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Game & Fish Fund Budgetary Oversight Committee

—Authorized under Minnesota Statutes Section 97A.055 Subd. 4b—

CITIZEN OVERSIGHT REPORT ON GAME AND FISH FUND EXPENDITURES FISCAL YEAR 2004

June 2005

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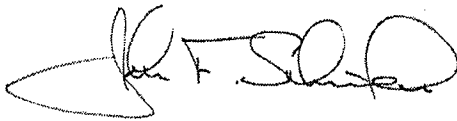
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This report was approved by the Game & Fish Fund Budgetary Oversight Committee (BOC) as of June 22, 2005.

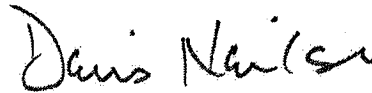
BOC MEMBERS




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Budgetary Oversight Committee Chair



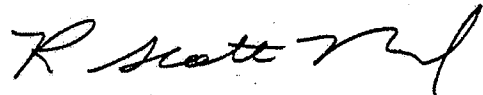
John Schneider
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John Curry
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Brad Cobb
Pheasant Stamp Subcommittee Chair



Lee Borash
Enforcement, Support Services,
and Administration Subcommittee Chair



Tom Glines
Turkey Stamp Subcommittee Chair



Phil Zins
Waterfowl Stamp Subcommittee Chair

Game & Fish Fund Budgetary Oversight Committee

—Authorized under Minnesota Statutes Section 97A.055 Subd. 4b—

Rick Horton, Chair

Subcommittee Chairs

John Schneider—Fisheries Operations	Phil Zins—Waterfowl Stamp	Dennis Neilson—Wildlife Operations
Dave Bennett—Trout & Salmon Stamp	Brad Cobb—Pheasant Stamp	Scott Nagel—Big Game
John Curry—Ecological Services	Tom Glines—Turkey Stamp	Lee Borash—Enforcement, Support Services, and Administration

June 22, 2005

Commissioner Gene Merriam
Minnesota Department of Natural Resources

Rep. Dennis Ozment
Chair, House Agriculture, Environment & Natural Resources Finance Committee

Sen. Dallas Sams
Chair, Senate Environment, Agriculture & Economic Development Budget Division

Rep. Tom Hackbarth
Chair, House Environment & Natural Resources Committee

Sen. John Marty
Chair, Senate Environment & Natural Resources Committee

Gentlemen:

Enclosed you will find the Game and Fish Fund Budgetary Oversight Committee (BOC) report for fiscal year 2004. We would like to once again express our appreciation to the Department of Natural Resources' (Department) staff for their assistance in this effort. They are indispensable in providing information and assistance in understanding the Game and Fish Fund budget expenditure reports and supporting documents; tracking legislation; and coordinating and facilitating the BOC meetings.

In general, the BOC found that expenditures complied with the overall requirements and intention of the Game and Fish Fund (GFF). The BOC Report provides the subcommittees' recommendations for improving accounting and activities pertinent to their respective accounts. We hope that by standardizing the report format we have made it easier to comprehend and respond to our recommendations. We look forward to the Department's response.

We are very pleased to see that the Capital Investment (bonding) bill from this legislative session provides a record \$10 million for Wildlife Management Area (WMA) acquisition. This could not have occurred without the full support of the Department and the work of dozens of conservation-minded citizens and groups. The challenge at hand is to quickly and effectively locate and purchase those lands that will best meet the classification of a wildlife management area.

Minnesota has a long history of providing funding for protecting and enhancing our bountiful natural resources. Historically, most of these efforts started as good ideas, but ultimately their potential effectiveness was diluted due to lack of appropriation or fund diversion. The BOC has long been calling for the State to develop additional new sources of long-term dedicated funding to maintain Minnesota's critically important fish and wildlife resources. We feel that constitutionally-dedicated funding may be the only way we can assure future generations will have clean air, clean water, abundant fish and wildlife, and open lands for outdoor-related recreation. Furthermore, we applaud efforts to restore the natural resource emphasis to the Minnesota Environment and Natural Resources Trust Fund.

The BOC tackled other issues this spring, in addition to its review of the GFF report and drafting findings. We asked the Department to review some uses of Game & Fish Funds by the Divisions of Law Enforcement and Ecological Services, specifically with regard to commercial activities and environmental review, respectively. These inquiries were intended to ensure that, to the greatest degree possible, money generated from sport hunting and angling is used to benefit fish and game. We do not want to see funds generated from sport hunters and anglers used to subsidize commercial enterprises or to simply protect our species of interest from risks resulting from increased development. While it appears this is not the case, a full accounting is not possible because the Division of Law Enforcement does not specifically track commercial citations and some activities involving commercial enforcement and management are co-mingled with other cost codes. There may be room for improving accounting of commercial enforcement and management activities.

We also asked the Division of Fish and Wildlife to present a follow-up report on the results of the merger of the former Divisions of Fisheries and Wildlife. To all appearances, the re-organization has had the desired effects of consolidating efforts and increasing outreach effort. There has been an increased cost for administrative staff, due to positions created within the Division Management Team (DMT) and others retained but shifted out of the DMT. We realize cost saving was not the determining factor in the re-organization. However, we would like to have a full and open assessment of the financial ramifications of the re-organization.

There has been an on-going concern about the percent of Game and Fish Fund proceeds actually going toward on-the-ground activities. As the General Fund contributions to the Department decrease, more GFF costs are directed towards administrative costs. We would like to see General Fund appropriations to the Department maintained or restored to former levels in the future.

The BOC and the Department have struggled for years with the issue of determining the degree to which Departmental spending on fish and wildlife management is proportionate to the income generated from respective fishing and hunting activities. We do not want to see anglers subsidizing sport hunting, and vice versa. This is a very difficult topic due to many areas of overlapping responsibility and shared fish and wildlife benefits. This will require much analysis and open discussion of inherent assumptions. We will be convening an ad hoc committee this summer to work with the department and look into this issue further.

A coalition of conservation and environmental organizations made a strong showing at the Capital this spring in support of efforts to improve Minnesota's wetlands. Those 5,000 citizens represented the interests of hundreds of thousands of concerned Minnesotans. We urge both the Department and legislators to protect and restore our wetlands, not only for ducks, but also for the health and well being of future generations.

Report Summary

Following are a sample of key points from each of the BOC Subcommittees. Please refer to the BOC Report for FY04 for a full account of recommendations and additional details.

Big Game Subcommittee

The Subcommittee is concerned that the Wild Cervid Health - Emergency Deer Feeding account is being funded by a \$0.50 transference from the Deer/Bear account. They feel that the original intent was to create a new dedicated account from license fees, not to take the funding from an existing dedicated account.

Ecological Services Subcommittee

The Subcommittee is pleased to see two of their recommended long-term goals for aquatic plant management (no-net loss of emergent or floating leaf vegetation on any given lake and double the percentage of lakeshore owners seeking permits in relation to the volume of aquatic herbicides sold) used to guide stakeholder discussions regarding a comprehensive review of the Aquatic Plant Management Program.

Enforcement, Support Services, and Administration Subcommittee

The Subcommittee supports proposed changes in accounting practices regarding program billing for administrative and overhead costs.

Fisheries Subcommittee

Treaty management costs have doubled in the past 4 years with the Game and Fish Fund portion of these expenses approaching 84% [\$346,951]. As treaty management efforts become standardized, these costs should decrease. We would like to see these activities audited, justified, and then funded from 50% General Fund dollars.

Pheasant Stamp Subcommittee

The Subcommittee is pleased with the Department's Long Range Ring-neck Plan, and will utilize it as the basis for future program tactics, activities, and recommended uses of the PHIP account. The Subcommittee also recognizes the importance of the 2007 Federal Farm Bill as it relates to increasing pheasant habitat through several conservation programs like the Conservation Reserve Program (CRP).

Trout & Salmon Stamp Subcommittee

The Subcommittee is looking toward a more holistic, proactive and futuristic approach at the watershed level to protect Minnesota's coldwater resources and to make all trout waters in Minnesota accessible to anglers.

Turkey Stamp Subcommittee

The Subcommittee feels that it would be in the best interests of Minnesota's turkey hunters to develop and implement a MN Wild Turkey Management Action Plan to provide a vision for the growth of the wild turkey flock and opportunities that it will provide.

Waterfowl Stamp Subcommittee

The Subcommittee recommends that more emphasis be placed on expenditures for habitat improvement and management, that more explicit habitat acre goals be included in plan(s), that more explicit annual habitat acre objectives be established for DNR field managers, and that improved accountability reporting be provided to this subcommittee.

Wildlife Operations Subcommittee

The Subcommittee wants the Director of the Division of Fish and Wildlife to assure that expenditures from the Game and Fish Fund by other DNR Divisions are appropriate and that the funds allocated to the respective Fish and Wildlife Sections are appropriate.

Conclusion

We members of the BOC strive to ensure that funds from the Game and Fish Fund (hunting, angling, and gathering license and permit fees and fine proceeds), Heritage Enhancement Fund and other moneys generated from recreational hunting and angling are spent according to the legislation governing their use. Minnesota's hunting and angling community wants assurances that the Department of Natural Resources and Minnesota Legislature spend our often self-imposed fees on activities that maintain and increase game and fish habitat and populations, while providing the public adequate access to these resources.

Over the past several years the Department has stepped up planning efforts. A Conservation Agenda has been developed that provides over-arching direction for the DNR. There is a WMA Acquisition plan in place. Numerous plans on Great Lakes, stream and lake fisheries have been recently finalized. The Long-Range Pheasant Plan has shifted from draft to final status within the past few months. There is a draft ruffed grouse plan in process. BOC Subcommittees have called for long range plans for waterfowl and wild turkey. What is urgently needed at this point is adequate funding to implement all of these grand schemes. Without sufficient financial resources these plans, the results of countless hours of agency and public collaboration, are doomed to languish on office shelves until such a time as they are deemed out-dated and the planning process begins anew. We cannot stress enough that the Department of Natural Resources and the Minnesota Legislature need to work together to develop new sources of dedicated natural resource funding, to efficiently channel existing funds into priority efforts, and to work effectively internally as well as with concerned citizen groups to make these long-term goals into realities.

We are fully prepared to provide further input and clarification on these recommendations to decision makers. Feel free to call on us to discuss any issue pertaining to hunting and angling funding or policy.

Sincerely,



Rick Horton
Chair, Game and Fish Fund Budgetary Oversight Committee
(Grand Rapids, MN)

FISHERIES OPERATIONS SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: John F. Schneider; Ph.D. Biology Professor, Metropolitan State University; and
Minnesota Sportfishing Foundation (Roseville, MN)
Jeff Bergeron (Andover, MN)
Jeff Byrne, Cabin Fever Sports (Victoria, MN)
Terry Peltier, Women Anglers of Minnesota (Forest Lake, MN)
David Thompson, Fisherman's Village Resort; Legislative Chair for the Congress of
Minnesota's Resorts (Battle Lake, MN)

INTRODUCTION

The committee would like to thank the efforts of departing chair, Michael Scott Dosch; and introduce new member Jeff Bryne. Committee members meet frequently to discuss and review the fisheries budget and documents. We respectfully offer some preliminary findings and thoughts. The committee would like to thank the many DNR Fisheries employees that provided information and effort; and special recognition to Peter Skwira and Ron Payer.

FINDINGS AND RECOMMENDATIONS

FY 2004 Game and Fish Fund Report

After reviewing the entire budget and being satisfied, a decision was made to take a closer look at several key elements: see below. We respectfully offer some preliminary findings and thoughts.

Fiscal Issues

Current Situation: The administrative reorganization of Fisheries & Wildlife has substantially increased the cost of the department's administration. There are good and bad elements to this restructuring. It has allowed both the fisheries and wildlife managers [Payer and Schad] to be more fully involved with day to day management activities within their programs – this can only help. The reorganization has also placed managers in charge of certain under utilized functions [i.e., outreach with CB Bylander]. However, when you add up the cost of this reorganization, the economic hit is in excess of \$300,000.

Proposed Solution: *The subcommittee feels strongly that this increase in administrative cost [that does not directly impact the habitat and its fish stocks] needs to be fully assessed for financial accountability and bang for the buck.*

Current Situation: The cost of managing Minnesota's most expensive fisheries is unknown.

Proposed Solution: *The subcommittee is requesting a financial accounting of the total cost of managing each of our state's 5 or 6 most expensive lakes. The hope is to gain a better understanding of the costs involved and to determine if expenditures are delivering a cost benefit equal to the dollars spent.*

Current Situation: The ~\$87,000 cost of managing fishing tournaments is completely subsidized by the Game and Fish Fund.

Proposed Solution: *This cost should be born by the tournament organizers and the anglers that fish tournaments. An economic assessment of DNR effort and costs should occur; and a fee*

structure should be imposed to recover the needed expenditures. The individuals making money off the states aquatic natural resource should pay their management costs.

Current Situation: Walleye stocking has increased, approaching the Department's 160,000 lb goal. The committee applauds these efforts, but has concerns about the increased costs [quadrupled in the past ten years] and impact on other species' management. We also have concerns about the increased reliance on commercial fish raisers and the long term impacts this will have on the amount of stocking; effort must be based on biology and lake impact, not on the politics of economics.

Proposed Solution: *We would like an assessment done that "measures for each additional \$100,000 dollars spent on walleye stocking, how many fish enter the creel". We would also like an assessment done that measures at what point does over stocking a lake with walleye impact other species [i.e., crappie, etc.].*

Current Situation: Treaty management costs continue to rise – they have doubled in the past 4 years. The Game and Fish Fund portion of these expenditures has risen sharply and unfairly. In FY01, the Game and Fish Fund only covered 47% of these costs [\$99,593]; while in the FY04 the Fund accounted for 84% of these expenditures [\$346,951]. A ~\$250,000 increase!

Proposed Solution: *As treaty management efforts become standardized, these costs should decrease – not continue to increase. The department should make every effort to cut costs. We would like to see these activities audited and justified. The legislature should then fund from General Fund dollars 50% of these expenditures.*

Current Situation: Rearing pond reclamation – in FY04, 16 rearing pond reclamation projects were approved, but only 6 were accomplished. In FY05, there are 27 projects approved. The committee hopes that a greater percentage of these projects are completed.

Proposed Solution: *With dwindling B unit dollars available, the legislature should consider increasing the appropriation to fisheries for these "on the ground" projects.*

Policy Issues

Continued loss of shoreline and littoral habitat: We applaud this year's efforts to study and modify the aquatic plant management program.

Proposed solution: *The modified plan should have "not losing more emergent vegetation" as a goal. On those bodies of water that have lost nearly all their emergent macrophytes, the goal should be to "gain them". We would like to see a detailed plan emerge over the next year that takes these two goals into account.*

Increase of boat license fee: The typical anglers' boat has dramatically changed over the years. Older public accesses have not been modified to handle these larger boats and motors. The boat license increase should be earmarked specifically for access improvement.

Proposed solution: *The DNR should lay out a timetable and plan emphasizing what % of older accesses will be upgraded.*

Bag limits review: Lake management must be based on good fisheries science – and not overly influenced by political pressure from a small group of local or special interests.

Proposed solution: *This committee thinks Fisheries should reconvene the bag limits committee and revisit this topic. Special emphasis should be placed on specific troubled waters.*

Expenditures from the Game and Fish Fund (GFF) should keep up with inflation: The legislature should increase the expenditures from the fund. Dollars spent today will have more impact than GFF dollars spent 3 years from now. Anglers expect periodic increases in their fees.

Proposed solution: *This committee renews its request that Legislators explore indexing to inflation the fees, permits and licenses for fishing related activities. This would prevent time and money from being wasted on the politics of periodic fee increases; allowing more GFF dollars to be used on management activities.*

Conservation Heritage Council: This committee believes that the present manner in which the LCMR allocates the environmental trust fund is cumbersome, time consuming, lacks a long term emphasis, and should be changed.

Proposed solution: *We support the changes that would make a citizen's panel responsible for allocation of these funds with the legislature allocating these funds to this committee.*

TROUT & SALMON STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Dave Bennett, Lake Superior Steelhead Association (Burnsville, MN)
John Connelly, Arrowhead Fly Fisheries (Cloquet, MN)
John Eaton (Two Harbors, MN)
Tom Helgeson, Midwest Fly Fishing (Minneapolis, MN)
Duke Hust, Trout Unlimited (Wayzata, MN)
Chuck Prokop, MN Trout Association (White Bear Lake, MN)
Sue Rousseau, Fly Fishing Women of Minnesota (Golden Valley, MN)

INTRODUCTION

The Trout and Salmon Stamp Committee (TSSC) wishes to thank the Minnesota Department of Natural Resources staff for providing their assistance to the committee in completing its charged duties. A special thanks to Mark Ebberts, Trout Program Coordinator, for attending all of our meetings and providing the committee with requested information, documents and reports.

The committee also wishes to thank departing committee members Jeff Broberg, Jane Clark and Jim Franczyk. The committee welcomes new members John Connelly, Tom Helgeson, Duke Hust, Chuck Prokop and Sue Rousseau.

FINDINGS AND RECOMMENDATIONS

FY04 Game and Fish Fund Report

The FY04 Game and Fish Report was acceptable to the Trout and Salmon Stamp Committee, noting correction to categorical expenditures.

Fiscal Issues

Expenditure Review

The TSSC has reviewed the following accounts and expenditures of the FY04 Trout and Salmon Stamp Fund:

Habitat Improvement.....	\$169,077.73
Fish Culture and Stocking	413,235.22
Easement Acquisition and Identification (EA&I)	294,580.01
Lake Superior Research and Special Projects (LS)	81,007.89

The TSSC has found the expenditures to be compliant with the legislative intent of Minn. Stat. Sec. 97A.075, Subd. 3.

Correction to Categorical Expenses Reported in the FY04 Game and Fish Fund Report

Current Situation: Expenses as reported for four categories in the FY04 Game and Fish Fund Report

Problem: Two line item expenses in the category of Habitat Improvement were improperly listed in this category.

Proposed Solution: *The total expenditures for Habitat Improvement, as listed, were \$179,041.05, and deducting the EA&I (\$8,004.88) and LS (\$1,958.44) items gives a total expenditure of \$169,077.73.*

Roll Forward Revenues

Current Situation: The TSSC had recommended Roll Forward expenditures be kept less than 10% of the annual appropriation.

Problem: This recommendation may be interpreted as a rule rather than a guideline.

Proposed Solution: *The TSSC recommends a guideline of Roll Forward expenditures being less than 10% of the annual appropriation.*

Policy Issues

The Trout and Salmon Stamp Committee would like to recommend the following related to the policies governing the Trout and Salmon Stamp Account program:

Lake Superior Cormorant Control

Current Situation: Populations of Double-Crested Cormorants have increased dramatically on Lake Superior over the past decade. These migratory waterfowl are not native to the Great Lakes.

Problem: Cormorants pose a serious threat to shoreline vegetation and game fish populations. Cormorants have already caused significant destruction to vegetation on Knife Island, and have been documented to consume both juvenile lake trout and rainbow trout shortly after these species were stocked by MNDNR into Lake Superior.

Proposed Solution: *The MNDNR should implement a policy of cormorant control on Lake Superior consistent with the Public Resource Depredation Order allowing the USDA Wildlife Services the ability to control, including lethal control, breeding colonies of cormorants causing damage to natural resources, threatened or endangered species, and impacting recreational fisheries on public waters.*

Thermal Impacts of Storm Water

Current Situation: Current practices of storm water management may not be consistent with protecting cold-water streams.

Problem: Thermal impacts of storm water run-off may pose a serious threat to cold-water streams.

Proposed Solution: *DNR to add \$50,000 to help support the development of a model by the University of Minnesota St. Anthony Hydraulics Lab on thermal impacts of storm water.*

ATV Use on the North Shore Trail

Current Situation: There is a moratorium prohibiting ATV use on the North Shore Trail from Normanna Road, located on the outskirts of Duluth, to Hockamin Creek, located near Finland. Recent proposed legislation would allow ATV use of the North Shore Trail.

Problem: The Trout and Salmon Stamp Committee is very concerned that ATV use on this trail will pose a great threat to the numerous rivers and streams tributary to Lake Superior. Soil erosion and water carried silt from ATV crossings will greatly impact prime fish spawning and nursery habitat.

Proposed Solution: *Prohibit ATV use of the North Shore Trail.*

MEASURABLE OBJECTIVES

- **Long Term Goal** – A more holistic, proactive and futuristic approach at the watershed level to protect Minnesota's coldwater resources.
 - o **Short Term Goal** – Encourage cooperation with other governmental agencies and appropriate private groups (Trout Unlimited's Driftless Area Restoration Effort, or the multi-agency supported Knife River Watershed Forestry Stewardship program, for example) regarding water-quality issues and conditions.
 - o **Short Term Goal** – Examine agricultural and forest-management practices and effect on coldwater resources; begin collaborative follow-up.
 - o **Short Term Goal** – Step-up interaction with developers and relevant local governments to consider "smart growth" and appropriate land-use restrictions.
 - o **Short Term Goal** - Intensify efforts to educate the public regarding issues and practices affecting coldwater resources; enlist the support and cooperation of the outdoor industry — manufacturers (fishing tackle, boats, ATVs, etc.) retail outlets, publications, etc. - in this effort.
- **Long Term Goal** – Make all trout waters in Minnesota accessible to anglers.
 - o **Short Term Goal** – Acquire easements
 - o **Short Term Goal** – Provide vehicular access at strategic points
 - o **Short Term Goal** – Provide special access

SUMMATION

The Trout and Salmon Stamp Committee has reviewed the follow-up to recommendations in its FY03 Report. Habitat Improvement on SE Minnesota streams is progressing satisfactorily with the exception of a glitch on the Gribben Creek project which the MN DNR has agreed to correct. Expenditures are being made on Easement Acquisition and Identification using other sources of revenue, with Trout and Salmon Stamp revenues being used when other sources are not available. TSSC concurs that a web based interactive program be implemented to allow the angler to locate trout streams and lakes, and that easement and trespass information be put into the program. The TSSC feels stamp funds should be designated for this program. DNR has budgeted \$40,000 for steelhead smolt rearing at the French River Hatchery to offset a potential loss of outside funding from the Lake Superior Steelhead Association. Use of TSSC funds for cooperative Habitat Improvement Projects is progressing. The DNR has made significant progress on Lake Superior Research as evidenced by the presentations made at December 4, 2004 Lake Superior Fisheries Conference in Cloquet. TSSC membership has been increased from five to seven members. Beaver control on trout streams is continuing to be implemented. Stocking and fish culture is being continually evaluated by DNR on an area wide basis. The TSSC supports the language change specifying the use of Trout and Salmon Stamp funds currently before the legislature.

TSSC will continue to monitor progress on past, as well as, current recommendations.

WILDLIFE OPERATIONS SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Dennis Neilson (Long Lake, MN)
Michael Hunziker (Lakeville, MN)
Rob Theobald (Waseca, MN)

INTRODUCTION

The Wildlife Operations Subcommittee reviewed the FY 2004 Game and Fish Fund Report and the appropriations, budgets and expenditures for the Wildlife Operations and Maintenance, Wild Rice Management, Small Game License Surcharge and Heritage Enhancement Accounts. We encountered one material difference as explained below.

LACK OF FINANCIAL CONTROLS

Current Situation: Despite requests in prior years and again this year the Subcommittee has been stonewalled in its effort to obtain any analysis of historical revenue and expenditures divided into amounts benefiting (1) fish and (2) wildlife.

Problem: Minnesota's sportsmen, sportswomen and elected leaders have been led to believe that the Game and Fish Fund is guarded by the Division of Fish and Wildlife to assure that fishermen pay for fisheries and hunters pay for wildlife.

Proposed Solution: *The Director of the Division of Fish and Wildlife should be assigned the responsibility for assuring that all expenditures from the Game and Fish Fund by other DNR Divisions are supported by appropriate documentation. In addition, the Chief of Fisheries and the Chief of Wildlife should be responsible for assuring that the allocation of funds to their respective Sections is appropriate.*

OTHER FINDINGS AND RECOMMENDATIONS

FY 2004 Game and Fish Fund Report

We offer the following comments on accounting practices 1) conforming the Game and Fish Fund Report to the State's audited financial statements and (2) reducing the burden of special accounting for Resource Revenue appropriations:

Current Situation/Problem: The State of Minnesota audited financial statements treat Heritage Enhancement Account receipts as a transfer to the Game and Fish Fund from the General Fund. The Game and Fish Fund Report records these receipts as ordinary receipts of the Game and Fish Fund.

Proposed Solution: *To improve financial reporting and better reflect the nature of Heritage Enhancement Account receipts we recommend that the Game and Fish Fund Report treat these receipts as a transfer from the General Fund consistent with the State's audited financial statements.*

Current Situation/Problem: In FY 2004 the Wildlife Section received an increased appropriation to the Game and Fish Fund from revenue derived from the sale of natural resources.

The detailed accounting for these expenditures recommended by this Subcommittee last year was cumbersome to apply.

Proposed Solution: *We continue to recommend detailed accounting but are satisfied that a change to the use of regional organizational codes will provide necessary accountability while easing administrative burden.*

Fiscal Issues

Current Situation/Problem: The new Wildlife Management Areas designated from Consolidated Conservation (Con-Con) lands in 2002 require approximately \$800,000 in future expenditures (surveys, boundary management, signage, etc.) in order to meet the State's WMA standards. These lands will be subject to trespass and misuse until they are brought up to WMA standards and WMA regulations can be enforced. No substantial funding source for the \$800,000 is available; neither bonding nor the Heritage Enhancement Account is available.

Proposed Solution: *The Subcommittee recommends that \$250,000 per year be designated from the Resource Revenue appropriation beginning in FY 2006 to address this situation. In FY 2005 \$100,000 was used from the Resource Revenue appropriation for these costs; the additional \$150,000 in FY 2006 could come from reductions to special projects (\$50,000) and allocations to regions (\$100,000).*

Policy Issues

Current Situation/Problem: We note under-funding of Wildlife Management Area habitat management and WMA land acquisitions in both FY 2003 and FY 2004. The DNR has embraced a 2002 citizen advisory committee recommendation to acquire 210,000 acres of new WMAs in the next 10 years. Acquisitions in 2003 and 2004 (3,108 and 4,116 acres, respectively) are woefully below recommended annual acquisitions of 21,000 acres.

Proposed Solution: *If the DNR is serious about improving WMA habitat and expanding WMA acreage a reliable funding source must be established.*

Change in 2004 Recommendation: The Subcommittee recommended in 2004 that two positions be maintained for the Animal Damage Management Program; *we now recognize the need for only one position to fully implement this program.*

BIG GAME SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Scott Nagel, Minnesota Deer Hunter's Association (Little Falls, MN)
Brian Bachman, North American Bear Foundation (Fort Ripley, MN)
Chris Kolbert, Bluffland Whitetails Association (St. Charles, MN)
Dan Splittstoser, Minnesota Deer Hunter's Association (North Branch, MN)
Doug Strecker, Pope and Young Club (Hackensack, MN)

INTRODUCTION

The members of the Big Game Subcommittee would like to thank the staff of the Minnesota Department of Natural Resources for their cooperation during the preparation of this report. This subcommittee was pleased that several of the recommendations of the 2004 subcommittee were taken into consideration. In particular, strides have been made to provide a more detail analysis of the whitetail deer herd, including population modeling and goal setting. In addition, several more youth hunts were added in the fall of 2004, thus increasing opportunities for young outdoors men and women. We encourage those involved in these activities to continue to work toward the goals set forth in the report of the 2004 Big Game Subcommittee.

FINDINGS AND RECOMMENDATIONS

Fiscal Issues

After review of the FY04 expenditures, we find that all monies appropriated for deer habitat improvement, deer and bear management, and emergency deer feeding/wild cervid health management have been used for their intended purposes.

Current Situation. A discrepancy has become apparent with respect to the amount of money appropriated from each deer license for the Emergency Deer Feeding/Wild Cervid Health Account. It is the understanding of this committee that \$3.50 should be appropriated from each deer license sold in Minnesota for accounts overseen by the Big Game Subcommittee (\$2.00 for Deer Habitat Improvement account, \$1.00 for the Deer/Bear Management account, and \$.50 for the Emergency Deer Feeding/Wild Cervid Health Management account). It would appear that only \$3.00 is being appropriated from each license; \$1.00 is being appropriated from each deer and bear license for the Deer/Bear Management account, but only \$.50 from each deer license is being deposited into the Deer/Bear Management account and \$.50 is being deposited into the Emergency Deer Feeding/Wild Cervid Health Management account. According to Minn. Stat. §97A.075, Subdivision 1 (c): "Fifty cents from each deer license is appropriated for emergency deer feeding and wild cervidae health management."

Proposed Solution. *We recommend that the MN DNR review the interpretation of statutory appropriation language for this account. Whether through re-interpretation of current statute or a clarification of statute by additional legislative action, we recommend the full \$3.50 appropriation from deer licenses be deposited into the dedicated accounts.*

Current Situation. The subcommittee found the format of the Game and Fish Fund report to be adequate, but would like to see more information in the report on licenses sold.

Proposed Solution. *In the future, we would recommend stating the total licenses sold and the appropriate dollar amount stated for each account (i.e., at 10,000 licenses sold, \$1.00*

appropriated per license = \$10,000).

Policy Issues

The Big Game Subcommittee found that all policies governing the Deer Habitat Improvement, Deer/Bear Management, and Emergency Deer Feeding/Wild Cervid Health Management account programs were satisfactory. We are pleased that the MN DNR has taken so many recommendations from the FY03 report into consideration.

MEASURABLE OBJECTIVES

The MN DNR should be encouraged to continue their efforts to:

1. Improve WMA maintenance
2. Increase opportunities for adult hunter education
3. Determine and maintain goals for big game population densities by permit area.
4. Improve upon population models for big game populations.
5. Determine assumptions and objectives for harvest ratios, wildlife sex ratios, and age structures.

SUMMATION

The Big Game Subcommittee considers it an honor and great responsibility to oversee these funds. We wish to reiterate the fact that this report could not have been generated without all of the tremendous support from the MN DNR staff members. We look forward to working with the MN DNR staff in the future and would also like to thank Commissioner Gene Merriam for this opportunity to serve.

PHEASANT STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Brad Cobb, Stearns County Pheasants Forever (St. Joseph, MN)
Aaron K. Kuehl, Pheasants Forever Regional Biologist (Trimont, MN)
Mark Matuska, District Director for Congressman Mark Kennedy (Waverly, MN)
Brian Smith, President, Private Capital Management, Inc. (Eagan, MN)
Kyle Thompson, Owner & CEO Prairie Land Management (Glenwood, MN)

INTRODUCTION

In 2004-05, the Pheasant Stamp Subcommittee (PSOC) turned-over two (2) Committee appointments and welcomed two new PSOC members; Mark Matuska –District Director for U.S. Congressman Mark Kennedy and Kyle Thompson – Owner and CEO of Prairie Land Management (PLM). Mark Matuska has extensive experience in state and federal political processes and Kyle Thompson and his company PLM is a well know land management and prairie restoration company.

The PSOC wants to recognize departing Committee members Kevin Ausland and Loran Kaardal. Their leadership and dedication to wildlife conservation and pheasant management will be greatly missed and we wish them well in all that they do.

In August of 2004, the MN DNR hired Bill Penning as the new Farmland Wildlife Program Leader. Bill replaces Lloyd Knudson who retired in January of 2004. Bill Penning is the MN DNR liaison for the PSOC. During the interim period between January and August of 2004, Ed Boggess acted as the DNR liaison to the PSOC. The PSOC welcomes Bill Penning and looks forward to working with him.

In March of 2004, the MN DNR increased the Pheasant Stamp fee for the first time since its inception in 1983. The new Pheasant Stamp fee is \$7.50 (previously \$5.00). The additional funds generated from the increase will be primarily used for federal farm program promotions and WMA acquisitions. In addition, the Minnesota pheasant hunting season was extended in 2004, now concluding on December 31. The extended season did not require legislative action and was supported by the PSOC.

FINDINGS AND RECOMMENDATIONS

FY 2004 Game and Fish Fund Report

The Fiscal Year (FY) 2004 Pheasant Habitat Stamp Improvement Program (PHIP) report to the PSOC was reviewed in December 2004 and January of 2005. The PSOC has reviewed the FY 2004 expenditures for the PHIP account and found them to be compliant with language in Minn. Stat. Sec. 97A.075 Subd.4. This action was completed and voted on by the entire Subcommittee on January 24, 2005.

Fiscal Issues

The PSOC noted that the PHIP account had a substantial carry over balance from current and prior fiscal years. Bill Penning informed us that the DNR does not have statutory authority over

the funds. Even though the DNR had recommended this change it appears unlikely to pass this legislative session. Fund accumulation has been used as a tool to manage the appropriation process. The PSOC expressed disappointment over this practice since all funds are needed for current program strategies.

Policy Issues

Statutory Authority Over Fund Balance

The PSOC recommends that the DNR continue to seek statutory authority over the funds in the PHIP account and use these funds in programs that are consistent with the Long Range Pheasant Plan. The PSOC also recommends that most of the current fund balance become part of the next two biennium budgets.

Align PHIP Account Budget With Long Range Pheasant Plan

The PHIP account budget should be aligned to support the tactics and strategies that have the greatest impact on the success of the Long Range Pheasant Plan. The PSOC reviewed the final version of the plan and recommends that the DNR develop short and intermediate term tactics and strategies that ensure progress toward achieving the Plan's strategic vision: "a Minnesota pheasant harvest averaging 750,000 roosters per season." The PSOC believes that the key to accomplishing this vision is the creation of additional pheasant habitat.

License Fee Increase

The PSOC recommends that the DNR continue to study the idea of another license fee increase and begin the process of educating the public on the need for additional funds to achieve the goals of the long-range plan. The PSOC continues to believe that pheasant hunters are a significant and willing potential source of additional revenue.

Other Recommendations

In addition to the above recommendations, the PSOC would like the DNR to consider the following tactics and strategies:

- Study data on roadside wildlife management and improvements and determine best practices. Continue or increase funding of roadside habitat management and increase public relations efforts through media and signs. Make available to roadside managers specific data on roadside ownership and easements.
- The PSOC recommends that a portion of the MN DNR Hunter Handbook be used to identify how the PHIP's account is spent. Also to include comments that the federal farm bill and the associated conservation provisions like the Conservation Reserve Program (CRP) is single most important program to increase pheasant habitat in Minnesota.
- Some portion of the current account balance should be made available for habitat projects. We recommend that a portion of the fund balance be used as a 'block' grant for CREP II Initiatives, which overlap in the pheasant range of Minnesota. This Initiative would "piggy-back" PF's current efforts in those areas.
- Identify additional tax incentives/estate credits for landowners, farmers, and ranchers who would be willing to create or protect wildlife habitat on their properties from future farming and grazing activities in addition to state and federal programs like RIM, CREP, CRP. A model we might want to follow is those efforts being promoted by The Nature Conservancy (TNC) through land trusts and estate wills.
- Persuade landowners to utilize currently available programs (more or new programs might focus too much energy away from current programs) through public awareness and marketing programs.
- Identify and promote habitat designs that will produce more pheasants per acre of habitat.

Manage winter habitat to ensure that adverse impacts to pheasants and other ground-nesting birds from trees and other woody cover are minimized.

- Begin to develop an application process for use of PHIPs monies (private groups/individuals/Block Grants) that would score applicants based on best practices. Dollar allocation would also be based on regions determined to be most productive in meeting the goals of the Pheasant Plan. An emphasis should also be made on making the application and review process as simple as possible.
- Increase (as a one time request) our federal farm program lobbying and promotion efforts from the current \$12,500 (used by PF) annual budget to a more appropriate figure annually for the next 2 years or until 2007 – beginning now. We should also look at supporting other group's lobbying efforts, like TNC. We also recommend using a portion of the PHIP's surplus carry-over as additional sign-up incentives for CP-21 contracts that will use the maximum width buffers as a first come-first served until our designated funds are used. The application and disbursements of these incentive funds can be determined by the DNR Farmland Committee. This incentive would only be awarded to those contracts in a designated MN Pheasant Zone.
- WMA acquisitions should always be a priority and an appropriate amount of the surplus should be earmarked for acquisitions. We encourage the DNR to acquire a WMA and formally dedicate this WMA to identify the significant role the MN Pheasant Habitat Stamp funds have played since 1983 – the first year of the stamp. This public relations WMA dedication in 2008, the 25th Anniversary of the Pheasant Stamp, will be a part of our educational efforts for continued support of the pheasant stamp fee and a public showcase to market how these funds are used.

MEASUREABLE OBJECTIVES

The MN DNR on March 8, 2005, approved the “Long Range Plan for the Ring-neck Pheasant in Minnesota.” The vision of the Plan is to have an annual harvest of 750,000 roosters by the year 2025. To accomplish this vision, there must be a sufficient habitat base to support an average fall population of 3 million birds. To achieve the habitat base to support such populations we need an additional 1.56 million acres of habitat in the 63 counties of the Minnesota pheasant range. It is assumed that a majority of these additional acres will need to come from federal land conservation programs like the “Conservation Reserve Program.” The DNR will need to align the annual PHIP's account to help meet the tactics and objectives of this Plan.

SUMMATION

The PSOC approves of the long-range plan and asks the MN DNR to use this document to develop tactics, strategies, and recommendations on how to best use the dedicated pheasant stamp account to meet the objectives of the long-range plan. Certain programs currently funded by the PHIP's account (like food plots) may have to change to best utilize the PHIP funds to meet the objectives of the long-range plan.

The PSOC also recognizes that 1.1 million acres currently enrolled in CRP in Minnesota are due to expire by the year 2007. The 2007 Federal Farm Program and associated conservation programs like the Conservation Reserve Program (CRP) are scheduled to be reviewed and implemented. The PSOC believes that it is in the best interest of the Minnesota pheasant hunters to aggressively promote and lobby for significant increases in the total number of acres accepted in the Minnesota pheasant range under the 2007 Federal Farm Program.

TURKEY STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Tom Glines, National Wild Turkey Federation (Coon Rapids, MN)
Tom Kalahar, Renville SWCD (Olivia, MN)
Dave Mahlke, National Wild Turkey Federation (Winona, MN)

INTRODUCTION

We wish to thank Bill Penning, DNR Farmland Wildlife Program Leader, for his assistance with our review of spending in this account. We also thank Dean Potter, Doug Grann, and Tara Olson for their input in the previous years of service on this committee.

The appropriation for this account for FY04 was \$121,000.

The Department of Natural Resources has done a great job of taking our previous recommendations and considering them in regards to the wild turkey resource and its management.

- This winter, January–March 2005, they continued to trap and relocate 255 turkeys (with an additional \$35,000 from the National Wild Turkey Federation).
- There is a focused effort to acquire important turkey tracts of land in the southeast.
- For the spring season of 2005, there was a 15% increase in permits available.
- They have developed a “nuisance turkey action plan.”
- The hunter “assist” law has been changed for the better.

FINDINGS AND RECOMMENDATIONS

FY 2004 Game and Fish Fund Report

The Turkey Stamp Subcommittee has reviewed FY04 expenditures from the Turkey Stamp Fund and found them to be compliant with the language of Minn. Stat. § 97A.055 Subd. 4b (9).

Fiscal Issues

The \$121,000 appropriated for FY04 was \$26,000 more than the FY03 appropriation of \$95,000. However, only \$39,268.65 was expended from this account. The balance of \$81,731.35 will be rolled forward to FY05.

Policy Issues

The Turkey Stamp Subcommittee recommends the following changes to the policies governing the Turkey Stamp Account

Current Situation: A Long–Range Turkey Action Plan needs to be written.

Problem: There is no clear direction of where this program is going, and what the accepted range of the wild turkey can or will be.

Proposed Solution: *Finalize a Long–Range Turkey Action Plan.*

Current Situation: Turkeys in some areas are a nuisance.

Problem: There is no DNR plan on how to deal with these isolated “urban or metro” birds.

Proposed Solution: *Get approval from Fish and Wildlife Division Management Team for Nuisance Turkey Plan for distribution to the field.*

Current Situation: Turkeys have not been approved for release into NW Minnesota.

Problem: Turkeys have not been given the green light for existing turkey habitat in northwestern Minnesota in the transitional forest areas.

Proposed Solution: *Get approval from Fish and Wildlife Division Management Team and the Commissioners Office.*

Current Situation: Finish Trap & Transplant Program

Problem: Develop a plan to determine what IS turkey habitat and plan to stock it with sufficient releases.

Proposed Solution: *Using DNR GIS mapping of land cover, snow fall depths and data bases of information determine what the priority range of wild turkeys should be. Look at what the unstocked area is, and determine how many releases it will take to stock. Trap at least 200 birds a year until the unfilled area is stocked. And, as geographic relocation priorities move further from the traditional SE turkey range, we would like to explore options of changing trapping locations and/or methods to maximize transplant opportunities & cost/benefit ratios.*

Current Situation: Little effort to increase turkey habitat in South Central, Southwestern, and West Central Minnesota.

Problem: Conflict seems to exist to focus only on wetlands and grasslands.

Solutions: *Stop hardwood removal on private, state, and federal lands that have provided critical roost sites for wild turkey populations; increase tree planting along river/stream corridors and riparian areas; promote 3-5 acre wood lot protection in the agricultural areas of the state; support CREP in the Farm Bill.*

Current Situation: Expand youth turkey hunt opportunities.

Problem: Current plan seems to be too restrictive to expand youth turkey hunting opportunities for youth recruitment.

Solution: *Open up some State Parks for limited opportunities, ease sponsored youth hunt language to allow for sponsoring organizations to line up some private lands on specific weekends, possibly allow for a reduced cost "youth turkey hunt" two day license.*

MEASUREABLE OBJECTIVES

- Long Term Goal: 50,000 Turkey Hunter Opportunities for Spring Hunting (for now)
 - o Short Term Goal: Continue to tweak permit levels and model for increase in tags
 - o Short Term Goal: Look at allowing unlimited tags for the last two weeks for gun or bow, if that is their choice by the application deadline
- Long Term Goal: More WMAs that have turkeys on them
 - o Short Term Goal: Purchase lands that have turkey habitat (mature forest stands)
 - o Short Team Goal: Continue to use turkey stamp monies to improve and create hardwood stands on existing WMAs
- Long Term Goal: Private lands management program
 - o Short Term Goal: Help facilitate landowner workshops that work with private landowners to instruct them on how to enhance their properties for wild turkeys, which includes government programs of cost sharing
 - o Short Term Goal: More technicians to work in the field for help in enrolling in more of these programs

SUMMATION

We believe the wild turkey stamp is an important resource to continue to grow the sport of wild turkey hunting in Minnesota. Much can be done to continue to see the increase in recreational opportunities into the future.

Expanding the range has been the easiest and quickest way to continue that growth, but the day is coming that turkeys will have been stocked in all the available habitat.

Two areas that will be critical in the future are enhancing the land to hold more turkeys and providing places for Minnesota's sportsmen and women to hunt and recreate. Public and private lands need to be managed for turkey habitat which includes mature roost trees, fruit and nut bearing trees and shrubs for natural food sources, sufficient nesting cover, and brood rearing habitat. The agency, along with its conservation partners, needs to continue to purchase lands that hold turkeys for WMAs, as well as foster a positive attitude with private landowners to allow access to their lands for the turkey hunters

WATERFOWL STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Phil Zins, Nicollet Conservation Club (Golden Valley, MN)
Tom Cooper, Minnesota Waterfowl Association (Waconia, MN)
Jon Schneider, Minnesota Ducks Unlimited (Alexandria, MN)

INTRODUCTION

The Chairman of the Waterfowl Stamp Subcommittee would like to recognize subcommittee members listed above and thank them for their many hours of work, the result of which is this report with recommendations concerning the Game and Fish Fund (GFF) Report for FY 2004.

All of the members of the Waterfowl Subcommittee would like to recognized and thank Mr. Ray Norrgard, Wetland Wildlife Program Consultant, with the DNR for his generous contribution of time and technical assistance to the Subcommittee.

FINDINGS AND RECOMMENDATIONS

FY 2004 Game and Fish Fund Report Content

The Waterfowl Stamp Subcommittee respectfully provides the following comments and recommendations concerning the content of the Game and Fish Fund Report and the provision of supplemental information (in addition to the GFF), which the Subcommittee would like to have available for review.

Cost Reporting Categories

Current Situation: The current GFF Report provides a five-category breakdown of expenditures, which are Wetland Development, Waterfowl Management, Habitat Development, Land Acquisition, and Promotion of Habitat Development.

Problem: These five (5) cost categories don't match the more useful and more detailed nine-category break down which was provided to the subcommittee for review. This somewhat more detailed information included the cost categories of; Continuing Education, Grassland Management, Lake Assessment, Land Acquisition, Other Technical Guidance, Population Management, Wetland Ecological Studies, Wetland Habitat Management, and Wetland Lake Technical Guidance.

Proposed Solution: *The nine (9) cost reporting categories provided to the subcommittee members should be substituted for the five (5) now reported in the GFF report. These revised cost reporting categories will provide the Subcommittee and other interested parties, with a better understanding of expenditures than is provided by the broad categories that are currently listed in the GFF.*

Wetland Habitat Project Data

Current Situation: The Wetland Habitat Management data made available to the Subcommittee (one of the more detailed cost categories discussed above) included a further subcategory cost breakdown of six items. Those six subcategories were Wetland Habitat Maintenance, Waterfowl Structures, Wetland Impoundment Development, Wetland Restoration, Wetland Water Control, and Wetland Enhancement.

Problem: This additional data, however, did not indicate the number of projects completed (or their locations) for each of these six subcategories.

Proposed Solution: *The subcommittee would like to have made available to it a list of the number of projects and the location of each project, under each subcategory of Wetland Habitat Management.*

Annual Work Activities

Current Situation: It is the Subcommittee's understanding that approximately 2.5 FTE positions are funded through Waterfowl Stamp funds to work on wetland and waterfowl related activities.

Problem: There doesn't seem to be a readily available source of data for the Waterfowl Stamp subcommittee, which shows the specific activities of these personnel. As a result it is difficult to evaluate how important/effective those 2.5 FTE positions are in waterfowl management.

Proposed Solution: *The Waterfowl Subcommittee would like to have available to it a "high-level," one page summary of the previous FY work activities for each of these positions that references specific wetland project locations and accomplishments (such as WMA or shallow lakes which were assessed, restored, or enhanced and indicate the name and location of each).*

FY 2004 Waterfowl Fund Expenditure Priorities

The Waterfowl Stamp Subcommittee has reviewed FY 2004 expenditures from the Waterfowl Habitat Improvement Account 233, as indicated in the December 2004 GFF Report. The Subcommittee found them to be compliant with the governing Minnesota Statute 97A.075.

However, the Waterfowl Stamp Subcommittee respectfully provides the following comments and recommendations concerning changes to expenditure priorities for the future, which it believes will further benefit the waterfowl resources of Minnesota.

Current Situation: For FY 2004, \$221,519 was spent on wetland habitat management, which was approximately 1/3rd of the total \$665,638 of the total FY 2004 waterfowl stamp expenditures.

Problem: The original objective for the establishment of the waterfowl stamp fund was to provide stable funding for the management of Minnesota's waterfowl habitat. The Waterfowl Subcommittee agrees that habitat (both quantity and quality) is the foundation on which to improve the waterfowl resources, but it believes this objective would be better served by putting more emphasis on the specific category of wetland habitat management.

Proposed Solution: *The Waterfowl Subcommittee recommends the establishment of a minimum target level of expenditures for wetland habitat management, of 60% of total annual expenditures. Additionally the Subcommittee recommends an emphasis on expenditures that develop or manage waterfowl migration habitat (such as large wetlands and shallow lakes).*

Policy Issues

The Waterfowl Stamp Subcommittee recommends the following policies for the Waterfowl Habitat Improvement Account program.

Current Situation: Stakeholders are currently working on a "Long Range Plan for Ducks in Minnesota" which contains goals for duck management in Minnesota and which addresses actions to meet those goals.

Problem: The plan is in draft form, and lacks specific measurable habitat goals and objectives such as acres of new breeding habitat in need of restoration and number of shallow lakes in need of improvement and active water level management.

Proposed Solution: *Finalize a comprehensive plan that includes measurable habitat objectives, print, and distribute it to field managers with habitat objectives to be implemented in order to*

meet the goals. Such a plan can then be compared with results and be evaluated by stakeholders, including this subcommittee.

MEASURABLE OBJECTIVES

The Waterfowl Stamp Subcommittee recommends the following specific annual goals for habitat programs to be achieved with expenditures from the Waterfowl Habitat Improvement Account 233:

- A minimum of 25 prairie shallow lake or large wetland enhancement projects be initiated or completed each year for the immediate future.
- A minimum of 25 prairie shallow lakes projects should be actively managed for drawdowns each year for the immediate future.
- A minimum of 640 acres of small prairie wetland-upland complexes should be restored each year for the immediate future.
- The water outlets of a minimum of 150 wild rice lakes should be actively managed to keep them free from obstructions such as beaver dams and debris.

SUMMATION

The FY04 waterfowl stamp expenditures were examined by the subcommittee and found to be compliant with governing Minnesota Statute 97A.075 and relevant to waterfowl management needs based on the information provided. However, the subcommittee recommends that the Game & Fish Fund report include information, which is consistent with the cost categories provided to the waterfowl subcommittee for review. Doing so would increase the usefulness of the GFF report and would make the work of this subcommittee much easier.

Further, the committee recommends more emphasis be placed on expenditures for habitat improvement and management, more explicit habitat acre goals be included in plan(s), more explicit annual habitat acre objectives be established for DNR field managers, and improved accountability reporting be provided to this committee.

ECOLOGICAL SERVICES SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: John Curry, Minnesota Center for Environmental Advocacy (St. Paul, MN)
Charlotte Brooker, Izaak Walton League (Maplewood, MN)
John Hunt, Trout Unlimited (Big Lake, MN)
Paula West, Minnesota Lakes Association (Brainerd, MN)
Allison Wolf, The Nature Conservancy (Minneapolis, MN)

INTRODUCTION

The subcommittee wishes to thank the Minnesota Department of Natural Resources managers Lee A. Pfannmuller and Steve Hirsch for their assistance in arranging meetings and providing background data and information as the committee prepared its FY04 expenditures report.

The subcommittee would also like to thank two long-standing members for their previous service: Frank Schneider who was with the original Citizen Oversight Committee from its inception in 1995 and was critical to its formation and implementation throughout the early years and was a member of the Ecological Services subcommittee since it began in 2000; and Gabrielle Horner, Legislative Director with the Nature Conservancy, who also served on both the Budgetary Oversight Committee and the Ecological Services Subcommittee. The subcommittee welcomes new member Allison Wolf.

We'd also like to note several items that were implemented following previous subcommittee recommendations:

1. Increased fees called for in the subcommittee's FY03 report were enacted and resulted in the areas of Aquatic Plant Management (\$35,000), Aeration (\$14,000) and Commercial Fishing Licenses (\$6,000).
2. In response to a subcommittee recommendation, DNR staff redefined the "Information and Integration" category into two new categories that are better descriptors of the accomplished work: "Community Assistance and Conservation Information" and "Operations Support."
3. Two long-term goals that the subcommittee established for aquatic plant are being used in guiding stakeholder discussions regarding a comprehensive review of the Department's Aquatic Plant Management (APM) Program.
4. The subcommittee included six specific points and recommendations about the APM Program. A review is currently underway with a projected completion date of summer 2005.

In addition to issues associated with the APM Program review, the subcommittee also recommended that Game and Fish Fund dollars not be used for those aquatic plant management permits that do not support ecological and/or fisheries goals. One suggestion was to investigate the possibility of transferring funds from the Minnesota Department of Agriculture's pesticide account.

Although the latter recommendation was not implemented it was discussed with the Commissioner's Office. The specific recommendation was not enacted but the Governor's FY 2006-07 biennial budget recommendations include a proposal to use the Water Recreation Account to fund that portion of the APM program that is not supported by permit revenues (approximately \$200,000). In addition, the Senate recommended that APM permit fees no longer

be deposited into the Game and Fish Fund but into the Water Recreation Account, which would then fund most APM activities. Although some Game and Fish Fund dollars may still support APM activities, if the Governor's and Senate recommendations are approved, Game and Fish Fund support should be significantly less than in previous years.

FINDINGS AND RECOMMENDATIONS

FY04 Game & Fish Fund Report

The format for the Game and Fish Fund report for Ecological Services was acceptable. Division staff have explored ways to simplify their cost accounting and that should lead to further refinements in expenditure reporting for FY05.

The Subcommittee would like to recommend that some changes be considered for the entire report:

Operational Support Costs

Current Situation: Each unit that uses Game and Fish Fund dollars reports the use of basic operational support costs differently. For example, Fisheries delineates the costs of Administration, Worker's Compensation and Facilities & Equipment separately; Wildlife delineates the costs of Facilities and Program Operations separately; Ecological Services delineates the costs of Training, Equipment and Administration under the category of Operations Support; and Enforcement does not delineate any operational support costs.

Problem: Because each unit reports these operational costs in a different manner, it is difficult to compare across units and obtain a comprehensive assessment of the expenditures needed to support field operations.

Proposed Solution: *As the Department embarks on an effort to provide more consistency in reporting in preparation for the FY05 expenditure report, staff should examine how they can more consistently define and report on operational expenses.*

Lottery Revenues

Current Situation: Heritage Enhancement dollars are an important source of funding for many programs, not only in Ecological Services but also for Fish & Wildlife and Enforcement. Although the expenditures are carefully reported, members of the subcommittees and the BOC should also be comparing these expenditures to the annual lottery revenues.

Problem: The percentage of lottery revenues that are dedicated to the Heritage Enhancement Fund has declined over the years, despite continued needs for resource protection and management. This, coupled with continual erosion of the General Fund, has led to an overall reduction in the state's investment in natural resources.

Proposed Solution: *Add to the annual Game and Fish Fund Expenditure report a historical comparison of annual expenditures to annual lottery revenues to serve as an educational reminder to stakeholders.*

Fiscal Issues

Expenditures Review

The Ecological Services Subcommittee has reviewed the Division's FY04 Game and Fish Fund expenditures and has found them to be compliant with legislative intent (Minn. Stat. §97A.057 Subd. 2). Specifically, the dollars have been appropriately spent on activities that support game and fish activities. As noted in earlier reports, the Division has been conservative in its management of Game and Fish Fund dollars:

- The Game and Fish Fund provided 13% (\$1,535,730) of the total expenditures (\$11,760,890) for the Division of Ecological Services in FY04 (Figure 1). This expenditure represents 2.4% of the total expenditures made from the Game and Fish Operations Account (\$64,712,000) during the fiscal year.
- Figure 2 depicts how both the Game and Fish Operating dollars and the Heritage Enhancement dollars were expended within the Division by major program area. Figure 3 depicts how the Game and Fish operating dollars were expended.

Examination of expenditure questions raised in the BOC's budget letter dated August 9, 2004

Information Systems

The subcommittee examined the question raised about expenditures for Information Systems and concluded that this has been addressed by staff redefining the program areas into more meaningful descriptors. The subcommittee further recommended that information system work that is program-specific will be reported under that program and that information system work that is focused on network maintenance and other activities not related to a specific program will be reported under "Conservation Information and Community Assistance."

Mosquito and Black Fly Control

In FY04 a total of \$1,080 was spent on mosquito and black fly control. The Game and Fish Fund provided 93% of the total expenditures (i.e. \$1,010). The work was specifically associated with review and granting 5 permits to local units of government to control black flies to ensure that the control efforts do not impact fish and wildlife resources.

Private Aquaculture Health Monitoring

In FY04 a total of \$2,160 was collected in permit revenues from private aquaculture facilities. The Division spent a total of \$13,741 to test private facilities; \$13,385, or 97%, was spent from the Game and Fish Fund. The Subcommittee believes that the benefit of ensuring the health of fish from these private hatcheries outweighs the minimal cost to the Game and Fish Fund.

Natural Resource Damage Assessments

In FY04 a total of \$97,048 was spent on assessing damages to natural resources that result from hazardous waste spills; \$47,303, or 49%, was spent from the Game and Fish Fund. Nevertheless, once the damage claim is settled, the Game and Fish Fund is fully reimbursed. The Subcommittee, therefore, believes that the Game and Fish Fund support of these expenditures is justified.

Policy Issues

Examine the funding support for Project WILD

Current Situation: Project WILD, a national curriculum for wildlife education has, since it began in Minnesota, been totally funded from volunteer contributions to the Nongame Wildlife Fund.

Problem: A major emphasis in the Project WILD curriculum is on hunting and trapping. Nevertheless, Game and Fish Fund dollars never have provided support.

Solution: *Utilize Game and Fish Fund dollars to fund Project WILD.*

Examine funding needs and opportunities for managing terrestrial invasive species on state lands

Current Situation: Terrestrial invasive species are a growing threat to the integrity of state lands.

Problem: For example, in southern Minnesota buckthorn and garlic mustard are rapidly expanding and are threats to natural regeneration of forest canopy species, such as red oak and maple. Further to the west, leafy spurge is just one of many growing problems. The Division of

Ecological Services has begun dedicating a small portion of its Heritage Enhancement dollars to management of terrestrial invasives but the needs far outstrip current funding. A surcharge on boat licenses provides a dedicated source of funding for managing aquatic invasive species. Recently the surcharge has been supplemented with additional funds from the Water Recreation Fund. Together this has provided nearly \$1.5 million per year for aquatic invasive species management. There is no dedicated source of funds for terrestrial invasive species management.

Solution: *Determine funding needs for terrestrial invasives management and consider new dedicated funding sources, such as a surcharge on some vehicle registrations.*

Examine opportunities to redefine and re-engage the lake mapping program in Ecological Services

Current Situation: The Lake Mapping Program was significantly down-scaled to the point that work is no longer accomplished.

Problem: The Lake Mapping Program was identified as one of the cuts that the Division made when it was excluded from an increase in base Game and Fish Fund appropriations during the 2000 legislative session's license increase initiative. The program had evolved in recent years from a simple bathymetric mapping effort to a more sophisticated three-dimensional mapping program that served management needs for programs.

Proposed Solution: *Provide additional Game & Fish Fund support to this important program.*

MEASURABLE OBJECTIVES

1. River and Stream Protection and Restoration

Long-term Goal: To insure healthy and ecologically sustainable river and stream resources that provide healthy fish and aquatic invertebrate populations and recreational opportunities

Short-term Goals:

- 1) Establish protected flows in targeted areas to insure adequate flow at critical times of the year
- 2) Successfully restore river channels to: reconnect rivers with their floodplains while minimizing property damage and reconnect fish to their headwater streams to provide quality spawning habitat
- 3) Protect native mussel populations from zebra mussel infestations
- 4) Establish fish-based biocriteria for Minnesota's major watersheds
- 5) Protect water quality conditions in Minnesota's major rivers by insuring that new water treatment facilities incorporate the latest technology to meet water quality standards.

Activities:

- 1) Collect hydrological and biological data from streams and rivers
- 2) Design river channel and pool restoration efforts
- 3) Participate in work to relocate native mussel populations to safe refuges
- 4) Collect fish community data from major watersheds
- 5) Review EAWs and NPDES permits for wastewater treatment facilities

2. Aquatic Plant Management

Long-term Goal: a) No net loss of emergent or floating leaf vegetation on any given lake; and b) double the percentage of lakeshore owners seeking permits in relation to the volume of aquatic herbicides sold

- Short-term Goals:
- 1) Assess the status of aquatic plant communities and provide a better basis for detecting long-term changes
 - 2) Educate lakeshore owners about the value of aquatic vegetation and the permit requirements for removing vegetation
 - 3) Insure that aquatic plant herbicide treatments are done safely and according to state and federal regulations

- Activities:
- 1) Develop and distribute educational materials about the value of aquatic plants
 - 2) Work with individual lakeshore homeowners and lake associations to develop plans to provide access and protect aquatic vegetation
 - 3) Work with commercial harvesters and applicators who treat individual properties
 - 4) Monitor the application of herbicides to lakes and streams
 - 5) Collect data on aquatic plants and aquatic plant communities

3. Pathology Services

Long-term Goal: To insure healthy fish and wildlife populations

- Short-term Goals:
- 1) Insure that fish maintained in state and private facilities are healthy
 - 2) Insure that fish imported to or exported from Minnesota are healthy and disease-free
 - 3) Monitor the health of Minnesota's wild fish populations
 - 4) Assist with monitoring the health of Minnesota's wildlife populations

- Activities:
- 1) Conduct regular inspections of state fish hatcheries
 - 2) Conduct regular inspections of private aquaculture facilities
 - 3) Investigate reported mortality in fish and wildlife

4. Lake Mapping

Long-term Goal: To insure that lake improvement and management efforts are guided by the most accurate and up-to-date information

Short-term Goal: Produce accurate lakebed maps for all of Minnesota's fish management lakes

- Activities:
- 1) Collect hydraulic data from approximately 25,000 lake acres each year
 - 2) Convert the data into accurate lakebed maps

SUMMATION

The Ecological Services Subcommittee has found the FY04 Game and Fish Fund expenditures in the Division of Ecological Services appropriate and justified within the context of the Game and Fish Fund.

Figure 1. FY04 Total Expenditures by Fund

\$11,760,890

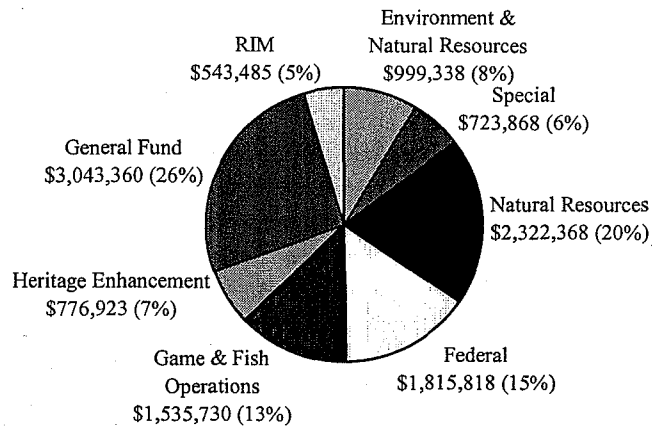
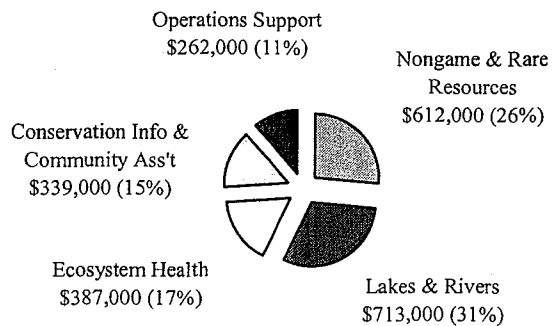


Figure 2. FY04 Expenditure of Game & Fish Fund Dollars

(Includes Game & Fish and Heritage Enhancement Dollars)



ENFORCEMENT, SUPPORT SERVICES, AND ADMINISTRATION SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Lee Borash (Chisago City, MN)
Fred Boethin (Coon Rapids, MN)
Joe Corcoran (Washkish, MN)
Sven Lindquist (Spring Lake Park, MN)
Tom Neustrom (Grand Rapids, MN)
Dan Ross (Deer River, MN)

INTRODUCTION

The Enforcement, Support Services, and Administration (a/k/a Enforcement and Operations Support) Subcommittee reviewed the FY 2004 Game and Fish Fund Report. We are new to these areas of assignment and continue to gather information about appropriations, budgets and expenditures for Enforcement, Support Services, Administration and Statewide Indirect Costs.

FINDINGS AND RECOMMENDATIONS

Fiscal Issues

Allocation of Operations Support Costs to Programs

Current Situation: There is legislation proposing that general Support Services and Administration function as service centers for other units within the DNR (rather than separate cost centers) and to allocate many operating costs back to units and programs based on an allocation method to be determined.

Recommendation: *We concur with the intent of the pending legislation since these support and administration expenditures primarily serve the activities of other units. The cost allocation method (if adopted) should be reviewed for fairness and receive adequate oversight review.*

Statewide Indirect Costs

Current Situation: Minnesota Statutes require that each fund pay statewide indirect costs. These are services provided by the Departments of Employee Relations, Finance, and Administration and the Offices of Mediation Services, the Legislative Auditor, and State Auditor to all funds of the State.

Recommendation: *These indirect costs should be reviewed for fairness as applied to the Department of Natural Resources.*