesota Rivers.

PROSPECTS:

**Efficiencies:** In an effort to more effectively respond to increasing public demands for services, the Regional Operations Support Program will continue to seek out new efficiencies by analyzing support service needs of field resource managers to identify and change internal procedures and practices which have become inefficient, non-responsive, or have excessive levels of bureaucratic review. Efforts in this area will focus on personnel transactions, fiscal procedures, facilities management, records management, and public information requests responsiveness.

**Facility Consolidation:** Further progress in this area will be dependent upon adequate funding for the repair, rehabilitation, and expansion of existing buildings and the construction of new buildings identified as essential to the facility consolidation effort.

**Information System:** The installation of a departmental computer system has resulted in improved communications between the central and regional offices, as well as among regional staff, and better access to departmental data files for regional staff and the public. The success of this effort will be severely hampered without funds for additional equipment and regional staff to administer the regional equipment and program.

**Mississippi Management:** Development of backwater habitat restoration projects is being accelerated in light of a 50% increase in authorized federal funding. Increased research will focus on growth in recreational boating and appropriate management responses.

PLAN:

The Regional Operations Support Program's primary focus is service--internally, to our DNR resource managers and, externally, to the public and other organizations. As with most service organizations, the primary component, 92%, of our budget is personnel costs.

Current budgetary shortfalls, coupled with increases in salaries and supplies and expenses, total approximately \$1,012,000 for the 1992-93 biennium. These costs will have to be managed by 1) reducing supplies and expenses to the minimum necessary to keep offices open and staff supplied with only essential materials, 2) maintaining all personnel vacancies (approximately 10), 3) reducing the hours of support staff (approximately 14), and 4) laying off other personnel (approximately 11 positions). The majority of these cuts will be in the area of personnel costs. Fifteen percent of Regional Operations Support positions will be laid off or left vacant and another 10% of the positions will be reduced in hours.

To manage these funding shortages, the Regional Operations Support Program will maintain vacancies for 5 Office Services Supervisors, 3 Clerk Typists, 1 Field Services Supervisor, and 1 Real Estate Manager; reduce the hours of 14 positions (primarily clerical); and lay off 10 Clerk Typists and a Buildings and Grounds Worker. The progress made during the 1990-91 biennium to provide adequate support to regional discipline managers (as recommended by the Department of Administration) will be seriously compromised.

Service to the public, vendors, other agencies, and the disciplines will be severely reduced. The lack of regional office supervisors will result in the effective elimination of support staff and office

PROGRAM PURPOSE:

Regional operations, with headquarters in 6 locations throughout the state, is the cornerstone of department field operations. The regional operations staff--composed of a regional administrator, staff specialists for field services, real estate management, business management, public affairs, and clerical services--is the Department of Natural Resources' (DNR) support team in each of the 6 DNR regions.

The fundamental purpose of the regional operations staff is to 1) support all natural resources management within respective regions; 2) coordinate internally on interdisciplinary management activities and externally with other units of government; 3) monitor the implementation of programs and projects; 4) respond to inquiries, issues, concerns, and problems that arise from other units of government, legislators, and the public; and 5) provide services to field operations by providing specialized expertise in fiscal and personnel management, public affairs, procurement, maintenance, land administration, and clerical services, which allow discipline supervisors and managers to maximize natural resource management efforts.

The regional administrators are the Commissioner's representatives in the regions. While each of the regional supervisors (fisheries, forestry, parks, etc.) are accountable directly to their respective division directors, interdisciplinary coordination of field activities is the responsibility of the regional administrators. The regional administrators, through meetings and frequent personal contacts with individual supervisors, provide internal coordination to ensure maximum natural resource management benefits and provide external coordination with elected officials, cities, townships, counties, regional development commissions, special interest groups, other agencies, and citizens.

Regional administrators supervise staff specialists who provide administrative services to field operations including:

1. business office functions of accounting, bill paying, budget monitoring, spending plan development and administration, bid processing, contract administration, personnel transactions, cost coding, labor relations advice, payroll processing, and records maintenance;
2. field services functions of equipment and supplies procurement, equipment maintenance, building evaluation and maintenance, capital budget requests, fixed asset and consumable inventory control, fleet management, property disposal, and the monitoring of safety programs;
3. real estate management services for leases, licenses, appraisals, land exchanges, acquisition, trespass, and records maintenance;
4. public affairs program services for public education, media contacts, citizen participation, and public relations;
5. administration functions which include the coordination of interdisciplinary and interagency activities and the provision of a single professional to serve as the Commissioner's representative between concerned private and public individuals and entities and the department at the regional and local levels; and
6. in the Metro and Rochester regions, interdisciplinary management coordination on the Minnesota, St. Croix, and Mississippi Rivers through the Mississippi River System Management Team in order to increase federal funding for habitat improvement in the river system in Minnesota.

Specialized support services are provided to field staff so that they may concentrate their efforts on natural resource management activities.



**PROGRAM:** Regional Operations Support  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

services coordination, as well as virtually no ongoing information services system training and maintenance, and minimal administrative support.

Vacancies, layoffs, and reductions in other positions for affected regions will result in minimal field services support (reductions in equipment and building maintenance, reduced safety program, no wellness program); backlog of realty transactions; minimal grounds and buildings maintenance; delays in bill paying and other fiscal and personnel transactions; elimination of "Sentencing-to-Service" administrative support; backlog of clerical work for disciplines; and a serious reduction in our ability to respond to essential public inquiries in a timely and effective manner.

Non-personnel reductions will result in the cancellation of high priority water recreation research on the Mississippi; an inability to train employees in essential technological and professional areas of change; further reductions in travel for the purposes of coordination, public responsiveness, information exchange, and problem resolution, as well as interstate meetings to secure federal funds; reductions in public information and education efforts; reductions in pooled heavy equipment coordination and use; and serious reductions in essential equipment and building maintenance.

Additionally, severe reductions in support staff, supplies, equipment, and training will increase remaining staffs workload, frustration over the inability to provide efficient public service, and overall stress levels. Public dissatisfaction with government's delivery of services will increase proportionately.

Included in the budget request is a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the 1992-93 biennium. Adjustments made by fiscal year include: \$8,000 and \$15,000 from the Water Recreation Account in the Natural Resources Fund; and \$25,000 and \$50,000 from the Game and Fish Fund.

To partially offset the impacts of underfunded salary supplement and no inflation allowances for the current biennium, a base restoration of \$46,000 per year is requested from the Game and Fish Fund.

The Legislative Commission on Minnesota Resources has recommended funding in the amount of \$20,000 from the Minnesota Resources Fund and \$510,000 from the Environment and Natural Resources Trust Fund. Project amounts recommended in F.Y. 1992 include: \$360,000 for Land and Water Resource Management, Lower St. Croix River; \$20,000 for Lake Mille Lacs Public Land-Use Plan; and \$150,000 for the Mississippi River Valley Blufflands Initiative.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: REGIONAL OPERATIONS SUPPORT

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
REGIONAL OPERATIONS SUPPORT	4,332	4,841	5,400	5,417	6,026	6,026	5,400	5,511	5,511
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	4,332	4,841	5,400	5,417	6,026	6,026	5,400	5,511	5,511
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	4,332	4,841	5,400	5,417	5,666	5,666	5,400	5,511	5,511
LOCAL ASSISTANCE					360	360			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	4,332	4,841	5,400	5,417	6,026	6,026	5,400	5,511	5,511
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					510	510			
GENERAL	3,233	3,500	3,977	3,984	3,984	3,984	3,969	3,969	3,969
MN RESOURCES	162				20	20			
NATURAL RESOURCES		226	238	241	249	249	239	254	254
WATER RECREATION	89								
GAME AND FISH	604	758	810	817	888	888	817	913	913
STATUTORY APPROPRIATIONS:									
WATER RECREATION	9								
SPECIAL REVENUE	220	328	375	375	375	375	375	375	375
FEDERAL	10	28							
GIFTS AND DEPOSITS	5	1							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	4,332	4,841	5,400	5,417	6,026	6,026	5,400	5,511	5,511
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

**ACTIVITY:** 1992-93 Biennial Budget  
**PROGRAM:** Regional Operations Support  
**AGENCY:** Natural Resources, Department of

**DECISION ITEM:** Legislative Commission on Minnesota Resources

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

**AGENCY PLAN:**

**Expenditures**

Minnesota Resources Fund	\$ 20	\$	\$	\$
Environment and Natural Resources Trust Fund	\$ 510	\$	\$	\$

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

Minnesota Resources Fund	\$ 20	\$	\$	\$
Environment and Natural Resources Trust Fund	\$ 510	\$	\$	\$

Requires statutory change: \_\_\_\_\_ Yes  X  No

Statutes Affected:

**ITEM SUMMARY:**

The Legislative Commission on Minnesota Resources (LCMR) has recommended funding for the following projects:

■ Minnesota Resources Fund

\$ 20,000 - Lake Mille Lacs Public Land-Use Plan

■ Environment and Natural Resources Trust Fund

\$360,000 - Land and Water Resource Management, Lower St. Croix Riverway  
 \$150,000 - Mississippi River Valley Blufflands Initiative

**RATIONALE:**

■ Lake Mille Lacs Public Land-Use Plan: This project provides funds to the Commissioner of Natural Resources to plan for shoreline management of publicly owned lands around Lake Mille Lacs.

■ Land and Water Resource Management, Lower St. Croix Riverway: This project provides funds to the Commissioner of Natural Resources for a grant to the Minnesota-Wisconsin Boundary

Area Commission to develop a management strategy, improved technical capability, and sustained local government and landowner stewardship on the jointly managed Lower St. Croix.

- Mississippi River Valley Blufflands Initiative: This project provides funds to the Commissioner of Natural Resources to assist local units of government to develop the tools necessary to protect the outstanding scenic and biological resources of the blufflands of the Mississippi Valley in Goodhue, Wabasha, Winona, and Houston Counties.

**GOVERNOR'S RECOMMENDATION:**

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund and the Environment and Natural Resources Trust Fund, the Governor makes no specific recommendations.

**PROGRAM PURPOSE:**

Special Services includes 6 activities that provide important support assistance to natural resource management functions. The activities embody many of the department's newest and most innovative initiatives, including enhanced customer service, strategic planning, marketing, employee development, improved access to information, volunteer participation, and job opportunities for youth.

The mission of the program is to create and maintain an infrastructure that is flexible enough to assess and meet the needs of Department of Natural Resources' (DNR) employees and customers. It is no longer adequate to simply manage forests and fish and pheasants. The human resource and its impact on Minnesota's natural resources cannot be ignored. Planning, marketing, responding, training, and rewarding are people-focused and people-driven initiatives. In many ways, they are concepts that are still emerging throughout the DNR. Leadership for these activities is provided by:

1. The Bureau of Planning - provides a broad range of technical and management services within and outside the DNR. The bureau is distinct by virtue of its departmentwide and interdisciplinary work assignments. Primary responsibilities are to 1) develop and facilitate the department's strategic planning and budgeting process; 2) collect and analyze customer survey data to improve service to internal and external customers; 3) conduct management and organizational analyses to improve the effectiveness and efficiency of department work units; 4) administer interdisciplinary environmental review and policy development efforts; 5) facilitate regional and local planning efforts; 6) educate department staff in alternative methods of resolving disputes; 7) administer grants to local units of government; and 8) administer the Federal Land and Water Conservation Fund.
2. The Bureau of Information and Education - communicates to the public about natural resource issues and enhances the ability of DNR operational units to carry out the department's mission. The bureau consists of 6 sections: 1) Information/Publications/Special Events, 2) News, 3) Audio-visual, 4) the Minnesota Volunteer, 5) Marketing, and 6) Boat and Water Safety.
3. The Bureau of Human Resources - provides personnel management, employee development, labor relations, and affirmative action services to meet the needs of the department and its changing workforce.
4. The Office of Youth Programs - provides employment, education, and career exploration opportunities to Minnesota youth and young adults. In addition to fostering a greater appreciation of the state's natural heritage and accomplishing a variety of needed work projects, the activity introduces the possibility of natural resources careers to young people, including protected class individuals who might not otherwise have the exposure.
5. The Office of Volunteers - reaches out to Minnesota citizens through the recruitment, training, and placement of individuals and groups of volunteers, who complete special projects that could not be accomplished with existing resources and personnel.
6. The DNR Library - provides timely identification of and access to information to assist in agency research efforts and decision making. The library supports the department's mission by designing and promoting information delivery systems that are needed by staff, other agencies, and Minnesota citizens.

**PERFORMANCE:**

Special Services program priorities affect DNR's programs, personnel, and clientele every day. Focusing on the public as customers has changed the way the agency does business. Complaints have decreased and services are continually designed or redesigned to meet customer needs, as determined by user surveys, public meetings, and face-to-face experiences. Employee reward and recognition efforts have been established and implemented. Strategic planning is recognized as a sophisticated, vital, and continuing process throughout the department. Performance highlights for individual activities include:

1. The Bureau of Planning - coordinated the development of "Directions," the departmentwide strategic planning process that is recognized as a premiere model among state agencies; piloted a 2-year Legislative Commission on Minnesota Resources-funded Alternative Dispute Resolution activity to improve negotiation skills and manage conflict; conducted major organizational studies for individual units to document customer needs and improve services; staffed the Commissioner's Office field review program and conducted 6 regional tours; completed a State Comprehensive Outdoor Recreation Plan and a DNR Strategic Recreation Plan to guide recreation investment; coordinated the Urban Wetlands Forum; and processed 350 environmental review documents.
2. The Bureau of Information and Education - winner of the Minnesota Business Partnership Award for outstanding marketing efforts; bi-monthly publication of the nationally acclaimed Minnesota Volunteer magazine; responded daily to between 650-800 phone and walk-in requests for information about agency programs and policies; winner of 9 national awards for boating safety efforts, which reduced the state's boating death toll to its lowest level ever in 1989; timely distribution of 500 news releases annually to Minnesota newspapers and magazines; and sponsorship of Walleye and Bass Openers, Bike Day, Canoe Day, and Take A Kid Fishing Day.
3. The Bureau of Human Resources - winner of the first annual Department of Employee Relations' Libra Award for outstanding customer service from a human resources office; provided training opportunities to 2,227 DNR employees during F.Y. 1990; recognized 200 employees for significant contributions to the department; received delegated classification and examination authority from the Department of Employee Relations, resulting in faster filling of vacancies; and established the Workforce 2000 Study to prepare the department to meet the needs of a diverse and changing employee population.
4. The Office of Youth Programs - Minnesota Conservation Corps (MCC) enrollees learned basic job skills and received on-the-job training designed to instill self-esteem, self-discipline, and a strong work ethic, while receiving minimum hourly wages. As a result, they gained a commitment to the stewardship of the natural environment and Minnesota realized long-term economic benefits, including improved timber production, fish and wildlife habitat, trails and waterway systems, and park and recreation resources. Major work projects have included the Superior Hiking Trail, river cleanup in the southeast and southwest, and county forest management in northern Minnesota. The summer youth program included 17 hearing-impaired 15 to 18 year olds. The MCC planned, sponsored, and hosted the 1990 conference for the National Association of Service and Conservation Corps.
5. The Office of Volunteers - enhanced natural resource management through the efforts of 12,000 volunteers who donated 272,000 hours of time, talents and energy, valued at approximately \$2 million. Examples include the DNR's State Fair exhibits, river cleanup, state park campground hosts, and assisting with habitat management.
6. The DNR Library - requests for services have grown rapidly during the library's 5-year history, doubling every 2 years with the most significant increases coming from agency field staff; interlibrary loans have steadily increased as well. The centralized DNR library function has reduced duplicative purchase costs and staff research time, increased productivity, and enhanced interdisciplinary communication and cooperation.

**PROGRAM:** Special Services and Programs  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

**PROSPECTS:**

All indications point to increasing urgency for the functions that the Special Services Program provides to the DNR. A better-educated and more demanding public is increasingly aware of its right to services and information. Surveying and consulting customers has become essential to making wise natural resource management choices. Environmental decision making depends on the availability of accurate data and expert analysis of that data. Department-wide strategic planning is the only alternative to crisis management, as well as the logical foundation for budget and policy accountability. There is growing public environmental awareness, resulting in demands for integrated resource management and protected biodiversity. Negotiated rule making and alternative dispute resolution are less costly and more acceptable choices than litigation.

Changing demographics dictate that maintaining a quality workforce will depend upon meeting the needs of that workforce through employee development, mobility assignments, rewards, recognition, and recruitment of protected class applicants. An aging citizenry and employee population must be accommodated. Fewer young people are studying sciences and few minority youth from low-to- middle income families are entering college. Minnesota has a huge backlog of natural resource management projects which will go undone for lack of an adequate workforce.

The need to devise quality management systems is no longer just a private sector concern; the public sector must accept the challenge, understanding that only customer-based services will satisfy Minnesota taxpayers. If the Department of Natural Resources' (DNR) is going to compete successfully for the attention and support of the public, it must continually provide information efforts that are understandable and accessible. To tell the critical story of natural resource management and its long-term significance, DNR must have the capability to use print and broadcast media effectively. Without Special Services, department-wide needs for improved and expanded planning, employee development, communicating, marketing, and citizen outreach would be handled individually by each operating unit, at the expense of duplicated costs and efforts.

**PLAN:**

Special Programs' customers are primarily other DNR units. However, in the big picture Special Programs performs vital service functions that ultimately serve Minnesota citizens. Operating without resources amounting to \$900,350 next biennium will limit public responsiveness, as well as the ability to provide centralized support services to major divisions.

Typically, support service resources are devoted primarily to personnel costs. Discretionary funding will be virtually eliminated during 1992-93 and layoffs will total 5 full-time professional staff, 1 full-time clerical staff, 2 part-time professional staff, and 2 part-time clerical staff. In addition, 1 full-time clerical position, 3 Young Adult Program positions, and 40 Minnesota Conservation Corps positions will be held vacant.

In a time of increased demand for information and increased need for materials to educate Minnesota adults and children about environmental and resource management choices, the Bureau of Information and Education will drastically reduce the number of publications that will receive news releases from the DNR on a weekly basis; graphic design capabilities will be cut in half; and the popular Minnesota Volunteer magazine will be published 5 times rather than 6 times each year. The monthly DNR employee newsletter, which reaches 2,500 staff located in more than 300 locations, will be discontinued. On-line literature searches conducted by the department library will be discontinued.

The Bureau of Human Resources will be unable to insure timely and successful grievance

prevention and the handling of other labor relations issues. Staff loss will also be felt in the Training Office, where currently 2 professional employees cover the needs of the entire department. Staff hours in the Office of Volunteers will also be reduced. Elimination of out-state travel will severely restrict employee development opportunities for professional staff, as well as the opportunity for Minnesota to learn from the successes and failures of natural resource agencies in other states. Direct mail of paychecks will be eliminated for central and regional office employees.

The Office of Planning will eliminate the entire Research section which will hamper DNR operational units. Current expertise in the areas of public surveys and computerized resource management decision making will either be discontinued or relegated to outside consulting firms. Most immediate losses include surveys required for the Statewide Comprehensive Outdoor Recreation Plan, maintenance of recreation facilities mapping, some legislative liaison functions, and special projects relating to public access and surface water use. Overall, 3 professional staff positions will be eliminated.

The Minnesota Conservation Corps program will eliminate 40 of 75 summer positions that traditionally employ 15-18 year-old Minnesotans, many of whom are economically disadvantaged and members of protected class groups. Three 12-month young adult positions will also be eliminated. The loss of these cost-saving positions will have the greatest impact on the Division of Parks and Recreation, which has benefited annually from work accomplished by the young people enrolled in this program, including trail development, erosion control, and campground construction.

Included in the budget request is a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the next biennium. Adjustments made by fiscal year include: \$16,000 and \$32,000 from the Water Recreation Account; \$2,000 and \$4,000 from the Nongame Wildlife Account; and \$13,000 and \$26,000 from the Game and Fish Fund.

To partially offset the impacts of underfunded salary supplement and no inflation allowances for the current biennium, a base restoration of \$50,000 per year is requested from the Game and Fish Fund.

The Legislative Commission on Minnesota Resources has recommended funding in the amount of \$1,409,000 from the Minnesota Resources Fund and \$300,000 from the Environment and Natural Resources Trust Fund. Project amounts recommended in F.Y. 1992 include: \$400,000 for local rivers planning; \$84,000 for Land and Water Conservation Fund administration; \$75,000 for off-highway vehicle recreation area; \$600,000 for Upper Mississippi River Environmental Education Center; \$250,000 for youth in natural resources; and \$300,000 for integrated resource management education and training.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**1992-1993 BIENNIAL BUDGET**  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: SPECIAL SERVICES AND PROGRAMS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
INFORMATION & EDUCATION	2,125	2,389	2,404	2,424	2,446	2,446	2,423	2,452	2,452
PLANNING	1,497	1,907	1,720	1,513	2,697	2,697	1,513	1,551	1,551
MINN CONSERVATION CORPS	1,439	1,502	1,586	1,588	1,850	1,850	1,585	1,597	1,597
OTHER SUPPORT SERVICES	988	1,142	1,170	1,190	1,512	1,512	1,191	1,224	1,224
N/A	435								
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	6,484	6,940	6,880	6,715	8,505	8,505	6,712	6,824	6,824
DETAIL BY CATEGORY:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATE OPERATIONS	6,134	6,421	6,645	6,505	7,135	7,135	6,502	6,614	6,614
LOCAL ASSISTANCE	350	519	235	210	1,210	1,210	210	210	210
AID TO INDIVIDUALS					160	160			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	6,484	6,940	6,880	6,715	8,505	8,505	6,712	6,824	6,824
SOURCES OF FINANCING:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					300	300			
GENERAL	3,962	4,405	4,516	4,558	4,558	4,558	4,559	4,559	4,559
MN RESOURCES	496	207	205		1,409	1,409			
NATURAL RESOURCES		877	786	795	813	813	792	828	828
WATER RECREATION	463								
SPECIAL REVENUE	447								
GAME AND FISH	295	484	414	419	482	482	418	494	494
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	49	148	51	35	35	35	35	35	35
FEDERAL	554	655	748	748	748	748	748	748	748
GIFTS AND DEPOSITS	218	164	160	160	160	160	160	160	160
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	6,484	6,940	6,880	6,715	8,505	8,505	6,712	6,824	6,824

**ACTIVITY:****1992-93 Biennial Budget****PROGRAM:** Special Services and Programs**AGENCY:** Natural Resources, Department of**DECISION ITEM:** Legislative Commission on Minnesota Resources

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:****Expenditures**

Minnesota Resources Fund	\$	1,409	\$		\$
Environment and Natural Resources Trust Fund	\$	300	\$		\$

**GOVERNOR'S RECOMMENDATION:****Expenditures**

Minnesota Resources Fund	\$	1,409	\$		\$
Environment and Natural Resources Trust Fund	\$	300	\$		\$

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

The Legislative Commission on Minnesota Resources (LCMR) has recommended funding for the following projects:

## ■ Minnesota Resources Fund

\$400,000 - Local Rivers Planning  
\$ 84,000 - Land and Water Conservation Fund Administration  
\$ 75,000 - Off-Highway Vehicle Recreation Area  
\$600,000 - Upper Mississippi River Environmental Education Center  
\$250,000 - Youth in Natural Resources

## ■ Environment and Natural Resources Trust Fund

\$300,000 - Integrated Resource Management Education and Training

**RATIONALE:**

- Local Rivers Planning: This project provides funds to the Commissioner of Natural Resources for grants of up to two-thirds of the cost to counties, or groups of counties acting pursuant to joint powers agreement, to develop comprehensive plans for the management and protection of up

to 8 rivers in northern and central Minnesota.

- Land and Water Conservation Fund Administration: Funds for the administration of the Federal Land and Water Conservation Program.
- Off-Highway Vehicle Recreation Area: Funds to conduct a study in cooperation with the Minnesota 4-WD Association on the feasibility of an off-highway vehicle recreation area.
- Upper Mississippi River Environmental Education Center: This project provides funds to the Commissioner of Natural Resources for a grant to the city of Winona to develop detailed architectural designs necessary to obtain federal construction funding for an Upper Mississippi River Environmental Education Center.
- Youth in Natural Resources: Provides funds to develop a career exploration program for minority youths and to test their vocational interests, skills, and aptitudes.
- Integrated Resource Management Education Training: This project provides funds to the Commissioner of Natural Resources to provide training and internship programs in natural resource management.

**GOVERNOR'S RECOMMENDATION:**

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund and the Environment and Natural Resources Trust Fund, the Governor makes no specific recommendations.

#### PROGRAM PURPOSE:

The purpose of the Administrative Management Services Program is to provide for the overall department management and the administrative services functions necessary for the effective and efficient operations of the Department of Natural Resources (DNR). This program is the locus for developing and establishing the policy directions for DNR programs, for integrating those programs, and for providing the administrative systems required for program implementation.

It includes the following operations:

- Commissioner's Office: Management of the department, formulation and establishment of priorities and policies for implementation of natural resources management, and integration of the operations of the department into a cohesive management direction.
- Financial Management: Establishment of internal financial management policies and procedures, coordination of the biennial budget and annual spending plan, budget control, routine accounting functions, coordination of legislative and federal audits, and provision of financial information.
- License Bureau: Issuance of game, fish, and commercial licenses; cross-country ski passes; watercraft, snowmobile, and all-terrain vehicle (ATV) registrations; watercraft titling; and administration of the antlerless deer, turkey, bear, and moose lotteries.
- Office Services: Provision of administrative services, including forms management, records management, mail services, telecommunications, copy machine maintenance and supply, and administration of central office building and grounds policy and procedures.
- Internal Audit: Provision of evaluations and appraisals of the economy, efficiency, and internal control structure of the various programs within the DNR.
- Information and Data Systems: Management of the department's computer center, data entry services, data base, and the Geographic Information System (GIS) development and operations center; operation of the department's telecommunications network and services; external coordination with other service centers--such as the Intertechnologies Group, the State Planning Agency's Land Management Information Center, and the University of Minnesota--and internal coordination and leadership for management information system planning; provision of training and user support for office automation; provision of technical advice for the development and management of software systems; and serving as liaison with consultants doing software development and planning projects.

#### PERFORMANCE:

- The Commissioner's Office has continued to provide executive management leadership through focusing on priority issues of responsive public service; effective strategic planning; improved manager and supervisory development; internal and external coordination; effective dispute resolution; organizational effectiveness; and employee development, supervision, and recognition.
- Financial Management accomplishments include improvement in prompt pay performance of the department from previous performance, with the department exceeding the statewide average in F.Y. 1990 for 11 months. Manual record keeping has been reduced through implementation of payment decentralization from the Financial Management Bureau to DNR units. Audit exceptions have been reduced from 60 in an early 1980's annual report to 6 for the most current audit.
- The DNR department-wide cost coding system was implemented during the biennium, resulting in several improvements in financial information. Data is more timely, there is reduced data

handling because the data is downloaded only once instead of several times by separate DNR units, and the information is more useful because the data is coded in more rational units related to natural resources activities.

- The License Bureau made improvements aimed at enhancing customer service and increasing office efficiency through 1) technological changes such as microfilming records and optical scanning of registration materials, which speed up service and reduce the need for additional office space; and by 2) customer surveys which have indicated a high overall satisfaction rate with the bureau's service.
- Some changes have increased customer demand on the License Bureau's services: the introduction of DNR gift certificates for licenses; the advent of watercraft titling, which has resulted in considerable start-up effort to develop informational and instructional materials; a watercraft surcharge; and the introduction of a second annual turkey season.
- Ongoing administrative support functions are carried out efficiently: 1.5 million pieces of mail are processed and 200 forms are designed or revised annually. Office Services has implemented some measures to increase the cost effectiveness and the efficiency of its services: the telephone equipment has been upgraded, and copying equipment has been evaluated and upgraded. A new 5-year, \$10 million lease has been negotiated and approved for the 500 Lafayette Road building.
- With only 1 full-time employee for F.Y. 1989 and F.Y. 1990, the number of internal audits completed were 14 in F.Y. 1988, 2 in F.Y. 1989, and 3 in F.Y. 1990.
- Support was provided to the department's major information systems requiring large databases and high-volume production, including boat, snowmobile and ATV licensing, and hunting lotteries. In addition, the real estate and arrest and confiscation record systems, cost coding, fleet management, and office automation system were supported.
- A series of minicomputers were installed in each of the regional offices and the central office, which are improving the access to the databases by field staff, who also extensively use micro-computers.

#### PROSPECTS:

- With a continued decline in financial resources resulting from underfunded salary supplement and General Fund reductions, a growing challenge exists for improved management of those limited resources; a sorting out of what can no longer be done; and a continued improvement in the organization, management, and prioritization of department efforts.
- With the continued efforts in decentralization of payments and cost coding, there is an expected reduction in manual record keeping related to financial management. Improved information for management decision making is also expected from the cost coding system as it provides quicker and more useful units of information. On the downside, because of declining budgets and reduced staff, the Financial Management Bureau will be less able to provide financial information, and prompt pay performance will decline.
- The License Bureau is investigating new methods for issuing game and fish licenses, but these will require improvement in equipment quality and reliability and the costs would have to decrease to make such a system feasible. Continued attempts are being made to streamline the lottery procedures: use of renewal applications to reduce data input, consideration of bar code entry of data, and application screening equipment. The workload related to watercraft titling may be increased by additional titling requirements. Additional estimated revenues of \$400,000 may be generated from a legislative change regarding commercial licenses. There is new pressure from sportspersons and legislators for multi-purpose licenses, such as the family deer license, which could also increase workload for this bureau.
- Given the future budget outlook, continued efforts will have to be made in the Office Services



**PROGRAM:** Administrative Management  
(Continuation)  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

Bureau to reduce costs: refining mailing lists, requiring 2-sided copying, and following records retention procedures could save copying, equipment, storage space, and postage costs.

- There are a large number of programs within the Department of Natural Resources (DNR) that have not been audited and will not be audited for several years with the current number of employees. Under current conditions, only 1 to 2 new programs can be audited per year.
- In cooperation with other agencies at all levels of government, the Management Information Systems (MIS) Bureau is in a position to facilitate and sustain third generation databases, which are databases of great detail, geographic, and transactional in nature. A recent Geographic Resources Information System Study (GRIS) recommended that DNR's MIS Bureau become the principal departmental GRIS support unit. A major resource issue that will require Geographic Information System (GIS) technology and the department's participation on an interagency task force is the no-net-loss wetland policy, which will be administered by using national wetlands inventory, public waters inventory, and other departmental GIS databases. Another significant issue is the need to provide competent support for field and regional headquarters--6 professional support staff are needed--as well as regional information management centers. By 7-1-91, the department will have installed UNIX GIS workstations and will need to upgrade existing regional hardware and install an Ethernet network to accommodate the rapid growth in GIS use by field staff and to ensure protection of corporate data.

**PLAN:**

Current budgetary shortfalls, coupled with increases in salaries and supplies and expenses, total approximately \$601,000 for the 1992-93 biennium. These costs will have to be managed by the following actions:

- The Commissioner's Office original plan for base level funding included the elimination of 2 full-time positions. Our revised plan will use these positions to create an Agricultural Liaison and Local Government Liaison within the department. The resulting savings, after budgeting for salaries and travel, are expected to be minimal.
- Most of the financial management services are mandatory and cannot be eliminated. Revenue processing, biennial and annual budget process, capital budget, procedures, complement control, indirect costs, audit exceptions, accounts payable, fiscal notes, and budget management are all areas where service cannot be reduced. In fact, in time of downsizing, additional efforts are required for most of the activities. Cost increases attributable to salaries and supplies and expense items will be slightly more than \$100,000 for the biennium. This increase will be managed by elimination of training for fiscal-related functions and elimination of federal aid coordination and reporting (1.5 MAPE positions). In addition, an Accounting Technician position in the accounts payable unit (1 AFSCME position, currently vacant) will be eliminated in the second year, made possible because more of the processing is currently being decentralized to various programs within the DNR.
- The License Bureau will eliminate all computer programming services provided by outside vendors for watercraft titling.
- Office Services will reduce copy machine costs by \$26,439.
- Cost increases are expected to be \$8,070 for F.Y. 1992 for the Internal Audit Unit. Salaries comprise 78.5% of this total budget. Therefore, there are few other places to cut costs and not affect performance. The following are anticipated supply and expense reductions: eliminate all out-of-state travel, new or replacement equipment, and the professional education required to

meet professional practice standards. An auditor will have to be laid off for 8 to 10 weeks. The resulting program impacts include 8 of 37 boat and water safety grant audits not completed, out-of-state audit conferences not attended, new or updated audit information not received, and an inefficient computer used 2 more years.

- With only baseline funding, the MIS Bureau can address few of its prospects. The MIS Bureau will not provide contract training or contract software development to the DNR. It will not purchase new software for existing systems. It also will reduce its data entry operations for DNR programs. Most importantly, DNR regional administration will now have to fund and support all communications and hardware software maintenance for the regional S/36's and the AS/400.

Included in the budget request is a 3% per year non-General Fund adjustment for inflation and the possible cost of salary increases for the 1992-93 biennium. Adjustments made by fiscal year include: \$28,000 and \$57,000 from the Water Recreation Account; \$2,000 each year from the All-Terrain Vehicle Account; and \$67,000 and \$138,000 from the Game and Fish Fund.

To partially offset the impacts of underfunded salary supplement and no inflation allowances for the current biennium, a base restoration of \$58,000 per year is requested from the Game and Fish Fund.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**1992-1993 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: ADMINISTRATIVE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
ADMINISTRATIVE MANAGEMENT	2,502	2,736	2,773	2,803	2,911	2,911	2,798	2,994	2,994
LICENSING	1,558	1,965	2,020	2,038	2,060	2,060	2,033	2,058	2,058
INFORMATION & DATA SYSTEMS	1,069	1,484	1,613	1,626	1,651	1,651	1,624	1,658	1,658
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	5,129	6,185	6,406	6,467	6,622	6,622	6,455	6,710	6,710
DETAIL BY CATEGORY:									
STATE OPERATIONS	5,129	6,178	6,406	6,467	6,622	6,622	6,455	6,710	6,710
LOCAL ASSISTANCE		7							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	5,129	6,185	6,406	6,467	6,622	6,622	6,455	6,710	6,710
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,550	2,637	2,606	2,640	2,640	2,640	2,634	2,634	2,634
NATURAL RESOURCES		1,459	1,523	1,538	1,568	1,568	1,534	1,593	1,593
WATER RECREATION	593								
SPECIAL REVENUE	208								
GAME AND FISH	1,715	2,050	2,207	2,219	2,344	2,344	2,217	2,413	2,413
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	8	10	18	18	18	18	18	18	18
FEDERAL	47	24	43	43	43	43	43	43	43
GIFTS AND DEPOSITS	8	5	9	9	9	9	9	9	9
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	5,129	6,185	6,406	6,467	6,622	6,622	6,455	6,710	6,710

**PROGRAM:** Non-Programmatic  
**Agency:** Natural Resources, Department of

**1992-93 Biennial Budget**

**PROGRAM PURPOSE:**

This program consists of appropriation accounts that do not properly belong in the 11 Department of Natural Resources' (DNR) operating programs but need to be included in the budget so that all expenditures are shown. Four kinds of accounts are included in this program: 1) open appropriations to make statutory payments to local governments, 2) revolving accounts to facilitate the internal management of the DNR, 3) payments to Indian tribes, and 4) fund level indirect costs.

**Statutory Payments**

- **Payments in Lieu of Taxes (M.S. 477A.12):** Payments to counties in lieu of taxes on natural resources lands. Payments are a per acre formula based on the number of acres of natural resources acquired and other lands administered by the DNR as well as counties. In previous biennial budgets, these payments were in another section. The payments were authorized 1) to provide property tax relief in those counties that have a large public land base, and 2) to provide funding for resource management on county-administered resource lands. Payments began in F.Y. 1980.
- **Consolidated Conservation (M.S. 84A.5):** Income from consolidated conservation lands are deposited to this account and distributed as follows after July 1 each year: 50% to the county in which the income was derived; the remaining 50% is transferred to the General Fund.
- **State Forest Account (M.S. 89.036):** Income from lands acquired for state forest purposes is deposited to this account and distributed as follows after July 1 each year: 50% to the county in which the income was derived; the remaining 50% is transferred to the General Fund.
- **Mining Rents and Royalties (M.S. 93.335):** Mineral rents and royalties on tax-forfeited lands held in trust by the state are deposited into this account and distributed as follows after July 1 each year: 80% to the county in which the income was derived; the remaining 20% is transferred to the General Fund.

**Internal Revolving Accounts**

- **Service Center Stock Operations (M.S. 16A.055):** This is a revolving account designed to facilitate the purchase and issue of supplies by the 2 service centers. Supplies are purchased from these accounts and the reimbursement made by field units. The expenditures shown here are reflected in the budgets of the operating programs and represent a double counting of expenditures.
- **Fleet Management Account (M.S. 84.0856):** The Fleet Management Account is a revolving account set up to facilitate the Fleet Management Program in the DNR. Operating units make payment to this account for equipment usage. These receipts are used to make payments on equipment loans and for repairs, insurance, and other operating costs. The expenditures shown here are reflected in the budgets of the operating programs and represent a double counting of expenditures.

**Indian Payments**

- **Leech Lake Payments (M.S. 97A.157):** The state has entered into an agreement with the Leech Lake Band to pay to the band each year 5% of the proceeds from the sale of all hunting and fishing licenses sold. The source of the payments is an open appropriation: 80% General Fund and 20% Game and Fish Fund (prior to F.Y. 1990, the ration was 40% General and 60% Game and Fish). These payments are in lieu of a system of special licenses for non-Indian members to hunt and fish within the Leech Lake Reservation. In previous biennial budgets, these expendi-

tures were shown in a separate section outside the DNR budget. These expenditures are considered "social costs" not properly included in the program budgets.

- **1854 Indian Treaty Payments (M.S. 97A.157):** The state has entered into an agreement with the Grand Portage and Bois Forte Bands to pay each band \$1,600,000 annually (no agreement with the Fond du Lac Band has been reached). In addition, each band receives an amount equal to the amount paid to the Leech Lake Band in excess of \$1,500,000 annually. The source of payments is an open appropriation: 80% General Fund and 20% Game and Fish Fund. These payments are made in return for the Indian bands not exercising their hunting and fishing rights granted in the treaty. These expenditures are considered "social costs" not properly included in program budgets.

**Indirect Costs**

- **Statewide Indirect Costs:** The fund level statewide indirect costs paid by the Game and Fish and Water Recreation Funds. These payments are for the costs of central state services.

**PERFORMANCE:**

See Plan Section.

**PROSPECTS:**

See Plan Section.

**PLAN:**

The expenditures shown in this program must be included in order to reconcile the budget to the statewide accounting system and the appropriation laws. However, these expenditures shown in the Non-Programmatic Program do not properly belong in the operating programs for the following reasons:

1. The non-discretionary expenditures--such as statutory payments, Indian payments, and indirect cost payments--involve no management or decision making by DNR management; including these expenditures would distort the true DNR budget.
2. The internal revolving accounts, if shown in the management programs, would result in a double counting of expenditures. For example, the units pay the Fleet Management Account for miles/hours used. The rates charged are to recover the costs for purchase and maintenance of fleet vehicles. The actual payments to outside vendors for purchase and maintenance is made from the Fleet Management Account. These payments, therefore, cannot be included again in the operating budgets.

**GOVERNOR'S RECOMMENDATION:**

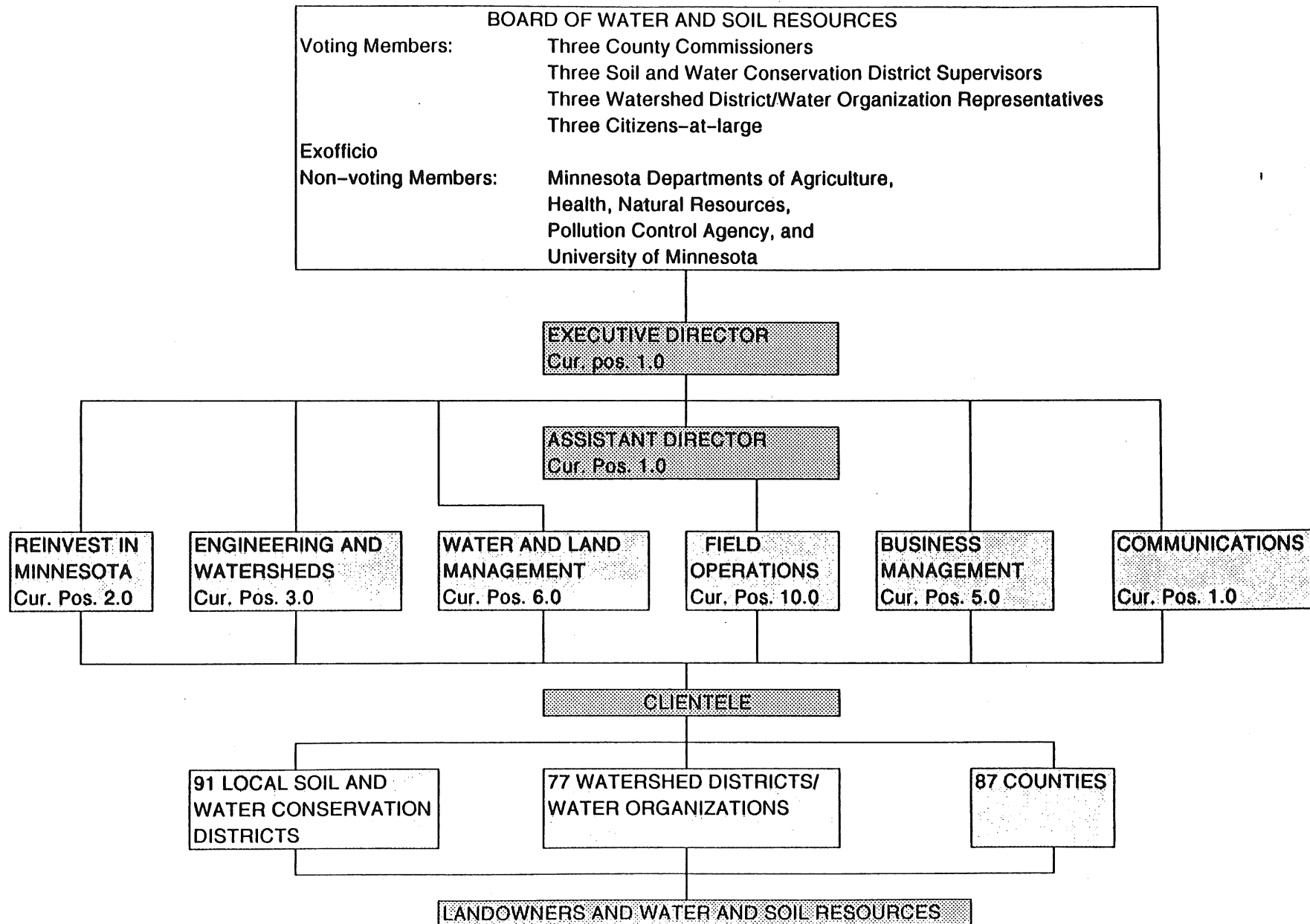
The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF  
PROGRAM: NON-PROGRAMMATIC ACCOUNTS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
NON-PROGRAMMATIC ACCOUNTS	21,875	21,467	18,288	18,288	18,288	16,188	18,288	18,288	16,188
TOTAL EXPENDITURES BY ACTIVITY	21,875	21,467	18,288	18,288	18,288	16,188	18,288	18,288	16,188
DETAIL BY CATEGORY:									
STATE OPERATIONS	16,825	18,202	14,851	14,851	14,851	14,851	14,851	14,851	14,851
LOCAL ASSISTANCE	5,050	3,265	3,437	3,437	3,437	1,337	3,437	3,437	1,337
TOTAL EXPENDITURES BY CATEGORY	21,875	21,467	18,288	18,288	18,288	16,188	18,288	18,288	16,188
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
NATURAL RESOURCES		80	80	80	80	80	80	80	80
WATER RECREATION	73								
GAME AND FISH	610	538	375	375	375	375	375	375	375
STATUTORY APPROPRIATIONS:									
GENERAL	10,728	9,087	8,945	8,945	8,945	6,845	8,945	8,945	6,845
SPECIAL REVENUE	9,530	10,788	7,870	7,870	7,870	7,870	7,870	7,870	7,870
GAME AND FISH	921	974	1,013	1,013	1,013	1,013	1,013	1,013	1,013
FEDERAL	13		5	5	5	5	5	5	5
TOTAL FINANCING	21,875	21,467	18,288	18,288	18,288	16,188	18,288	18,288	16,188

# MINNESOTA BOARD OF WATER AND SOIL RESOURCES ORGANIZATION CHART



**BOARD OF WATER ID SOIL RESOURCES**  
**Position and Employee Status Information**

Position Reconciliation:		
Authority:	Current FY 91	Requested For 6/30/93
Legislative Complement:		
General Fund	28.0	28.0
LCMR	0.0	1.0
Special Revenue	1.0	0.0
Total Permanent Positions	29.0	29.0
Other Complement (FTE)	5.0	5.0
 TOTAL Positions	 34.0	 34.0
 Employee Count on 6/30/90: 32.0		

Employees by Employment Status:	
	6/30/90
Full-Time Unlimited	28.0
Full-Time Temporary	3.0
Part-Time Temporary	1.0
TOTAL	32.0

**AGENCY:** Water and Soil Resources, Board of

**1992-93 Biennial Budget**

**MISSION:**

The Minnesota Board of Water and Soil Resources (MBWSR) considers water and soil to be our most precious natural resources. The mission of the MBWSR is to provide leadership enabling local units of government to properly manage water and soil resources and to help all citizens be stewards of our irreplaceable natural resources.

The board was created by the 1987 legislature to carry out and coordinate the functions previously assigned to the Soil and Water Conservation Board, Southern Minnesota Rivers Basin Advisory Council, and Water Resources Board. It carries out its mission by approving local plans, providing direct staff assistance and state grants to local government. To accomplish its mission, the MBWSR employs staff operating out of its St. Paul headquarters and 6 regional offices located in New Ulm, Brainerd, Bemidji, Marshall, Rochester, and Duluth.

The board is composed of 17 permanent members: 12 voting members made up of 3 county commissioners, 3 soil and water conservation district supervisors, 3 watershed district or watershed management organization representatives, and 3 citizens; and 5 nonvoting members representing the Departments of Agriculture, Health, Natural Resources, Pollution Control Agency, and University of Minnesota. All voting members are appointed by the governor. The chairman is appointed by the governor from among the voting members.

The board carries out policy-setting and decision-making responsibilities under the Soil and Water Conservation Law, Comprehensive Local Water Management Act, Minnesota Watershed Act, and Metropolitan Surface Water Management Act. It provides a forum for discussion of local water and soil resources management issues and resolution of statutory water policy conflicts.

Our wide range of activities enables the MBWSR to achieve its mission of providing leadership to local units of government so that they can properly manage water and soil resources. Staff assistance and grants to local units of government are directed at the following efforts:

- Fund general services of Soil and Water Conservation Districts (SWCDs) so that local SWCD offices are effectively maintained, SWCD supervisors and staff are trained, and the public is informed about resource problems and solutions;
- Provide technical and financial assistance to local units of government for structural flood control in ten southwestern counties;
- Assist SWCDs and local units of government in solving sediment and erosion control problems occurring on streambank, lakeshore and roadside sites;
- Seal improperly abandoned wells;
- Increase the protection of water and soil resources by offering landowners cost-sharing assistance for soil and water conservation practices;
- Develop and implement comprehensive local water plans;
- Assist SWCDs in promoting, implementing and monitoring the Reinvest in Minnesota (RIM) Conservation Reserve program; and
- Award contracts so that agricultural producers can be informed about the impact of certain farming practices on water quality.

Activities of the MBWSR result in a number of activities by local units of government directed at the protection of water and soil resources. A selected list of accomplishments follows:

- Training of 455 SWCD supervisors and their 245 staff;
- Construction of 1 flood control structure in southwestern Minnesota;
- Completion of 7 sediment control projects on streambank, lakeshore or roadside sites;
- Selection of 19 counties to participate in an abandoned well cost-share program. Several hundred wells are scheduled for sealing;
- Funding over 400 individuals to install erosion control/water quality practices including 210

erosion control structures and over 400,000 feet of field windbreak;

- Assisting and financing the development of 69 comprehensive local water plans and the implementation of 61 plans;
- Monitoring over 1,300 conservation easements and conducting over 100 special resource projects such as drained wetland inventories; and
- Awarding 15 contracts for work including environmental audits of farming operations.

**MAJOR POLICY DRIVERS:**

Staff assistance and grants to local units of government are the main focuses of MBWSR activities. As directed by board policies, staff provides local governments with assistance such as: planning; facilitating communication between local units of government and state and federal agencies; project development; information and education strategies; and internal management. Further, the MBWSR monitors its grant programs to ensure efficient and effective use of public funds and services.

The MBWSR is largely dependent upon the work of autonomous, independent local units of government to accomplish its mission. These include 91 SWCDs (455 elected officials and 260 staff), 41 watershed districts (210 appointed managers and their staffs), 36 joint powers watershed management organizations, and the 87 counties of the state. The MBWSR solicits and encourages cooperation from local units of government without the use of line authority.

Financial and technical assistance programs represent a significant amount of the MBWSR resources which local governments use to implement their natural resource protection programs. These efforts - administered by local units of government - are designed to efficiently and effectively manage the State's water and soil resources on 23 million acres of agricultural land, 16.5 million acres of forest land, and the thousands of acres of land undergoing urban development. MBWSR activities result in development and implementation of natural resource management plans by individuals and/or local units of government. The MBWSR is a vital link between state government and local units of government in the cooperative management of our natural resources.

**General Service Grants to SWCDs:** Increasing administrative and technical requests from their clientele have added to SWCD operating costs. Since SWCDs do not have taxing authority, they must rely, in large part, on state grants to fund their operations. Also, their location throughout the state and knowledge of local resource conditions make SWCDs valuable contributors to other agencies' resource management decisions. In addition to grants, SWCDs (and other local units of government) require administrative and technical assistance from MBWSR staff.

**Floodplain Management Grants:** The need for flood control has not abated. Site acquisition and construction costs have increased dramatically. Since all project sites are on tributaries to the Minnesota River, flood control benefits accrue to an area much larger than the 10 southwestern counties in the program area.

**Sediment and Erosion Control Grants:** Streambank, Lakeshore and Roadside: Interest in erosion and sediment control projects by local units of government is at a historic high. The decline in federal funding for these projects coupled with water quality concerns has generated interest in this activity.

**Abandoned Well Cost-Sharing Grants:** There are several hundred thousand improperly abandoned wells in Minnesota. These wells pose a threat as a "conduit" for conveying pollutants directly into groundwater. The wells were located in different hydrogeological settings and represent several types of well construction. It is important to demonstrate methods of identifying priority wells and implement a locally administered program to seal them.

**Erosion Control/Water Quality Cost-Sharing Grants:** Inflation has had a dramatic effect on the cost to landowners of installing soil and water conservation practices. However, despite 1.8 million acres of marginal cropland being retired from production through the Conservation Reserve and RIM programs, landowner demand for conservation practices remains active. Landowner demand is high, in part due to Federal Farm legislation, which requires farmers to install soil conservation practices or lose their eligibility for farm program payments. Also, local comprehensive water plans identify

soil erosion and water quality as priority concerns. Increased funding is necessary to address these issues.

**Local Water Resource Protection and Management:** Local units of government are increasingly relied upon to implement water resource protection programs including those which can be delegated by state government. This approach makes sense because local government is "close to the customer". A historical constraint has been the lack of local technical staff to enable local governments to take advantage of existing programs and assume delegation of appropriate state programs. To complement local implementation of comprehensive water plans in the Cannon River watershed, the Legislative Commission on Minnesota Resources is proposing an additional \$60,000 from the Environmental and Natural Resources Trust Fund to be appropriated to the MBWSR during the biennium. Counties remain adamant in their support of state funding for local resource protection.

**RIM Administrative Grants:** Soil and water conservation districts provide the necessary local perspective to the RIM program. Their role - and that of RIM - is expanding to meet demands created by public interest in wetland restoration and groundwater protection. In addition to administering conservation easements, SWCDs perform resource inventories, such as the mapping of streambank erosion sites. To accelerate the restoration of wetlands and complement similar federal efforts, the Legislative Commission on Minnesota Resources (LCMR) is proposing an additional \$400,000 from the Environmental and Natural Resources Trust Fund to be appropriated to the MBWSR during the biennium. The LCMR is also proposing to appropriate \$1.0 million during the biennium from the Trust Fund to the MBWSR for the RIM Conservation Reserve Program. This appropriation would fund conservation easements.

**Environmental Agriculturalist Education:** Groundwater protection is best achieved through a number of integrated programs that promote new ideas. Yet, many innovative ideas are not recognized because funding of their study or promotion is not eligible, due to constraints of "typical" programs. This activity occupies a niche and funds projects that explore ways to protect water quality in the context of alternative pesticide practices and sustainable agriculture.

#### EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

One of the major budget issues is the increasing public demand on local governments to implement water and soil resource protection programs. To be responsive to their clientele, local units of government, (including soil and water conservation districts, watershed districts, and counties) require technical and financial assistance from state government. The MBWSR is a means of providing this assistance to local units of government.

Comprehensive local water planning and implementation of plans will also likely remain a major budget issue. The legislature has authorized 46 water management organizations in the Twin Cities metropolitan area and the 80 counties in greater Minnesota to prepare water and related land resource plans. Further, local units of government must have an approved local water plan to participate in programs such as the MPCA Clean Water Partnership and the DNR Flood Hazard Reduction Program. By providing appropriate technical and financial assistance to local units of government, the MBWSR can assure timely completion of local plans and their orderly implementation. In the 7-county Twin Cities metropolitan area, water planning affects over 50% of Minnesota's population. To aid the development of plans and their effective implementation in this metropolitan area, the MBWSR must develop rules and increase their staff assistance to local units of government. The result will be an efficient state/local partnership for environmental protection.

Over 40% of the planning assistance to Minnesota's farmers is being provided by staff of the soil and water conservation districts. These staff receive one-third of their financial support from county government and one-third from state grants. The MBWSR's erosion and sediment control cost share program is instrumental in sharing the financial burden of constructing needed conservation practices.

Continuation of the RIM program is necessary if Minnesota is to enhance its wildlife habitat and protect its waters so that a strong hunting, fishing, and outdoor recreation industry can be supported. The RIM Conservation Reserve Program is a marginal agricultural land retirement program administered locally by the 91 SWCDs. The SWCDs promote and implement the annual sign-up of interested landowners, and monitor the 1,400 existing easements covering 36,000 acres. These lands are enrolled under perpetual and 20-year easements. By retiring erodible marginal land from crop production, restoring previously drained wetlands and enrolling sensitive groundwater protection areas, the RIM Reserve Program assures long term protection of natural resources. Since its creation in 1986, however, the RIM program has been funded primarily through the sale of state general obligation bonds. A more permanent source of funding is necessary if RIM is to remain a successful component of land management strategy.

Wetland protection will likely remain a major budget issue. As local units of government are involved in the implementation of wetland protection programs, the MBWSR's dispute resolution role and ability to deliver landowner incentive programs will be utilized to a greater extent.

#### Budget Plan

	Annual Base Level Funding (Dollars in Thousands)	
Administration		\$2,108
Grants:		
General	\$ 849	
Floodplain Management	189	
Sediment and Erosion Control: Streambank, Lakeshore, and Roadside	159	
Abandoned Wells Cost-Sharing	390	
Cost-Share Program: Erosion Control and Water Quality	1,461	
Local Water Resources Protection & Management	2,385	
Reinvest in Minnesota Administrative	750	
M.F.I.P.	76	
Total	\$6,259	\$6,259
		\$8,367

Cost increases attributable to salaries and supply/expense items will approximate \$422,000 for the biennium. These costs will be managed as follows:

(Dollars in Thousands)

ITEM	F.Y. 1992	F.Y. 1993	Total
Savings from careful management of personnel and supply/expense costs	\$ 50	\$ 65	\$ 115
Although certain tasks may be delayed, these savings should not negatively affect the agency.			
Reduction in the Environmental Agriculturalist Education Grant	128	179	307
This reduction will nearly eliminate the Environmental Agriculturalist Education Grant program.			
Total	\$ 178	\$ 244	\$ 422



**AGENCY:** Water and Soil Resources, Board of  
(Continuation)

**1992-93 Biennial Budget**

Another major budget issue is the rising cost of rulemaking, contested case hearings, and dispute brought before the MBWSR by local units of government and citizens. These costs are not included in the budget request as the frequency of hearings and disputes cannot be predicted with confidence. However, if these items were budgeted they would cost between \$50,000 and \$100,000 annually. Legislative initiatives to address this issue will be pursued.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: WATER & SOIL RESRCS BD  
PROGRAM: WATER & SOIL RESRCS BD

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
WATER & SOIL RESRCS BD	4,679	6,275	8,888	8,328	9,326	9,326	8,321	7,910	7,910
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	4,679	6,275	8,888	8,328	9,326	9,326	8,321	7,910	7,910
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	1,255	1,821	2,031	1,961	3,465	3,465	1,954	2,058	2,058
LOCAL ASSISTANCE	3,424	4,454	6,857	6,367	5,861	5,861	6,367	5,852	5,852
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	4,679	6,275	8,888	8,328	9,326	9,326	8,321	7,910	7,910
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					1,460	1,460			
GENERAL	4,569	6,275	8,857	8,288	7,826	7,826	8,281	7,870	7,870
STATUTORY APPROPRIATIONS:									
GENERAL	110								
FEDERAL			31	40	40	40	40	40	40
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	4,679	6,275	8,888	8,328	9,326	9,326	8,321	7,910	7,910

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: WATER & SOIL RESRCS BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	8,888	8,888	8,857	8,857			31	31
APPROPRIATIONS CARRIED FWD	<480>	<480>	<480>	<480>				
SALARY ANNUALIZATION	19	12	19	12				
DOCUMENTED RENT/LEASE INCR.	6	6	6	6				
DEDICATED RECEIPTS AND FUNDS	<114>	<114>	<114>	<114>				
FEDERAL RECEIPTS	9	9					9	9
TOTAL	8,328	8,321	8,288	8,281			40	40
BIENNIAL TOTAL		16,649		16,569				80

1990-91 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY : WATER & SOIL RESRCS BD  
PROGRAM : WATER & SOIL RESRCS BD  
BUDGET ACTIVITY : WATER & SOIL RESRCS BD

CHANGE REQUESTS:	FY 1988	FY 1989	F.Y. 1990				F.Y. 1991			
			AGENCY REQUEST			GOVERNOR'S RECOMM.	AGENCY REQUEST			GOVERNOR'S RECOMM.
			BASE	CHANGE	TOTAL		BASE	CHANGE	TOTAL	
TOTAL CHANGE REQUESTS				2,797		2,683		4,930		3,754
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,210	4,243	4,034	2,797	6,831	6,717	4,034	4,930	8,964	7,788
STATUTORY APPROPRIATIONS:										
GENERAL	368	247	0	0	0	0	0	0	0	0
TOTAL FINANCING	1,578	4,490	4,034	2,797	6,831	6,717	4,034	4,930	8,964	7,788
POSITIONS BY FUND:										
GENERAL	22.0	22.0	22.0	7.0	29.0	28.0	22.0	9.0	31.0	28.0
TOTAL POSITIONS	22.0	22.0	22.0	7.0	29.0	28.0	22.0	9.0	31.0	28.0

1990-91 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY : WATER & SOIL RESRCS BD  
PROGRAM : WATER & SOIL RESRCS BD  
BUDGET ACTIVITY : WATER & SOIL RESRCS BD

EXPENDITURES:	F.Y. 1990						F.Y. 1991			
	FY 1988	FY 1989	AGENCY REQUEST			GOVERNOR'S RECOMM.	AGENCY REQUEST			GOVERNOR'S RECOMM.
			BASE	CHANGE	TOTAL		BASE	CHANGE	TOTAL	
DETAIL BY CATEGORY:										
STATE OPERATIONS:										
PERSONAL SERVICES	519	904	922	233	1,155	1,124	922	301	1,223	1,111
EXPENSES/CONTRACTUAL SRVCS	100	139	119	120	239	252	119	147	266	260
MISC OPERATING EXPENSES	134	132	124	47	171	158	124	61	185	159
SUPPLIES/MATERIALS/PARTS	22	18	18	10	28	42	18	13	31	42
CAPITAL EQUIPMENT	16	29	14	24	38	25	14	30	44	29
STATE OPERATIONS	791	1,222	1,197	434	1,631	1,601	1,197	552	1,749	1,601
AIDS TO INDIVIDUALS	0	0	0	0	0	125	0	0	0	0
LOCAL ASSISTANCE	787	3,268	2,837	2,363	5,200	4,991	2,837	4,378	7,215	6,187
TOTAL EXPENDITURES	1,578	4,490	4,034	2,797	6,831	6,717	4,034	4,930	8,964	7,788
CHANGE REQUESTS:										
FUND										
B BOARD ADMINISTRATION GEN				117		12		121		12
B FLOOD PLAIN MANAGEMENT GEN				51		0		51		0
B COST SHARE-ERSN & WATER WORKS GEN				499		0		499		0
B GENERAL PURPOSE GRANTS TO DISTRICTS GEN				455		164		455		164
B CONSERVATION TILLAGE GEN				100		<152>		100		<152>
B SEDIMENT & EROSION CONTROL GEN				341		0		341		0
B WATER PERMITS REVIEW GRANTS GEN				88		<12>		88		<12>
B COMP LOCAL WATER PLANNING IHP GEN				100		50		100		50
B LOCAL WATER RESOURCES PROTECTION & GEN MANAGEMENT				535		1,354		2,160		2,075
B WATER QUALITY DEMONSTRATION FARMS GEN				250		0		252		0
B LOCAL AG CHEMICALS USER INFO SVC GEN				105		0		107		0
B WATER QUALITY MONITORING GEN				91		0		91		0
B SEALING ABANDONED WELLS GEN				65		65		565		565
B WELL REPLACEMENT GEN				0		150		0		0
B RIM PROGRAM GEN				0		902		0		902
B RIM AND THE MN ENR TRUST FUND ACCEL EXP GEN				0		150		0		150

ACTIV  
PROGR

1992-93 Biennial Budget

AGENCY: Water and Soil Resources, Board of

DECISION ITEM: Reallocation of Agency Base Level Funds -  
Environmental Agriculturalist Contracts - Informational

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund-Inflation	\$ 128	\$ 179	\$ 179	\$ 179
Reallocation	(128)	(179)	(179)	(179)
	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Revenues

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
--------------	--------	--------	--------	--------

Requires statutory change: \_\_\_\_\_ Yes  X  No

Statutes Affected:

ITEM SUMMARY:

As directed in the Biennial Budget instructions, agencies were to realign current base level funding to effectively cover projected salary and supply and expense inflation costs. This reallocation of contract funds, along with additional internal reprogramming of administrative funds (\$50 in F.Y. 1992 and \$65 in F.Y. 1993), will cover the projected 4.5% cost increases. The reduction of the Environmental Agriculturalist Contract activity at the levels stated will leave \$72 for F.Y. 1992 and \$21 for F.Y. 1993 to contract with vendors for projects.

RATIONALE:

Groundwater protection is best achieved through a number of integrated programs that promote new ideas. Yet, many innovative ideas are not recognized because funding of their study or promotion is not eligible, due to constraints of "typical" programs. This activity occupies a niche and funds projects that explore ways to protect water quality in the context of alternative pesticide practices and sustainable agriculture. This level of funding nearly eliminates the activity, but is the most viable option and least disruptive to the agency's overall goals and objectives in this time frame of severe budget constraints.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**ACTIVITY:**

1992-93 Biennial Budget

**PROGRAM:****GOVERNOR'S RECOMMENDATION:****AGENCY:** Water and Soil Resources, Board of

The Governor concurs with the agency's plan.

**DECISION ITEM:** Realignment of Funding Within General Purpose  
Grants to Districts

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
General Fund-Administration	\$ 104	\$ 104	\$ 104	\$ 104
Reallocation	(104)	(104)	(104)	(104)
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Positions</b>	2.0	2.0	2.0	2.0

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
General Fund-Administration	\$ 104	\$ 104	\$ 104	\$ 104
Reallocation	(104)	(104)	(104)	(104)
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Positions</b>	2.0	2.0	2.0	2.0

**Requires statutory change:** \_\_\_\_\_ Yes   X   No

**Statutes Affected:**

**ITEM SUMMARY:**

This request allows the BWSR to continue providing technical assistance and purchase services and supplies for soil and water conservation districts. The 2 staff positions work directly with those districts on areas of concern to all. In addition, realignment allows BWSR to directly procure certain services, supplies, and equipment for all SWCDs in a cost efficient manner by utilizing state commodity procurement contracts. It also provides a service to those SWCDs and encourages conformity on a statewide basis.

**RATIONALE:**

Historically, the Board has taken action to reallocate these funds at the beginning of each fiscal year. This realignment will eliminate the necessity of making these changes during the year. Most of the dollars reallocated are used to fund 2 positions necessary for the administration of these grants. This effort focuses on grant technical assistance, accounting, and monitoring.

**ACTIVITY  
PROGRAM:**

1992-93 Biennial Budget

**AGENCY:** Water and Soil Resources, Board of

**DECISION ITEM:** LCMR Projects

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
Environment & Natural Resources Trust Fund	\$ 1,460	\$ -0-	\$ -0-	\$ -0-
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Environment & Natural Resources Trust Fund	\$ 1,460	\$ -0-	\$ -0-	\$ -0-
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**Requires statutory change:** \_\_\_\_\_ Yes   X   No  
**Statutes Affected:**

**ITEM SUMMARY:**

The LCMR has recommended funding for the following projects:

Cannon River Watershed	\$ 60
Federal Wetland Restoration	400
Conservation Reserve Easements	<u>1,000</u>
	\$1,460

**RATIONALE:**

The first project will provide funding for county water and related land research and demonstration grants in the Cannon River Watershed. The goal of enhancing environmental pride of the watershed and implementing land use activities consistent with county water plans requires information on and examples of land use cause and effects. By funding these research and demonstration grants, the objectives of promoting proper resource management techniques and investigation of unique watershed features will be accomplished. The Cannon River Watershed is among the most biologically diverse river systems in Minnesota. It contains examples of presettlement habitat and

rare and endangered species and is rich in historical values. It is an ideal setting for education and has been designated a Wild and Scenic River. This program is an opportunity to enhance the watershed's natural systems in the face of industrial, agricultural and suburban pressures by providing grants for research and demonstration projects in the watershed to promote proper resource management techniques or investigate unique watershed features. The results of which can be of value to local governments responding to water management issues.

Beginning 7-1-91, 1991 U.S. Fish and Wildlife Service Realty Specialists will contact landowners who have previously participated in the USDA-CRP 10-year contract wetland restoration program and offer perpetual easements to them. New landowners will be concurrently contacted and encouraged to enroll in the wetland restoration/protection program. The conservation easement document will be the same as one used by the Minnesota Board of Water and Soil Resources (Board) RIM Reserve Program. Since European settlement, 65% of America's and 85% of Minnesota's wetlands have been destroyed. Because of these losses, many species of waterfowl are at all-time lows and rural Minnesota is facing significant water quality, soil erosion, downstream flooding and surface/subsurface water contamination problems. By restoring and protecting wetlands and associated uplands, many of these problems are reduced or eliminated. The federal program with its limited contract period leases the wetlands and federal investment at risk. This program will attempt to reserve those interests and the wetlands forever.

The RIM Reserve Program retires marginal and fragile lands and drained wetlands from agricultural production and converts them to wildlife habitat. Soil and water conservation districts, which administer the program locally for the Minnesota Board of Water and Soil Resources, accept landowner applications for long-term conservation easements. The program is the major private lands portion of the RIM Program. In addition to wildlife habitat enhancement, RIM Reserve also controls erosion and improves water quality. This project will continue the existing land retirement efforts at a scaled down level due to limited funds. It will begin the process of shifting the funding for RIM conservation easements from a total reliance on capital bonding to the Environment and Natural Resources Trust Fund. This is the first step to a permanent stable source for the program which is critical to the continued success of the RIM initiative.

**GOVERNOR'S RECOMMENDATION:**

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Environment and Natural Resources Trust Fund, the Governor makes no specific recommendations.



**ACTIVITY:**

1992-93 Biennial Budget

**PROGRAM:**

AGENCY: Water and Soil Resources, Board of

**DECISION ITEM:** Eliminate Agricultural Environmentalist Contracts,  
Well Sealing Cost-Share Grants

per biennium. Counties would then need to decide whether to devote local resources or other state funds to the well-sealing effort. If this decision item is enacted, the board will investigate alternative approaches to advance well-sealing goals.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:****Expenditures**

General Fund	\$ (462)	\$ (411)	\$ (411)	\$ (411)
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**Revenues**

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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**GOVERNOR'S RECOMMENDATION:****Expenditures**

General Fund	\$ (462)	\$ (411)	\$ (411)	\$ (411)
--------------	----------	----------	----------	----------

**Revenues**

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
--------------	--------	--------	--------	--------

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

Enacting this decision item would result in eliminating the remaining balance of the Agricultural Environmentalist program (saving \$72 in F.Y. 1992 and \$21 in F.Y. 1993) and eliminating the Well Sealing Cost-Share grants (saving \$390 each year of the biennium).

**RATIONALE:**

These programs were authorized by the 1989 Groundwater Protection Act.

The Environmental Agriculturalist program was established to inform agricultural producers on the impact of certain farming practices, and to promote sustainable agriculture concepts, and improve farm profitability through a reduction in inputs. These objectives are met through projects conducted by soil and water districts or other non-profit entities. The major portion of this program would be eliminated by adoption of the agency plan to finance inflationary costs.

The well sealing cost-share program provides grants (on a pilot basis) to counties in accordance with approved local water plans. As part of the implementation of these plans, counties identify high priority wells that need proper sealing in order to protect ground water quality. Eliminating state support of the cost-share program would remove funding to assist sealing of several hundred wells

1992-93 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: POLLUTION CONTROL AGENCY

PROGRAM

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REGIONAL SUPPORT

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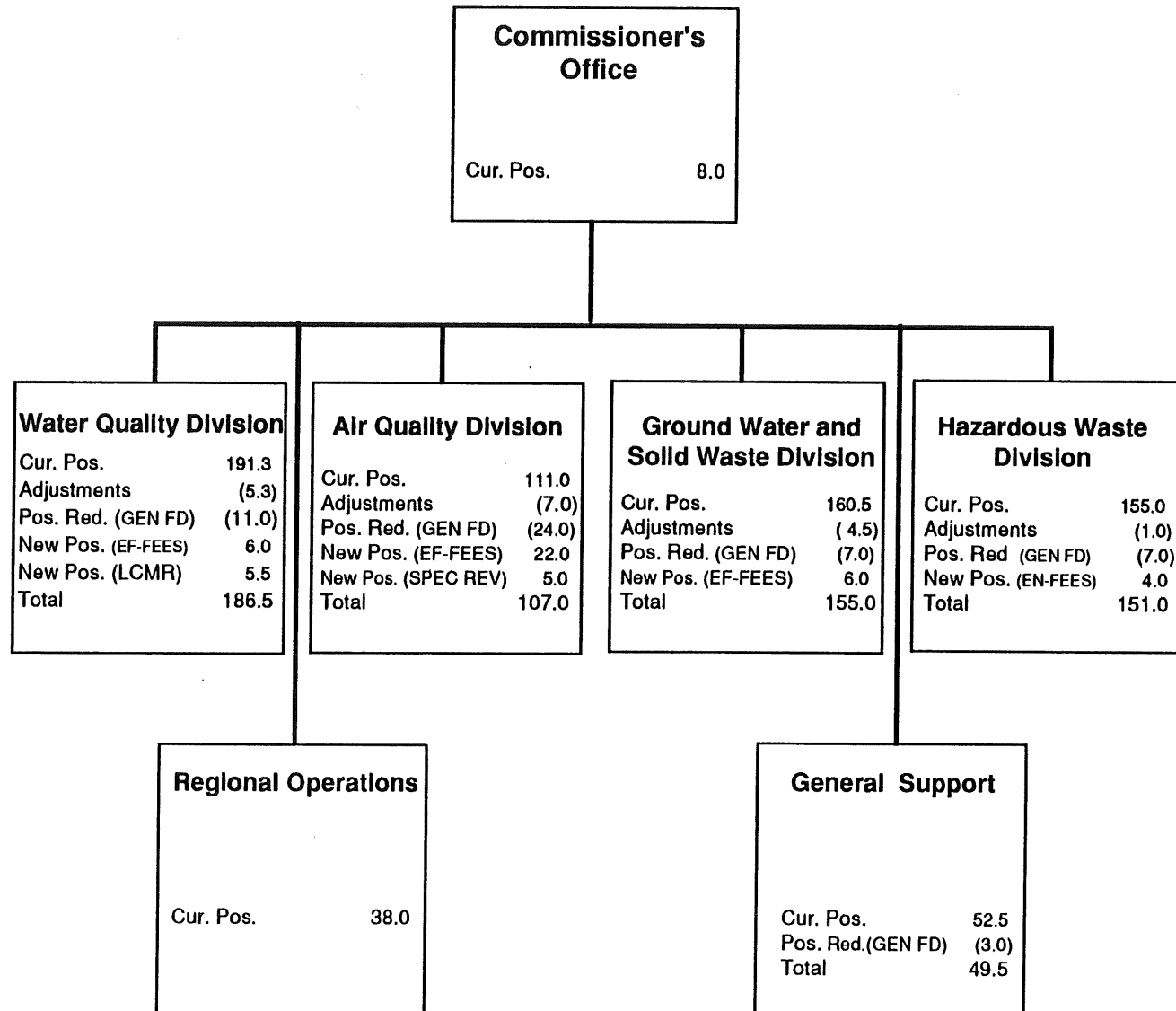
Regional Support Operations

GENERAL SUPPORT

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General Support Management Operations

# Pollution Control Agency Organization Chart 7/1/90



# Pollution Control Agency Position and Employee Status Information

## Position Reconciliation:

	Current FY 91	Requested for 6/30/93
<b>Authority:</b>		
<b>Legislative Complement:</b>		
General Fund	205.5	176.5
LCMR	12.8	5.5
Special Revenue	65.0	73.0
Environmental Fund	165.5	203.5
Federal	193.5	234.5
Metro Landfill	2.0	2.0
Building Fund	23.0	
<b>Budgetary Authorized:</b>		
LAC Approved:		
Special Revenue	8.0	
Federal	41.0	
Total Permanent Positions:	716.3	695.0
Other Complement (FTE)	20.0	20.0
<b>TOTAL Positions</b>	<b>736.3</b>	<b>715.0</b>
Employees on 6/30/90	634	

## Employees By Employment Status

Fulltime Unlimited	578
Fulltime Temporary	47
Fulltime Emergency	1
Parttime Unlimited	4
Parttime Temporary	4
<b>TOTAL</b>	<b>634</b>

# MISSION:

The Pollution Control Agency is the lead environmental quality agency in Minnesota. The mission of the Pollution Control Agency is to serve the public in the protection and improvement of Minnesota's air, water and land. In order to protect and improve the environment, the agency provides the following services:

- Environmental assessment, monitoring, and goal and standard setting;
- Regulatory approvals;
- Enforcement and complaint resolution;
- Pollution prevention activities;
- Response to environmental threats such as spills;
- Technical, educational and financial assistance for local governments;
- Information on agency activities and environmental issues; and
- Forums for public discussions on environmental issues.

The people of Minnesota have entrusted the agency with stewardship of the quality of Minnesota's air, water and land, and the agency strives to fulfill its duty to this generation and generations to come through its strong commitment to the environment. The agency also makes a strong commitment to its clientele. The agency's customers deserve good, responsive government, including an attitude reflected by courtesy, respect, helpfulness and a willingness to listen. The agency strives to provide a clear explanation of what to expect, prompt and clear communication, reasonable explanations and the active seeking of clientele opinions on the delivery of agency services. The agency has a strong commitment to honesty, integrity and objectivity. The agency has a strong commitment to effectiveness and innovation, and the agency strives to be efficient, effective, flexible, creative and innovative in its performance of its environmental mission.

The agency is organized into 5 divisions and the regional operations office. Each of the 6 major units is responsible for 1 of the agency's 6 major programmatic areas.

- Water Quality Division. The water program is the principal water resources management entity of the state involved with water quality and regulatory issues, including surface water monitoring, standards, permitting, enforcement, technical and financial assistance. In addition to the general water program important sub-programs include the municipal wastewater treatment grants program, the non-point source water pollution control program and the clean water partnership.
- Air Quality Division. The air program is the principal entity of state government involved in the regulation and monitoring of air quality, including the issuing of permits for sources of air pollution, assuring compliance with permit conditions and rules, and monitoring of air quality. In addition to the general air program, important sub-programs include vehicle inspection and maintenance, acid rain and noise.
- Ground Water and Solid Waste Division. The mission of the ground water and solid waste program is to develop, implement and regulate activities related to the collection, transportation, storage, processing and disposal of solid waste and infectious waste; to establish directions for ground water protection and to protect the environment by cleaning-up hazardous waste sites. In addition to the general ground water and solid waste program, important sub-programs include superfund hazardous waste clean-up and waste tire management.
- Hazardous Waste Division. The mission of the hazardous waste program is to prevent hazardous materials and petroleum products from polluting the state's water, air and land. This mission is accomplished through hazardous waste regulatory, technical and financial assistance programs. In addition to the general hazardous waste program important sub-programs include leaking petroleum tank clean-up and household hazardous waste collection and disposal.

- Regional Operations Office. Regional operations supports the agency's water, air and land water, solid waste and hazardous waste programs by conducting compliance inspections, by giving technical assistance to local governments and industry and by creating effective working relationships with local governments to solve pollution problems. The agency has regional offices in Brainerd, Detroit Lakes, Duluth, Marshall and Rochester.
- Environmental Support Division: The 9-member citizen board and the commissioner's office are included in the agency's general support program. The mission of this program is to provide policy direction, management and support services, including administration, information and education and environmental review, to the various programs of the agency.

Although the agency has lead responsibility for pollution control, many other state agencies have important roles in protecting and improving the environment. The agency works closely with the Departments of Natural Resources, Health, and Agriculture, Office of Waste Management, and the Environmental Quality Board regarding broad policy and specific environmental issues. The agency is also in a partnership with the Federal Environmental Protection Agency.

## MAJOR POLICY DRIVERS:

- During the 23 years that the Pollution Control Agency has been in existence there have been great improvements to the state's environment. The agency's activities have greatly improved air and water quality, and it has made progress in cleaning up hazardous waste and preventing future environmental problems. However, pollution control is a dynamic process where science is continually discovering new concerns that affect health and environmental quality. Unfortunately, solutions to environmental problems are often difficult, abatement technology may be lacking, and important issues such as economic factors, demographics and social traditions must be considered. Even though significant public and industrial resources have been devoted to pollution control, large investments in the environment will continue to be necessary to maintain the progress and to meet critical challenges facing us now and in the future.
- Minnesotans have a keen interest in environmental improvement; however, the work of the agency is made difficult by a growing attitude that life should be without risk and that environmental projects are good except if they are nearby. This "not in my backyard" syndrome makes it difficult for the agency to implement clean-up solutions or to grant permits to environmentally acceptable projects. These fears persist despite sound scientific evidence that support agency decisions.
- The agency has maintained its standards on surface waters that are affected by industrial sources; however, there are 2 important areas that need to be addressed. The state has made significant progress in improving the pollution from municipal wastewater treatment facilities; yet, over 100 communities still need assistance to construct wastewater treatment facilities. Where such facilities are lacking or insufficient, there are regional effects on surface water and concerns regarding local health and economic development. Surface waters also are affected by non-point pollution, i.e., pollution that comes from agricultural and urban runoffs. The agency's non-point source pollution abatement program is centered around information giving and demonstration projects. The agency hopes that best management practices will become integrated into traditional agriculture and thereby reduce the run-off of farm chemicals into the surface waters. Similarly, the agency hopes education and demonstration projects will significantly curtail the runoff of polluting chemicals from urban streets, lawns, parking lots and other sources.
- Growing emphasis is being placed upon pollution prevention as a primary form of environmental improvement. Pollution prevention programs, as currently envisioned, seek to improve the environment through voluntary participation on the part of industry. Industry is expected to actively discover and implement efficiencies, chemical recovery and improved technologies to lessen emission of pollutants. This new emphasis on pollution prevention does not lessen the need for strong regulatory and assistance programs; however, it does seek to enlist industry as an active participant in the environmental effort.

**AGENCY: Pollution Control Agency**  
(Continuation)

**1992-93 Biennial Budget**

- The federal government has vast authorities regarding pollution control. For the most part the federal government has delegated considerable responsibility and authority to the states as long as states meet the requirements of federal law and regulations. Minnesota is very active environmentally, and the agency has been able to operate its programs without day to day federal interference. Even with a good working relationship, federal law, or the lack of it, has important impacts for the state. In many environmental areas, such as acid rain, the issues are regional, national and international and a state's independent action alone cannot solve the problem.
- There is a growing tendency to fund environmental programs and cleanups through fees rather than general taxes. The state has been moving in the direction of fees as a revenue source and the federal government's new Clean Air Act funds the air program through fees that will be collected, managed and spent by the state. The use of fees places the burden of pollution directly upon the polluter. The agency expects that this trend will continue.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

- The agency has devoted considerable state and federal resources to the investigation and cleanup of hazardous waste sites. Many of the current projects have been undertaken by the industries involved. The agency is now ready to start the actual cleanup of many sites where financially solvent responsible parties cannot be found, and the Superfund must bear the cost of cleanup. In addition, a significant number of Superfund sites are county landfills where liability is limited. The agency has projected that it needs \$12.3 million including federal match funds, to finance the cleanups that should be accomplished during F.Y. 1992-93. (An additional \$10.8 million may be needed if responsible parties cannot be found to pay the costs of cleanup.) With the strict guidelines for agencies to present stable budgets, there is no formal request for this funding in this budget. However, if the state is to manage the cleanup of hazardous waste sites, considerable financial support will be necessary. The superfund program has no base funding, and it has been addressed each year by the Legislature.
- Federal resources fund approximately 1/3 of the agency's operating budget, and the future of federal funding is suspect. In the ongoing programs of monitoring, permitting and enforcement, federal funding has been steady, but inflationary costs have resulted in a real decline in federal support. In addition, while the federal government has increased its support in the areas of leaking tanks and non-point source water pollution, it also has reduced drastically its support for municipal wastewater treatment facility construction.
- Recently Congress reauthorized the Clean Air Act with strong emphasis on addressing acid rain and switching the burden of administering the air programs from tax resources to fees upon industries based on their emissions. This will have an important impact on the state's funding for air programs. It is anticipated that emission tonnage fees will replace much of the air program's need for general revenue funds. The federally mandated air emission fee of \$25 per ton must be instituted within the next 3 years. The agency is proposing to implement the federal air emission fee of \$25 by 1/3 each year of F.Y. 1992-93 and another 1/3 in F.Y. 1994. For F.Y. 1992-93, the agency is proposing to reallocate General Funds, which have been freed up due to the increased fees, to other agency programs.

The agency is requesting the following reallocations of general funds:

- Salary inflation for current staff paid by the General Fund is estimated to be \$410,000 for F.Y. 1992 and \$838,000 for F.Y. 1993. These costs are equivalent to a reduction of 12 full-time professional staff for F.Y. 1992 and 24 full-time staff for F.Y. 1993. To partially address this shortfall, the agency proposes to eliminate 12.0 general fund positions in 1993. The remaining shortfall will be dealt with by carefully managing General Fund vacancies and resources.

- The agency proposed to reduce administrative costs in the Clean Water Partnership Program. This allows \$200,000 for the biennium to be used for other purposes.
- The Waste Reduction and Recycling Act provided \$750,000 base level funding for a study to determine the composition of municipal solid waste. The agency efficiently used these funds, and hopes to reallocate \$425,000 of the base appropriation, to support household hazardous waste program activities (\$150,000) and to implement a program to permit solid waste alternative technology projects (\$275,000.)
- The agency proposes to reallocate \$200,000 from general fund dollars to implement an ambient ground water monitoring program.
- The agency also proposes to reallocate from General Funds \$480,000 to relocate staff to the regional offices.
- The agency proposes to eliminate the septic tank grant program. This allows \$500,000 for the biennium in the General Fund to be reallocated for other uses.
- The agency proposes to reduce \$110,000 and 1.0 positions for the biennium in the Lead (Pb) Program. This request will make General Funds available for other purposes.
- The agency proposes to reduce \$100,000 and 1.0 position for the biennium in the the Medical Waste Program. This request will make General Funds available for other purposes.

With the expectation of insufficient state revenues to meet the needs of pollution control programs, the agency is seeking to increase fees in its current fee programs and reallocate positions from general fund to the environmental fund. It is becoming clearer that increased demands for pollution control cannot be accomplished simply through general taxes. Fees place the burden of pollution upon the generators of pollution. Increasing fees allows the agency to make general funds available. The following is a summary of the agency's proposals regarding fees:

- The agency requests appropriations in order to increase permit fees in its Water, Air and Hazardous Waste Programs by \$166,000 in F.Y. 1992 and \$342,000 in F.Y. 1993 to cover the cost of estimated salary inflation for current fee funded positions.
- The agency requests appropriations in order to increase permit fees in its Air Pollution Control Program by \$1,355,000 in F.Y. 1992 and \$3,327,000 in F.Y. 1993 in order to meet the requirements of the federal Clean Air Act. These fees will allow the agency to make available \$1,150,000 General Funds for other purposes. This proposal allows 4.0 positions in F.Y. 1992 and 22.0 positions in F.Y. 1993 to be transferred from the General Fund to the Environmental Fund.
- The agency requests the transfer of \$970,000, each year, and 16.0 positions from the Genral Fund in the Water, Ground Water and Solid Waste and Hazardous Waste Pollution Control Programs to fee funded revenue in the Environmental Fund. Increasing fees allows the agency to make these General Funds available for other purposes.
- The agency requests appropriations of \$58,000 for F.Y. 1992 and \$61,000 for F.Y. 1993 in order to keep up with search requests of parties involved in property transfers where there is a suspicion of contamination by leaking petroleum tanks.

Other agency requests include:

- Appropriations of \$55,000 for F.Y. 1992 and \$111,000 for F.Y. 1993 for salary inflation for current staff funded from the Petroleum Clean-up and the Motor Vehicle Transfer Account
- Appropriations of \$984,000 for F.Y. 1992 and \$118,000 for F.Y. 1993 from the Metropolitan Landfill Contingency Trust Fund for expenses associated with the closure of metro area land fills.
- Reallocation of \$250,000, each year of F. Y. 1992-93, from the Waste Tire Management Program to investigate pollution impacts at junkyards.
- Appropriations of \$2,102,000 for 5 water related projects recommended by the Legislative Commission on Minnesota Resources.

Detailed Summary of Budget Request

GENERAL FUND				
Reallocation by Program (Dollars in Thousands)				
Program	Adjusted Base for F.Y. 1992	F.Y. 1992 Change from 1992 Base	Adjusted Base for F.Y. 1993	F.Y. 1993 Change from 1993 Base
<u>Water Pollution Control</u>	6,055		4,763	
Transfer General Fund to fees		(360)		(360)
Eliminate septic tank program		(250)		(250)
Reduce Clean Water Partnership Admin		(100)		(100)
<u>Air Pollution Control</u>	1,963		1,955	
Transfer General Fund to fees		(200)		(950)
<u>Ground Water and Solid Waste</u>	2,684		2,673	
Transfer General Fund to fees		(360)		(360)
Reallocated from SCORE		(275)		(275)
Solid Waste Composition Study		275		275
Reallocated to Solid Waste				
Alternatives Permitting				
Reallocated from SCORE to		(150)		(150)
Hazardous Waste Program				
Reallocated		0		200
for ground water monitoring				
Reduce medical waste		(50)		(50)
<u>Hazardous Waste Pollution Control</u>	2,091		2,087	
Transfer General Funds to fees		(250)		(250)
Reallocated from Ground Water Program to Household		150		150
Hazardous Waste				
Reduce lead (Pb) Program		(55)		(55)
<u>Regional Operations</u>				
Reallocation for regionalization	0	480	0	0
<u>General Support</u>	2,104		2,123	
AGENCY GENERAL FUND TOTALS	14,897	(1,145)	13,601	(2,175)

Program	Funding Source	F.Y. 1992 Change from 1992 Base	F.Y. 1993 Change from 1993 Base
<u>Water Pollution Control</u>			
Salary Inflation	Environ (Fees)	70	144
Transfer to fees	Environ (Fees)	360	360
Minnesota River Monitoring	LCMR	700	
Waterwatch-Citizen Monitoring	LCMR	272	
Clean Water Partnership Grants	LCMR	700	
Mercury in Lakes	LCMR	300	
Aquatic Invertebrate Assess	LCMR	130	
Total Program		2,532	504
<u>Air Pollution Control</u>			
Salary Inflation	Environ (Fees)	26	54
General Air Pollution	Environ (Fees)	1,355	3,327
Total Program		1,381	3,381
<u>Ground Water and Solid Waste Pollution Control</u>			
Salary Inflation	Environ (MVTA)	18	36
Transfer to fees	Environ (Fees)	360	360
Waste Tire Management Program	Environ (MVTA)	(250)	(250)
Junk Yark Investigations	Environ (MVTA)	250	250
Metropolitan Landfill Closure	MLFCTF	984	118
Total Program		1,362	514
<u>Hazardous Waste Pollution Control</u>			
Salary Inflation	Environ (Fees)	70	144
Salary Inflation	Environ (Petro)	32	65
Salary Inflation	Environ (MVTA)	5	10
Transfer to fees	Environ (Fees)	250	250
Property Transfer	Environ (Fees)	58	61
Total Program		415	530
AGENCY NON-GENERAL FUND TOTALS		5,690	4,929

NOTES: Environ (Fees) = Environmental Fund, Special Revenue Account (Fees)  
 Environ (Petro) = Environmental Fund, Petroleum Clean-up Account  
 Environ (MTVA) = Environmental Fund, Motor Vehicle Transfer Account  
 MLFCTF = Metropolitan Landfill Contingency Trust Fund  
 LCMR = Legislative Commission on Minnesota Resources

**GOVERNOR'S RECOMMENDATION**

The Governor concurs with the agency's plan with the following exceptions:

**Water Pollution Control** (General Fund)

The Governor recommends phasing out the grant to the Western Lake Superior Sanitary District. The annual grant payment is \$500,000 to help defray debt service. The Governor's recommendation provides \$250,000 in F.Y. 1992 and \$-0- in F.Y. 1993.

The Governor also recommends a small reduction of \$90,000 in Clean Water Partnership grants in F.Y. 1992.

**Hazardous Waste Pollution Control** (General Fund)

The Governor recommends a reduction of \$300,000 for the biennium in the Household Hazardous Waste Program. This reduction is offset by an agency reallocation of \$300,000 of SCORE funding for the same program.

**Ground Water and Solid Waste Pollution Control** (Environmental Fund - MVT, MERLA)

The Governor does not recommend funding the agency request for junkyard investigations. The amount requested by the agency is \$500,000 for the biennium. Rather, the Governor recommends this money be transferred along with the estimated, unobligated balance in the Motor Vehicle Transfer Account (MVT) to the MERLA Account (State Super Fund). The amount of the recommended transfer is \$1,000,000 each year of the biennium. An increase of projected Super Fund expenditures is reflected in the Governor's recommendation.



**1992-1993 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
WATER POLLUTION CONTROL	7,982	10,212	10,626	10,762	12,584	12,244	9,464	9,258	8,758
AIR POLLUTION CONTROL	3,283	4,697	5,308	5,301	6,482	6,482	5,291	7,722	7,722
GRDMTR & SLD WST POLLU CTRL	12,872	18,339	31,074	29,105	29,907	30,657	27,480	27,634	28,384
HAZ WASTE POLLUTION CONTROL	5,770	7,105	8,590	8,926	9,186	9,036	8,913	9,288	9,138
REGIONAL SUPPORT	1,025	1,169	1,942	2,154	2,634	2,634	2,154	2,154	2,154
GENERAL SUPPORT	3,990	5,122	5,078	5,250	5,250	5,250	5,343	5,343	5,343
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	34,922	46,644	62,618	61,498	66,043	66,303	58,645	61,399	61,499
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					1,830	1,830			
GENERAL	6,573	11,943	14,233	14,897	13,752	13,262	13,601	11,426	10,776
SP REV DIRECT APPROP	2,444								
MN RESOURCES	471	1,156	1,883		272	272			
PUBLIC HEALTH	225								
PETRO CLEANUP	684								
SPECIAL REVENUE	734	480	855	855	855	855	855	855	855
ENVIRONMENTAL	2,716	11,060	13,287	13,100	15,704	15,454	13,144	17,955	17,705
METRO LANDFILL CONTN	91	325	1,044	679	1,663	1,663	679	797	797
MOTOR VEHICLE TRANS	1,505								
WATER POLLUTION CNTRL	1,168								
STATUTORY APPROPRIATIONS:									
PFA BOND FUND		503	17						
SPECIAL REVENUE	232	3,012	2,780	2,924	2,924	2,924	2,924	2,924	2,924
FEDERAL	15,100	13,724	21,951	23,155	23,155	23,155	23,155	23,155	23,155
ENVIRONMENTAL	1,727	4,438	6,568	5,888	5,888	6,888	4,287	4,287	5,287
METRO LANDFILL ABATEMENT	1,135								
METRO LANDFILL CONTN	3	3							
MOTOR VEHICLE TRANS	105								
WATER POLLUTION CNTRL	9								
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	34,922	46,644	62,618	61,498	66,043	66,303	58,645	61,399	61,499

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: POLLUTION CNTRL AGENCY

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93
F.Y. 91 FUNDING LEVEL	62,618	62,618	14,233	14,233	26,434	26,434	21,951	21,951
BIENNIAL APPROPRIATIONS	1,152	<128>	1,152	<128>				
APPROPRIATIONS CARRIED FWD	<2,316>	<2,316>	<1,585>	<1,585>	<731>	<731>		
LEG-DIRECTED ADJUSTMENTS	925	925	925	925				
SALARY ANNUALIZATION	266	195	147	106	119	89		
DOCUMENTED RENT/LEASE INCR.	207	306	25	50	182	256		
LCMR FUNDED PROJECTS	<1,878>	<1,878>			<1,878>	<1,878>		
FEDERAL RECEIPTS	1,204	1,204					1,204	1,204
OPEN APPROPRIATIONS	<680>	<2,281>			<680>	<2,281>		
TOTAL	61,498	58,645	14,897	13,601	23,446	21,889	23,155	23,155
BIENNIAL TOTAL		120,143		28,498		45,335		46,310

F.Y. 1991 Budget Reductions (Information Only)

The following F.Y. 1991 reductions were implemented in Laws 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 or F.Y. 1992-93 BASE Levels within the budget documents.

	<u>General Fund</u>	<u>Other Funds</u>
Water Pollution Control		
Clean Water Partnership	\$ (50)	
On-Site Treatment (Septic Tanks)	(150)	
Ground Water and Solid Waste Pollution Control		
Solid Waste Composition Study (SCORE)	\$ (200)	
Medical Waste	(50)	
Hazardous Waste Pollution Control		
Household Hazardous Waste (SCORE)	\$ (170)	
Total F.Y. 1991 Adjustments	\$ (620)	

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**PROGRAM**

1992-93 Biennial Budget

**AGENCY:** Pollution Control Agency**DECISION ITEM:** Financing Inflationary Costs - Informational

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
General Fund - Inflation	\$ 410	\$ 838	\$ 838	\$ 838
Savings	(410)	(838)	(838)	(838)
	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Environmental Fund-Fees	\$ 166	\$ 342	\$ 342	\$ 342
Environmental Fund-Petro	32	65	65	65
Environmental Fund-MVT	23	46	46	46
	\$ 221	\$ 453	\$ 453	\$ 453
<b>Revenues</b>				
Environmental Fund-Fees	\$ 166	\$ 342	\$ 342	\$ 342
Environmental Fund-Petro	32	65	65	65
Environmental Fund-MVT	23	46	46	46
	\$ 221	\$ 453	\$ 453	\$ 453

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

To estimate the salary inflation the agency used an increase rate of 4.5% for F.Y. 1992 and 9.2% for F.Y. 1993. These 2 rates were multiplied by the current salary of staff paid in this fiscal year to determine the F.Y. 1992-93 salary inflation liability.

Cost increases attributable to salary inflation for staff funded by the Environmental Fund is estimated to be \$221,000 for F.Y. 1992 and \$453,000 for F.Y. 1993. The agency requests \$221,000 for F.Y. 1992 and \$453,000 for F.Y. 1993 from the Environmental Fund to cover salary inflation.

Cost increases due to salary inflation for staff funded by the General Fund is estimated to be \$410,000 (equivalent to 12.0 positions) for F.Y. 1992 and \$838,000 (equivalent to 24.0 positions). For F.Y. 1992 the agency intends to meet the general fund shortfall by carefully monitoring vacancies at 5 to 6%. For F.Y. 1993, when the estimated rate more than doubles, the agency will reduce its General Fund complement by 12.0 positions and continue to manage vacancies. General Fund supply and expense increases will be managed by appropriate cost controls.

**RATIONALE:**

The agency needs these Environmental Fund appropriation increases in order to provide continuous service in the respective fee funded programs. In addition, M.S. 16A.128, subdivision 1a, provides that a fee must be set at a level that covers the entire cost of the program. The agency request

appropriations only for salary inflation. Inflation due to increases in supplies and use will be addressed through judicial use of current funding and expenditure reduction. The request for salary inflation is comprised of the following accounts and programs:

1992	1993	
\$ 70	\$144	Environmental Fund-Fees Water Pollution Control
26	54	Environmental Fund-Fees Air Pollution Control
18	36	Environmental Fund-MVT Ground Water & Solid Waste
70	144	Environmental Fund-Fees Hazardous Waste Pollution
5	10	Environmental Fund-MVT Hazardous Waste Pollution
32	65	Environmental Fund-Petro Hazardous Waste Pollution

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**ACTIVITY:**  
**PROGRAM:**  
**AGENCY:** Pollution Control Agency

**1992-93 Biennial Budget**

**DECISION ITEM:** General Fund Reductions and Reallocations

General Fund budget totalling \$4,000,000 for the 1992-1993 Biennium and reallocations of \$680,000 for a net reduction of \$3,320,000. This proposal eliminates 2.0 General Fund Positions and transfers 20.0 positions for F.Y. 1992 and 38.0 positions for F.Y. 1993 from the General Fund to the Environmental Fund. The following is a summary:

**Reductions in Programs:** The agency has begun a review of its programs in terms of priority and effectiveness. As a result of this initial review, the agency has determined that several programs can be reduced or eliminated. These programs which amount to a 1992-1993 biennial savings of \$910,000 include: 1) Reduction of the administrative funding for operating the Clean Water Partnership Program; 2) Elimination of the Septic Tank Installation Grants Program; 3) Reduction in the Medical Waste Program; and 4) Reduction in the Lead (Pb) Program.

**General Fund Reallocation:** The agency proposes to reallocate \$680,000 in General Funds to the following: 1) Transferring central office staff to the regional offices; and 2) Ambient ground water monitoring program.

**General Fund Transfers to the Permit Fees:** The agency proposes transfers from the General Fund to the Environmental Fund (Fees) which amount to a 1992-1993 biennial savings to the General Fund of \$3,090,000. These transfers include: 1) Water Pollution Control Permitting; 2) Hazardous Waste Pollution Control Permitting; 3) Solid Waste Pollution Control Permitting; and 4) Air Pollution Control Permitting.

Each of these reduction proposals are described in more detail below.

**RATIONALE:**

**Reduction in Clean Water Partnership Administration:** The purpose of the Clean Water Partnership Program is to provide grants to local entities for demonstrating methods of reducing non-point source water pollution. The agency proposes to reduce its administrative costs associated with managing the Clean Water Partnership Grants Program by \$100,000 each year. The BASE level appropriation for administration is \$360,000 each year and 4.0 staff. This reduction is possible by elimination of non-essential contracts and special projects which support the overall partnership program. This proposal does not reduce any grant funding available to local entities.

**Elimination of Septic Tanks Installation Grants Program:** The purpose of this program is to provide grants to local governments of up to \$2,500 per unit to upgrade failing septic tank systems in lieu of building centralized treatment facilities. This is a General Fund program because the State Constitution does not allow bond funds to be paid to individuals. In the previous biennium, the agency received a \$500,000 appropriation for these grants. Funding remains in this appropriation, however the agency has no communities presently interested in requesting such grants. The agency proposes to eliminate the \$250,000 annual appropriation for this program.

**Reduction in the Medical Waste Program:** The 1989 Legislature enacted legislation regulating medical waste bill appropriated 3.0 staff to the Agency. Part of the mandate of this legislation was the writing of rules regarding medical waste handling. The rules have been written and the agency feels that it can operate the regulatory aspect of the medical waste program effectively with only 2.0 staff. The agency proposes to reduce \$50,000 each year and 1.0 staff.

**Reduction in the Lead (Pb) Program:** The purpose of this program was to write rules regarding the abatement of lead in soil and to respond to on-going public concerns regarding lead. The rules have been written and the resources dedicated to this program can be reduced. Much of the responsibility of the lead program now rests with the Department of Health. The agency proposes to reduce \$55,000 each year and 1.0 staff.

The Agency requests the following reallocations of General Funds:

**Regionalization:** In the early 1970's the agency assigned a small number of staff to five regional offices that currently are located in Duluth, Brainerd, Rochester, Detroit Lakes and Marshall. The purpose of the regional offices is to conduct inspections of permitted facilities, respond to citizen

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>AGENCY PLAN:</b>				
<b>Expenditures - General Fund</b>				
Water Pollution Control				
Reduce Clean Water Partner Admin	\$ (100)	\$ (100)	\$ (100)	\$ (100)
Eliminate Septic Tank Program	(250)	(250)	(250)	(250)
Transfer to Fees	(360)	(360)	(360)	(360)
Air Pollution Control				
Transfer to Fees	(200)	(950)	(950)	(950)
Ground Water and Solid Waste				
Reduce Medical Waste Program	(50)	(50)	(50)	(50)
Transfer to Fees	(360)	(360)	(360)	(360)
Ambient Ground Water Monitoring	-0-	200	200	200
Hazardous Waste Pollution Control				
Reduce Lead (Pb) Program	(55)	(55)	(55)	(55)
Transfer to Fees	(250)	(250)	(250)	(250)
Regional Operations				
Regionalization	480	-0-	-0-	-0-
<b>TOTAL</b>	<b>(1,145)</b>	<b>(2,175)</b>	<b>(2,175)</b>	<b>(2,175)</b>
<b>Environmental Fund</b>				
Water Pollution Control				
Transfer to Fees	360	360	360	360
Ground Water Pollution Control				
Transfer to Fees	360	360	360	360
Hazardous Waste Pollution Control				
Transfer to Fees	250	250	250	250
Air Pollution Control Program				
Transfer to Fees & Program Expansion	1,355	3,327	5,327	5,327
<b>TOTAL</b>	<b>\$ 2,325</b>	<b>\$ 4,297</b>	<b>\$ 6,297</b>	<b>\$ 6,297</b>
<b>Revenues</b>				
Water Pollution Control				
Transfer to Fees	360	360	360	360
Ground Water Pollution Control				
Transfer to Fees	360	360	360	360
Hazardous Waste Pollution Control				
Transfer to Fees	250	250	250	250
Air Pollution Control Program				
Transfer to Fees & Program Expansion	1,355	3,327	5,327	5,327
<b>TOTAL</b>	<b>\$ 2,325</b>	<b>\$ 4,297</b>	<b>\$ 6,297</b>	<b>\$ 6,297</b>
<b>GOVERNOR'S RECOMMENDATION</b>				
<b>Expenditures</b>				
General Fund	(1,145)	(2,175)	(2,175)	(2,175)
Environmental Fund	2,325	4,297	6,297	6,297
<b>Revenues</b>				
Environmental Fund	2,325	4,297	6,297	6,297

**Requires statutory change:**   X   Yes        No  
**Statutes Affected:** 116.07 Subd. 4d, (for Air Permit Fees)

**ITEM SUMMARY:**

The Agency proposes program reductions and program transfers to other funding sources in its

## ACTIV

## PROGRAM:

AGENCY: Pollution Control Agency

complaints and provide community assistance regarding pollution control and environmental quality. The agency recently increased the regional offices from a total of 24.0 staff to 38.0 staff. However, this staffing level is not sufficient to provide appropriate regulatory presence and community assistance to Greater Minnesota. The agency is currently planning to move approximately 60 additional staff to the regional offices. By moving more staff closer to pollution problems and issues, the agency feels that it will do a better job with its mission. The Legislative Auditor also recently recommended that the Agency increase its regional operations. The Agency requests a one time appropriation of \$480,000 for 1992 to meet the costs of staff relocation and purchase of communications equipment.

Ambient Ground Water Monitoring: The state has considerable ground water data, however some of the data is not appropriate for current needs, some of the data is not well organized and there is not sufficient access to ground water data for the counties and local entities that need to make decisions which affect ground water quality. The ground water monitoring program includes: 1) Statewide monitoring of baseline ground water quality in 14 primary aquifers; 2) More intensive monitoring in heavily developed areas; and 3) Development of regional monitoring networks as cooperative efforts between state, federal and local governments and the private sector. The project was proposed to the Legislative Commission on Minnesota Resources. The LCMR did not fund the program because the LCMR felt that this should be an on-going program of the agency. The LCMR recommended that the agency request funding through the regular budget process. The agency requests a \$200,000 appropriation for F.Y. 1993 to address deficiencies in the State's ground water monitoring and data handling.

The Legislative Auditor, in its recent evaluation of the Agency, has recommended that the permittees should bear a greater share of the costs associated with permit administration. After its own analysis the agency agreed with this recommendation and it has proposed the following.

Transfer of Water Permitting to Fees: The agency proposes to transfer \$360,000 each year and 6.0 staff from the General Fund to the Environmental Fund by increasing its current fees by approximately 25%.

Transfer of Solid Waste Permitting to Fees: The Agency proposes to transfer \$360,000 each year and 6.0 staff from the General Fund to the Environmental Fund by establishing and implementing a fee program for solid waste permits. There are currently no fees paid by solid waste permittees.

Transfer of Hazardous Waste Permitting to Fees: The Agency proposes to transfer \$250,000 each year and 4.0 staff from the General Fund to the Environmental Fund by increasing its current fees by approximately 9%.

Transfer of Air Pollution Permitting Fees and Program Expansion: The agency is requesting an increase of fees to replace general funds, to increase resources available to the air pollution control program to issue permits, conduct enforcement activities, improve programs and comply with the new federal Clean Air Act of 1990.

Proposed staffing for this program is 13.0 for F.Y. 1992 and 31.0 for F.Y. 1993. This level of staffing will be accomplished by transferring, for F.Y. 1992, 4.0 positions in the General Fund to the Environmental fund, 5.0 positions from State Superfund and 4.0 from the Tire program, and for F.Y. 1993 22.0 positions in the general fund to the Environmental fund, and 5.0 positions from State Superfund and 4.0 from the tire program. No transfer of funding from the state Superfund or from the tire program is proposed, only positions. This program reduces the need for General Funds by \$1,150,000 for the biennium. The revenue projected is an estimate of the amount that will

be collected by the federally mandated fee of \$25 per emission ton. The agency proposes to implement this \$25 fee over a 3 year period so that in 1994 the fee will be \$25 per ton plus inflationary costs as described in the Clean Air Act. The legislative auditor, in its recent evaluation of the agency, recommend an increase to the air programs.

Resources are needed to issue and expedite permits for facility construction and modification and to reissue permits on a 5-year schedule as required by Minnesota rules and the Clean Air Act. The agency projects that by the end of F.Y. 1993 it will have about 700 permit actions. The Federal Clean Air Act will significantly add to the complexity and scope of the agency's permitting program which will exacerbate the existing problem. Permitting delays can be costly to permittees and sometimes delay pollution control improvements.

Twenty waste combustion facilities now have permits and there are about 1,200 general purpose incinerators currently operating. The agency is proposing incinerator rules which could result in about 1,050 of the existing facilities closing down. This will leave about 150 facilities that will need new permits or existing permits upgraded under state rules. These facilities will also have to meet new federal rules promulgated under the new Clean Air Act. Additional staff are needed to implement the new waste combustor rules, reissue existing municipal solid waste incinerator permits and assure compliance with the rules, permits and federal requirements. If this doesn't occur, the agency will not be able to implement the new rules with respect to non-municipal solid waste incinerators covered under these rules nor implement and enforce the new federal requirements. Also, reissuance of 9 expired municipal solid waste incinerator permits will be delayed.

The federal government requires that the agency inspect all the larger pollution sources. In addition, there are smaller sources that the state has to inspect due to complaints or other reasons. Compliance monitoring of facilities includes facility inspections, responding to complaints, enforcement follow-up and reviewing of emissions and compliance reports submitted by facility operators. This new Federal Clean Air Act will increase the reporting requirements by facilities and will result in increased compliance monitoring of facilities by the state to assure compliance with new federal requirements.

The new Federal Clean Air Act has major additional requirements for facilities which emit toxic air pollutants. Staff will be needed by the agency to review these new requirements, draft rules and enforce the requirements of the act. This will involve toxics monitoring, facility air quality permit evaluations, facility inspections, emission tracking and reporting. The agency will use the added resources to improve the availability of monitoring information to the public and to streamline permit reviews when a review of air quality monitoring is required.

The agency needs resources to develop an air toxics inventory. The agency expects the review of air toxics for permit actions to increase from 40 during F.Y. 1990-91 to 205 for F.Y. 1992-93. The requirements of new federal law will also increase the agency's need for additional resources to conduct an air toxics program. Without additional resources, risk assessment review will continue to be a source of delay in environmental review and permitting.

General requirements for implementation plans are included in the new Federal Clean Air Act. The agency will have to review existing rules for consistency with the new federal law and begin to prepare changes in state rules. The writing of new rules and the preparation of state implementation plans will require additional staff.

Due to the requirements of the Federal Clean Air Act and state needs, the agency expects to conduct 22 rulemaking actions in F.Y. 1992-93, submit 13 state implementation plans to the federal governments and submit 6 redesignation requests.

The agency will be addressing some of the staffing needs created by the new Federal Clean Air Act through program efficiencies. However, 9 additional staff will be needed because of the complexity and expansion of the program.

(Continuation)

1992-93 Biennial Budget

**ACTIVITY:**

**PROGRAM:**

**AGENCY:** Pollution Control Agency

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency reduction and reallocation plan. Next biennium, an additional reduction in the General Fund appropriation for the Air Pollution Control Program may be recommended as the program continues to phase-in its air fees.

**PROGR:****AGENCY:** Pollution Control Agency**DECISION ITEM:** General Fund Reallocation - (SCORE)

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
<u>Ground Water and Solid Waste</u>				
General Fund - SCORE	\$ (425)	\$ (425)	\$ (425)	\$ (425)
Composition Study				
General Fund - SCORE	275	275	275	275
Solid Waste Alternative Technology				
<u>Hazardous Waste Program</u>				
General Fund - SCORE	150	150	150	150
Household Hazardous Waste				
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
<u>Ground Water and Solid Waste</u>				
General Fund - SCORE	\$ (425)	\$ (425)	\$ (425)	\$ (425)
Composition Study				
General Fund - SCORE	275	275	275	275
Solid Waste Alternative Technology				
<u>Hazardous Waste Program</u>				
General Fund - SCORE	150	150	150	150
Household Hazardous Waste				
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

The agency's base level appropriation (SCORE funding) for the waste composition study is \$750,000 per fiscal year. During F.Y. 1992-93 the agency's waste composition study will be reduced from 4 seasonal sorts at 5 sites totalling 20 separate sorts to 4 sorts that will be used to keep the original study up-to-date. This will result in significant savings in salaries and expenses. Most of the

expensive equipment necessary to conduct the study has been purchased and will be available for future studies. Also, the agency provided funding support to the Metropolitan Council for the metropolitan waste composition study. It is proposed to reallocate \$275,000 per year to the Solid Waste Alternative Technology Proposal. This program will be staffed by 5.0 existing general fund position for which no funding exists because of a lack of funds to pay general fund inflation.

**RATIONALE:**

The agency proposes reallocating \$275,000 each year of F.Y. 1992-93 from general fund dollars provided by SCORE (Waste Reduction and Recycling Act) to permit, inspect and enforce rules for all new and existing solid waste alternative technology management facilities, including transfer stations, compost facilities, and materials recovery processing facilities. In order for SCORE activities to succeed, alternative technology management facilities must be available and properly operated in compliance with environmental rules as this activity is an integral part of implementing the goals and activities of SCORE.

The demand for funding, training, and assistance in the area of household hazardous waste management continues to grow. The agency requests that \$150,000 each year be transferred from the general fund (SCORE) solid waste composition study in the Ground Water and Solid Waste Program to the household hazardous waste effort in the Hazardous Waste Program. This funding is needed to pay for the increased cost of disposal. Without this additional funding, counties may have to pay higher percentage of the disposal costs.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan to reallocate SCORE funding.

ACTIVITY:  
PROGRAM:  
AGENCY: Pollution Control Agency

1992-93 Biennial Budget

DECISION ITEM: Governor's Recommendation for Further BASE  
Level Reductions

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**GOVERNOR'S RECOMMENDATION:**

**Expenditures**

Water Pollution Control

General Fund - Clean Water

Partnership Grants	\$ (90)	\$ -0-	\$ (90)	\$ -0-
General Fund - Grant to WLSSD	(250)	(500)	(500)	(500)

Hazardous Waste Pollution Control

General Fund - Household Hazardous

Waste	(150)	(150)	(150)	(150)
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**Revenues**

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

**ITEM SUMMARY:**

The Governor recommends additional program reductions in the Pollution Control agency budget totalling \$1,140,000 for the 1992-93 biennium. They include reductions to the Clean Water Partnership Grants, phasing out the grant to the Western Lake Superior Sanitary District (WLSSD), and a reduction in the Household Hazardous Waste Program.

**RATIONALE:**

The reduction in the Clean Water Partnership program is a continuation of the base reduction proposed by the Governor and approved by the Legislature for F.Y. 1991. The amount reduced was \$50,000 for one year. After this reduction, the remaining base will be \$1,166,000. This entire amount is in the F.Y. 1992 base and any unencumbered balance should carry forward to F.Y. 1993.

Phasing out the Grant to WLSSD is recommended because it provides special treatment to a single unit of government for funding not available to other units of government.

Reducing the General Fund appropriation for the Household Hazardous Waste Program is recommended because an offsetting increase has been requested by the Agency through a reallocation of existing SCORE funding. In effect, this recommendation will retain the current base, but substitutes SCORE money (General Fund) for the current appropriation.



#### PROGRAM PURPOSE:

The mission of the Water Pollution Control Program is to serve the public by protecting and improving the state's water. The Water Quality Division strives to achieve this mission through programs that:

- Collect, analyze, and interpret chemical, physical and biological data on point and nonpoint sources of pollution and the ambient environment to provide crucial information to guide state water quality policy decisions;
- Regulate point sources of pollution through development of water quality standards and permits;
- Provide financial and technical assistance to local units of government to study, recommend and implement measures to control urban and agricultural nonpoint sources of pollution so that the lakes and streams of Minnesota are protected and improved;
- Investigate, plan and implement special Great Lakes activities and studies, such as a St. Louis River Remedial Action Plan and Lake Superior Lakewide Management Plan, to protect and improve Great Lakes water quality;
- Control pollution from municipal wastewater discharges by providing financial assistance for constructing or upgrading treatment facilities, reviewing the plans and construction of the proposed facilities, issuing permits containing specific effluent limits and, if necessary, schedules for bringing dischargers into compliance with those limits, reviewing compliance, conducting inspections, and taking appropriate enforcement action for violations;
- Control pollution from industrial wastewater discharges by reviewing proposed facilities, issuing permits containing specific effluent limits and, if necessary, schedules for bringing dischargers into compliance with those limits, reviewing permit compliance, conducting inspections and taking appropriate enforcement action for violations;
- Control pollution from animal feedlots through a comprehensive program of technical assistance, education, cooperation with local governments, permitting, and enforcement;
- Eliminate the pollution problems of combined sewer overflows by issuing permits with compliance schedules and by providing the necessary funding assistance for separating storm and sanitary sewers in the metropolitan area;
- Develop a new program to successfully deal with the significant pollution problem of urban storm water;
- Provide wastewater operators with the necessary tools to operate their facilities properly through a program of technical assistance, training and certification;
- Provide training and certification to individual on-site sewage treatment system design and construction professionals, and technical and financial assistance to local units of government for individual on-site treatment systems to prevent environmental degradation and protect public health.

#### PERFORMANCE:

- Monitoring data has shown that pollution problems are caused 3 times more often by polluted runoff (nonpoint source) than by polluting from discharges.

- On average, 94 % of major municipal and 96 % of major industrial dischargers a significant compliance with their permits under the terms of federal regulations.
- Minnesota's nonpoint source management program was identified by the Federal Environmental Protection Agency as one of the 4 best state programs in the nation and for this recognition, Minnesota was granted a bonus of \$250,000.
- Minnesota has 75 ambient surface monitoring stations supporting the assessment of 5,316 of the state's 91,944 river miles. This monitoring covers about 6% of the state's river miles.
- Through a combined program of enforcement and financial assistance, the agency has successfully implemented a 10-year program to eliminate the pollution problem of combined sewer overflows to the Mississippi River in the Twin Cities metropolitan area. Prior to the sewer separation program, combined storm and sanitary sewers in Minneapolis, St. Paul, and South St. Paul resulted in approximately 4.6 billion gallons of untreated combined sewage and storm water discharging to the river annually. Sixty percent of this problem will be corrected by the end of this construction season. Under the terms of the 3 cities' permits, the entire \$215 million project will be completed by 1996.
- The agency has established a strong program of training and assistance to the operators of wastewater treatment facilities. The Water Quality Division holds between 15 and 20 operator training sessions per year, and 2,079 professionals currently are certified. The program has become recognized as a national leader in providing these operators with the tools necessary to ensure that their facilities meet water quality standards.
- The state and federal financial assistance programs, along with local units of government, have invested in excess of \$1.5 billion in the construction of municipal wastewater treatment facilities in Minnesota since 1972. The financial and technical assistance provided by the agency has resulted in 94% of major municipal dischargers being in compliance with their water quality standards.
- The Water Quality Division, in cooperation with the University of Minnesota, holds between 10 and 20 individual on-site treatment system workshops per year. There are 1,790 individual on-site professionals who have been currently fully certified, which demonstrates that they are knowledgeable and experienced in the design and installation of individual treatment systems to standards which protect the ground and surface waters of Minnesota.

#### PROSPECTS:

- Research and Data Collection: The levels of toxic pollutants in Minnesota's fish and wildlife have been investigated through the use of Legislative Commission on Minnesota Resources (LCMR) funding. The sources and impacts of mercury, PCBs and other toxic pollutants are being determined for specific areas, but much more needs to be done. The pollution of the Minnesota River by nonpoint sources is a major study effort of a team of state, local and federal agencies that is being coordinated and lead by the agency utilizing LCMR funding. The LCMR is recommending continued funding for the Minnesota River effort.
- Technical and Financial Assistance To Local Governments: The Pollution Control Agency in the past 2 years has provided funding and technical assistance to 25 Clean Water Partnership Projects and 19 Clean Lakes Projects. The LCMR has recommended utilizing \$700,000 from the Environmental and Natural Resources fund over F.Y. 1992-93 to accelerate the Clean Water Partnership program.
- Pollution Prevention: Prevention of pollution at the source has long been recognized as the preferred alternative to protecting the health and welfare of Minnesota citizens and the environment. Cleaning up pollution after it has been created is more difficult and expensive than prevention. Pollution prevention is the heart of the state's nonpoint source pollution program and will be essential in the upcoming state efforts to halt the atmospheric deposition of toxic

**PROGRAM:** Water Pollution Control  
(Continuation)  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

pollutants, such as mercury. The application of "end of the stack or pipe" pollution control methods often only shifts the toxic pollutant from one medium to another.

- **Enforcement:** Because of the particular emphasis of the federal Clean Water Act and, just as importantly, because of budget limitations, the agency's enforcement activities have focused on municipal facilities and large industrial facilities. Smaller industrial facilities have received much less attention. Existing resources allow the agency to scrutinize closely only the relatively small number (28) of major industrial dischargers as well as a handful of lesser dischargers. The much greater number (approximately 450) of other minor industrial dischargers are dealt with by enforcement staff utilizing a priority scheme that targets available resources.
- **Wastewater Treatment Financial Assistance and Technical Review:** Currently, 74 Minnesota communities have unmet wastewater treatment facility construction needs, and have requested state grants or loan assistance. Requests are being received from additional municipalities on a regular basis. In addition, at the beginning of 1991 approximately 120 state and federally funded wastewater treatment projects in the construction phase. Wastewater treatment facilities typically have a design life of 20-30 years. With the \$1.5 billion investment in Minnesota's wastewater treatment infrastructure, including more than 700 treatment facilities, it is necessary to maintain these facilities in order to preserve the gains made in water pollution abatement since 1972. With the federal government withdrawing its financial support from the construction of wastewater treatment facilities, more of the responsibility to preserve these gains is shifted to the states and local government. The federal grant program has been replaced with a state loan program capitalized by the federal government. The state also has a grant program; however, it is not of the magnitude of the federal construction grants program. The state's focus will be changing to compliance maintenance, which may include smaller, incremental construction projects funded by low-interest loans.
- **On-site Treatment System Programs:** Several counties are requiring individual on-site treatment facility professionals to be certified in order to work in their jurisdictions. Because of this, there is an increased demand for the training workshops and certification testing.

The program's renewal fund request includes the transfer of 23 positions from the building fund to the general fund as directed by the Laws of 1990, Chapter 610, Article 1, Section 22, Paragraph C.

#### PLAN:

Biennial Base level funding for the water pollution control program is divided among functions as follows:

#### Biennial Base Level Funding (Dollars in Thousands)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
General Water Quality Operations	5,660	5,645
Clean Water Partnership	1,640	360
Wastewater Partnership	<u>3,462</u>	<u>3,462</u>
Total	10,762	9,464

#### Agency Reallocations:

Please refer to the following Decision Items for requests regarding the Water Pollution Control Program:

- Financing Inflationary Costs which follows the agency narrative.
- General Fund Reductions and Reallocations which follows the agency narrative.
- LCMR which follows this narrative.

#### BUDGET ISSUES:

- **Surface Water Protection:** The agency needs to expand its ambient water quality information base in order to provide a better picture of the nature and scope of toxic and conventional pollution in the Minnesota water environment. This information is critical in allowing the agency to identify, in a timely manner, pollution problems and to develop efficient and effective programs and activities to address the problems. This information serves not just the needs of the agency, but can be a valuable resource to counties and other local units of government as they try to address local water quality issues through the local water planning process.
- **Animal Feedlot Control:** Great improvements in water quality have been achieved as a result of the control of point source pollution from industries and municipalities in the state. Nonpoint source pollution, in the form of polluted runoff from land use activities, is continuing to cause increasing water pollution problems around the state. The 70,000 feedlots in Minnesota are a significant source of nonpoint pollution in major regions of the state. The scope and extent of the problem requires a state and local government partnership effort. Counties need to implement effective feedlot control programs. The state needs to provide technical assistance to the counties in running the programs, and technical assistance to feedlot operators as they develop specific solutions to identified problems.
- **Western Lake Superior Sanitary District:** Within the general fund base of the Water Pollution Control Program is \$500,000 for each year of F.Y. 1992-93 for transfer from the Pollution Control Agency to the Western Lake Superior Sanitary District. This appropriation was originally made by the legislature during the 1989 session. The agency believes the purpose of this appropriation was to assist the sanitary district in meeting its capital debt costs.

#### Recommended Rider Language:

- \$1,280,000 the first year is from the general fund for grants to local units of government for the Clean Water Partnership Program. Any unencumbered balance of this amount in F.Y. 1992 does not cancel, but is available for F.Y. 1993.
- The total state stop payment amount that is withheld from communities completing wastewater treatment facility construction under the state-federal matching grants program must not exceed 10% of the total state grant amount.
- \$250,000 for F.Y. 1992 and \$250,000 for F.Y. 1993 from the general fund shall be transferred to the Department of Trade and Economic Development for distribution as grants through the individual on-site treatment systems program under M.S. 116.18, subdivision 3c.

#### GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency's plan with the following exceptions:

The Governor recommends phasing out the grant to the Western Lake Sanitary District (WLSSD) over the biennium.

The Governor recommends a small reduction of \$90,000 in the Clean Water Partnership Grants. This is a slightly larger reduction than the \$50,000 cut in their F.Y. 1991 budget authorized in Laws 1991, Chapter 2.

**1992-1993 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY  
PROGRAM: WATER POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
W Q OPERATIONS	5,801	8,511	8,093	7,300	9,372	9,282	6,005	6,049	6,049
W W FAC CONSTR GTS MGMT	2,181	1,701	2,533	3,462	3,212	2,962	3,459	3,209	2,709
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	7,982	10,212	10,626	10,762	12,584	12,244	9,464	9,258	8,758
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	6,698	7,773	8,452	8,564	9,764	9,764	8,546	8,590	8,590
LOCAL ASSISTANCE	1,284	2,439	2,174	2,198	2,820	2,480	918	668	168
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	7,982	10,212	10,626	10,762	12,584	12,244	9,464	9,258	8,758
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST									
GENERAL	1,328	4,695	5,058	6,055	1,830 5,345	1,830 5,005	4,763	4,053	3,553
SP REV DIRECT APPROP	825								
MN RESOURCES	471	785	865		272	272			
ENVIRONMENTAL		1,054	1,436	1,457	1,887	1,887	1,451	1,955	1,955
WATER POLLUTION CNTRL	1,045								
STATUTORY APPROPRIATIONS:									
PFA BOND FUND		503	17						
SPECIAL REVENUE	82	96	76	76	76	76	76	76	76
FEDERAL	4,231	3,079	3,174	3,174	3,174	3,174	3,174	3,174	3,174
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	7,982	10,212	10,626	10,762	12,584	12,244	9,464	9,258	8,758

ACTIVITY  
PROGRAM Water Pollution Control  
AGENCY Pollution Control Agency

1992-93 Biennial Budget

DECISION ITEM: LCMR

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
Minnesota Resources	\$ 272	\$ -0-	\$ -0-	\$ -0-
Environmental Trust Fund	1,830	-0-	-0-	-0-

GOVERNOR'S RECOMMENDATION:

Expenditures				
Minnesota Resources	\$ 272	\$ -0-	\$ -0-	\$ -0-
Environmental Trust Fund	1,830	-0-	-0-	-0-

Requires statutory change: \_\_\_\_\_ Yes   X   No

Statutes Affected:

ITEM SUMMARY:

LCMR: Minnesota River Monitoring F.Y. 1992 \$700,000

This project is for years 3 and 4 of a 4-year cooperative effort between the agency and other state, federal, and local cooperators. The program allows for the assessment of non-point source pollutant loading to the Minnesota River so that implementation programs, such as the Clean Water Partnership Program, State Cost Share and RIM can be targeted to achieve greatest results in resource improvement and protection. The resource sampling and assessment of all the various cooperators is being coordinated so that the data is meaningful and useful to a range of people.

LCMR: Waterwatch-Citizen Monitoring F.Y. 1992 \$272,000

This program is to provide technical assistance and funding to local groups so that they can establish water monitoring, analysis, and protection programs for lakes and streams in their areas. The agency will provide assistance for local programs to insure that the information collected is appropriately analyzed and computerized so it is compatible with federal and state computer systems. Information can, therefore, be accessible to anyone interested in Minnesota's water quality.

LCMR: Clean Water Partnership Grants F.Y. 1992 \$700,000

The Clean Water Partnership Program was established to focus on control of nonpoint sources of pollution in order to protect and improve surface and ground water in Minnesota. The program provides matching grants and technical assistance to local units of government to develop and implement comprehensive nonpoint pollution control projects. LCMR funding will be used to accelerate awarding of grants from the base funding of \$1.28 million.

LCMR: Mercury in Lakes

F.Y. 1992 \$300,000

This project will investigate methods and procedures to mitigate the bioaccumulation of total methyl mercury in Minnesota biota. The mitigative potential of selected chelating agents, micronutrient, and management practices will be evaluated. Formation and movement of methyl mercury through the food chain will be determined.

LCMR: Aquatic Invertebrate Assessment

F.Y. 1992 \$130,000

This project will continue development of the aquatic invertebrate database for environmentally sensitive species to lay the foundation for development of biological criteria for biological monitoring of pollution. It will assess reference sites selected as standard sites for establishing biological criteria for biological monitoring. Technical assistance will be provided facilities and groups monitoring for the exotic zebra mussel (*Dreissena polymorpha*).

RATIONALE:

Funding for these projects has been approved by the Legislative Commission on Minnesota Resources.

GOVERNOR'S RECOMMENDATION:

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund and the Minnesota Environmental Trust Fund, the Governor makes no specific recommendations.

**PROGRAM:** Air Pollution Control  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

**PROGRAM PURPOSE:**

The mission of the Air Pollution Control Program is to maintain air quality levels that protect the public and the environment. The division strives to accomplish the mission through programs that:

- Prevent the emission of harmful levels of air pollution through permitting of facilities;
- Assure that facilities are operating according to rules to protect the environment and public by monitoring compliance and inspecting facilities;
- Assure that motor vehicle emission control systems are properly maintained and functional;
- Monitor ambient air quality to assure that standards are being met and to provide information on effectiveness of control measures;
- Ensure consistency of state and federal air pollution control programs and activities by developing state implementation plans and regulations to meet federal requirements;
- Collect, analyze and interpret data of ambient air quality, types of emissions and sources, adding to and maintaining information systems used in making decisions regarding air pollution control programs;

The Air Quality Division operates the following programs:

- General air pollution control;
- Vehicle Inspection and Maintenance;
- Noise pollution control;
- Acid rain control and monitoring; and
- Asbestos abatement project inspections.

**PERFORMANCE:**

The agency is responsible to assure that ambient air quality is maintained to meet state and federal standards, that sources operate in accordance with permits and the law, and that facilities are constructed to meet state and federal standards.

For areas of the state which do not meet state and federal ambient air quality standards, the division must develop and implement state implementation plans which will result in achieving the standards by lowering emissions of pollutants and assuring that the standards will be maintained into the future. Success is measured in monitored ambient air quality and the adoption of plans for controlling emissions. The 7-county metropolitan area has been listed as nonattainment for sulfur dioxides, particulate matter and carbon monoxide. The agency is in process of developing plans for the control of sulfur dioxides from major polluters in the area. Most notably, an order for Koch Refining Company which significantly lowers the emissions of sulfur dioxide from the refinery has recently been agreed upon.

Carbon monoxide is being addressed by the automobile inspection and maintenance program. This past year rules have been developed and the agency has entered into a contract with a firm to construct and operate inspection stations. The system will begin operation 7/91 and about 1,200,000 automobiles will be inspected each year. This program is expected to result in lowered levels of carbon monoxide which will result in the attainment of the ambient air quality standards for carbon monoxide and is part of the state implementation plan for this pollutant. This program will reduce toxic air pollution and pollution that contributes to smog.

During the last biennium, the agency has submitted to the Federal Environmental Protection Agency state implementation plans to improve air quality for Duluth, St. Paul and St. Cloud. The agency has also completed 9 rulemaking actions as part of the plan to reduce and control air pollutants. The agency is working with the federal government on plans for the Twin Cities sulfur dioxide.

The agency has monitored air quality at 46 locations throughout the state. Both the number of violations and the areas reporting violations has declined steadily since 1977. The state meets the standards for ozone, nitrous oxides and lead. Because of these improvements, the agency has been able to request that the Federal Environmental Protection Agency redesignate 4 areas of the state as attaining the standards which were previously in violation.

The agency has handled an increasing number of permit actions over the years. During the period of 1980-1985, the agency issued 214 permits and 60 permit amendments, during 1985-1990 this increased to 701 permits and 329 amendments. Permit actions during F.Y. 1990-91 are expected to be about 500. Most permit actions have resulted in improved controls at emission points, better monitoring of emissions and generally a reduction in allowable emissions. In addition, sources have been required to perform measurements of emissions from stacks. There has been a steady increase in performance testing, increasing from 94 in 1988 to 180 in 1990. This has provided the agency with more accurate information regarding compliance of facilities and actual emissions.

Toxic air pollutants has become a major issue for the agency in recent years. During F. Y. 1990-91 the agency expects to complete 40 facility toxic pollutant reviews. The agency has published guidelines for the review of toxic air pollutants during the permitting process and is in the process of developing regulations.

Permitting and inspecting waste combustion incinerators has become a major activity. In 1988, the agency made 4 decisions on incinerator permits. Each decision was highly controversial involving significant amount of staff time. These decisions were all appealed to the courts and 2 of the 4 decisions went to the supreme court for review. The agency has developed new incinerator rules which will be public noticed in early 1991.

Compliance inspections are an important part of the program which ensures that facilities are operating in compliance with permits and regulations. The agency has responded to nearly 1400 complaints in 1990 which is a 120% increase since 1987, from 1987 to 1990 notices of asbestos abatement projects have increased over 200% to 1800, inspections of sources have increased 114% to 495, and enforcement actions have increased 40% to 123.

**PROSPECTS:**

Congress has passed a new Clean Air Act which contains the following key provisions that will require new and expanding state activities:

- The agency will be required to adopt additional measures to assure compliance with standards for carbon monoxide beyond the existing vehicle inspection and maintenance program that will start 7/1/91. This includes improved emission inventories and forecasts of vehicle miles travelled and the development of contingency plans if standards aren't met.
- The new act has more stringent requirements for vehicle emissions and new types of fuels including oxygenated fuels. These requirements will increase public inquiries regarding purchase of vehicles and concern about automobile emissions. In addition, the 2 refineries in the state will be changing the types of fuels produced and the refinery changes will require 6 permit amendments.
- For areas that do not meet the standards for particulate matter (dust and airborne particles) the agency must submit a plan that includes a permit program and control technology to demonstrate compliance.

- The Clean Air Act includes 189 chemicals to be regulated as hazardous air pollutants. The existing Clean Air Act regulates 16 pollutants. It will require the agency to review permits to assure control of hazardous air pollutants through application of maximum available control technology and conduct human health risk analyses for these sources. The agency estimates that, of the 1,470 sources currently permitted by the agency, 750 will have to go through review for toxic air pollution emissions control and that about 50 sources, not currently permitted, will require permits under this provision.
- The new act requires identification and control measures for smaller sources of hazardous air pollutants. These sources could potentially include 130 plastics fabricators and manufacturers, 600 dry cleaners, 1,150 printers, 1,300 autobody shops, 60 metal finishers, and 60 coating operations, 50 metal platers, and 150 miscellaneous sources of toxic air pollutants for a total of 3,500 additional sources. Most of these area sources are not currently regulated.
- The new Clean Air Act includes provisions to reduce emissions from solid waste incinerators. The bill requires the Federal Environmental Protection Agency to establish design and emission standards for particulate matter, sulfur dioxide, hydrogen chloride, oxides of nitrogen, carbon monoxide, lead, cadmium, mercury, dioxins and dibenzofurans, and 35-40 other chemicals. The first standards for incinerators with capacities greater than 250 tons per day are to be established by 12/90 with other standards to follow in the next 2 years. New monitoring requirements are established for emissions, incinerator operation and pollution control equipment. All this will add to the air program's workload as the requirements are implemented in the state. States must submit to the Federal Environmental Protection Agency plans for implementing and enforcing the requirements of the incinerator program. States have 1 year from the time federal guidelines are established to submit a plan to the Federal Environmental Protection Agency for implementation and enforcement of the guidelines.
- The new act contains provisions for reducing emissions from sources that contribute to the acid rain problem. The state has implemented a control program in the past that will generally meet the new federal requirements. No new control activities are anticipated.
- The new act establishes many additional federal permit requirements. The agency will also have to meet a 5-year permit renewal requirement. States are required to submit to the federal government within 3 years a permit program plan that includes, at a minimum, requirements for permit applications, monitoring and reporting requirements, permit fee authority (including the collection, in the aggregate, of \$25 per ton of pollution emissions), requirements for adequate personnel and funding and authority for issuing and processing permits. Sanctions will be imposed if the agency fails to adequately implement and enforce the program.
- Facilities subject to the permit program must submit, with their applications, a compliance plan, a schedule of compliance, and a schedule for submitting progress reports. The state must notify other states within 50 miles of states that may be affected by emissions from a proposed source that a permit application has been filed. Such states shall have an opportunity to comment upon the application. Such notifications and receipt of notices from other states will increase the agency's workload.
- States are required to establish technical and compliance assistance programs for small businesses by 11/92. These programs must include mechanisms for collecting and coordinating information, assisting facilities with pollution prevention and accidental release detection, ensuring that facilities are notified of their rights and obligations under federal law. The agency will need to establish an ombudsman for small business stationary sources, develop a compliance assistance program to help small businesses determine which requirements apply to them so the agency receives permits in a timely and efficient manner, develops procedures for considering requests to modify work

practices, and researches technological methods to achieve compliance.

The program will need added resources to track emissions, develop rules to meet new state implementation plan requirements, conduct additional ambient air quality monitoring, increase capability to model the emissions of facilities, conduct enforcement actions, do compliance monitoring, draft state implementation plans, track compliance with acid rain requirements, collect and track fee payments, keep an expanded statewide air pollutant emissions inventory and conduct a public education process on the new requirements. In addition to the anticipated requirements of the new Federal Clean Air Act, increased needs have added demands on already limited resources. These demands result from increased public awareness and concern, industrial growth, other federal laws and regulations, population growth and new programs that need to be addressed, such as toxic air pollutants. This has resulted in increasing numbers of permit applications, more intensive review of permit applications including review of additional pollutants and risk analysis, and increasing numbers of facilities to inspect and more citizen requests for information and hearings.

The following table shows the increased demands placed on the division since F.Y. 1988 and projected impact through F.Y. 1993.

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Permit Applications	240	240	265	292	321	353
Scheduled Permit						
Reissuances	220	294	304	314	334	364
Actual Permit Action	158	215	241	-	-	-
Emission Monitor						
Certifications	13	7	16	20	25	31
Stack Test Reports	99	133	180	225	281	351
Complaints	905	1114	1393	1810	2354	3060
Asbestos Actions	823	1515	1800	2160	2592	3110
Required Inspections	694	713	733	755	778	800
Actual Inspections	451	560	495	-	-	-
Enforcement Actions	77	102	123	181	187	192
Regulated Facilities	1498	1578	1470	1520	1570	1620

The program has responded and will continue to respond to these increasing demands by reviewing procedures and streamlining where possible, using general permits to reduce the time spent on smaller air pollution sources, making greater use of computers to aid efficiency and reducing activities more appropriately handled on a local level, such as open burning. The program has also assured that staff is assigned to the most critical areas. Even with these changes, the air program still continues to experience backlogs of permit applications and the inability to conduct an adequate number of compliance surveys with existing resources. The agency is not able to inspect annually all of the major sources of air pollution in the state. The program's statewide ambient air quality monitoring network is aging and equipment needs to be replaced. Current base funding is not adequate to replace old monitoring equipment.

There are areas in the state that do not meet national ambient air quality standards. These are called nonattainment areas and are addressed through the development of state implementation plans. For areas that do not have approved plans the agency is in the process of developing plans. The Federal Environmental Protection Agency has approved plans for most of the state and the agency is implementing those plans.

The most noticeable activity to address excessive levels of carbon monoxide in the 7-county metropolitan areas will be the automobile emission control inspection/maintenance program now scheduled to begin operating 7/1/91. This will involve the testing of gasoline powered vehicles in the 7-county metropolitan area to assure that tailpipe emissions meet certain limits for carbon monoxide and nitrous oxides.

**PROGRAM:** Air Pollution Control  
(Continuation)  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

**PLAN:**

Biennial BASE level funding for the program is divided among functions as follows:

**Biennial Base Level Funding**

(Dollars in Thousands)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
General Air Pollution Control	3,468	3,460
General Air Control (Fee Funded)	552	550
Noise	32	32
General Airport Noise (Fee Funded)	75	75
Inspection Maintenance	855	855
Acid Rain	319	319
Total	<u>5,301</u>	<u>5,291</u>

**Agency Reallocations**

Please refer to the following Decision Items for requests regarding the Air Pollution Control Program:

- Financing Inflationary Costs which follows the agency narrative.
- General Fund Reductions and Reallocations which follows the agency narrative.

**GOVERNOR'S RECOMMENDATIONS:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY  
PROGRAM: AIR POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
A Q OPERATIONS	3,283	4,697	5,308	5,301	6,482	6,482	5,291	7,722	7,722
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	3,283	4,697	5,308	5,301	6,482	6,482	5,291	7,722	7,722
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	3,283	4,697	5,308	5,301	6,482	6,482	5,291	7,722	7,722
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	3,283	4,697	5,308	5,301	6,482	6,482	5,291	7,722	7,722
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	1,568	1,951	1,938	1,963	1,763	1,763	1,955	1,005	1,005
SP REV DIRECT APPROP	361								
MN RESOURCES		181	364						
PUBLIC HEALTH	77								
SPECIAL REVENUE	189	480	855	855	855	855	855	855	855
ENVIRONMENTAL		591	618	627	2,008	2,008	625	4,006	4,006
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		342	413	413	413	413	413	413	413
FEDERAL	1,088	1,152	1,120	1,443	1,443	1,443	1,443	1,443	1,443
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,283	4,697	5,308	5,301	6,482	6,482	5,291	7,722	7,722



**PROGRAM:** Ground Water and Solid Waste Pollution Control  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

#### PROGRAM PURPOSES:

The mission of the Ground Water and Solid Waste Pollution Control Program is to serve the public in the protection and improvement of the state's water, air, and land resources through the establishment of ground water protection strategies, the proper management of solid waste, and the implementation of clean up actions of active and abandoned disposal sites that will protect and enhance public health and the environment. The program strives to achieve this mission through activities that:

- Develop and implement a comprehensive ground water program featuring improved monitoring and information transfer, amendments to ground water protection rules, and support local government in implementing of local water plans.
- Conduct a waste management facility permit, inspection and compliance program that ensures environmentally protective facilities that comply with requirements for solid and infectious waste.
- Improve solid waste management through a combination of technical assistance and certification of facility operators, special studies and reports, participation in inter-agency and national focus groups and the development and implementation of rules.
- Implement the Minnesota Environmental Response and Liability Act (MERLA) to take emergency action and to investigate and clean up abandoned hazardous waste sites and solid waste landfills.
- Respond to requests from the public concerning liability associated with the buying and selling of property. Buyers, sellers, lending institutions and insurers request agency assistance in determining whether property has been the site of a release or threatened release of a pollutant.
- Eliminate waste tire dumps by providing technical and financial assistance to site owners and local units of government; achieve compliance through permit and enforcement activities and provide technical and financial assistance through research grants and low interest loans to establish new methods for recycling and utilizing waste tires.

The Ground Water and Solid Waste Division operates the following programs:

- Ground Water Protection
- Municipal Solid Waste Management
- Industrial Solid Waste Management
- Metropolitan Landfill Contingency Action Trust
- State Superfund
- Federal Superfund
- Waste Tire Management and Abatement

#### PERFORMANCE:

- **Ground Water Protection:** One of the major needs identified by all parties is an improved system of gathering and sharing information. The redesign of the state's ambient ground water monitoring program was completed with funding from the Legislative Commission on Minnesota Resources. The Integrated Ground Water Information System, which will enable the agency to store and analyze ground water data from 8 different programs, including the ambient program, was implemented in 1990. This system is compatible with other state and federal agency data bases to allow electronic data transfer.

The agency also participated in the development and review of the ground water components of local water plans and work was initiated on a revision of the ground water protection rule.

- **Solid Waste Management:** More than 10 million cubic yards of municipal solid waste are generated annually in Minnesota. There are no accurate annual estimates on the quantity of industrial or other types of solid waste generated. The agency provides technical review of proposed and existing facilities to ensure proper management.

In Minnesota, solid waste management has progressed from having over 1,500 open burning dumps in the early 1970's to 132 permitted landfills in the 1980's to 50 permitted landfills, 12 incinerators, 5 compost facilities, and numerous recycling, transfer, and waste processing facilities in the 1990's. The transformation from dumps to facilities with liners, systems to collect leachate, control methane gas and other environmental impacts has resulted in an increasingly complex review. Many existing facilities also must be upgraded.

Permits are issued and inspections conducted in coordination with the regional offices. In F.Y. 1990, there were 10 new facilities permitted and 10 permits reissued or modified. The agency attended numerous public meetings as part of the permitting process. Four requests for contested case hearings were evaluated and 1 contested case hearing, Flying Cloud Landfill, continued in F.Y. 1991. No other contested case hearings were commenced. There were 5 lawsuits associated with permit decisions. The agency conducted an estimated 450 inspections of permitted facilities, responded to over 500 complaints at permitted and unpermitted facilities, and initiated 21 enforcement actions during F.Y. 1990. In order to make our organization more efficient and effective, the agency has developed a priority structure to maximize the use of available resources.

The agency oversees the Metropolitan Landfill Contingency Action Trust Fund. There are 19 landfills in the metro area that are potentially eligible for these funds. A total of approximately \$340,000 has been spent from this fund at 2 landfills during F.Y. 1990-91.

During F.Y. 1990-91, the agency developed and adopted rules to regulate the packaging, transportation, treatment and disposal of infectious waste and currently is in the initial implementation phase of rulemaking to regulate the disposal of incinerator ash. The agency also is implementing the amended solid waste facility financial assurance rules.

Improving the management of solid waste requires the collection, development, preparation and transfer of information to a large, diverse audience, including legislators, local officials, and businesses. The agency has produced special reports for the legislature and instructional manuals to assist facility owners and operators. Additionally, training sessions were presented covering composting and landfill operation. The program has certified 475 qualified operators. The agency collaborates with the Office of Waste Management in the preparation of a biennial solid waste management report. In 1990, the agency embarked on a 4-season waste composition study at 5 solid waste facilities in Greater Minnesota.

- **Superfund:** The agency and the federal government have sought to identify hazardous waste sites and have established a program to detoxify substances associated with these sites. The agency has identified 165 hazardous waste sites and will continue working aggressively to eliminate toxic substances threatening public health or the environment.

Currently 179 sites are listed on the state's Superfund Permanent List of Priorities for investigation and cleanup. Nine sites were added in F.Y. 1990; an additional 15 sites were added and 1 site deleted from the list in F.Y. 1991. Forty three of the 165 sites currently listed on the state list are also included on the federal Superfund national priorities list; therefore, activities at those 43 sites are eligible for federal funding, if available. There are 56 permitted municipal landfills on the priority list, of which 11 are also on the federal Superfund list. This number is expected to increase as additional landfills have hazardous substance releases.

Currently, there are 124 hazardous waste sites that are in some phase of the clean-up process. Sixty-four sites are in the investigation phase. Twenty-five sites are in the design phase. During F.Y. 1990-91, final remedial actions were implemented at 35 sites. As a result, approximately 139,000 tons of hazardous waste was detoxified and 992 million gallons of contaminated ground water was treated. During F.Y. 1990-91 \$19,138,000 in federal dollars were spent at 27 of these

sites. In addition, the agency responded to 3 emergencies involving contaminated drinking water and provided affected residences with alternative drinking water.

A voluntary property transfer program was established in 1988. The agency conducts file searches, reviews the investigation and response plans and assists in or supervises the responses. During the first 2 years, the agency responded to over 1,500 requests and provided investigation and/or cleanup assistance at 30 sites. The program has doubled original expectations, with 2,000 requests being processed in F.Y. 1990 and an expected 2,500 requests in F.Y. 1991. The program is self supporting. The agency bills its clients to cover the costs of the service.

Since 8/88, the property transfer program has overseen a total of approximately 130 clean-up projects. The agency anticipates that the demand for the services of this program will continue to increase during F.Y. 1992-93.

- **Waste Tire Management:** The program is working to clean up tire dumps that have caused nuisance, health and safety problems. A large portion of funding goes to financial assistance for eliminating these dumps. The number of tire cleanups has increased significantly over the past year and the abatement program will peak during F.Y. 1991. The agency has cleaned up or has work in progress at 51 tire dumps containing 6.4 million tires.

The agency has been working closely with new and existing facilities to develop permits and prevent future problems with waste tires. The agency also has been assisting in the development of recycling markets for waste tires by encouraging private enterprise to establish tire processing and recycling facilities, by conducting research studies, and by making grants and low interest loans to stimulate development. The agency also works to match new products with new markets to expand the state's processing and manufacturing network.

#### PROSPECTS:

- **Ground Water Protection:** Ground water information will continue to be in high demand. The proposed statewide ground water quality monitoring program will provide vital information that will not otherwise be available to meet state, local, and private sector needs. The need for this information has been demonstrated, first in the local water planning process, where counties placed top priority on better information, and second, in a needs survey being conducted. The counties surveyed overwhelmingly indicated the need for greatly improved information and most wanted that information developed by the state. Information must be collected and stored in a standard method so it is useful to a wide variety of clientele. Implementing the statewide monitoring program will meet this need, but adequate funding currently does not exist to allow the agency to respond.
- **Solid Waste Management:** Legislative mandates have established a hierarchy for implementing solid waste management programs. Recycling and waste reduction are the preferred management options. Composting and energy recovery are the next preferable alternatives, with land disposal the least desirable choice. Each alternative has potential adverse impacts on human health or the environment if the facilities are not properly monitored and regulated. The Waste Reduction and Recycling Act of 1989 (SCORE) provides incentives and money to counties to implement recycling programs. This has resulted in the development and implementation of many alternative waste management facilities across the state. Additionally over 30 land disposal facilities closed recently leaving the existing management system to adjust to accept the waste. Most of these facilities that recently closed took advantage of opportunities for less stringent closure requirements that exist in rules and statutes. The agency is now faced with trying to develop closure plans, inspect construction activities, approve plans and pursue enforcement options against those facilities that do not close appropriately.

Some of the waste went to newly constructed alternative systems, but much went to landfills that remained open. These facilities are now being filled at a faster rate than planned, thereby increasing the need for new capacity.

Although the number of operating facilities has decreased, the level of review and sophistication of technical documents has increased. The agency is investigating ways to streamline the process without compromising the technical decisions, environmental protection, or public participation.

The agency also is implementing a new program that establishes standards and registration requirements for transporting, storing, treating or disposing of infectious waste. The program results are expected to provide guidance for developing national policy.

Public demands being placed on the agency for more review, monitoring and timely response to problems requires an increase in the current level of effort. The agency has determined there is a need to reprogram funds for the solid waste composition study for permitting compost facilities and other alternative solid waste technology.

- **Superfund:** The agency will continue efforts to identify new hazardous waste sites. Based on the current sites under assessment and the average number discovered each year, the agency projects that 204 sites will be on the state's priority list by the end of F.Y. 1993, 38 more than in F.Y. 1990. Resources will be directed to the most needy sites. This activity has been funded primarily by the federal government. The agency will continue to seek out responsible parties and maximize the use of federal Superfund dollars for management and response at specific sites.

The State Superfund Program has been very effective in obtaining responsible party actions at the majority of the sites and in obtaining and securing federal dollars to fund cleanups at many of the remaining sites. The continued success of the Superfund program depends on the availability of dollars to encourage cooperation by responsible parties, provide the required 10% match for federally funded cleanups, and conduct cleanups of sites not eligible for federal funding. The federal program has slowed considerably and has limited funding. This slowdown will effect our ability to use federal instead of state Superfund dollars. Stalled cleanups are likely at sites unless responsible parties undertake the work or state Superfund dollars are available. Therefore, in order to continue activities during the F.Y. 1992-93, approximately \$12,300,000 in state dollars will be needed, \$4,600,000 will be needed in F.Y. 1992 and \$7,700,000 in F.Y. 1993.

Of most concern are the more than 70 landfills that have closed but that require clean up. Many of these landfills are municipally owned, are located in greater Minnesota and require major, multi-million dollar clean-up and closure efforts. More than \$150 million in remediation costs may be necessary to address these landfills over the next 10 years. In addition, an estimated \$190 million in remediation costs may be needed for open landfills to address cleanups and long-term closure. No specific fund currently exists to address all these closed landfills, although use of state and federal Superfund (if available) is a limited option. Additional funding of the state Superfund, new legislation to establish a separate closed landfill clean-up and closure fund or some other mechanism will be necessary to address closed landfills.

The Voluntary Property Transfer Program has been responding to a growing number of requests for file searches and for review and approval of environmental investigations and clean-up activities. The desire to avoid liability for environmental contamination will ensure demand.

- **Waste Tire Management:** A workable system for transporting and processing waste tires has been established. Most large sites that contain half of the tires in dumps have been addressed, but over 120 tire dumps remain. A network of processing facilities exists, but additional development is needed before the processing capacity is stable and an adequate market system exists. The long-term success of waste tire management depends on local cooperation and participation. The agency and the Office of Waste Management assist local units of government in developing tire management plans and local collection centers through a grant program. The long-term outlook is for a maintenance level program to handle permit and enforcement activity with transporters and processors.

**PROGRAM:** Ground Water and Solid Waste Pollution Control (Continuation)  
**Agency:** Pollution Control Agency  
**1992-93 Biennial Budget**

The agency will continue to facilitate market development and conduct feasibility studies to provide new information. The grant and loan programs have been available for over 2 years, but the waste tire industry has grown, for the most part, on private funding. Grants and loans should remain available to fund market development and use of tire derived products.

- **Junkyards:** Junkyards are believed to be the source of significant environmental contamination. The agency will seek a statutory amendment to authorize the agency to investigate junk yards for health/safety and environmental hazards. The amendment would authorize the agency to spend a portion of the money appropriated from the motor vehicle transfer account on site investigations at junkyards. Resources and funds would be reallocated to meet this need. This would involve a shift of 1 staff person from waste tire abatement to junk yard investigations.

**PLAN:**

Biennial BASE level funding for the program is divided among functions as follows:

	Biennial BASE Level Funding (Dollars in Thousands)	
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Ground Water and Solid Waste Operations	9,147	9,132
Ground Water and Site Response	19,958	18,348
Total	<u>29,105</u>	<u>27,480</u>

**Agency Reallocations**

Please refer to the following Decision Items for requests regarding the Ground Water and Solid Waste Pollution Control Program:

- Financing Inflationary Costs which follows the agency narrative.
- General Fund Reductions and Reallocations which follows the agency narrative.
- General Fund Reallocations (SCORE) which follows this narrative.
- Junkyard Investigations which follows this narrative.
- Metropolitan Landfill Closure which follows this narrative.

**BUDGET ISSUES:**

- **Superfund:** In the past, state money for Superfund was provided through general fund, fees, taxes, penalties, reimbursements, etc., and no alternative funding sources were required. In F.Y. 1992-93, however, the agency will need approximately \$12,300,000 to continue clean-up activities. This is based on responsible parties at 4 federal national priority list sites taking over the cleanups currently being performed with federal financing. If the responsible parties don't take over the cleanups, the state matching funds necessary will place an additional demand on the state Superfund of \$10,800,000. Currently the agency is exploring alternative funding sources to meet the needs of the program. Possible alternative funding sources being considered to support Superfund are a diversion of Metropolitan Landfill Contingency Action Trust Funds and Greater Minnesota Contingency Action Trust Funds, a surcharge on property and casualty insurance premiums, a surcharge on solid waste disposal fees, diversion of excess motor vehicle transfer funds, and taxes or fees on toxic materials.

As state-of-the-art, engineered and financially secure landfills are constructed, the number of Superfund permitted landfills requiring major clean-up efforts will be reduced. The agency is streamlining the process for landfill investigations and clean-up work, which will result in quicker cleanups.

The agency has met with the Legislative Commission on Waste Management to identify long-term trends in clean-up needs and legislation to address those needs. Currently, financial assurance is anticipated to address cleanups at most open landfills and ultimate closures, while a mix of funding options including Superfund, Metropolitan Landfill Contingency Action Trust, landfill trusts and potential new legislation are being explored for closed facilities.

**Recommended Rider Language:**

- All money in the Metropolitan Landfill Contingency Trust Fund not otherwise directly appropriated is appropriated to the Pollution Control Agency for the purposes of M.S., section 473.845. The agency may not spend the money until the Legislative Commission on Waste Management has made its recommendations on the proposed budget submitted by the agency. Any unencumbered balance remaining in the first year does not cancel, but is available for the second year.
- All money in Metropolitan Landfill Abatement Fund not otherwise appropriated is appropriated to the Pollution Control Agency for payment to the Metropolitan Council and may be used by the council for the purposes of M.S., section 473.844. The council may not spend the money until the Legislative Commission on Waste Management has made its recommendations on the budget and work program submitted by the council.
- The appropriation from the Environmental Fund, Motor Vehicle Transfer Account is for use in clean up of waste tires and the investigation of junkyard pollution as prioritized by the agency. Any unencumbered balance remaining in the first year does not cancel, but is available for the second year.
- All money in the Environmental Response, Compensation, and Compliance Account not otherwise appropriated, is appropriated to the Pollution Control Agency for the purposes described in the Environmental Response and Liability Act, M.S., section 115B.20, subdivision 2, paragraphs (a), (b), (c), and (d). This appropriation is available until June 30, 1993.
- Any unexpended balance from the appropriation for activities authorized under the Waste Reduction and Recycling Act of 1990 shall not cancel at the end of the first year, but shall be available for the second year.

**GOVERNOR'S RECOMMENDATIONS:**

The Governor concurs with the agency's plan with the following exceptions:

The Governor does not recommend funding the agency request for junkyard investigations. The amount requested by the agency is \$500,000 for the biennium. Rather, the Governor recommends this money be transferred along with the estimated, unobligated balance in the Motor Vehicle Transfer Account (MVT) to the MERLA Account (State Super Fund). The amount of the recommended transfer is \$1,000,000 each year of the biennium. An increase in projected Super Fund expenditures is reflected in the Governor's recommendation.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY  
PROGRAM: GRDWTR & SLD WST POLLU CTRL

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
GRDWTR & SLD WST OPERATIONS	6,402	8,166	10,331	9,147	9,931	9,931	9,132	9,250	9,250
GROUNDWATER & SITE RESPONSE	6,470	10,173	20,743	19,958	19,976	20,726	18,348	18,384	19,134
TOTAL EXPENDITURES BY ACTIVITY	12,872	18,339	31,074	29,105	29,907	30,657	27,480	27,634	28,384
DETAIL BY CATEGORY:									
STATE OPERATIONS	11,660	16,252	27,343	25,374	26,426	27,176	23,749	24,153	24,903
LOCAL ASSISTANCE	1,212	2,087	3,731	3,731	3,481	3,481	3,731	3,481	3,481
TOTAL EXPENDITURES BY CATEGORY	12,872	18,339	31,074	29,105	29,907	30,657	27,480	27,634	28,384
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,081	1,904	2,960	2,684	2,124	2,124	2,673	2,313	2,313
MN RESOURCES		115	559						
ENVIRONMENTAL	2,624	5,154	6,402	6,131	6,509	6,259	6,118	6,514	6,264
METRO LANDFILL CONTN	83	317	1,036	671	1,655	1,655	671	789	789
MOTOR VEHICLE TRANS	1,398								
WATER POLLUTION CNTRL	103								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	72	57	61	61	61	61	61	61	61
FEDERAL	4,689	6,535	13,488	13,670	13,670	13,670	13,670	13,670	13,670
ENVIRONMENTAL	1,688	4,257	6,568	5,888	5,888	6,888	4,287	4,287	5,287
METRO LANDFILL ABATEMENT	1,134								
TOTAL FINANCING	12,872	18,339	31,074	29,105	29,907	30,657	27,480	27,634	28,384

ACTIVITY Ground water and Solid Waste Operations  
PROGR Ground Water and Solid Waste Pollution Control  
AGENCY Pollution Control Agency

DECISION ITEM: Metropolitan Landfill Closure

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
AGENCY PLAN:				
Expenditures				
Metropolitan Landfill	\$ 984	\$ 118	\$ 125	\$ 125
Contingency Action Trust Fund				

**GOVERNOR'S RECOMMENDATION:**

Expenditures				
Metropolitan Landfill	\$ 984	\$ 118	\$ -0-	\$ -0-
Contingency Action Trust Fund				

Requires statutory change: \_\_\_\_\_ Yes \_\_\_\_\_ No

Statutes Affected:

**ITEM SUMMARY:**

The agency request \$1,102,000 for the biennium from the Metropolitan Landfill Contingency Action Trust Fund to conduct landfill closures. The Metropolitan Landfill Contingency Action Trust Fund was established for this purpose and there is an adequate balance in the fund.

**RATIONALE:**

The funding will be used to conduct closure and postclosure care and assist in providing state match money at federal Superfund program sites within the Metro area. This program is necessary to continue monitoring contamination from sites creating environmental problems. The Metropolitan Landfill Contingency Action Trust Fund is a dedicated account to be used for closure and postclosure of landfills. Funding available to the agency in F.Y. 1992 needs to be also available in F.Y. 1993 due to the uncertainties in clean-up project schedules.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan for the 1992-93 biennium. This funding is recommended for the biennium only and should not become part of the agency base.

**ACTIVITY:** Ground Water and Solid Waste Operations  
**PROGRAM:** Ground Water and Solid Waste Pollution Control  
**AGENCY:** Pollution Control Agency

**1992-93 Biennial Budget**

**GOVERNOR'S RECOMMENDATION:**

The Governor does not concur with the agency's plan. In the agency's budget, the Governor recommends a transfer of \$2.0 million from the Motor Vehicle Transfer Account to the MERLA (State Super Fund) Account. That amount cannot be transferred if \$500,000 is spent on this new initiative. The agency should continue identifying potential sites, including junkyards, within it's BASE level funding for Super Fund Administration.

**DECISION ITEM:** Junkyard Investigations

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<b>AGENCY PLAN:</b>				
<b>Expenditures</b>				
Environmental Fund-MVT Waste Tire Management	\$ (250)	\$ (250)	\$ (250)	\$ (250)
Environmental Fund-MVT Junkyard Investigations	\$ 250	\$ 250	\$ 250	\$ 250
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Environmental Fund-MVT Waste Tire Management	\$ (250)	\$ (250)	\$ (250)	\$ (250)
Environmental Fund-MVT Junkyard Investigations	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Revenues</b>				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**Requires statutory change:**   X   Yes        No  
**Statutes Affected:** 115A.912

**ITEM SUMMARY:**

The agency proposes reallocating \$250,000 each year of the biennium from funds available in the Environmental Fund, Motor Vehicle Transfer Account, currently allocated to the Waste Tire Management Program to conduct its investigations at junkyards for health and environmental hazards.

**RATIONALE:**

This reduction of the Waste Tire Management Program will have no significant impact on the schedule to eliminate the stockpiles of waste tires. Because waste tires are often found at junkyards, use of the Motor Vehicle Transfer Account funds seems reasonable. The funds will be used to sample for air, water and soil contaminants and determine the extent of danger to the public health and welfare of the environment.

ACTIVITY Groundwater and Site Response  
PROGRAM Groundwater & Solid Waste  
AGENCY: Pollution Control Agency

1992-93 BUDGET

DECISION ITEM: Supplemental Funding for MERLA (State Superfund)

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:

Expenditures

Environmental Fund	\$ 1,000	\$ 1,000	\$ -0-	\$ -0-
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Revenues

Environmental Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Requires statutory change:  X  Yes   No

Statutes Affected:

ITEM SUMMARY:

The Agency is projecting a shortfall of about \$15.5 million dollars to conduct State financed cleanups at several hazardous waste sites throughout the State for the 1992-93 biennium. As an alternative to providing a General Fund subsidy, it is recommended that \$2 million in the Motor Vehicle Transfer Account (Environmental Fund) be transferred to the MERLA account which is also in the same fund.

RATIONALE:

PCA is projecting a significant need for supplemental funding for the clean-up of hazardous waste sites. As a stop-gap measure, until a more permanent and stable source of funding is available, the Governor recommends transferring \$1 million per year from the Motor Vehicle Transfer (Waste Tire) account. Because of the multiple landfill sites now on the State's Permanent List of Priorities, it is assumed that some portion of the hazardous materials polluting the ground water is caused by the dumping of automotive products in landfills.

An appropriation rider authorizing the transfer to the MERLA Account is needed to implement this recommendation. The appropriation for site clean-up is authorized by open appropriation authority.

**PROGRAM:** Hazardous Waste Pollution Control  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

**PROGRAM PURPOSE:**

The mission of the Hazardous Waste Pollution Control Program is to serve the public by preventing hazardous wastes and petroleum products from polluting the state's water, air, and land. The Hazardous Waste Division strives to achieve this mission through programs that:

- Insure that hazardous wastes are properly managed through regulatory control, technical assistance, and public awareness to minimize the potential for air, surface or ground water, and land pollution.
- Protect the environment from leaks from petroleum storage tanks through cleanup activities, regulatory programs, and technical assistance.
- Respond to environmental emergencies caused by releases of pollutants and to oversee the resulting cleanup.

The Hazardous Waste Division operates the following programs:

- Hazardous Waste Management
- Household Hazardous Waste Management
- Petroleum Storage Tank Release Cleanup
- Petroleum Storage Tank Management
- Spills Response

**PERFORMANCE:**

The agency believes it has identified almost all large and medium quantity hazardous waste generators and has brought them under the regulatory system. Approximately 8,000 generators have disclosed information to the agency on the types and quantities of their hazardous wastes. The agency believes that at least another 7,000 small generators have yet to disclose their hazardous wastes. Regulation of hazardous waste generators is important because improper handling of hazardous waste can cause both short term threats to human health and dangers to the environment.

The agency continues to provide technical assistance to the regulated community on the requirements of the hazardous waste rules. This has been accomplished by conducting workshops designed for the small quantity generators, distributing fact sheets, and a quarterly newsletter sent to 22,000 businesses. In F.Y. 1990-91 staff conducted 16 workshops statewide with approximately 1,400 people attending. Other outreach efforts resulted in presentations to over 2,000 people.

An upgraded statewide hazardous waste computer tracking system allows cradle to grave tracking of hazardous waste manifests and contains generator, transporter and facility background and compliance tracking data. This system assists the division in regulating the handling and movement of hazardous waste.

The Hazardous Waste Management program has made significant strides in F.Y. 1990-91. Since receiving authority to issue Administrative Penalty Orders in 1987, the agency has found this tool to be excellent for quickly solving minor problems such as record keeping, labeling, manifest and training violations. This has prevented many problems from becoming larger and has enhanced compliance activities significantly.

- Enforcement staff conducted over 300 inspections per year.
- Enforcement staff investigated 24 potential criminal cases in F.Y. 1990 and efforts are continuing in F.Y. 1991.

- Manifest tracking resulted in over 30 enforcement actions during F.Y. 1990 and a similar number is expected for F.Y. 1991.
- Enforcement staff received and processed 439 citizen complaints during F.Y. 1990, a 50% increase over F.Y. 1989. This trend has continued in the early part of F.Y. 1991.
- Minnesota is one of a very few states on track to meet the federal statutory deadline of 1992 for issuing all hazardous waste permits.

In F.Y. 1990-91, the agency has adopted many rules to maintain its program authorization from the Federal Environmental Protection Agency. Independent of federal regulatory requirements, the agency will have adopted the following rules during F.Y. 1992-93:

- Rules governing acceptance of wastes at the hazardous waste stabilization and containment facility to be sited by the Office of Waste Management.
- Rules governing the management of household hazardous wastes.
- Rules revising the regulatory approach for small quantity generators.
- Rules governing the management of used oil.

The Household Hazardous Waste Program has made extensive progress in F.Y. 1990-91. The agency has established 7 regional household hazardous waste programs, which includes participation of 34 counties. The agency has been able to expand its resources to provide wider coverage by developing a cost sharing program. The regional program sponsors provide program staff; a waste collection and storage site; 50% of the cost of waste disposal, equipment and education costs; and liaison with surrounding counties in setting up and operating local programs.

Used oil can be used to "hide" hazardous wastes to avoid the expense of proper disposal. Used oil is brought into Minnesota from other Midwestern States and Canada. The agency undertook an investigation of several haulers to determine whether their used oil contained hazardous wastes. Some contamination was discovered and more work is needed on this issue. The agency also participates on a task force of used oil marketers, haulers, burners, and recyclers. The shared ideas are considered in drafting state rules, developing a regulatory strategy for used oil management, and proposing and reviewing legislation. The agency has been working closely with industry to solve the used oil problem.

Lead poisoning has been a significant issue for the agency in F.Y. 1990-91. The agency has worked closely with the Department of Health, federal, state and local agencies, and citizen groups to determine ways to abate the sources of lead in residential environments. By the end of F.Y. 1990-91, the agency expects to have adopted rules outlining abatement standards for soils and the priorities for response actions to be taken when people with elevated blood lead levels are found.

The petroleum tank cleanup and regulatory programs have made significant progress since the passage of the Petroleum Tank Release Cleanup Act of 1987. This program is working as envisioned. Responsible parties are coming forward, cleanup activities are moving ahead, and reimbursements are being made.

- The program has identified approximately 40,000 existing underground storage tanks and 10,000 aboveground storage tanks.
- A state underground storage tank rule regarding installation, corrosion protection, and safety mechanisms was developed. The state aboveground storage tank rule was revamped to include better assurance of safety devices and a plan for quick response to leaks.
- The agency has developed and distributed guidance documents to help responsible parties meet the clean-up and reimbursement requirements.
- Technical assistance on new federal and state underground storage tank rules has been provided at 230 meetings with interested parties.



PROGRAM: Hazardous Waste Pollution Control  
(Collection)  
Agency: Pollution Control Agency

- The agency has implemented a tank installation certification program and has certified 380 supervisors and 210 contractors from cleanup companies to remove, repair, and/or install underground storage tanks.
- 3,600 leaking tanks have been identified, 780 cleanups have been completed, and an additional 1,800 initial site investigations have been completed and 700 reimbursements have been approved to date. Minnesota's program is moving at a pace faster than other surrounding states and has received acclaim nationally from the Federal Environmental Protection Agency.

The agency's spills response program has had much activity in F.Y. 1990-91.

- More than 2,400 spill incidents have been logged, assisted and/or overseen by staff, including major spills like the Williams Pipeline spill into the Minnesota River.
- Staff has developed improved spill prevention and response strategies working with the Upper Mississippi River Basin Association, the Regional Response Team, and the governors of Minnesota and Wisconsin.

#### PROSPECTS:

Mismanagement of hazardous waste in this country prior to current regulatory programs led to the eventual expenditure of billions of dollars in Superfund cleanups as well as untold cost in health problems. Hazardous waste regulatory requirements are designed to prevent releases of hazardous wastes into the environment. In order to measure and demonstrate environmental performance for the program, one must look at the effectiveness of regulatory compliance activities in preventing releases.

The agency believes it is essential to bring the remaining 7,000 hazardous waste generators into the regulatory system. Although the majority are expected to be very small quantity generators, their compliance is crucial because even very small quantities of hazardous wastes have caused severe environmental damage and threatened human health. Many instances of improper handling and dumping by small generators have been discovered and at least one municipal well field has been found to be contaminated as a result.

Budget restrictions require efficient, creative approaches to encourage compliance by the small quantity generator, due to their significant numbers. The agency has begun a massive outreach effort to contact any business that might generate hazardous wastes. We will include them in our program to ensure they are properly informed and have an acceptable plan for managing their wastes. This effort and its resultant increase in the number of clientele will mean an increase in efforts needed by the agency for technical assistance and compliance monitoring. The agency is evaluating alternative ways to address this growing universe of hazardous waste generators.

In response to Minnesota's changing needs, environmental priorities, new federal regulations and technological advances, the rules governing the management of hazardous wastes must be continually revised. In order to maintain authorization to administer the federal hazardous waste program in lieu of the Federal Environmental Protection Agency, the state must adopt federal regulations into state rules. This is an ongoing activity that must be continued to keep our program effective and consistent with federal programs.

Small quantities of hazardous wastes are a significant source of contamination of the solid waste stream. Additional work is needed to address the management of wastes generated in very small quantities from businesses. Rules need to be drafted and generators must be informed about methods of proper disposal and waste reduction.

in 1 regional collection program is the maximum for maintaining good management. Therefore, the agency expects to ultimately establish 10-12 regional programs in Minnesota. The state currently has 7 such programs established so 3-5 are yet needed. The agency feels that education should receive significant emphasis in the regional programs because it is only through public awareness and acceptance of individual responsibility that we will reduce the amount of household hazardous waste entering our environment. Citizens must be encouraged to change their habits and substitute safer products for hazardous ones. During the past 2 years, the disposal cost for paint, the largest component of household hazardous wastes, went from \$300 a drum to over \$700. Growth of the regional facility concept has made program management more difficult for the agency. Therefore, base level funding will not support the same level of effort for F.Y. 1992-93. Because paint represents the greatest share of the disposal costs, the agency is undertaking a study to determine methods of reducing the quantities and toxicity of paint that is disposed of through the regional programs. Even if savings can be realized through better paint management, more efforts are necessary to maintain this program due to its rapid growth and continued expansion that is necessary to meet the legislative mandate to operate a statewide program. Counties may have to pay a higher percentage of disposal costs.

The future of the hazardous waste regulatory program will be influenced by the following factors:

- Inspections currently result in contacts with about 4% of hazardous waste generators annually. This is the minimum required by the federal government as a condition of our federal grant. For adequate deterrence, the percentage should be increased.
- The enforcement program should continue to undertake enforcement initiatives that help to deter significant violations of the state and federal hazardous waste laws and rules. The agency will examine methods of making its program more effective by looking at ways to target its resources to the most likely problem areas.
- Staff training must be addressed to keep pace with both technology and the increased universe of regulated wastes.
- Permitted hazardous waste facilities must move to clean up any past disposal problems and permit drafting and compliance monitoring at facilities must be taken with care to insure that permitted facilities operate safely so future problems are prevented.
- Used oil can become an easy medium to hide hazardous waste disposal. Other states have identified this as a problem and some evidence of used oil contamination has been found in Minnesota. The agency must continue technical assistance and compliance monitoring in the area of used oil management.

The tanks program must deal with huge numbers of sites. This will continue through F.Y. 1992-93. In addition, there are high expectations from the citizens of Minnesota for quick and effective response to tank leaks. This has resulted in improvement in response times. We are continuing to look for ways to respond to all requests in a timely fashion. This means that some clients will still have to wait for their site to be reviewed and reimbursed.

The agency's spills response program has been a purely reactive one. We respond as spills are reported. Major incidents such as the Exxon Valdez spill in Alaska and the Williams Pipeline spill in the Minnesota River have heightened awareness that more must be done to prevent major environmental disasters. The agency has worked with an interstate group to develop a spill response plan for the Mississippi River. Additional authorities are needed to prevent emergencies, have better response capability, and to respond to the cleanup needs.

#### PROGRAM CHANGES:

The agency has begun a massive effort to contact all small quantity generators of hazardous waste and ensure they have adequate plans for proper management. The agency is modifying its rules to

**PROGRAM:** Hazardous Waste Pollution Control  
(Continuation)  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

allow less demanding options for management by these generators while still meeting the basic safety and environmental protection needs. Improved computer tracking as well as a shift in resources to manage this progress have been made. A pilot program to allow small generators opportunities to more easily manage their wastes has been implemented. Even with resource shifts, additional efforts are needed to deal with this issue.

Above ground tank issues are receiving increased attention. Staff have been assigned to revise rules and to increase the on-site compliance inspections to ensure proper safeguards are installed and to monitor clean up activities.

New federal rules that became effective in December 1989 required upgrading of all underground petroleum storage tanks on a predetermined schedule. Many of Minnesota's tanks needed to be upgraded due to their age and this factor coupled with the leaking underground storage tanks reimbursement program pushed tank owners to proceed rapidly. This has complicated the program significantly and put a huge drain on agency resources to try to manage this program effectively. Additional efforts to refine this program are underway, but there will be a continued backlog of projects for the next several years.

**PLAN:**

Biennial BASE level funding for the program is divided among functions as follows:

**Biennial Base Level Funding**  
(Dollars in Thousands)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Hazardous Waste Management	3,656	3,649
Household Hazardous Waste Management	1,143	1,141
Petroleum Storage Tank Release Cleanup	3,517	3,513
Petroleum Storage Tank Management	402	402
Spills Response	208	208
Total	<u>8,926</u>	<u>8,913</u>

**Agency Reallocations**

Please refer to the following Decision Items for requests regarding the Hazardous Waste Pollution Control Program:

- Financing Inflationary Costs which follows the agency narrative.
- General Fund Reductions and Reallocations which follows the agency narrative.
- General Fund Reallocations (SCORE) which follows the Ground Water and Solid Waste Pollution Control Program narrative.
- Property Transfer which follows this narrative.

**Recommended Rider Language:**

- Any unexpended balance from the appropriation for the Household Hazardous Waste Program as authorized under the Waste Reduction and Recycling Act of 1990 shall not cancel at the end of the first year, but shall be available for the second year.

**GOVERNOR'S RECOMMENDATIONS:**

The Governor concurs with the agency's plan with the following exception:

The Governor recommends a reduction of \$300,000 for the biennium in the Household Hazardous Waste Program. This reduction is offset by an agency reallocation of \$300,000 of SCORE funding for the same program.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY  
PROGRAM: HAZ WASTE POLLUTION CONTROL

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
HAZARDOUS WASTE OPERATIONS	5,770	7,105	8,590	8,926	9,186	9,036	8,913	9,288	9,138
TOTAL EXPENDITURES BY ACTIVITY	5,770	7,105	8,590	8,926	9,186	9,036	8,913	9,288	9,138
DETAIL BY CATEGORY:									
STATE OPERATIONS	5,749	7,105	8,403	8,739	8,954	8,804	8,726	9,051	8,901
LOCAL ASSISTANCE	21		187	187	187	187	187	187	187
AID TO INDIVIDUALS					45	45		50	50
TOTAL EXPENDITURES BY CATEGORY	5,770	7,105	8,590	8,926	9,186	9,036	8,913	9,288	9,138
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	838	1,513	2,223	2,091	1,936	1,786	2,087	1,932	1,782
SP REV DIRECT APPROP	702								
MN RESOURCES		35	55						
PUBLIC HEALTH	138								
PETRO CLEANUP	684								
SPECIAL REVENUE	545								
ENVIRONMENTAL		2,495	2,756	2,792	3,207	3,207	2,783	3,313	3,313
MOTOR VEHICLE TRANS	101								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	73	104	50	50	50	50	50	50	50
FEDERAL	2,689	2,958	3,506	3,993	3,993	3,993	3,993	3,993	3,993
TOTAL FINANCING	5,770	7,105	8,590	8,926	9,186	9,036	8,913	9,288	9,138

ACTIVITY: Hazardous Waste Operations  
PROGR: Hazardous Waste Pollution Control  
AGENC: Pollution Control Agency

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DECISION ITEM: Property Transfer

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
<b>Expenditures</b>				
Environmental Fund	\$ 58	\$ 61	\$ 61	\$ 61
<b>Revenues</b>				
Environmental Fund	\$ 58	\$ 61	\$ 61	\$ 61

**GOVERNOR'S RECOMMENDATION:**

<b>Expenditures</b>				
Environmental Fund	\$ 58	\$ 61	\$ 61	\$ 61
<b>Revenues</b>				
Environmental Fund	\$ 58	\$ 61	\$ 61	\$ 61

Requires statutory change: \_\_\_\_\_ Yes   X   No  
Statutes Affected:

**ITEM SUMMARY:**

The agency has not been able to keep up with site evaluation requests from parties involved in property transfer regarding liability for leaking petroleum tanks. The agency requests \$58,000 in F.Y. 1992 and \$61,000 in F.Y. 1993 to meet these requirements. The fees are paid directly by the requestors. One existing staff person will be transferred to this task.

**RATIONALE:**

Real estate transactions have consequences for property buyers, sellers, bankers, insurance companies, landlords and tenants. As state and federal environmental laws have changed, individuals and businesses have become increasingly concerned about limiting the risks involved with transfer of land which has been contaminated by releases.

As a result, staff have been responding to an increasing number of requests for file searches and approval of environmental investigations and cleanups. Most of these requests are urgent in nature and are the final step in property transfers. In cases where the requests have been associated with petroleum tank leaks, we have seen a steady growth in the number and it continues to climb. We currently have a 3 to 6 month backlog in responding to these requests, so additional assistance is necessary if we are to come close to satisfying the current demand.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

**PROGRAM:** Regional Support  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

#### **PROGRAM PURPOSE:**

The mission of the Pollution Control Agency is to serve the public to protect and improve the quality of Minnesota's air, water, and land. To support this mission, the agency maintains 5 regional offices in Detroit Lakes, Marshall, Brainerd, Rochester, and Duluth. The regional offices work closely with the central office and provide technical assistance, information, inspections, enforcement and education to local government, the business community, and the public.

The regional offices support the agency by creating working relationships with local governments to solve pollution problems. For example, the staff assists local governmental with wastewater facility management, non-point source water quality issues, solid waste facility operation and permitting, and local enforcement.

Regional offices serve the public by providing environmental information and by resolving citizens complaints about adverse environmental activities.

The regional offices achieve the agency's mission through the following functions:

- Conduct inspection of wastewater treatment facilities to determine permit compliance.
- Provide technical assistance to municipalities on wastewater treatment plant operation and management.
- Work extensively with counties gathering and analyzing water quality data, support local water quality planning efforts, and assist with the implementation of agency related efforts identified in those plans
- Identify and provide technical assistance to small quantity hazardous waste generators.
- Conduct compliance inspections of facilities requiring agency permits.
- Provide assistance to local units of government and facility owners on solid waste issues including facility permitting, industrial waste management and the management of special wastes.
- Investigate and initiate corrective action on environmental concerns or complaints received from the public.
- Provide information to the public to increase awareness of environmental issues.
- Respond to spills to insure proper clean-up.
- Inspect petroleum storage tank removals to insure compliance with state and federal rules and oversee clean-up if a leak has occurred.

#### **PERFORMANCE:**

- **Wastewater Operations.** The regional offices' wastewater treatment program's primary responsibility is conducting annual compliance monitoring surveys of 56 major dischargers to surface waters. The surveys conducted on major dischargers may include sampling of the effluent and a written report, which includes recommendations for remedial, follow-up or enforcement actions.

The program also includes inspections of minor dischargers surface waters. Because of the total number of minor and major dischargers, the inspection interval is approximately yearly for major

dischargers and 5 years for minor dischargers. Inspections of industrial wastewater facilities are conducted on schedule based on size of discharge and operational history.

- **Nonpoint source/ground water.** The regional office's nonpoint source/ground water program provides assistance to local units of government, primarily counties and multi-county groups, on issues surrounding ground water and nonpoint sources of water pollution. The regional offices assist the 80 greater Minnesota counties with planning and implementation of water quality initiatives the comprehensive local water plan to assure consistency with agency rules and objectives. This meets agency water quality goals by forming partnerships with other governmental agencies and citizen's groups to develop joint capabilities and initiatives for water protection. In most cases, the local units of government are the primary enforcement and protection mechanism, since many nonpoint sources of pollution are caused by land use practices governed by local authorities. In this partnership, the regional offices assist by providing the technical expertise or information, state enforcement mechanism, and advice about financial alternatives.
  - **Air quality.** Two regional offices have air quality program elements (Northeast-Duluth and Southeast-Rochester) which consist of liaison activities and inspections of 116 facilities requiring state or federal air quality permits. The inspections and technical assistance provided help insure permit compliance as well as provide for possible enforcement action.
  - **Solid waste.** The regional offices' solid waste activities consist of inspections of permitted facilities including solid waste landfills, transfer stations, demolition landfills, composting facilities, and recycling centers. The frequency and level of detail for an inspection is dictated by the potential environmental impact, operating history, enforcement priority and closure status. A minimum of 4 inspections of each facility are conducted per year. In the last year a total of 140 inspections were conducted by the regional offices. Inspection information is used to insure permit compliance and provide documentation for possible enforcement action.
- The regional offices issue permits for low-tech compost facilities, recycling centers, transfer stations and demolition landfills. A total of 30 solid waste facility permits for these facilities were issued by the regional offices each year.
- **Citizen response.** The regional offices investigate and initiate corrective action on environmental concerns or complaints received from the public. Normally, the investigation consists of an on-site inspection and determination of the validity of the complaint, coordination with other appropriate agencies or local units of government, and the implementation of corrective actions. A total of 800 complaints were received, investigated, and resolved by the regional offices.
  - **Information services.** The regional offices provide environmental information to the citizens and public on current issues. Routine informational mailings are sent monthly to the media from the regional offices, and regional staff attend many public meetings and speaking engagements.
  - **Spills.** The regional offices staff responded to 75 spill incidents to insure environmental impacts were mitigated and clean-up was undertaken.
  - **Storage tanks.** The regional offices' storage tank activity included 300 inspections of petroleum tank removals to determine compliance with state and federal rules. Regional offices work with local officials and property owners to help assure that disposal of contaminated soils is accomplished in an environmentally acceptable manner.
  - The agency conducted a hazardous waste pilot program through its Brainerd regional office during F.Y. 1990. The purpose of this program was to locate hazardous waste generators that were not currently in the agency regulatory system. This program was very successful and the agency has assigned a staff position to the Brainerd and Rochester regional offices to continue the program.

# PROSPECTS:

The regional offices have observed major changes and needs in environmental programs and responsibilities occurring in Greater Minnesota, especially in creating positive working relations with local units of government. These needs reflect a greater demand and importance being placed on the environment by the citizens of Minnesota, coupled with their concern for protecting and improving the state's resources. Issues which are emerging in the state include:

- Lake protection and assistance. Through the comprehensive local water planning process, counties have identified lake protection efforts as a major need. The future will bring a greater demand for lakeshore property and a desire on the part of lake shore property owners to protect their resource and investment. Already the agency is receiving requests from local lake associations and governmental units for increased monitoring of water quality, increased protection efforts by the agency for a lake or stream, and technical assistance by the agency on lake protection strategies. The regional offices will need to prepare to meet these demands in F.Y. 1992-93.
- Ground water protection. The county water planning process also identified ground water quality protection needs as a priority. The counties are requesting assistance from the agency to develop monitoring networks and programs, assist in water analysis, and assist in instituting programs to protect the ground water.
- Small community wastewater treatment technical assistance. The regional offices currently inspect small municipal wastewater treatment plants as part of the overall wastewater operations. Small communities involved in wastewater treatment have expressed a need for increased participation by the agency with them as they meet future obligations. Many of the problems faced by small communities with wastewater treatment facilities have centered around financing including the capital costs for construction of a new facilities, the operational costs and future costs for replacement and repair. Financial constraints can lead to lack of maintenance which in many cases is causing deteriorating systems that could fall out of compliance with water quality permits. A facility operation/management assistance approach by the regional offices, emphasizing communication and education in rate structuring, facility operation, sludge management, future construction and financial needs, consultant selection, and other wastewater management issues would alleviate many of these situations.
- Industrial wastewater treatment. New regulations require more toxic monitoring of effluent. As part of the agency wastewater program, more emphasis will be placed on inspections and communications with the regulated industries to achieve and maintain compliance.
- Air quality. The inspections and technical assistance provided in 2 regions of the state should be expanded to the other 3 regions. Requirements from the newly amended federal Clean Air Act could translate into more stringent regulations of programs such as vehicle tampering and stack emissions.
- Solid waste. The regional offices' solid waste activities will continue to consist of inspections of permitted facilities, including landfills, transfer stations, demolition landfills, composting facilities, and recycling centers. The frequency and level of detail for an inspection will be determined by the potential environmental impact, operating history, enforcement priority and closure status. A minimum of 4 inspections of each facility will be conducted per year. The regional offices will work closely with counties in the permitting process for compost facilities, recycling centers, transfer stations, and demolition landfills.
- Information services. The regional offices will provide environmental information to the citizens and public on current issues via brochures, fact sheets, speaking engagements and telephone

response. Regional offices will also communicate with the media to assure that citizens of the state have information on environmental issues that affect them.

Because public awareness of environmental issues is important, regional offices will work with the local educational systems. This will be accomplished by working with teachers during their inservice training in the summer, by being available for classroom presentations, and dispensing information to teachers for their own use.

- Spills. The regional offices will respond to spill incidents to ensure environmental impacts are mitigated and clean-up is undertaken.
- Storage tanks. The regional offices' petroleum storage tank activity will include inspections of tank removals to assure compliance with state and federal rules. This activity will also oversee the clean-up of impacts caused by leaking storage tanks. Regional offices will work with local officials and property owners to accomplish the disposal of contaminated soil in an environmentally acceptable manner. The regional offices should also be prepared to inspect installation of new tanks to ensure that adequate safeguards are implemented that will prevent pollution.
- The division of hazardous waste estimates there are more than 7,000 hazardous waste generators to be brought into the regulatory system. Although the vast majority of these are expected to be small quantity generators, even small quantities of hazardous waste have caused severe environmental damage and threatened human health particularly through contamination of municipal well systems. Because of the significant number of small quantity generators throughout the state, creative approaches are necessary to encourage compliance. Additional staff will be assigned to the regions to work with small quantity hazardous waste generators.

## PLAN:

Biennial BASE level funding for the program is as follows:

### Biennial Base Level Funding (Dollars in Thousands)

	F.Y. 1992	F.Y. 1993
Regional Operations	2,154	2,154

## Agency Reallocations:

Regionalization: In the early 1970's the agency assigned a small number of staff to 5 regional offices that currently are located in Duluth, Brainerd, Rochester, Detroit Lakes and Marshall. The purpose of the regional offices is to conduct inspections of permitted facilities, respond to citizen complaints and provide community assistance regarding pollution control and environmental quality. The agency recently increased the regional offices from a total of 24.0 staff to 38.0 staff. However, this staffing level is not sufficient to provide appropriate regulatory presence and community assistance to Greater Minnesota. The agency is currently planning to move approximately 60 additional staff to the regional offices. By moving more staff closer to pollution problems and issues, the agency feels that it will do a better job with its mission. The Legislative Auditor also recently recommended that it the agency increase its regional operations. The agency requests a one-time appropriation of \$480,000 for 1992 to meet the costs of staff relocation and purchase of communications equipment.

Please refer to the following Decision Items for requests regarding the Regional Operations Program:

- Financing Inflationary Costs which follows the agency narrative.
- General Fund Reductions and Reallocations which follows the agency narrative.

## BUDGET ISSUES:

- The agency has a need to increase its resources in the regional offices to assist in water quality

**PROGRAM:** Regional Support  
(Continuation)  
**Agency:** Pollution Control Agency

**1992-93 Biennial Budget**

compliance maintenance and attainment efforts. Through the program communities would receive attention from the agency in meeting and maintaining wastewater treatment facility compliance. Through the use of a variety of tools (technical assistance, education, grants, financial assistance) the agency effort would help cities and industries make better decisions on wastewater issues and assume responsible facility management. Communities and industries have noted that better compliance with effluent limits would be facilitated by more frequent surveys, better communications and personal follow-up. There is a strong probability that a one-time federal grant of less than \$200,000 will be made to the agency for a pilot community assistance project in late spring of 1991.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY  
PROGRAM: REGIONAL SUPPORT

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
REGIONAL SUPPORT OPERATIONS	1,025	1,169	1,942	2,154	2,634	2,634	2,154	2,154	2,154
TOTAL EXPENDITURES BY ACTIVITY	1,025	1,169	1,942	2,154	2,634	2,634	2,154	2,154	2,154
DETAIL BY CATEGORY:									
STATE OPERATIONS	1,025	1,169	1,942	2,154	2,634	2,634	2,154	2,154	2,154
TOTAL EXPENDITURES BY CATEGORY	1,025	1,169	1,942	2,154	2,634	2,634	2,154	2,154	2,154
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL					480	480			
ENVIRONMENTAL		52	52	52	52	52	52	52	52
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	5	1,117	1,227	1,227	1,227	1,227	1,227	1,227	1,227
FEDERAL	1,020		663	875	875	875	875	875	875
TOTAL FINANCING	1,025	1,169	1,942	2,154	2,634	2,634	2,154	2,154	2,154



**PROGRAM:** General Support  
**Agency:** Pollution Control Agency

1992-93 Biennial Budget

**PROGRAM PURPOSE:**

The mission of this program, which includes the 9-member Citizens Board, the Commissioner's Office and the Environmental Support Division, is to provide policy direction, management and support services to the various programs of the Pollution Control Agency. The overall objective of this program is to improve the state's environmental quality by determining reasonable and implementable environmental protection policies and to provide the management and support necessary to accomplish improved environmental quality.

The 9-member citizens board's mission is to determine major environmental policy for the state in a forum that encourages participation by interested and affected parties. The objective of the board is to make sound and reasonable decisions that lead to environmental protection and improvement. The board decision making process is a combination of the review of technical analyses developed by agency staff, the board's application of environmental rules and statutes, and input from interested parties. The board implements its mission by:

- Making environmental policy determinations in a forum that provides public input and discussion;
- Approving standards and rules; and
- Implementing regulatory and enforcement authorities.

The mission of the Commissioner's Office is to manage the agency. Its objective is to develop and implement the agency's priorities and agenda, allocate resources and to make sound and reasonable decisions that lead to environmental protection and improvement. The Commissioner accomplishes this mission by:

- Establishing the agency's general direction and preparing and presenting the agenda to the agency Board and Legislature;
- Directing, administering and managing the resources and operations of the agency;
- Representing the agency in the agency's business with government, industry and the public.

The Environmental Support Division's mission is to provide administrative and environmental support services to all agency programs. The division strives to achieve this mission through programs that:

- Conduct environmental review of major proposed projects through a standardized public process that is designed to disclose information about environmental impacts and methods to avoid or mitigate adverse impacts. This analysis includes the preparation of environmental impact statements and the review and analysis of environmental issues that affect the water, air and land.
- Coordinate the agency's activities regarding the following multi-media programs: pollution prevention, low-level radioactive waste, mining and other natural resource assessments and requirements for toxic release inventory disclosures.
- Provide communications support to technical programs and provide public information and environmental education to respond to public inquiries, to disseminate information through news release, newsletters, printed material and exhibits and to work with the Department of Education regarding environmental curricula.
- Provide sound fiscal management to ensure the appropriate allocation and accountability of fiscal and staff resources;

- Provide personnel services to ensure appropriate and adequate staffing, administration of the civil service and collective bargaining systems, adherence to the state's affirmative action program, safe working conditions for staff and adequate training to maximize staff efficiency;
- Provide administrative services to ensure sufficient office space, contract management, mail distribution, printing and receptionist services, technical library adequacy and adherence to the state's purchasing requirements.
- Provide data processing and computer services to support all agency programs.
- Develop and implement appropriate fiscal, personnel and administrative policies and controls in order to ensure that the agency meets the state's public trust requirements.

**PERFORMANCE:**

- The Pollution Control Agency Board conducted regularly scheduled meetings each month during F.Y. 1990-91 and many special board meetings to address specific critical environmental issues. In addition the board expanded its committee process in order to have in-depth discussions of specific items prior to the regularly scheduled meetings. The board meetings and committee process have provided interested and affected parties a formal public opportunity to participate in the agency's decision-making.
- The Commissioner is expected to continually meet the requirements of environmental law, assess the environmental quality needs of the state, implement strategic plans and manage the appropriated resources. During F.Y. 1990-91 the Commissioner has prepared and/or supported legislation regarding recycling, ground water improvement, infectious waste, pollution prevention and resources for municipal wastewater treatment grants. Minnesota is a leader among the states in environmental quality and pollution control. The Office of the Commissioner has recently conducted and implemented a Strategic Management Plan for the agency which provides the framework for managing environmental policy and action for the decade of the 1990's. A part of that strategic plan has been the training of all staff to be more service oriented toward the agency's citizen, industrial and governmental clientele. In addition, the commissioner's office continually represents the agency and the efforts of environmental improvement by participation in such organizations as the Minnesota Environmental Quality Board, the Great Lakes Water Quality Board, the Midwest Low-Level Radiation Waste Compact Commission and in advising the Federal Environmental Protection Agency. Participation in these organizations allows the concerns of Minnesota to be integrated into environmental policies on a national and regional basis. The commissioner's office also takes an active part in ensuring coordination of environmental efforts among state departments. Often environmental issues involve other state departments. Noteworthy efforts in this area include, cooperative agreements with the Department of Agriculture regarding pesticides and Superfund, and with the Department of Health regarding asbestos handling, analytical laboratory services, and interaction with the Department of Economic Development, Public Facilities Authority regarding municipal wastewater treatment facility construction.
- The Environmental Support Division is expected to provide fiscal management, personnel management, data processing, administrative management, environmental review and public information and education support in a manner that meets federal and state law and provides appropriate support to the entire agency. In order to ensure that the support functions of the agency maximize efficiency, the agency reorganized its separate support functions into a Division of Environmental Support. This reorganization was accomplished by reducing reporting hierarchies and without adding new management staff. The following are some of the major results of the division:
- The environmental review process has had excellent results in addressing environmental concerns related to project development in the state. The people of Minnesota want strong economic development, but they also want development that does not destroy the environment. Examples of how the environmental review process assisted in meeting the state's goal of environmentally

sound development include the major expansion of the Boise Cascade Paper Mill in International Falls and the Olmstead County solid waste incinerator and landfill. This program has a heavy workload as a result, there are many projects that the agency is unable to review in depth. During F.Y. 1989 the agency prepared 34 environmental assessment worksheets, which are abbreviated environmental review documents used to screen proposed projects, and worked on 2 environmental impact statements. During that same period, the agency reviewed 84 environmental worksheets and 13 environmental impact statements prepared by other governmental units.

- The citizens of Minnesota have an increasing demand for information regarding the status of the state's environment and what citizens and businesses can do to protect the environment. To address this demand the agency publishes 8 newsletters, hundreds of fact sheets and press releases annually, operates a speaker bureau and responds to nearly 10,000 citizen inquiries a year. Each year approximately 30,000 Minnesotans visit the agency's exhibit at the state fair. This exhibit emphasizes sound environmental decision making for children.
- The agency has a complicated budget that includes general funds, many non-general fund and special revenues sources and 55 federal grants. Many of the agency's projects require considerable cost accounting in order to accurately determine costs on an individual project basis so that the costs of pollution clean ups can be assessed to responsible parties. In addition the agency operates several fee programs. In F.Y. 1990 the Office of the Legislative Auditor conducted a 4 year fiscal audit of the agency. The auditor's report on fiscal management was excellent.
- The agency has a strong commitment to affirmative action, and it has taken an active role in recruiting protected class members. In most categories the agency meets or exceeds state goals.
- Literature and data base searches are becoming a necessary agencywide tool for developing toxic pollutant standards and conducting enforcement actions. To meet this demand for information, the agency has increased resources allocated to its technical library.
- Office space has become a major issue. Space in the agency headquarters was insufficient, and as a result the agency was forced to move a division to another location. With the remodeling of the Centennial office building and the move to Centennial of the Department of Employee Relations, the agency hopes to move this division back to headquarters. These moves are costly to the agency in terms of both dollars and efficiency. Confusion and inconvenience to the public is also a result of a split agency.
- The agency has increased its emphasis on technical training of its staff. Agency staff are highly educated, however it is necessary to continually keep staff informed of the ever changing technology of environmental protection. Particular attention has been given to risk communication, safety and hydrology.
- In order to streamline its operations, the agency made a priority of developing its data processing facilities and information technologies. This is necessary to manage the huge data bases necessary for environmental decision making and operations. The agency's in-house computer system saves approximately \$1,000,000 annually for environmental modelling alone, as compared to purchasing time from outside vendors. All agency staff have direct access to data processing.
- The agency has begun implementation of the Minnesota Toxic Pollution Prevention Act. Pollution prevention rather than end-of-pipe-control will be an increasingly important method of reducing the input of pollutants to the environment. The agency is developing strategies to make pollution prevention part of its compliance programs. The agency needs additional resources to continue implementation of the Act.

## PROSPECTS:

The agency sees several major trends regarding the manner in which it conducts the business of pollution control. The trends presented below also describe the new priorities of the general support program.

- Although Minnesotans strongly support an improved environment, there is a growing tendency for Minnesotans to very strongly protest environmental projects in their neighborhoods. The "not in my backyard" syndrome, greatly affects the agency's ability to address environmental problems. Examples of this include such projects as the Hennepin County Incinerator and the ash incorporation into asphalt test program in Dayton. People want solutions to problems like solid waste disposal, but there is a general feeling that those solutions should occur in someone else's locale. The agency must remain sensitive to this trend by continuing to provide public forums and information; therefore, the agency needs to increase its focus on education and public information. Citizens are becoming better informed, and they want concrete information, therefore the agency will see a need for more environmental impact statements in order to be assured that all the issues, cost alternatives and solutions are addressed.
- The agency will need to place a greater emphasis on service. This does not mean a reduction of regulatory and enforcement actions, but rather a blending of problem solving and pollution prevention with the regulatory mandates. The citizens of Minnesota have a strong desire to do their share in dealing with pollution they personally generate. This has been noted through such successful programs as household hazardous waste collection, recycling, and general support of actions by this agency. In order to maintain this momentum, the agency must focus its attention on the service aspect. This can only partially be accomplished by education and public information.
- At the same time, industry and individuals that violate environmental law will have to be dealt with in a strong, but fair and timely manner. Illegal dumping of hazardous waste or inefficient operation of polluting facilities have massive environmental impacts. Pollution control has become more complicated and technical, and therefore, the agency will need to continually upgrade and train its staff, and the technical library must be maintained as a resource tool. This complexity will also require more environmental impact statements and better education of the public provide for their input into the decision making processes. To track the programs and analyze the problems of pollution control, the agency needs to continually upgrade its data processing and information technology services.

The Environmental Support Division will need to direct resources toward the functions of public information and education, environmental review, staff training and data processing. However, this cannot be accomplished at the expense of the standard operating requirements of fiscal management, personnel services and administrative services. The Departments of Finance, Administration and Employee Relations continue to face budget reductions. As a result these departments are delegating work tasks to the other agencies. The Pollution Control Agency is performing many tasks formerly done by Finance and Employee Relations to include accounting on the fund level and the grading of employment applications. This trend is expected to continue. This in turn places pressure on the agency.

PROGRAM: General Support  
(Continuation)  
Agency: Pollution Control Agency

1992-93 Biennial Budget

PLAN:

Biennial BASE level funding for the general support is divided among functions as follows:

Biennial Base Level Funding  
(Dollars in Thousands)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
General Support Operations	5,166	5,259
Low Level Radiation	39	39
Pollution Prevention	45	45
TOTAL	<u>5,250</u>	<u>5,343</u>

Agency Reallocations

Please refer to the following Decision Items for requests regarding the General Support Program:

- Financing Inflationary Costs which follows the agency narrative.

FEDERAL FUNDING ISSUES:

A significant portion of this program is funded through the collection of indirect costs through the federal grants. The state does not provide resources to support federally funded positions. The continued uncertainty of federally funded environmental programs makes planning for support services and office rental difficult. Current funding for some programs, such as the Federal Wastewater Construction Grants Program, are decreasing, while other federal programs, such as non-point source water pollution, are increasing. The stability of funding for the general support program rests on a balance of decreasing and increasing federal programs. The Gramm/Rudman-/Hollings budget deficit law continues to add to the uncertainty of stable federal funding. In addition, the reauthorization of the Federal Clean Air Act will have important effects on the funding for the general support function.

Recommended Rider Language:

- The program permit, assessment fees and surcharges of the Pollution Control Agency shall equal as nearly as possible the amounts expended from appropriations in the Environmental Fund for the biennium and may not include any amounts to cover the cost items in M.S. Section 16A.128, subdivision 1a, except to the extent that the cost items are included in the appropriations.
- The fees adopted by the Pollution Control Agency during F.Y. 1990-91 are approved.

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency's plan.

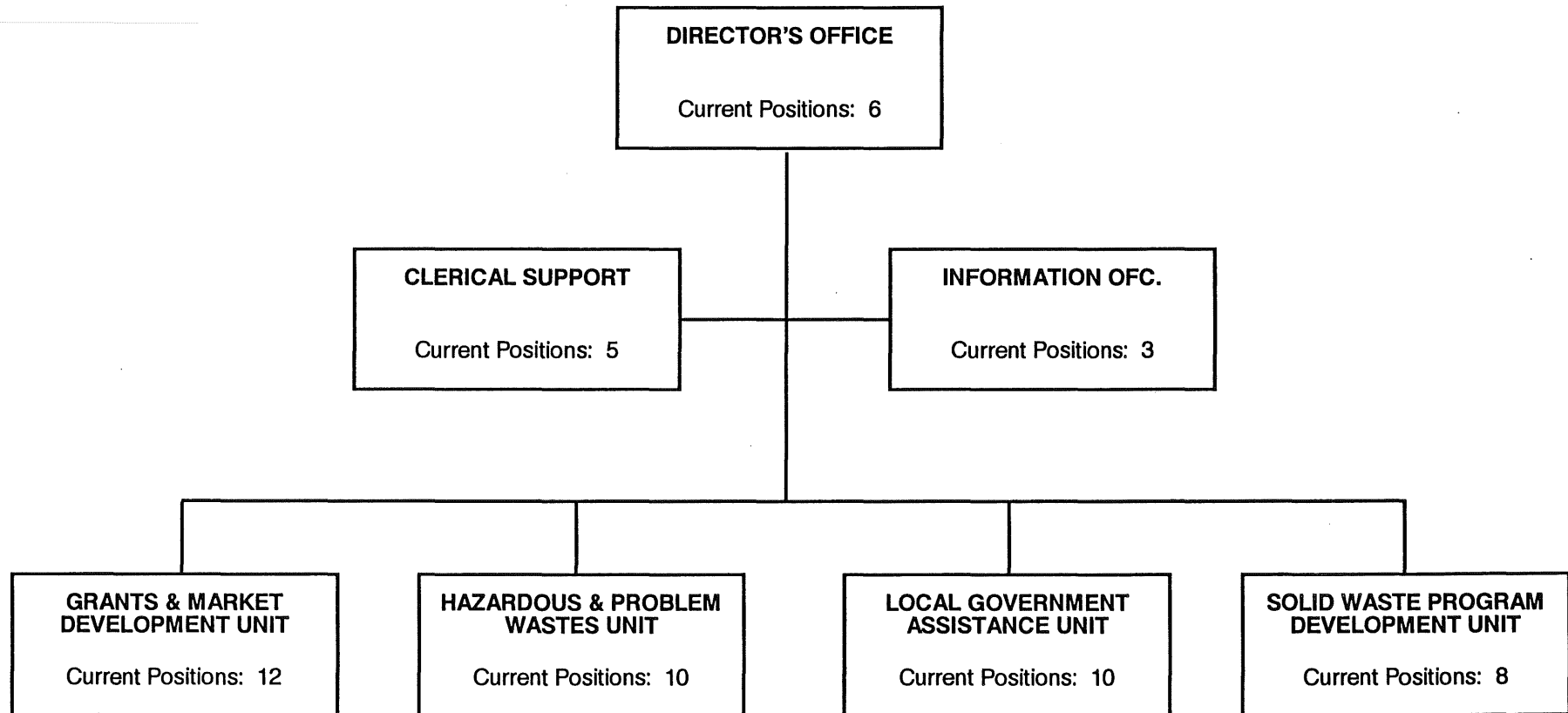
1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY  
PROGRAM: GENERAL SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
GENERAL SUPPORT OPERATIONS	3,990	5,122	5,078	5,250	5,250	5,250	5,343	5,343	5,343
TOTAL EXPENDITURES BY ACTIVITY	3,990	5,122	5,078	5,250	5,250	5,250	5,343	5,343	5,343
DETAIL BY CATEGORY:									
STATE OPERATIONS	3,990	5,122	5,078	5,250	5,250	5,250	5,343	5,343	5,343
TOTAL EXPENDITURES BY CATEGORY	3,990	5,122	5,078	5,250	5,250	5,250	5,343	5,343	5,343
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,758	1,880	2,054	2,104	2,104	2,104	2,123	2,123	2,123
SP REV DIRECT APPROP	556								
MN RESOURCES		40	40						
PUBLIC HEALTH	10								
ENVIRONMENTAL	92	1,714	2,023	2,041	2,041	2,041	2,115	2,115	2,115
METRO LANDFILL CONTN	8	8	8	8	8	8	8	8	8
MOTOR VEHICLE TRANS	6								
WATER POLLUTION CNTRL	20								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		1,296	953	1,097	1,097	1,097	1,097	1,097	1,097
FEDERAL	1,383								
ENVIRONMENTAL	39	181							
METRO LANDFILL ABATEMENT	1								
METRO LANDFILL CONTN	3	3							
MOTOR VEHICLE TRANS	105								
WATER POLLUTION CNTRL	9								
TOTAL FINANCING	3,990	5,122	5,078	5,250	5,250	5,250	5,343	5,343	5,343

# OFFICE OF WASTE MANAGEMENT ORGANIZATION CHART

October, 1990



Office of Waste Management

Position and Employee Status Information

Position Reconciliation:

Employees by Employment Status:

Authority:	Current F.Y. 1991	Requested For 6-30-93		6-30-90
Legislative Complement:			Full-Time Unlimited	53.0
General Fund	47.0	47.0	Full-Time Emergency	1.0
Special Revenue	3.0	3.0		
Federal	0.0	1.0		
Building Fund	10.0	3.0	TOTAL	54.0
LAC Approved:			12-19-90 9:57am pmf	
Federal	<u>1.0</u>	<u>0.0</u>	WASTEMGT.pes	
Total Permanent Positions	61.0	54.0		
TOTAL Positions	<u>          </u>	<u>          </u>		
Employees on 6-30-90	54.0			

**MISSION:**

The Office of Waste Management (OWM) has the mission to establish an integrated state waste management system by pursuing the goal to minimize landfilling of wastes and to promote waste reduction, recycling, and resource recovery through the development and implementation of state policy regarding solid, hazardous, and industrial wastes. The OWM accomplishes its mission through its various planning, grants, and technical assistance programs. This charge is carried out in cooperation with other state environmental agencies, local units of government, and the private sector.

The OWM strives to fulfill its mission through a combination of programs of policy development activities, technical support, funding support, education and information aimed at reducing waste, and through private sector assistance, facility capital grants, and hazardous waste management facility development.

The mission is comprised of the following objectives:

- To ensure comprehensive, cohesive approach to waste management through proper planning and development of appropriate solid waste policy;
- To reduce the quantity of waste generated through promotion of reduction, reuse, and recycling, source separation, and pollution prevention;
- To promote the development of better waste management systems through financial and technical assistance;
- To ensure adequate future waste management facilities for county and multi-county solid waste and state hazardous waste;
- To ensure adequate private sector capacity for use of recyclable materials and adequate demand for recycled products;
- To provide technical assistance to our clientele, i.e., counties and municipalities, the private sector, industry, schools, citizens, state agencies; and
- To promote education as a major element of proper waste management.

The OWM is organized into 5 activities; 1) solid waste program development; 2) solid waste grants and market development; 3) hazardous and problem wastes; 4) local government assistance; and 5) operations and management.

- Solid Waste Program Development Unit. The program development unit is the primary entity for policy and new solid waste program development. Source reduction, public education, and packaging issues are current priorities.
- Solid Waste Grants and Market Development Unit. The common element in the activities within this unit is rule writing, technical assistance, and grants management. The solid waste facility capital assistance program and 5 SCORE grant programs are operated by this unit.
- Hazardous and Problem Wastes Unit. Pollution prevention is the centerpiece in reducing the amount of hazardous waste generated in the state. Identification of specific problem materials and methods of managing those materials is a new SCORE activity. The voluntary siting of a hazardous waste stabilization and containment facility is another activity goal of this unit.
- Local Government Assistance Unit. This program directs and assists the counties in development of the solid waste management plans and implementation of new SCORE requirements. The program also deals with related issues such as waste designation.
- Operations and Management. The director's office and the office's general support activities - clerical, accounting, purchasing, contracts, attorney support, and public information are included in this program.

**MAJOR POLICY DRIVERS:**

Minnesota currently manages about 16 million tons of solid waste per year, of which about 4.2 million tons per year is municipal solid waste (MSW). It has been estimated that about 15% of the MSW is recycled, less than 1% is composted, 40% incinerated, and 50% is landfilled as unprocessed MSW. Waste reduction, reuse, and recycling have been identified as preferred waste management alternatives by Minnesota's Waste Management Act.

In 1989, Minnesota hazardous waste generators sent almost 70,000 tons of waste offsite for recycling, treatment, or disposal. Of this total, about 50,000 tons were sent out of state for management because of the lack of facilities for in-state management. Most significantly, all of the waste destined for disposal, about 10,000, was sent out of the state. The Pollution Prevention Act has focused new attention on reducing releases to the environment across the board to air, water, and land. Data reported under the Federal Community Right to Know Act indicates that over 80 million pounds of toxic chemicals were released into the environment in 1989.

State efforts need to concentrate on the preventive end of waste management activities, stemming the tide of increasing waste generation. Simply managing the waste after it has been generated will not resolve the disposal problem. Trends in the area of convenience packaging, the "throw-away society" mentality, urbanization, smaller households, stiffer penalties for pollution all emphasize the need for prevention.

Although the recent waste reduction and recycling (SCORE) law and funding have spurred the development of waste reduction and recycling programs, these programs need ongoing investment and need to be supported and sustained through market development activities and state policies that ensure source separation of waste and diversion from waste processing and disposal facilities.

But waste reduction, reuse, and recycling are only part of the solution to the solid waste problem. In spite of rising disposal costs and limited capacity at landfills, the remaining waste must be managed through a combination of composting, waste-to-energy, and land disposal. Siting of all types of facilities is accompanied by certain controversy relating to land use, air and water pollution. Groundwater pollution continues to be a problem at existing, older landfills. Continued efforts to detoxify and reduce the waste stream and to explore new facility designs are needed to create the public confidence required to site new waste management facilities. Policy development activities are shifting the focus to management of waste through management of its constituents and sources.

In an effort to meet these demands, a 6% sales tax on the collection of municipal solid waste was passed in October 1989, to support the waste reduction and recycling programs across the state. In April 1990, a fee on generators to support pollution prevention was passed. Both are examples of Minnesota's willingness to pay for essential environmental management programs and general environmental awareness.

**PERFORMANCE INDICATORS**

With the passage of the SCORE legislation in October 1989, the OWM set as its top 3 priorities to be accomplished by 12-31-89: 1) hiring new staff; 2) disbursing county pass-through funds; and 3) holding workshops to explain the contents of the new waste reduction and recycling legislation. These priorities were met by early 1990. Once staff were in place, the actual program activities could commence, as are indicated below.

- SCORE pass-through grants were disbursed in December 1989, October 1990, and January 1991. Seventeen County Solid Waste Plans have been approved in 1989 and 1990, in addition to submittal of plan amendments from over 50 counties to address new recycling and waste reduction requirements and approval of 2 county waste designation plans.
- In order to implement the SCORE legislation, a SCORE manual was prepared to acquaint and assist counties in implementing their new responsibilities. Five workshops were held around the state to review the draft manual and to discuss the options for implementing waste reduction and recycling. Over 300 county commissioners, county staff, extensions agents, and other interested

persons attended these workshops in January 1990. The day-long workshops consisted of OWM staff presentations on the new requirements and tools available for implementing the SCORE legislation.

- The Waste Education Clearinghouse is an excellent measure of interest in waste management primarily from teachers, students, environmental instructors, and the general public. Because of Earth Day in April 1990 and a mandate to provide waste education in the schools, the Clearinghouse saw a huge increase in requests which have not and are not anticipated to return to previous levels.

	1988	1989	1990
Clearinghouse average number requests per week	12	40	244

- In order to promote the July 1989 Community Waste Education Manual, "how-to" workshops were held around the state in May and June 1990. Over 530 copies of the manual have been distributed. A local community could save between \$500 to \$1,000 in public relations production costs by using the manual. The manual will also serve as the basis for the statewide public education campaign to be developed by the OWM in the remainder of F.Y. 1990.
- The model county solid waste reduction program reduced the waste stream in Itasca County facilities by 10%. The county realized a minimum cost savings of \$5,000 per year because of waste reduction.
- Increased capacity for recycling waste plastic has been achieved through the successful outcome of a \$35,000 recycling market development grant to a company in Paynesville, Minnesota. The company washes and processes up to 7 million pounds of recyclable plastic per year for use as a raw material in landscaping materials.
- Increased capacity for recycling waste tin cans has been achieved through the recent establishment of a \$3.4 million "detinning" mill in St. Paul. The project, which received technical assistance, separates tin cans into tin and steel products. The plant employs 30 people.
- The OWM conducted a "Buy Recycled Products" conference in March 1990 which was attended by over 300 private and public sector purchasing agents from around the state.
- The OWM purchased a subscription to the "National Recycled Products Guide" for every county in Minnesota so that local governments can begin buying more recycled products.
- The OWM will public and distribute a "1991 Minnesota Recycling Directory" in late 1990. The directory lists, by county, all major companies and organizations offering and selling recycling services.
- Rules have been adopted to establish 3 new recycling market development grant and loan programs, as mandated by the SCORE legislation. Approximately \$2 million in grants and loans for new recycling markets will be awarded in Spring 1991.
- Since July 1989, the OWM has awarded 18 Capital Assistance Program (CAP) grants, totalling over \$8.8 million. These grants have assisted the development of 13 new solid waste processing facilities in Minnesota; 5 recycling facilities, 4 composting facilities, and 4 solid waste transfer stations. The grants have also assisted environmental testing at 6 other solid waste management facilities. These grants were matched by over \$26.6 million in funds by the county and city governments that constructed them. The projects will divert hundreds of thousands of tons of solid waste from landfills each year.
- Rules for the new Litter Prevention, Solid Waste Reduction, and Solid Waste Separation grant programs have been adopted so that approximately \$1 million in grant funds can be awarded for projects in Spring 1991.
- A "Recyclable Materials Recovery Facility Manual" will be published and distributed in late 1990, providing technical information on how private and public organizations can plan and build recycling centers in Minnesota.
- The siting activity of a hazardous waste stabilization and containment facility was continued to

where County contract terms for siting the facility were negotiated and agreed on with Red Lake County. A referendum, allowed by state law which was passed in 1989, was held on 11-6-90, and Red Lake County residents voted not to approve the contract which would have allowed construction of the facility.

- Passage of the Pollution Prevention Act of 1990 has led to appointment of an advisory Pollution Prevention Task Force, developing material for pollution prevention technical assistance and promotion, including a conference to be held in January 1991.
- The Minnesota Technical Assistance Program (MnTAP) is established through contract between the OWM and the University of Minnesota. MnTAP provides information and assistance to hazardous waste generators through outreach programs, on-site counseling, training workshops, and information collection and dissemination. Telephone inquiries remain the mechanism through which generators initially contact MnTAP. Approximately 9% of all calls received result in an on-site visit for waste reduction advice.

MnTAP	1988	1989	9-30-90
Telephone inquiries	869	1,140	927
On-site visits	71	101	56
Student interns	6	4	4

- Used Oil Storage Tanks grants were awarded to 19 counties.
- As a major element of its role in policy development, the OWM has prepared or will complete a number of reports to meet statutory requirements. In addition to writing these publications, the OWM staff frequently held public meetings, established and sought the input of advisory committees, and distributed drafts for public comment.

State Solid Waste Policy Report (December 1990)  
SCORE Progress Report (December 1990)  
Biennial report to the Legislature (December 1990)  
Solid Waste Incinerator Ash Quantity and Toxicity Reduction Report (January 1990)  
Major Appliance Management Report (July 1990)  
Federal Hazardous Waste Capacity Assurance Plan (October 1989)  
Hazardous and Industrial Waste Programs Evaluation Report (November 1989)  
Barriers to Pollution Prevention (January 1991)  
Environmental Labeling Report (January 1991)

#### EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The OWM is requesting the same level funding for F.Y. 1992-1993, reduced by the carry forward from F.Y. 1990 and the elimination of a one-time appropriation. The majority of the General Fund appropriation is supported by the SCORE sales tax on garbage collection which is estimated to collect \$29,968,000 in its first 18 months. In F.Y. 1991, 90% of the office's budget is funded by SCORE revenue and almost 62% (\$14,008,000) of the OWM budget is SCORE county pass-through funds for county waste reduction and recycling programs.

According to the SCORE legislation, the Department of Revenue must provide a revised estimate of the revenue from the 6% tax. If the estimate falls below \$29,968,000, 75% of the shortfall will be taken from current state agency appropriations and the county pass-through funds. The Department of Revenue will also be providing projections of the revenue from the SCORE sales tax for the next biennium.

Salary inflation for current staff paid by the General Fund is estimated to be \$104,085 for F.Y. 1992 and \$212,060 for F.Y. 1993. To partially address this shortfall, the office proposes to reallocate funds for consultant services and grant programs (not county pass-through). The remaining shortfall will be dealt with by carefully managing General Fund resources and delaying some important, but lower priority activities.



AGENCY: Waste Management, Office of  
(Continuation)

**1992-93 Biennial Budget**

Federal grants, although a minor part of the budget, indicate an increasing interest in pollution prevention from the federal government. To date, there has been no federal solid waste program or leadership. The fee supported portion of the budget is the pollution prevention activity which is estimated by \$1.1 million annually.

Finally, the building fund portion of the budget supports the hazardous waste siting program. The status of the hazardous waste stabilization and containment siting activity, currently supported by the building fund, will be determined during the 1991 legislative session. Currently, the siting budget and 3 staff are indicated to remain at the same level.

LCMR Projects: The LCMR has recommended that the OWM serve as a project liaison for 3 projects. The projects are:

- Remediation of soils by co-composting
- Land spreading of yard wastes
- Cellulose rayons for biodegradable packaging

The OWM will administer the funds and review the results of the studies, an administrative role for which the OWM will receive none of the project funding.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency request. Under the agency plan, funding for SCORE programs, including the funding for counties, will not be reduced but is capped at the F.Y. 1991 appropriation levels. Increased operating costs, resulting from inflation and any salary adjustments, will be absorbed within the agency BASE.

1992-1993 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT  
PROGRAM: OFFICE OF WASTE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
SOLID WASTE MANAGEMENT	1,117	8,079	19,850	18,417	18,802	18,802	18,414	18,414	18,414
HAZARDOUS & PROBLEM WASTE MGMT	1,426	390	2,046	2,000	2,000	2,000	1,999	1,999	1,999
OPERATIONS & MANAGEMENT	1,714	675	812	831	831	831	827	827	827
TOTAL EXPENDITURES BY ACTIVITY	4,257	9,144	22,708	21,248	21,633	21,633	21,240	21,240	21,240
DETAIL BY CATEGORY:									
STATE OPERATIONS	2,508	2,103	4,561	4,572	4,572	4,572	4,564	4,564	4,564
LOCAL ASSISTANCE	1,749	7,041	18,147	16,676	17,061	17,061	16,676	16,676	16,676
TOTAL EXPENDITURES BY CATEGORY	4,257	9,144	22,708	21,248	21,633	21,633	21,240	21,240	21,240
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,344	8,950	21,021	19,686	19,686	19,686	19,678	19,678	19,678
MN RESOURCES					385	385			
SPECIAL REVENUE	668								
ENVIRONMENTAL		75	972	847	847	847	847	847	847
MOTOR VEHICLE TRANS	901								
WATER POLLUTION CNTRL	75								
STATUTORY APPROPRIATIONS:									
FEDERAL			98	98	98	98	98	98	98
BUILDING	269	119	617	617	617	617	617	617	617
TOTAL FINANCING	4,257	9,144	22,708	21,248	21,633	21,633	21,240	21,240	21,240

BASE RECONCILIATION REPORT  
for 1992-1993 Biennium

AGENCY: OFFICE OF WASTE MANAGEMENT

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93
F.Y. 91 FUNDING LEVEL	22,708	22,708	21,021	21,021	1,589	1,589	98	98
APPROPRIATIONS CARRIED FWD	<1,492>	<1,492>	<1,367>	<1,367>	<125>	<125>		
SALARY ANNUALIZATION	32	24	32	24				
TOTAL	21,248	21,240	19,686	19,678	1,464	1,464	98	98
BIENNIAL TOTAL		42,488		39,364		2,928		196

F.Y. 1991 Budget Reductions (Information Only)

The following F.Y. 1991 reductions were implemented in Laws 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 or F.Y. 1992-93 BASE Levels within the budget documents.

	<u>General Fund</u>	<u>Other Funds</u>
Reduction to SCORE appropriations		
Litter Prevention Grants	\$ (50)	
Problem Materials Collection Grants	(100)	
Total	\$ (150)	

**ACTIVITY:**  
**PROGRAM:**

**1992-93 Biennial Budget**

**AGENCY:** Waste Management, Office of

**DECISION ITEM:** Financing Inflationary Costs - Informational

<u>Dollars in Thousands</u>			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:**

**Expenditures**

**General Fund**

-Inflation	\$ 90	\$ 182	\$ 182	\$ 182
-Reallocations	<u>(90)</u>	<u>(182)</u>	<u>(182)</u>	<u>(182)</u>
	\$ 0	\$ 0	\$ 0	\$ 0

**Environmental Fund**

-Inflation	\$ 5	\$ 9	\$ 9	\$ 9
-Reallocations	<u>(5)</u>	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>
	\$ 0	\$ 0	\$ 0	\$ 0

Requires statutory change: \_\_\_\_\_ Yes   X   No

**ITEM SUMMARY:**

Following the Biennial Budget instructions, salary projections assumed a 4.5% across the board increase for all employees per year. Salary costs were fully funded, assuming no vacancies.

**RATIONALE:**

The office will reallocate funds by reducing its commitment for attorneys' services; by purchasing computer equipment in F.Y. 1991, which was being leased; if no attrition occurs, by reducing the use of student workers in F.Y. 1993; and by reducing grant money in the second year of the biennium.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency plan to fund inflationary costs for salaries except for the use of grant money in the second year of the biennium.

**ACTIVITY:**

1992-93 Biennial Budget

**PROGRAM:****AGENCY:** Waste Management, Office of**DECISION ITEM:** LCMR

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

**AGENCY PLAN:****Expenditures**

Minnesota Resources Fund	\$	385	\$	0	\$	0	\$	0
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Requires statutory change: \_\_\_\_\_ Yes   X   No**ITEM SUMMARY:**LCMR: Remediation of Soils by Co Composting with Leaves F.Y. 1992 \$135,000

This project is a cooperative research project proposed by the Minneapolis Community Development Agency and the consulting firm, Braun Environmental Laboratories, Inc. Preliminary research by Braun has shown that soils contaminated with semi-volatile compounds may be degraded through co-composting with leaves. The result of the project will be development and field testing of this treatment method.

LCMR: Land Spreading of Yard Wastes F.Y. 1992 \$100,000

Building on the expertise gained from the F.Y. 1990-91 project on compost and co compost research, the University of Minnesota's Department of Soil Science will determine the maximum and optimum rates that yard wastes can be applied to soils without reducing yields or endangering the environment. The result will be a determination of how much yard waste can be applied directly to fields without intermediate composting.

LCMR: Cellulose Rayons for Biodegradable Packaging F.Y. 1992 \$150,000

Bemidji State University, Center for Environmental Studies, has identified the need to develop packaging material from cellulose, which is naturally biodegradable, as a substitute for nondegradable, petroleum-based packaging materials. The challenge is to develop a product which will compete economically with petroleum-based products.

**RATIONALE:**

Funding for these projects has been approved by the Legislative Commission on Minnesota Resources. The Office of Waste Management will not receive any portion of the funds to administer these research projects.

**GOVERNOR'S RECOMMENDATION:**

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Resources Fund, the Governor makes no specific recommendations.

**MISSION:**

Under M.S. 41A.09, the Commissioner of Revenue makes payments to producers of ethanol or wet alcohol located in the state for those products fermented in the state. The payments are made quarterly and based on the number of gallons of ethanol or wet alcohol produced. For each gallon of ethanol, the subsidy is 20¢. For each gallon of wet alcohol, the subsidy is determined by formula based on the percentage of alcohol purity. Total payments in F.Y. 1991 are estimated at \$4,500,000. Payments are capped at \$10,000,000 a year and \$3,000,000 a year to individual producers.

**EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**

Current law provides that the amount required for these payments is appropriated from the General Fund; however, the law also provides that the amount required to fund this appropriation be reduced from the portion of the Motor Vehicle Excise Tax (MVET) transfer that is distributed to the highway user tax distribution fund until 6-30-91, and to the trunk highway fund after that time. The result of those 2 provisions is that the subsidy has no net impact on the General Fund under current law.

Elsewhere in the budget, the Governor recommends the elimination of the MVET transfer so that those proceeds remain in the General Fund. As a result of that recommendation and without any other changes in current law, the ethanol development subsidy would become an additional expenditure out of the general fund.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that the ethanol development subsidy be retained and funded out of the General Fund. He also recommends that the subsidy be capped at \$4,500,000 a year, the current estimate of expenditures for that subsidy in the F.Y. 1992-93 biennium. The Commissioner of Revenue should determine a method of pro-rating the subsidy in the event that the payments applied for exceed \$4,500,000 a year.

**1992-1993 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: ETHANOL DEVELOPMENT SUBSIDY  
PROGRAM: REVENUE REFDS & AIDS

				FY 1992			FY 1993		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
PETROLEUM TAX REFUND	2,310	2,125	4,500	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	2,310	2,125	4,500	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
LOCAL ASSISTANCE	2,310	2,125	4,500	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	2,310	2,125	4,500	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
STATUTORY APPROPRIATIONS:									
GENERAL	2,310	2,125	4,500	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,310	2,125	4,500	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

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