

Project Title	2008 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2008	Governor's Planning Estimate	
		2008	2010	2012	Total		2010	2012
Flood Hazard Mitigation Grants	1	\$15,000	\$20,000	\$20,000	\$55,000			
Dam Repair / Reconstruction / Removal	1	3,000	3,000	3,000	9,000			
Groundwater Monitoring, Observation Wells	1	1,000	1,000	1,000	3,000			
Forest Land Conservation Easements	2	20,000	20,000	20,000	60,000			
Wildlife Area Acquisition and Improvement	2	20,000	20,000	20,000	60,000			
State Park Recreational Facility Improvements	2	12,000	20,000	20,000	52,000			
Shoreline & Aquatic Habitat Acquisition (AMA)	2	10,000	10,000	10,000	30,000			
State Forest Land Reforestation	2	6,000	6,000	6,000	18,000			
Native Prairie Conservation and Protection	2	5,000	5,000	5,000	15,000			
RIM Critical Habitat Match	2	5,000	2,000	2,000	9,000			
State Forest Land Acquisition	2	2,000	7,000	7,000	16,000			
SNA Acquisition and Development	2	2,000	7,000	7,000	16,000			
Stream Protection and Restoration	2	2,000	3,000	4,000	9,000			
Fish Hatchery Improvements	2	2,000	2,500	2,500	7,000			
Community Conservation Assistance	2	1,000	1,000	1,000	3,000			
Water Control Structures	2	1,000	1,000	1,000	3,000			
State Trail Acquisition, Rehabilitation and Repair	3	15,000	26,000	32,000	73,000			
Water Access Acquisition, Dev and Fishing Piers	3	10,000	10,000	15,000	35,000			
State Park Development on North Shore	3	8,000	5,000	5,000	18,000			
State Park and Rec Area Acquisition	3	3,000	6,000	6,000	15,000			
Iron Range OHV Recreation Area	3	2,000	0	0	2,000			
Cuyuna County SRA Enhancements	3	2,000	0	0	2,000			
Off-Highway Vehicle Rec Area (Rev Bond)	3	2,000	0	0	2,000			
Renewable Energy Technologies	4	10,000	10,000	10,000	30,000			
Field Office Consolidation and Renovation	4	5,000	10,000	10,000	25,000			
Bell Museum of Natural History	4	4,000	0	0	4,000			
Statewide Asset Preservation	4	2,000	4,000	4,000	10,000			
Forest Roads and Bridges	4	2,000	4,000	4,000	10,000			
Total Project Requests		\$172,000	\$203,500	\$215,500	\$591,000			

Flood Hazard Mitigation Grants

2008 STATE APPROPRIATION REQUEST: \$15,000,000

AGENCY PROJECT PRIORITY: 1 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Reduces repetitive flood losses.
- ◆ Provides match funding for federal flood control projects.
- ◆ Protects property, reduces cost and danger of flood fighting.

Project Description

This request of \$15 million in state funds provides state cost-sharing grants to local governments for the Flood Hazard Mitigation Grant Assistance Program under M.S. 103F.161. This program allows the Department of Natural Resources (DNR) to make cost sharing grants of up to 50% of non-federal project costs to implement measures that reduce or eliminate flood damage. These projects reduce future flood damages and are built in cooperation with federal, state, and local governments. Additional benefits include habitat improvements with the construction of impoundments and the creation of natural open space in the flood plain. Flood damage reduction is a performance indicator in the DNR's *Strategic Conservation Agenda*.

Major floods in 1997, 2001, 2002, and 2004 created significant awareness of the damage floods can cause. Damage costs from the 1997 Red and Minnesota Rivers floods exceeded \$1.5 billion. The 2007 flood in Browns Valley is another reminder of the need for flood hazard mitigation. It is very cost-effective to prevent flood damage instead of fighting floods, repairing and rehabilitating homes, business and infrastructure after floods have occurred. Minnesota's repetitive flood damage is significantly reduced by the implementation of flood hazard mitigation projects.

Potential projects include:

- ◆ purchase and removal of residential and commercial structures from the floodplain;
- ◆ relocation of businesses;
- ◆ construction of levees and floodwalls;
- ◆ construction of control structures and diversion channels; and
- ◆ construction of impoundments.

Federal flood control projects are funded by about 65% federal and 35% non-federal sources. Non-federal costs are split 50:50 between the state and the local project sponsor. Appropriation language in the 1999 and subsequent legislative sessions provided additional state funding when the local share of projects exceeded 2% of median household income. Federal projects that are likely to proceed include Browns Valley, Dawson, Montevideo, and Breckenridge. Non-federal projects include Crookston, Granite Falls, Austin, Oakport Township, North Ottawa impoundment, Agassiz Valley impoundment, and Canisteo Pit outlet. Project priorities are subject to change and dependent on risk of flooding, availability of Federal funds, if applicable, ability of the local government to proceed, and local government's compliance with flood plain regulations.

The need for flood hazard mitigation projects exceeds this bonding request. Additional needs include acquisition and levee construction, flood-proofing homes and establishing lake outlets.

Impact on Agency Operating Budgets (Facilities Notes)

Current DNR staff funded by General Fund appropriations will administer the flood hazard mitigation projects.

Previous Appropriations for this Project

L2006, Ch. 258, Sec. 7	Bond	\$25,000,000
L 2005, Ch. 20, Art 1, Sec.7, Subd. 2	Bond	27,000,000
L2003, 1SS Ch. 20, Art 2, Sec. 3, Subd. 2	Bond	3,000,000
L2003, 1SS Ch. 20, Art 1, Sec. 5, Subd. 7	Bond	1,400,000
L2002, Ch. 393, Sec. 7, Subd. 20	Bond	30,000,000
L2001, 1SS Ch. 12, Sec. 3	Bond	2,000,000
L2000, Ch. 492, Art 1, Sec. 7, Subd's. 23 & 24	Bond	14,300,000

Flood Hazard Mitigation Grants

During the last seven years total appropriations of \$102.7 million have been authorized for flood hazard mitigation grants.

Other Considerations

Flood hazard mitigation projects significantly reduce the potential for damages to homes and businesses. Prevention is very cost effective. The consequences of taking no action result in project delays and increased project costs due to inflation. In addition, the current level of flood damage potential in these areas continues unabated.

Grant criteria identified in M.S. 103F.161 provide for a 50:50 cost share. Local cost-share formulas should be evaluated for equity. A consistent level of funding is desirable so the DNR and local governments can plan for and schedule flood damage reduction projects.

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Governor's Recommendations

Dam Repair / Reconstruction / Removal

2008 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 1 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Repair or reconstruct deteriorating dams.
- ◆ Remove or modify unsafe or obsolete river dams.
- ◆ Respond to emergencies at public dams.

Project Description

This request is for \$3 million to prepare design plans and specifications for rehabilitation of the high hazard Lake Bronson Dam in Kittson County, construct several dam safety projects at the top of the statewide priority list, and respond to dam safety emergencies.

Minnesota’s public dams infrastructure includes over 800 dams owned by the state, counties, cities, and watershed districts. Most of these public dams are over 50 years old and require ongoing repairs to maintain their structural integrity and prevent public safety hazards. Emergency repairs must be made when an imminent dam failure threatens public safety or an actual dam failure damages property. About ten percent of Dam Safety Program capital budget appropriations are generally reserved for emergencies. Any emergency funds remaining at the end of the two-year bonding cycle are used on high priority projects.

M.S. 103G.511 provides for matching grants to local governments for dam repair or reconstruction, and M.S. 103G.515, subd. 5, allows the state to pay the entire cost of removing hazardous dams under certain circumstances. Funding would be used to address emergencies and implement the highest priority projects on the current statewide dam project priority list prepared pursuant to M.S. 103G.511, subd. 12. Project priorities are subject to change based on results of dam safety inspections, readiness of local project sponsors, and other factors.

The top 14 projects on the statewide dam safety projects priority list as of June 1, 2007, are shown in the following table. The requested \$3 million would provide \$2.7 million for these priority dam safety projects and \$300,000 for emergencies.

Cost Project	Owner /County	Project Type	Primary Needs	Estimated State Cost (1000's)
1. Lake Bronson	DNR /Kittson	Engineering	safety/maintain lake	\$400
2. King’s Mill	County /Rice	Engineering	safety/maintain flood control	\$100
3. Clayton Lake	DNR /Pine	Repair	safety/historic preservation	\$350
4. Windom	City /Cottonwood	Remove	safety/river restoration	\$150
5. Cross Lake	DNR /Pine	Modify	safety/river restoration	\$300
6. Hartley	City /St. Louis	Modify	safety/maintain lake levels	\$250
7. Luverne	City /Rock	Remove	safety/river restoration	\$150
8. Balsam Lake	DNR /Itasca	Repair	safety/maintain lake levels	\$250
9. Pike River	DNR /St. Louis	Engineering	safety/maintain lake levels	\$200
10. Drayton	City /Kittson	Remove	safety/river restoration	\$200

Dam Repair / Reconstruction / Removal

11. Sunrise (P1)	DNR /Chisago	Modify	safety	\$75
12. Sunrise (P2)	DNR /Chisago	Modify	safety	\$75
13. Sunrise(Kost)	City /Chisago	Modify	safety	\$50
14. Clearwater R.	County /Stearns	Repair	safety	\$150

rehabilitation would not be cost effective or good for the environment. Low-head river dams, like the Cross Lake Dam in Pine County where a kayaker drowned in April 2005, need to be modified to eliminate their dangerous "drowning machine" currents. Removal and modification of river dams is a specific goal in the Department of Natural Resources (DNR's) *Strategic Conservation Agenda*.

Consistent, long-term funding of at least \$3 million per biennium is necessary to maintain public dams and to remove dams that are obsolete or become safety hazards. DNR Waters' general operating budget does not include funding for dam safety projects.

Impact on Agency Operating Budgets (Facilities Notes)

None.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$2,250,000
L2005, Ch. 20	Bond	2,000,000
L2003, Ch. 128	Bond	1,050,000
L2002, Ch. 393	Bond	1,800,000
L2000, Ch. 492	Bond	1,200,000

Other Considerations

This request is part of an ongoing Dam Safety Program to manage Minnesota's public dam infrastructure. Dams maintain water levels on most of our recreational lakes, providing significant recreation, tourism, and economic benefits. For example, Mille Lacs, Minnetonka, and Ottertail Lakes all depend on dams to maintain water levels and surrounding property values.

Making needed repairs limits the potential liability of the DNR and local government units that own dams; protects the public safety; and saves money by maintaining existing infrastructure assets.

This program also includes the removal or modification of hazardous or obsolete dams that no longer provide significant public benefits and whose

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Governor's Recommendations

Groundwater Monitoring, Observation Wells

2008 STATE APPROPRIATION REQUEST: \$1,000,000

AGENCY PROJECT PRIORITY: 1 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Expand the network for monitoring ground water levels in selected priority areas and seal obsolete, non-functional monitoring wells

Project Description:

This request is for \$1 million to install new ground water level monitoring wells (also known as observation wells) in selected priority areas where the well network is inadequate to provide data necessary to assess ground water availability for water supply planning. In addition, some funds may be used to seal existing monitoring wells that are no longer needed or functional. This request also includes funding for 1 FTE for project implementation.

Monitoring of ground water levels in Minnesota began in 1947 and was later expanded by a cooperative program between the Department of Natural Resources (DNR) and the U.S. Geological Survey (USGS). The number of ground water monitoring wells has remained constant at approximately 750 wells for many years. The goal of the program and monitoring well network is to collect long-term water level data for aquifers in the state. Data from these wells are used to analyze long-term water level trends; evaluate aquifer recharge; interpret impacts of climate fluctuation and change; plan for water conservation; evaluate water conflicts and interferences; and determine ground water/surface water interactions. Other groups, especially consultants, the Metropolitan Council, and the Departments of Health, PCA, and Agriculture, use this information for ground water evaluation and planning purposes.

The density, location, and depth of the wells in most of the state is not adequate for assessing long term trends within the most valuable aquifers.

The twin cities metropolitan area is a high priority monitoring area where the density of monitoring wells in some areas is insufficient to detect the development of depressed water level surfaces that could be caused by excessive ground water withdrawal. This deficiency is especially acute for the deeper aquifers that are known to recharge very slowly. An estimated 10 to 15 deep wells (Mt. Simon aquifer) could be added to the network in the metro and adjoining areas with this funding. Another estimated 5 to 10 intermediate depth wells (Prairie du Chien /Jordan aquifer) are also needed in the metro area.

The south-central portion of the state, an important recharge area for some the state's major bedrock aquifers, is very poorly known geologically, and very poorly monitored despite a recent influx of water intensive industries. In the five county area from McLeod south to Faribault County, along the western edge of these bedrock aquifers, there are only five monitoring wells in the network and only one of these is in the deepest Mt. Simon aquifer. These funds would allow the addition of several more monitoring locations in the region.

This funding would be considered a first step toward achieving an adequate statewide ground water level monitoring system. The cost for installing ground water level monitoring wells varies considerably depending on the depth to the aquifers at any given location. A useful strategy for installing wells in a multiple aquifer area is to group them together. These nests, as they are commonly called, are advantageous for reasons of installation efficiency, data collection, and well maintenance, as well as providing vertical ground water movement information important for determining aquifer recharge and discharge relationships. For general reference, the cost of a three-well nest in the northwestern metro area would cost approximately \$60,000. Fifteen similar installations in the metro and adjoining area would use most of this funding.

Finally, some of the wells in the existing network may have degraded over time and no longer provide accurate data. Other wells in the state network, originally installed by the USGS to fulfill a specific investigative goal, may no longer be needed for the purposes of a statewide monitoring network. These wells will be identified and as many as possible will be sealed in accordance with Minnesota Department of Health regulations.

Groundwater Monitoring, Observation Wells**Impact on Agency Operating Budgets (Facilities Notes)**

Funding of one position to maintain this project is included in this appropriation request.

Previous Appropriations for this Project

None

Other Considerations

The data gathered through ground water level monitoring is critical in determining trends for aquifer sustainability.

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Governor's Recommendations

Forest Land Conservation Easements

2008 STATE APPROPRIATION REQUEST: \$20,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Provide state funding to acquire large-scale conservation easements on 76,000 acres of private forestlands, primarily in northern Minnesota.
- ◆ State funding may leverage federal funding through the Forest Legacy Program, which may provide up to 75% of the cost of qualifying conservation easements. Federal match ranges between \$500,000-\$2,000,000 per project

Project Description

This proposal is for \$20 million to match a potential \$3.5 million in federal funding over the next two years to acquire Forest Legacy conservation easements on an estimated 76,000 acres of private industrial forestlands within activated Forest Legacy areas. The focus will be on larger, contiguous blocks of industrial forest ownership at greatest risk of being sold, subdivided, and developed. Opportunities will be pursued with willing industry or land-holding companies. When completed, the Department of Natural Resources (DNR) will own title to the easement and monitor easements on an annual basis.

This project will allow Minnesota to leverage federal funding for an important and urgent opportunity to protect some large, remaining tracts of undeveloped private forest lands in northern Minnesota. The opportunity will not last long as these areas are under growing pressure to be sold, subdivided and developed.

Thousands of acres of forestlands owned and managed by timber and mining companies are being sold in large chunks to timber investment management organizations (TIMOs) that often turn around and sell it off in

small parcels for development. Examples include Louisiana Pacific's sale of all of its Minnesota timberlands to a TIMO in 1998, Consolidated Paper's sale of all of its Minnesota timberland eventually to a TIMO in 2003, Boise Cascade's sale of its Minnesota timberlands (309,000 acres) to a TIMO in 2005. TIMOs and the investors they represent generally have a shorter-term outlook and see these lands as being worth a lot more in real estate transactions than as a source of trees or wildlife habitat 50 years in the future. Nearly 1 million acres of large, mostly undeveloped private tracts of Minnesota forests are at risk of this real estate speculation.

The risk is real and growing. Development in the forested region of the state is increasing at rapid rates. Housing densities in northern Minnesota increased 25% from 1990 to 2000. Forestland values have also jumped six-fold since 1989, from about \$200 per acre to \$1,200 per acre or more. Statewide trends show a continually growing number of small "non-industrial" private forest landowners, each one owning smaller and smaller parcels of land. Smaller parcel size increases the fragmentation of Minnesota private forests (e.g., each parcel accessed by a road, each road leading to a cabin or house, etc.), making these lands less valued for wildlife habitat, less available and more difficult to manage for timber production, and less available for recreational use. There are no signs of these trends slowing down. Between 2000 and 2030, the number of households is expected to grow by 50% in nearly every county from the north end of the Twin Cities to Itasca County.

This opportunity is important to Minnesota because these industrial forestlands provide large blocks of essentially undeveloped forest land that is increasingly important as unfragmented wildlife habitat, as a sustainable source of timber for the state's forest industries, and land that has generally been open to the public for outdoor recreation. Approximately 42% of Minnesota's forests are privately owned (i.e., 6.9 of the 16.3 million acres of forest land). Of this, 1.2 million acres are private industrial holdings. Maintaining some of these lands as larger blocks of intact, working forests has clear benefits to Minnesota.

Conservation easements on private forest land leveraged by funding through the federal Forest Legacy program are critical tools in providing long-term conservation of these valuable blocks of forestland. While acquisition

Forest Land Conservation Easements

remains a valuable tool, conservation easements provide more value for the dollar in protecting important conservation lands.

Forest Legacy is a federal conservation easement program operated by the U.S. Forest Service to prevent the loss of productive timberland, fragmentation of important and threatened forestland, and the parcelization of forest ownership. The easement allows the landowner to manage the property under a sustainable forest management plan for timber, wildlife, water and recreational values, but prevents the land from being subdivided or developed for non-forest values.

Impact on Agency Operating Budgets (Facilities Notes)

DNR and its partners will need to provide professional services, such as appraisal, survey and title work, to support these easements. In addition, DNR will need to adsorb the costs of maintaining and monitoring these easements on an annual basis.

Previous Appropriations for this Project

L2007, Ch.30	Env. Trust	\$2,000,000
L2007	Federal	750,000
L2006, Ch.243	Env. Trust	500,000
L2006, Ch. 258	Bond	7,000,000
2006	Federal	780,000
L2005, 1SS, Ch. 1	Env. Trust	580,000
L2005, Ch. 20	Bond	750,000
2005	Federal	2,000,000
2004	Federal	500,000
L2003, Ch. 128	Env. Trust	145,000
2003	Federal	407,000
2002	Federal	1,000,000
L2001,1SS, Ch. 2	Env. Trust	500,000
2001	Federal	906,000
2000	Federal	678,000

Other Considerations

We are at a point in time to take action to make sure key blocks of these lands remain available for public recreational use, important wildlife habitat

and timber production. With the rate of development and growing land values in northern Minnesota, this window of opportunity will not be available for long.

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Governor's Recommendations

Wildlife Area Acquisition and Improvement

2008 STATE APPROPRIATION REQUEST: \$20,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Accelerate strategic acquisition and improvement of Wildlife Management Area (WMA) lands

Project Description

This request is for \$20 million to accelerate strategic acquisition of approximately 15,000 acres of new Wildlife Management Areas (WMA) and to improve WMA facilities and restore habitat on newly acquired lands. Minnesota has one of the finest systems of publicly owned WMAs in the country (1,371 units; 878,000 acquired acres in 86 of 87 counties). These areas allow Minnesota citizens and nonresidents to enjoy wildlife and share our natural heritage. WMAs also are important for conserving surface water; preserving unique vegetation, enhancing natural beauty and open space; and providing areas for outdoor recreation compatible with wildlife management.

Land acquisition will emphasize increasing the number of high quality prairie wetland/grassland complexes. Priority will be given to larger acquisitions (greater than 200 acres) that protect wetland, shallow lakes, and grassland complexes, preferably ones that already have some protection through existing state or federal ownership, conservation easements, or farm programs such as CRP. This focus will help increase waterfowl production and hunter harvest in Minnesota, further the objectives of the Working Lands Initiative, restore Minnesota’s wetland and waterfowl hunting heritage, and support the Department of Natural Resources (DNR) Duck Plan.

Funding will be used for major cooperative acquisition efforts with private nonprofit organizations and other state and federal agencies. Collaborative efforts, such as the Working Lands Initiative, apply both private and public

land management practices in a targeted and strategic manner to maximize benefits and minimize costs. Working lands helps unify, coordinate, and improve conservation investments in Minnesota’s prairie pothole region. Partners in the effort are many, but include Ducks Unlimited, Pheasants Forever, The Nature Conservancy, Minnesota Waterfowl Association, US Fish and Wildlife Service, the Board of Water and Soil Resources, and Minnesota DNR. The partners identify highest priority focus areas to create large complexes of wetlands and grasslands to improve fish and wildlife and enhance water quality and soil conservation. It also provides a structure and process to leverage dollars and gain conservation benefits at the lowest possible cost.

Supplemental efforts like LCCMR initiatives, other state and federal acquisition programs, non-governmental investments, private land easements and other private efforts are key to providing the long-term habitat base needed to meet our wildlife and public hunting goals in much of the state.

Potential projects include:

- ◆ Purchasing approximately 7,500 acres for WMAs directly from willing landowners.
- ◆ Partnering with private conservation organizations and other state and federal programs to acquire a similar amount of land for WMAs.
- ◆ Developing and improving WMA user facilities, access roads, and trails.
- ◆ Restoring prairie/grasslands, open/brush lands, and wetlands to support wildlife populations on newly acquired WMAs.

A citizen’s advisory committee recommended an accelerated goal of acquiring 210,500 acres of new WMA lands within the next 10 years, based on an analysis of current and future needs for wildlife habitat, wildlife population management, and hunter access (“Report on the Wildlife Management Area Land Acquisition Program, December 2002”).

Impact on Agency Operating Budgets (Facilities Notes)

Lands acquired as part of the WMA system require a future commitment for maintenance, development, and management costs. In the short-term, initial infrastructure costs (boundary survey, posting, parking lot and user facilities,

Wildlife Area Acquisition and Improvement

building removal, well sealing, road approaches, etc.) are estimated to be \$13,000 to \$15,000 per parcel (an average of 10% of purchase value.)

In the mid-term and long-term there is also a continuing commitment for development and maintenance on new WMA lands. Habitat restoration costs may include grassland development; forest or woody cover development or improvement, brushland management, and food plot development. Other bonding requests, Game and Fish Funds, Heritage Enhancement Funds, Environmental Trust Funds, or funds from private partner organizations can help fund these costs.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$14,000,000
L2005, Ch. 20	Bond	10,000,000 acq/\$600,000 dev.
L2002, Ch. 393	Bond	400,000 acq/\$200,000 dev
L2000, Ch. 492	Bond	1,000,000

Other Considerations

Minnesota's Wildlife system plays a major role in providing opportunities for hunting, trapping and wildlife-watching activities, a \$1 billion industry in the state. Fifteen percent of Minnesotans hunt and fifty-two percent of Minnesota residents watch wildlife. New WMA lands will play a key role in providing additional access to quality wildlife lands to meet future recreational needs for public hunting, trapping and wildlife-related recreation.

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Governor's Recommendations

State Park Recreational Facility Improvements

2008 STATE APPROPRIATION REQUEST: \$12,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Rehabilitation and enhancement of recreational facilities at the most heavily used state parks (\$12 million)
- ◆ Opportunity to reach new audiences while ensuring that system health and safety concerns are met
- ◆ Focus on campground and beach improvements; roads, bridges and utilities; and protection of historic structures.

Project Description

This request is for \$12 million to fund improvements to recreational facilities at selected state parks. These parks are among the most popular in the state park system, and the proposed improvements will benefit the largest number of existing users as well as attract new users.

This request will focus on the following units:

- 1) Itasca – projects will include rehabilitation of Wilderness Drive and Itasca Main Park Drive, restoration of Nicollet Court to provide new lodging facilities in the Douglas Lodge Area, restoration of beach area facilities, rehabilitation of the museum building, and construction of a new amphitheatre area.
- 2) St. Croix – projects will include major road rehabilitation, bridge replacements, replacement of two sanitation buildings, historic building rehabilitation, utility system reconstruction, and erosion control projects.
- 3) Interstate – projects will include rehabilitation of the pothole area parking lot, and rehabilitation of the pothole area buildings and interpretive facilities.
- 4) Jay Cooke – projects will include separation of administrative offices from the historic River Inn, and rehabilitation of River Inn interpretive

facilities. A historic sanitation building at Oldenburg Point will also be rehabilitated.

- 5) Whitewater – projects will include major road rehabilitation, extensive water system replacement, restoration of a historic stone house for possible rental, and contact station improvements.
- 6) Maplewood – projects will include road rehabilitation, and substantial campground renovation, including additional electric hookups.
- 7) Sibley – projects would include rehabilitation of the beach area facilities, and contact station / shop area improvements.

Important facility repair and rehabilitation projects in other state parks and recreation areas may be included as funds permit.

Impact on Agency Operating Budgets (Facilities Notes)

These projects will not result in a reduction to the agency’s operating budget. However, there will be efficiencies gained throughout the system allowing staff to serve the public more effectively. Lifespan of historic buildings will be extended; reliability and safety of utility systems, roads, and bridges will be greatly strengthened; and maintenance costs for buildings affected will be reduced. Clean, well-maintained facilities will increase user satisfaction in campgrounds, picnic areas, and swimming beaches, and will promote additional park usage and revenue growth.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$3,000,000
L2005, Ch. 20	Bond	1,800,000
L2003, Ch. 128	Future Resources	400,000
L2002, Ch. 374	Bond	1,000,000
L2002, Ch. 393	Bond	23,500,000
L2001, 1SS Ch. 2	Future Resources	745,000
L2000, Ch. 492	Bond	7,415,000

Other Considerations

Many of these projects address safety issues in state park facilities, accessibility issues in parks, and structural deficiencies in buildings, roads, and bridges. If not corrected, some of these facilities may not be available

State Park Recreational Facility Improvements

for public use. The projects to be accomplished with these funds are prioritized through a process involving field staff, regional park management, and state park management, and represent the most urgent needs of the state park system.

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Governor's Recommendations

Shoreline & Aquatic Habitat Acquisition (AMA)

2008 STATE APPROPRIATION REQUEST: \$10,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Acquire various Aquatic Management Area (AMA) parcels through easements or fee title.
- ◆ Implement habitat improvement, rehabilitation, and development projects that meet at least minimum improvement requirements.

Project Description

This request is for \$10 million to acquire fee title or permanent conservation easements on lakes and streams. Site development includes initial infrastructure costs (boundary survey, posting, parking lot, user facilities, building removal, well sealing, and road approaches). Lake and stream improvement efforts will also be implemented, including native plant restoration and bank stabilization.

The DNR's *Strategic Conservation Agenda* provides a framework of indicators of performance and targeted results for achieving the department's mission. This framework has provided direction and guidance on the construction of the capital budget. This initiative will assist in meeting two performance indicators: *Number of shoreline miles protected in AMAs* and *Brown trout population levels and miles of easements on southeastern Minnesota trout streams*. The AMA acquisition program is an essential tool in providing water access sites, which is another performance indicator.

Impact on Agency Operating Budgets (Facilities Notes)

The funds for this project will provide for the purchase of easement or fee title interest in properties where willing sellers are identified. It will provide angler access and protection of aquatic habitats. The funds will also be used to support AMA habitat improvements that may be done in cooperation with

local watershed efforts. There will be no or minimal impact on administrative or staffing budgets.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$2,000,000
L2005, Ch. 20	Bond	1,050,000

Other Considerations

The demand for shoreline property is high and riparian areas are rapidly being developed. AMAs ensure that critical fish and wildlife habitats will be conserved and public access to clean water resources will be available. Acquisition of AMAs is a critical step towards maintaining Minnesota's reputation for providing excellent fishing opportunities, and an outstanding quality of life for those who visit and live here.

The department depends on outside funds for acquisition opportunities that cannot be funded with operational funds. These funds will be used in areas of the state where clean water habitats are being threatened and where recreational opportunities on lakes and streams are not keeping up with demand. Through the AMA acquisition program, state funds have the ability to leverage large amounts of private land or cash donations. From 2003 through 2006, the department acquired \$13,980,320 worth of AMA fee title or easement lands, of which \$5,755,594 (41%) came from partners in donations of land or cash.

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Governor's Recommendations

State Forest Land Reforestation

2008 STATE APPROPRIATION REQUEST: \$6,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ \$2 million for preparing 15,000 acres for reforestation to help ensure the successful establishment of trees.
- ◆ \$4 million for planting and seeding 20,000 acres of state forestlands to assure optimal stocking of tree species most ecologically suitable to specific sites.

Project Description

This request is for \$6 million for site preparation and tree planting/seeding on 20,000 acres of state land. This request supports the requirements of M.S. 89.002, subd. 2 that requires:

- Reforestation of all harvested state forestlands;
- Maintenance of all state forests in appropriate forest cover, plant stock, growth rate, and health; and
- Restoration of productivity on state forestlands damaged by natural causes or that are in a poorly stocked condition.

The benefits of careful, adequate, and full reforestation are many:

- Improves a long-term asset that increases in value over time. Forests return millions of dollars to Minnesota's economy in the form of forest products, secondary products (such as paper), recreational opportunities that support the tourism industry and ecological values that sustain our quality of life;
- Fulfills the vision for Minnesota's forests as described in the Department of Natural Resources (DNR's) *Strategic Conservation Agenda* that calls for healthy and resilient forests and forests that are sustainably managed to provide a diversity of benefits;

- Addresses landscape cover type conversion and composition goals established during DNR Subsection Forest Resources Management Planning (SFRMP);
- Responds to catastrophic events by restoring DNR forest lands damaged by recent wildfires and insect and disease outbreaks (e.g., wildfires along the Gunflint Trail, pine forests killed by jack pine budworm in northwestern and central Minn.); and
- Addresses the long-term sustainability of Minnesota's forests, which should be considered a capital investment rather than a yearly operating expense.
- Maintains forests as carbon sinks. Minnesota forests store significant amounts of carbon, and play an important role in reducing the climate impact of carbon dioxide pollution. Reforestation is critical to maintaining the forest's ability to absorb and store carbon.

The goal of DNR's reforestation effort is to ensure that 5 years after the harvest, the area is stocked with trees ecologically best suited to the site; tree species meet the desired conditions for the landscape, and the trees are at least equal in height to the competition on the site.

In order to accomplish that goal, reforestation efforts consist of four components:

1. Site preparation
2. Planting or seeding
3. Protection
4. Release

Capital investments in reforestation will provide funding for the site preparation and planting/seeding components. The site preparation component will involve using both mechanical and chemical means to reduce competition and prepare a suitable planting/seeding bed. The planting component consists of purchasing seeds and seedlings to meet reforestation objectives, securing reforestation equipment and supplies to better ensure seedling survival during planting, and contracting or hiring labor to plant the trees.

Protection and release are also critical components for meeting reforestation goals. New plantings need protection (e.g., from animal browsing) for at least

State Forest Land Reforestation

three to five years after planting. New plantings may also need to be released from competing vegetation that robs young seedlings of needed light and nutrients. Without these measures, initial investments in planting/seeding likely would be lost. As the acreage of young plantings increase, there is an increase in the amount of funding needed for protection and release. . Because protection and release are not bond-eligible, the DNR currently funds these reforestation components from the Forest Management Investment Account (FMIA).

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Governor's Recommendations**Impact on Agency Operating Budgets (Facilities Notes)**

As noted above, capital investments in the site preparation and planting/seeding components of DNR reforestation efforts will require additional investments in protection and release components from the Forestry operating budget to be successful.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$4,000,000
L2005, Ch. 20	Bond	2,000,000

Other Considerations

In the Constitution of the State of Minnesota, Article XI, Section 5 one of the purposes for "public debt and works of internal improvements" is, item (f), "to promote forestation..."

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Native Prairie Conservation and Protection

2008 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Accelerates protection of native prairie on private land through conservation easements and acquisition of public land.
- ◆ This funding request would:
 - ✓ Enroll about 27 tracts protecting about 2,100 acres of prairie on private land;
 - ✓ Acquire and designate about 300 acres of prairie as SNA; and
 - ✓ Accelerate availability of local genotype native prairie seed.
- ◆ The ten-year goal is to protect 20,000 to 30,000 acres of native prairie in prairie bank easements and designated natural areas.

Project Description

This request is for \$5 million to for Native Prairie Bank (NPB) conservation easements and Scientific and Natural Areas (SNA) acquisition and development, including increasing the availability of native prairie seed stocks.

Native prairie is Minnesota’s most endangered natural habitat type. The state once had over 18 million acres of prairie. Today less than 1% remains (150,000 acres) and the remaining remnant native prairies are in jeopardy of being lost forever unless they are protected now. Prairies provide excellent wildlife habitat for nesting waterfowl, pheasant, and other upland nesting birds. Native prairies can provide significant ecological benefits, while also contributing to productive agriculture through grazing, haying, seed production, and biomass for energy.

The Native Prairie Bank Program was established by the 1987 legislature to allow private landowners to protect native prairie on their property through a

conservation easement with the Minnesota Department of Natural Resources (DNR). To qualify, a tract must be covered by native prairie vegetation and have never been plowed. Through a NPB, landowners receive a payment for agreeing to preserve their native prairie in its natural state. In return, NPB easements ensure that the prairies ecological values are maintained. The easements are flexible and can allow for haying for us either as livestock feed or bio-energy, grazing and seed production.

At the present time, 75 NPBs have been acquired, protecting 6,142 acres of prairie land. Over 4,800 acres of native prairie in priority landscapes has been targeted for protection in 2008, which would cost over \$7M to enroll in the NPB program. The long-range goal of the Native Prairie Bank program is to protect 75,000 acres of native prairie on private land. In the next 10 years the goal is to enroll about a third of this.

Approximately \$3.0 million of this funding request would be used to enroll an estimated 27 tracts, protecting about 2,100 acres of prairie on private land.

The state Scientific and Natural Area Program was established by the 1976 legislature to protect sites with rare native species, geological features, and native habitat for public, educational, and scientific use. At present, 140 SNAs statewide protect about 180,800 acres, including about 12,700 acres of native prairie in 58 designated SNA’s. Twelve high priority prairie sites comprising about 1640 acres in western Minnesota and the Metro area valued at over \$6 million have targeted for SNA acquisition in 2008.

Approximately \$1.2 million of this funding request would be used to acquire about 300 acres to be protected and managed as state-owned SNAs.

Native Prairie Seed Bank, Restoration, and Development. About \$800,000 of this request would be used for NPB & SNA development to protect and enhance prairie resources and to accelerate native prairie seed resources. Native prairie seed harvest would be accelerated on SNA and through partnership with the individual landowners on NPB sites. This seed would be located to establish and plant prairie SNA and NPB restorations sites and buffer areas that are suitable to serve as native local-genotype prairie foundation seed sources to supply seed growers for prairie restoration and biomass purposes. This source of diverse local ecotype prairie seed is critical for growers to meet anticipated demand for seed to supply prairie biomass

Native Prairie Conservation and Protection

for energy and biofuel production. This funding component also includes NPB and SNA development on prairie sites to meet minimum Commissioner standards (e.g. fencing and signs), baseline documentation of NPB easements, and NPB and SNA prairie restoration (e.g. removal of woody encroachment, control of invasive plants, planting with native local-genotype prairie seed).

The protection of Minnesota’s remaining native prairie has statewide significance and benefits because it is Minnesota’s most endangered habitat type and is home to more than 100 different species of rare and endangered plants and animals. This request is consistent with the Department of Natural Resources (DNR) *Strategic Conservation Agenda* target to enroll more than 2.5 million acres in conservation land retirement programs by 2010, conduct at least 50 management projects on native prairie each year, and establish 500 SNAs by 2085.

Impact on Agency Operating Budgets (Facilities Notes)

As new NPBs and SNAs are acquired, the annual operating budget will increase accordingly. Administrative responsibilities include monitoring landowner compliance with easement conditions, providing stewardship advice and assistance to landowners to maintain or improve the condition of their native prairie and management of state-owned SNAs. Acquisition of lands adjacent to existing DNR lands or NPB sites often results in no increase or an actual decrease in long-term management costs, since problems emanating from adjacent lands are eliminated (e.g. soil erosion, noxious weeds, and trespass). The level of funding needed for program management will depend upon the number of new NPBs acquired as well as their location relative to other DNR lands.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$1,000,000
L2005, Ch. 20	Bond	1,000,000
L2003, Ch. 128	Env. Trust	191,600
(Phase 2 – Habitat Corridor Partnership)		
L2003, Ch. 128	Bond	1,000,000
L2001, 1SS, Ch. 2	Env. Trust	300,000

(Phase 1 - Habitat Corridor Partnership)		
L2000, Ch. 492	Bond	1,000,000
L1998, Ch. 492	General	400,000

*** Plus approximately \$4.0M for SNA acquisition & development statewide.

Other Considerations

Development and acquisition funds have historically been appropriated through bonding or from the Environmental Trust Fund. If additional funding is not provided, private prairie lands will be lost to mining, energy development, subdivisions, agricultural conversion, and intensive grazing. Lack of funds for development would threaten the survival of natural communities and rare species and limit scientific and educational use. Native prairies protected through NPBs and SNAs are among the most diverse and highest quality prairies in the state. To date, nearly all prairie seed harvested from these sites has been used for restoration on nearby NPB and SNA lands. This need persists, yet, if carefully done, seed from these lands could contribute towards increasing the availability of genetically diverse, local prairie seed for growers to produce for habitat restoration and future biomass plantings for energy production.

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Governor's Recommendations

RIM Critical Habitat Match

2008 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Matches \$5 million in private donations
- ◆ Acquire 4,000 acres of critical fish, wildlife, and native plant habitat

Project Description

This request is for \$5 million to match an equal amount of private donations to help fund the cost of acquiring or improving critical fish, wildlife, and native plant habitats. Private contributions from individuals, groups, and businesses that contribute land, easements, or cash to the program are matched dollar-for-dollar with state funds. Cash donations and state matching dollars are used to purchase or enhance critical parcels of land for wildlife management areas, scientific and natural areas, aquatic management areas, state parks, or state forests.

In addition to acquisition, critical habitat is improved to protect and restore fish and wildlife populations and native plant communities. The most common projects are planting critical winter cover, securing nesting cover, restoring wetlands, and improving forest habitat. Fisheries habitat may be protected or improved by acquiring riparian lands, stabilizing lake or stream shores, restoring aquatic vegetation, improving fish habitat in streams, reclaiming watersheds, and other fisheries management activities.

Currently, the sole source of match funding is the \$3.5 million in annual proceeds generated by the Critical Habitat License Plate Program (M.S. 168.1296, Subd. 5) that are credited to the Reinvest in Minnesota (RIM) Matching account (M.S. 84.943) and are used as state matching funds under the RIM Match Program.

The value of cash and land parcel donations to the Critical Habitat Match (CHM) Program have ranged from one half million to four million dollars per year, averaging about \$1.6 million per year. Currently, pledged and approved donations exceed available state matching dollars by more than \$2.3 million. In addition, several large, pending land donations are being considered that would require an additional \$7 to \$8 million of matching dollars above and beyond what will be available through the Critical Habitat License Plate sales. Additional CHM funds would also allow the Department of Natural Resources (DNR) to solicit donations more aggressively and increase the level of annual donations. Without adequate state matching dollars available to match an increase in donations or larger gifts, some potential donations could be lost.

Impact on Agency Operating Budgets (Facilities Notes)

Acquisition of lands under this program will increase agency development costs such as posting, parking lots, and habitat rehabilitation associated with the purchase of a new property. Acquisition of priority parcels in existing units will, however, enhance management and public use in projects where the state already has an investment in lands.

Previous Appropriations for this Project

L2005 Ch. 20	Bond	\$2,000,000
L2003 Ch. 128	Env Trust	400,000
L2002 Ch. 393	Bond	400,000

Other Considerations

The CHM Program is one of the most innovative and successful programs in the country for enhancing environmental quality; improving fish, wildlife, and native plant habitats; and ensuring quality recreational opportunities. The program has been highly successful in leveraging non-state funds

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RIM Critical Habitat Match

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Governor's Recommendations

State Forest Land Acquisition

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Acquire 405 acres of private in-holdings within state forests located in Minnesota.
- ◆ Reduce development pressures in state forests.
- ◆ Address trespass and access problems.

Project Description

This request is for \$2 million in state funds to acquire private lands within state forest boundaries to reduce development pressure on private land that threatens management options on adjacent state lands. Parcels acquired would also help address trespass and access problems on state lands.

Acquisitions are critical because when private in-holdings are developed within state forests, management and use of adjacent state lands are often incompatible with the desires of private landowners. Acquisitions will also provide access to state lands to ensure appropriate forest management activities, public access for recreational opportunities, and public safety, particularly wildfire suppression.

Nearly 4.4 million of the roughly 5.7 million acres of DNR administered land are in state forests. Minnesota has 14.7 million acres of commercial forestland. These lands are about equally divided between public and private ownership. DNR manages about 20% of the commercial forestland in the state.

This request will help fund efforts outlined in the DNR's *Strategic Conservation Agenda* for the Division of Forestry Lands Asset Management Program.

Impact on Agency Operating Budgets (Facilities Notes)

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$1,000,000
L2005, Ch. 20	Bond	750,000
L1998,	General Fund	800,000

Other Considerations

Deferral of this project will result in the development of forest in-holdings for residential or private recreational purposes and loss of access to existing state lands. State forests are coming under increasing pressure to stop or restrict forest management activities and restrict public recreation on state lands that are adjacent to private lands.

Periodically, acquisition of important parcels of private land within or adjacent to state forestlands involves a collaborative effort between the DNR and private non-profit organizations. These organizations are sometimes better able to quickly respond when important parcels become available on the market, securing the parcels through purchase with the understanding that the DNR will purchase parcels of interest from them when funds become available.

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Governor's Recommendations

SNA Acquisition and Development

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Protect unique land of statewide significance for rare species and natural communities through fee acquisition and designation.
- ◆ Develop unique lands to ensure the natural attributes are protected and sustained and public use is safely accommodated.

Project Description

State funding of \$2 million is requested to acquire and develop lands as Scientific and Natural Areas (SNAs) across the state, with emphasis on protection of priority native forest, woodland, fen and peatland habitats and their rare plants and animals.

SNAs are sites of statewide significance that preserve examples of rare plant communities, geological features, and rare and endangered species habitat. Examples are native prairie and habitat for rare plant and animal populations, e.g. orchids. SNAs provide high quality recreational and educational opportunities including hiking, bird watching, hunting and nature photography, as well as critical locations for scientific research. These unique resource sites are in danger of being lost unless they are protected now.

SNA Acquisition: \$1,800,000

At present, 140 SNAs protect about 180,800 acres. Of this total, about 146,200 acres are in 18 ecologically significant peatlands protected by the Wetland Conservation Act of 1991. This request follows a Long Range Plan approved by the Legislative-Citizen Commission on Minnesota Resources (LCCMR). It prioritizes acquisition of natural areas and lands adjacent to existing sites. Minnesota has identified approximately 500 natural features

that need to be protected; therefore, we estimate that 500 SNAs need to be established by 2085.

Priorities for SNA acquisition are identified by the Minnesota County Biological Survey, historical data, immediate threats to critical parcels and first hand knowledge of a site. This process allows the SNA program to meet multiple protection objectives (communities and species/geological features) at one site. Protection efforts also require a continual review of the existing public land base to determine the occurrence of rare species, geological features, and plant communities.

Development: \$200,000

SNA development ensures that biological diversity is retained and prevents the loss of important species, plant communities, and features. For example, the habitat value and public use of SNAs can be enhanced through restoration actions, including removal of woody encroachment, seed collection, and replanting as well as fencing and signing. Interpretive signage helps promote the educational and recreational value of SNA.

This request has statewide significance because it supports preservation of the highest priority plant, animal and natural community resources throughout the state (including native prairie). This request is consistent with the Department of Natural Resources (DNR's) *Strategic Conservation Agenda* priority to meet the long-term goal of having 500 SNAs by 2085. The DNR estimates that development of critical SNA sites would cost over \$3.6 million during the next six years.

Impact on Agency Operating Budgets (Facilities Notes)

As new SNAs are acquired, DNR's annual operating budget will increase. However, acquisition of lands adjacent to existing SNA sites can result in a decrease in management costs when problems emanating from adjacent lands are eliminated (e.g. soil erosion and noxious weeds).

Previous Appropriations for this Project

Acquisition Development*

SNA Acquisition and Development

L2006, Ch. 258	Bond	1,800	\$200,000
L2005, 1SS, Ch. 1	Trust Fund	89	45,000
L2005, Ch. 20	Bond	150	150,000
L2003, Ch. 128	Trust Fund	664	80,000
L2003, Ch. 20	Bond	1,800	200,000
L2001, ISS, Ch. 2	Trust Fund	455	0
L2000, Ch. 492	Bond	150	350,000

*Trust Fund includes restoration \$s that are not all bondable

Other Considerations

Funds historically have been appropriated through bonding or from the Environmental Trust Fund. Lack of funds for SNA development would threaten the survival of natural communities and rare species and limit educational use. Lack of interpretive materials and facilities at SNA sites diminishes the full educational use of the area. User education is key to protecting these resources and others across the state. This proposal focuses on priority native forest, woodland, fen and peatland habitats. Protection and conservation of priority native prairie land is included in a separate bonding proposal.

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Governor's Recommendations

Stream Protection and Restoration

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Restores degraded or channelized streams to benefit fish and wildlife habitat and water quality and reduce erosion and flooding.
- ◆ Restores fish passage around man-made barriers
- ◆ Request would fund stream channel design and restoration.

Project Description

State funding of \$2 million is requested for stream channel design and restoration projects.

Minnesota's streams have been degraded by channelization and the construction of dams. Channelization reduces stream length, eliminates fish and wildlife habitat, and increases erosion, sedimentation, and downstream flooding. Dams block migration of fish and other aquatic species and reduce the overall productivity of streams by interfering with sediment and nutrient transport. Stream restoration provides opportunities to improve fish and wildlife habitat and water quality while reducing erosion and downstream flooding.

Restoration projects involve removal or modification of man made barriers or constructing stream channels to a more natural pattern, constructing riffles for bed stability, bank stabilization, and landscaping. Stream channel design requires specialized knowledge of watershed hydrology, river morphology, and stream ecology to ensure that restored streams provide ecological and recreational benefits.

Projects are chosen through a statewide selection process based on potential for resource improvement, local community interest, and public benefit. Project costs include engineering, conducting surveys for

development of topography maps, developing design plans and specifications, producing bid and specifications packages, and final construction.

This request will have statewide benefits because projects are located in several geographic areas. There are also public safety benefits to this proposal because man made barrier removal or modification can eliminate a drowning hazard. This request is consistent with the Department of Natural Resources (DNR's) *Strategic Conservation Agenda* priority to restore degraded streams and remove or modify unsafe dams.

Impact on Agency Operating Budgets (Facilities Notes)

None.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$2,000,000
L2005, Ch. 20	Bond	500,000
L2003, 1SS Ch. 1280	Bond	500,000

Other Considerations

Opportunities for stream restoration work are increasing as local communities learn the recreational, ecological, and economic benefits of healthy rivers.

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Governor's Recommendations

Fish Hatchery Improvements

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Various capital improvements to fish culture facilities
- ◆ Feasibility studies for alternate fish hatchery facilities

Project Description

This request is for \$2 million for rehabilitation of hatchery facilities to keep production at its peak efficiency. Potential projects include:

- ◆ Repairing rearing pond access areas
- ◆ Repair or replacement of raceway covers
- ◆ Installing or upgrading water lines, water effluent system, water treatment equipment, safety equipment, and more efficient heating or cooling systems
- ◆ Upgrading and maintaining existing drainable ponds
- ◆ Construction of fish holding facilities
- ◆ Feasibility studies, where feasible, on design, construction or acquisition of drainable ponds and other facilities for moving walleye rearing out of natural wetlands.

The DNR *Strategic Conservation Agenda* provides a framework of indicators of performance and target results for achieving the department's mission. This framework has provided direction and guidance on the construction of the capital budget. This initiative will assist in meeting five performance indicators: *Pounds of walleye fingerlings stocked, Lake Superior steelhead catch rates, Lake Superior lake trout needs for MN-1, metro ponds stocked for educational purposes, and improved angler satisfaction.* The culture and stocking program will also improve angler satisfaction, which is another performance indicator.

Impact on Agency Operating Budgets (Facilities Notes)

There would be no major impacts on the agency's operating budget. The Fisheries activity spends about 18% of its operating budget on fish culture and stocking. The hatchery facilities that would be improved with this request are important components of the state's fish culture program.

Previous Appropriations for this Project

L2006, Ch.258	Bond	\$1,000,000
L2005, Ch.20	Bond	1,700,000
L2001, 1SS, Ch.2	Future Resources	145,000

Other Considerations

The state is currently culturing walleye, muskellunge, trout and salmon, and catfish, which represent a significant investment by the state.

	Eggs Collected	Fry Hatched	Fish Stocked
Walleye	681,255,997	440,337,808	316,858,875
Trout/Salmon	9,100,000	3,400,000	2,534,191
Muskellunge	930,047	708,116	89,021
Catfish	48,000	37,370	61,015

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Fish Hatchery Improvements

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Governor's Recommendations

Community Conservation Assistance

2008 STATE APPROPRIATION REQUEST: \$1,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Community Conservation Assistance (CCA) is a strategic, landscape approach to conserving ecologically significant habitats for their natural amenities in rapidly urbanizing areas of the state
- ◆ CCA works through partnerships to build trust
- ◆ CCA provides financial incentives to local governments and private landowners to protect high value natural habitats through acquisition or easement
- ◆ CCA guides land use decisions to reduce future land and water impairments
- ◆ CCA leverages other public (non-state) and private funding sources

Project Description:

This request for \$1 million in state bond funds will begin to address the tremendous land use pressures of future growth and development on all types of remaining habitat in the state.

Why is this needed? Within the next 23 years, a projected 1.2 million more people will reside in Minnesota. While over 90% of that growth will be concentrated between Rochester and St. Cloud, all of the state's 20 regional growth nodes will face important land use decisions. The fastest growing communities, especially in the state's growth corridor, will face some very important decisions about how to develop so as to also provide the expected access to the natural outdoors. This project supports local communities and the Department of Natural Resources (DNR) in the adoption of a strategic conservation approach that enables state and local governments to work together to protect healthy natural habitats that provide a range of free daily services to all.

Who benefits? This CCA project will: 1) focus on fast growing communities in the state and provide partial funding to 5 -10 communities or landowners within these areas for the protection of high value, threatened natural habitats with broad public value, and 2) through land protection, help to reduce or prevent future surface and ground water impairments due to poor land use decisions that affect overall public and ecological health.

What is entailed? For almost 20 years, the DNR has employed successful partnership and landscape approaches to conserve habitat. For example, for over a decade the agency's Metro/Central Region has applied a scientifically informed, strategic approach to working with communities on habitat protection and restoration. At the heart of this region's community conservation work has been a rigorously identified network or system of significant habitat patches and connecting corridors that create areas of strategic conservation focus for the many partners that bring limited resources to conservation.

These funds will enable any DNR region with a defined strategic conservation framework and public participation process to work in partnership with local communities to identify and protect mutually desired habitats. Funds will only be used to assist willing landowners and/or local units of government in land acquisition by fee title or easement. All acquisitions will be owned and managed by a DNR unit or by another government entity and all protection projects will require natural resource management plans that specify responsibility for ongoing management and stewardship.

Some of the types of criteria that might be used to select communities or landowners in fast growth areas of the state include:

- ◆ ecological quality of proposed site;
- ◆ immediacy of development threat;
- ◆ location and role in the conservation network (e.g., buffer to state-owned lands, new hub of habitat, connector between key habitats);
- ◆ public value and community interest;
- ◆ project readiness and absence of liability;
- ◆ non-state cash and in-kind funds committed to the project; and
- ◆ willing landowner.

Community Conservation Assistance

This request will enable the agency to apply a strategic conservation approach for greater effect statewide.

Governor's Recommendations**Impact on Agency Operating Budgets (facilities Note)**

Staff must identify and map remaining natural areas that are sensitive to, and threatened by, development. Areas to be considered for protection must fall within the identified focus areas for protection and must meet and be evaluated by established selection criteria. In other words, the CCA requires staff time from a variety of DNR divisions to develop the conservation framework, and then requires staff time to review projects and execute grant agreements with local governments and conservation nonprofits. For example, in DNR's Central Region, the LCCMR for Metro Conservation Corridors provides staff time for basic program administration and oversight for its strategic conservation ("green infrastructure") efforts.

Previous Appropriations for this Project

CCA is a new statewide effort that builds directly off of the past successes of the landscape and watershed initiatives by the agency over the last two decades. Since 1998, the Minnesota Legislature has approved almost \$15 million in capital funds for strategic regional-scale conservation approaches (Metro Greenways Program and Metro Conservation Corridors Partnership). These appropriated funds have leveraged additional, non-state conservation funding.

Other Considerations**Project Contact Person**

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Water Control Structures

2008 STATE APPROPRIATION REQUEST: \$1,000,000

AGENCY PROJECT PRIORITY: 2 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Various improvements to water control structures on lands under state control.

Project Description

This request is for \$1 million to improve water control structures on state lands. The Department of Natural Resources (DNR) Fish and Wildlife Division manages over 325 dikes, dams, water control structures and fish barriers on shallow lakes and significant wetlands across Minnesota. These structures improve water quality and provide core waterfowl habitat. Many of these large structures are deteriorating and are in need of replacement and upgrading to include fish barriers.

Potential projects include:

- ◆ Removing and replacing inadequate or failing water control structures
- ◆ Repairing and improving existing water control structures and dikes
- ◆ Breaching an existing dike to allow flowage systems to be managed in a natural state
- ◆ Creating an outlet structure to allow lake habitat restoration

The DNR's *Strategic Conservation Agenda* provides a framework of indicators of performance and targeted results for achieving the department's mission. This framework has provided direction and guidance on the construction of the capital budget. This initiative will assist in meeting two performance indicators: *Number of prairie wetland complexes* and *Minnesota's share of the yearly Mississippi River Flyway duck harvest*. The improved water quality of the wetlands managed and restored with the water

control structures will also improve hunter satisfaction, which is another performance indicator.

Impact on Agency Operating Budgets (Facilities Notes)

There would be no major impacts on the agency's operating budget. The water control structures that would be improved with this request are important for healthy and sustainable waterfowl component wetlands. Operating budgets have not and will not be adequate to fund the capital nature of these improvements.

Previous Appropriations for this Project

L2006, Ch. 258 Bond \$1,000,000

Other Considerations

This appropriation will preserve and improve the capital investments in the state's important wetland resources and support the work of partners such as Ducks Unlimited and Minnesota Waterfowl Association to accelerate shallow lake management in addressing concerns of the status of waterfowl in the state.

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Governor's Recommendations

State Trail Acquisition, Rehabilitation and Repair

2008 STATE APPROPRIATION REQUEST: \$15,000,000

AGENCY PROJECT PRIORITY: 3 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Acquire or develop segments of five state trails
- ◆ Rehabilitate portions of four state trails
- ◆ Implement projects including: erosion control, culvert replacement, grade stabilization, bituminous replacement, and bridge rehabilitation

Project Description

This request is for \$15 million to rehabilitate, acquire, and develop state trails. Rehabilitation extends the life of trail facilities, reduces future maintenance costs, and helps provide a safe trail experience to the users. These rehabilitation projects include culvert replacement, rehabilitation of bridges, resurfacing, and erosion control. These projects are identified in the Department of Natural Resources (DNR) *Strategic Conservation Agenda* with a target of 30 miles of rehabilitation every two years.

State Trail Rehabilitation, Repair, and Construction

Heartland Trail (Walker) Trestle repair \$2,000,000

Three trestles on the Heartland Trail have been declared unsafe for vehicle traffic between Park Rapids and Cass Lake. Rehabilitation of the Akeley trestle is estimated at \$900,000 for the 314 feet of trestle; Kabekona is estimated at 1 million for the 389 feet of trestle; and Steamboat is estimated at \$100,000 for 211 feet of trestle. In the FY06 bonding bill, \$300,000 was allotted to start repair on the Steamboat trestle.

Luce Line Trail (Watertown-Winstead) Resurface 13 miles of trail \$200,000

The limestone surface on this segment of trail was last renovated 22 years ago and is in need of being resurfaced. Normal life of a limestone surface is ten years.

North Shore/ Pengilly Trail, Bridge repair \$1,800,000

This project is to repair or replace inadequate and deteriorating bridges, five on the North Shore State Trail and two on the Pengilly/Alborn State Trail. On the North Shore State Trail this funding would be used to replace one 55-foot, and one 80-foot bridge, both over the East Branch of the Baptism River, at an estimated cost of \$100,000 and \$150,000 respectfully; a 100-foot bridge over the West Branch of Baptism River at an estimated cost of \$150,000; a 60-foot bridge over the east branch of Amity Creek at an estimated cost of \$100,000; and a 140-foot bridge over the Lower Cross River at an estimated cost of \$200,000.

Pengilly/Alborn Trail Railroad Bridge Repair. Two old railroad bridges need to be rehabilitated. One is a 450-foot bridge over the St. Louis River at an estimated cost of \$600,000 and the second is a 350-foot bridge over the Whiteface River with an estimated cost of \$400,000. These structures will need some abutment work and trail stabilization as well.

State Trail Development

Great River Ridge – Elgin-Eyota (10 miles) \$1,500,000

This project is to develop 10 miles of abandon grade that is already in public ownership and the bridges have already been built. Trail just needs to be developed along with the planned access sites.

Gitchi Gami – Silver Bay to Tettegouche (7 miles) \$1,600,000

This project continues development of the Gitchi Gami trail between Silver Bay and Tettegouche State Park (7 miles). A federal match of \$1,275,000 has been secured for this project.

Root River – Forestville (5 miles) \$2,700,000

This project is on a segment of the Root River Trail that has already been acquired and now needs to be developed. This segment is just over 5 miles in length, four large bridges are part of this new development, and will connect the City of Preston to Forestville State Park.

State Trail Acquisition, Rehabilitation and Repair

State Trail Acquisition

Browns Creek (6 miles) \$5,000,000

This project is an extension of the Gateway Trail, which is part of the Willard Munger Trail system and a segment that recently became available. This is a very important trail connection between St. Paul and Stillwater. This would allow the abandoned railroad grade to be acquired only, development would be at a later date.

Root River – Houston-Mound Prairie (7 miles) \$200,000

This project is to complete the trail acquisition of the Root River State Trail to the east seven miles to the city of Mound Prairie. This is for acquisition of the trail alignment only, development will be at a later date with additional funding as needed.

TOTAL \$15,000,000

Impact on Agency Operating Budgets (Facilities Notes)

It is anticipated that the completion of these rehabilitation projects will help decrease maintenance cost in the future. Projects that deal with bridge rehabilitation, erosion control, and stabilization of sub-grade will protect the initial investment and guard against total failure of the trail.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$2,000,000
L2005, 1SS, Ch. 1	Env Trust	2,000,000
L2005, Ch. 20	Bond	7,910,000
L2003, Ch. 128	Env Trust	1,300,000
L2003, 1SS, Ch. 20	Bond	475,000
L2002, Ch. 33	Bond	900,000
L2001, 1SS, Ch. 2	Env Trust	1,000,000
L2001, 1SS, Ch. 2	Future Resources	1,440,000
L2000, Ch. 492	Bond	3,400,000

Other Considerations

These trails offer great potential for return on state funds because they have become high-quality attractions with year-round use. They have gained a reputation on a statewide basis and have support from both local governments and citizens. These rehabilitation projects will help reduce future maintenance costs and help extend the life of the facility. It should be noted that cost estimates for these projects are only preliminary and the actual costs will not be known until final bid selection and approval.

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Governor's Recommendations

Water Access Acquisition, Dev and Fishing Piers

2008 STATE APPROPRIATION REQUEST: \$10,000,000

AGENCY PROJECT PRIORITY: 3 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ \$8.6 million for acquisition and development of new boat access sites
- ◆ \$1 million for rehabilitation of existing boat access sites
- ◆ \$400,000 for construction of new fishing piers and shorefishing sites

Project Description

This request is for \$10 million in state funds to provide the public with new and improved boat accesses, fishing piers, and shorefishing sites throughout the state. This proposal will allow for acquisition and construction of about four new boat access sites on larger lakes, rehabilitation of up to six sites, and construction of 12-15 fishing piers and shorefishing sites.

The current statewide system includes more than 1,580 boat access sites and over 275 fishing piers and shorefishing sites. The cost of lakeshore is rapidly escalating and the competing demand for lakeshore by the public continues to increase. Also, with the continuing technological improvement in boating and fishing equipment, the demand for quality, easy-to-use facilities is becoming essential to the recreational boating experience that the Minnesota angler and boater expect.

We are currently fourth in the nation with 835,000 licensed boats and rank first per capita in boat ownership, with an average of one boat for every six people. The number of boat licenses is increasing by about 1% per year.

A typical Department of Natural Resources (DNR) boat access site is one to seven acres in size and contains an entrance road, a boat-launching ramp, a parking lot, and informational signing. At high-use sites, portable toilets, safety lighting, docks, landscaping, and shoreline improvements are provided.

A typical shore fishing site contains a parking lot, accessible paths to the water, and either a fishing pier or shoreline improvement, which provide a place to stand or sit while fishing.

The DNR's Water Recreation Program has a statewide list of boat access acquisition and development projects totaling over \$15 million and a backlog of fishing pier requests of over 50. Nearly all fishing pier and shore fishing projects, and some boat access projects, are developed and maintained in cooperation with local governments.

There are still many lakes that have no public access or have very few boat accesses for the size of the lake. This means the public cannot access public waters. Criteria for developing public water access sites are based on lake size, lake type, and water clarity. Other considerations are proximity to population centers, local demand, and statewide significance.

In a major boating study in the metro area by DNR in 1996, findings indicated that boat accesses were routinely full on weekends. The demand is significant enough to warrant both new sites and access expansion. In similar studies done later in the Brainerd area and around Willmar (central lakes), boat accesses were identified as becoming more of an asset to lakeside homeowners and resorts, accounting for nearly 40% of access use (somewhat less in the central lakes area). Boat accesses are becoming a necessity for all boaters, especially since boat and motor size has increased (average 18 foot length and 95 horsepower) and rendered many resort and private accesses inadequate.

Part of this project is to protect the state's current investment in boat access facilities. We recognize the need to rehabilitate existing facilities, not only to ensure a quality experience for the user, but also to bring facilities in line with current mandates and laws such as handicapped accessibility and storm water management. Projects initiated now will eliminate more costly repairs in the future. Technology changes also are driving the need for rehabilitation. Larger boats and trailers require better-designed launch ramps, turnarounds, and more parking to ease congestion and prevent conflicts. Recent boating surveys document these needs.

Water Access Acquisition, Dev and Fishing Piers

About 10% of the projects will have non-state participation that includes direct financial contributions, land donations, and in-kind services such as maintenance and operation of the facilities.

Impact on Agency Operating Budgets (Facilities Notes)

Maintenance funds are provided for access sites statewide through the Water Recreation Account. Part of this request is not expected to increase maintenance costs because the sites are currently being maintained. Rehabilitation will actually reduce maintenance costs once facilities are upgraded.

To reduce operating costs, the DNR emphasizes cooperative projects. Sites are developed with state capital funds and local units of government operate and maintain the sites (especially for fishing piers and shore fishing sites).

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$3,000,000
L2005, Ch. 20	Bond	2,000,000
L2003, Ch. 128	Env Trust	1,150,000
L2001, 1 SS Ch. 2	Env Trust	1,760,000
L2001, 1 SS Ch. 2	Future Resources	2,000,000
L2000, Ch. 492	Bond	4,000,000

Other Considerations

Federal Funding

This program earns approximately \$2.2 million in federal funds per year under the federal Wallop-Breaux Act. The federal Sport Fish Restoration Program requires that Minnesota spend 15% of its federal apportionment on boat access. These funds are earned in part using state capital funds and are reimbursed at 75%. This means Minnesota must spend over \$2.1 million of state funds on boat accesses annually to earn over \$1.6 million in federal funds. At the federal level, U.S. Fish and Wildlife Service administer these funds. The Boating Safety Program, managed by the U.S. Coast Guard, provides another \$600,000 per year on a 50/50 matching basis using state capital funds.

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Governor's Recommendations

State Park Development on North Shore

2008 STATE APPROPRIATION REQUEST: \$8,000,000

AGENCY PROJECT PRIORITY: 3 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ This project is linked to Minnesota Department of Transportation (MN/DOT) 2010 highway upgrade on T.H. 61 near Split Rock Lighthouse State Park, and leverages highway funding to accomplish important recreational facility goals at Split Rock Lighthouse and Tettegouche State Parks.
- ◆ A new inland full-service campground is proposed at Split Rock Lighthouse, and is made possible by a new crossing under T.H. 61 being constructed by MN/DOT.
- ◆ A major rehabilitation of the visitor service area / highway rest area complex at Tettegouche State Park is proposed by the Department of Natural Resources (DNR) and MN/DOT, to be funded jointly through bonding funds and highway funds.
- ◆ A new trail center is proposed at Tettegouche State Park, serving the Superior Hiking Trail and ultimately the Gitchi Gami State Trail (when constructed).
- ◆ Additional recreational facility enhancements in high-use North Shore Parks.

Project Description

This request is for \$8 million to provide major upgrades to Split Rock Lighthouse and Tettegouche state parks as part of the T.H. 61 highway project scheduled for 2010. The MnDOT is planning to upgrade the Tettegouche Rest Area and construct an underpass under T.H. 61 at Split Rock, which will allow for construction of a full-service, energy efficient new campground on the west side of the highway. At Tettegouche, MnDOT rest area funding and DNR bond funds would be used to improve or replace existing visitor facilities and parking areas and encourage expanded usage comparable to the shared facility at Gooseberry Falls. A new trail center is

also proposed at Tettegouche that will serve the Superior Hiking Trail, the Gitchi Gami State Trail (paved non-motorized uses), the Red Dot/Silver Trail Riders snowmobile trail, and cross-country ski trails within the park.

This project will leverage \$4 to \$6 million in highway funding.

State park campgrounds on the North Shore consistently have some of the highest occupancy rates in the system, and only one park on the North Shore currently has electric-equipped campsites available to users. This project will provide better recreational facilities in an area of the state where recreational demand continues to increase. Special emphasis will be placed on using sustainable construction techniques and materials, and alternative energy sources such as photovoltaic solar for campground electrical supply. Other recreational facility improvements in high-use North Shore state parks may be funded if budget permits.

Impact on Agency Operating Budgets (Facilities Notes)

The proposed new campground will add operating costs to the Split Rock Lighthouse State Park budget. However, these costs will be offset at least partially by increased camping revenue. The rehabilitated visitor center / highway rest area at Tettegouche should not increase operating costs, as any increases in square footage should be offset by more efficient utility systems and energy efficient design. The new trail center at Tettegouche will add operating costs to the park budget.

Previous Appropriations for this Project

There have been no previous appropriations requested for this project.

Other Considerations

Private development is claiming an increasing share of the shoreline of Lake Superior between Duluth and Grand Marais, and it is important that public recreation anchors like Split Rock Lighthouse State Park and Tettegouche State Park continue to offer attractive, popular recreational facilities that allow lake access and public recreation to thousands of people each year at an affordable cost.

State Park Development on North Shore

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Governor's Recommendations

State Park and Rec Area Acquisition

2008 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 3 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ \$25 million to acquire private land in-holdings from willing sellers within designated state park and recreation area boundaries.
- ◆ \$500,00 to restore land within state parks to pre-settlement conditions through prairie restoration, wetland restoration, deciduous forest restoration, and pine forest restoration.

Project Description

This request is for \$3 million to acquire private lands from willing sellers within legislatively established state park and recreation area boundaries (\$2.5 million), and to implement natural resource restoration projects on those lands (\$500,000).

Housing development pressure threatens many natural areas within state parks, and these funds will help to prevent the loss of significant natural landscapes for future generations. A list of potential acquisitions is available, as is a list of proposed natural resource restoration projects.

The state park system continually faces management challenges caused by private in-holdings within state parks. In many cases, these private parcels separate park management areas and create physical barriers to maintaining contiguous recreation and natural areas within the park. Many of these parcels are facing residential or commercial development pressure that would be incompatible with traditional park uses.

Approximately 15% of the state park system's 267,000 acres is privately owned. Total cost to acquire all of these private in-holdings (if they were for sale) could approach \$100 million.

M.S. 86A.05 subd. 2c directs state parks to preserve, manage and restore pre-settlement natural features and other significant scenic, scientific and historic elements in the system. The state park natural resource management program annually restores nearly 750 acres of prairie, forests and wetlands. In addition, almost 12,000 acres/year are maintained or improved through prescribed fire, control of invasive plant species and protection of forest regeneration. Bonding funds in this request would allocate \$0.5 million to reconstruct 350 acres of prairie/savanna, and 612 acres of deciduous and pine forest restoration.

Impact on Agency Operating Budgets (Facilities Notes)

In most cases, acquisition of in-holdings has a neutral impact on the state park operating budget. This is due to increased efficiency gained by managing more continuous and contiguous natural and recreational areas that are already receiving services. Restoration of natural areas will require operating budget support, but transforming land to pre-settlement conditions should mean that operating funds are used more effectively to maintain healthy plant communities, which are more resistant to invasive exotic species.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$3,000,000
L2005, 1SS, Ch.1	Env Trust	2,000,000
L2005, Ch. 20	Bond	2,500,000
L2003, 1SS Ch. 20	Bond	1,000,000
L2003, Ch. 128	Env Trust	1,500,000
L2001, 1SS Ch. 2	Env Trust	1,110,000
L2001, 1SS Ch. 2	Future Resources	616,000
L2000, Ch. 492	Bond	500,000

Other Considerations

Priorities for acquisition are based on the availability of willing sellers and the potential for residential or commercial development if the parcel were not

State Park and Rec Area Acquisition

acquired. Delays in purchasing parcels from willing sellers may mean that they will be developed and lost for recreational use.

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Governor's Recommendations

Iron Range OHV Recreation Area

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 3 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ \$750,000 for Highway underpass between two sites.
- ◆ \$250,000 to construct maintenance building.
- ◆ \$1,000,000 develop access trail between the two sites, perimeter fencing and new trails.

Project Description

This request is for \$2 million to finish the development of the Iron Range Off-Highway Vehicle State Recreation Area (IROHVRA). This proposal would connect the Gilbert OHVRA with land acquired for the Virginia OHVRA, provide funds for a maintenance building at the Gilbert facility and develop the Virginia site for vehicle use.

Bonding would be used to connect the two sites with an underpass on State Highway 137; a cost estimate on this concrete box culvert is \$550,000. A second underpass will be needed on Mittal Steel USA, Minorca Mine (Mittal) mining access road. Mittal has agreed to work with the State on this second crossing supplying equipment and fill material, so the second culvert cost is estimated at \$200,000.

Bonding would also be used for a new maintenance building at the Gilbert IROHVRA site. The current shop area is a pole building that is not insulated or heated with no running water or rest room for staff. A new maintenance building is estimated to cost \$250,000. The current building would be used for cold storage only.

The last component of this bonding request is the development of the newly acquired 2500 acres IROHVRA. Access to the majority of the riding area will require crossing Pike River on the old county road alignment. Because of

the extensive beaver activity in this flowage, the old road alignment will need to be lifted significantly and the crossing of the river will require a bridge. This site will also require approximately 15 miles of perimeter fencing to be constructed. These construction costs are estimated at \$1,000,000.

Previous dedicated account funding of \$2.7 million has been invested into the recreation area from OHV accounts in the natural resources fund.

The first Iron Range Off Highway Vehicle (OHV) site was authorized in 1996 and opened to the public in 2002. This 1,200 acre site is located within the city limits of Gilbert, Minnesota. This site is also where the DNR office is located for this facility, plus a maintenance building, vehicle wash, and a classroom. This first site has been operating well and meeting the project attendance of 10,000 per year. It was understood that this site would need to be connected to another larger site to realize future potential. The request for bonding will provide necessary funding to connect these two sites and complete development.

It was originally thought the dedicated funding would be adequate to acquire and develop this second part of the IROHVRA because all landowners had indicated they wanted the State to lease, not purchase, their property within the boundary of the second site. However, after discussions started, all landowners decided to pursue fee purchase rather than lease. Therefore, most of the dedicated funding has been directed towards securing the land.

It is estimated that on this 2,500 acre site, planned development should yield between 50 to 70 miles of OHV trail initially.

This effort is identified in the Department of Natural Resources (DNR) *Strategic Conservation Agenda*.

Impact on Agency Operating Budgets (Facilities Notes)

The state will own the newly acquired IROHVRA site and both sites will be managed as one. The contact station, maintenance facility, staging area, and vehicle wash site will all remain at the Gilbert facility. The Virginia site of

Iron Range OHV Recreation Area

the IROHVRA will be primarily for trail riding opportunities and possibly some special events depending upon the outcome of the Master Plan and environmental review.

Previous Appropriations for this Project

All previous appropriations have been requested from the OHV dedicated accounts and a one-time appropriation from the IRRB account for \$750,000 was granted in 2000 and used as local match for this project.

Other Considerations

It is anticipated that the completion of an OHV site in Minnesota would reduce the impact on other public lands. It would provide specialized technical riding opportunities in Minnesota. The current 1,200 acre Gilbert site connected to the 2,500-acre Virginia site will provide enough OHV opportunity to make this a national destination for OHV riding. It will provide opportunity for special event type activities, a mud area, and nearly 100 miles of trail covering all levels of difficulty.

These OHV State Recreation Areas have a significant potential for return on state funds invested, especially for local communities. With the official opening of the Iron Range OHV Recreation Area at Gilbert in the fall of 2002, the community began to see an influx of visitors and their dollars. A boom in area restaurants, OHV rentals, motel and campground expansions are largely attributable to visitors to the OHV Recreation Area. This has helped mitigate the effects of a general mining industry slowdown in recent years.

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Governor's Recommendations

Cuyuna County SRA Enhancements

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 3 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ \$1.9 million to construct a new access road, rustic campground, and support facilities for mountain biking and scuba diving activities at Cuyuna County State Recreation Area near Crosby, Minnesota
- ◆ \$100,000 to plan for a potential public/private partnership opportunity for a regional mountain biking training facility sponsored by the International Mountain Biking Association (IMBA)

Project Description

This request is for \$2 million for the development of the Cuyuna County State Recreation Area (SRA) near Crosby. This bonding request would focus on providing a main access road to areas planned for diving and mountain biking, and providing support facilities such as a rustic campground and other trailhead and diving access facilities. The proposal also includes \$100,000 for preliminary design of a mountain bike training center and administrative office.

This SRA contains almost 5,000 acres within its boundaries, with about 2,700 acres currently owned by the state. It is a popular destination for scuba divers, since the flooded mine pits have exceptionally clear water and interesting underwater features. The IMBA has also proposed an extensive mountain bike trail system at Cuyuna, one that would make the park a regional or national mountain biking destination. IMBA was successful in obtaining a federal grant of about \$525,000 to begin development of this facility. In addition, IMBA is discussing development of a regional training center for mountain biking, and DNR Parks would like to explore the opportunity for a public/private training center and administrative office building within the boundaries of the recreation area.

Impact on Agency Operating Budgets (Facilities Notes)

A new access road, rustic campground, and trailhead support facilities will add operating costs to the Cuyuna County SRA operating budget. New sales of park permits and camping fees will partially offset the increase in operating costs.

Previous Appropriations for this Project

None

Other Considerations

Cuyuna County SRA is an emerging recreational gem that needs the focus that enhanced facilities for mountain biking and scuba diving can provide. The clear mine pit water provides exceptional diving opportunities, and the mixture of rocky terrain and wooded slopes provides outstanding mountain biking conditions. The recreation area has the potential for being a significant regional center for both of these activities if high quality support facilities are constructed.

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Governor's Recommendations

Off-Highway Vehicle Rec Area (Rev Bond)

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 3 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ \$2 million for acquisition of site(s) for Off-Highway Vehicles (OHV) use.
- ◆ Project site(s) in southern Minnesota where majority of lands are privately owned.

Project Description

This request is for \$2 million to acquire a public OHV recreation area in southern Minnesota. This proposal is for user financing from the OHV Accounts; user fees will pay debt service.

Although a number of sites have been identified by OHV enthusiasts and their supporters, it remains uncertain which or how many of these sites could actually be purchased. Legislation in 1996, and again in 1999 authorized an OHV State Recreation Area in northeastern Minnesota. Likewise, demand exists in southern Minnesota, except there are far fewer acres of public land on which to consider the development of an OHV site. Four trail systems currently exist in southern Minnesota for All-Terrain Vehicles (ATV), two of which also allow off-highway motorcycles (OHM), (Snake Creek and Trout Valley units, R.J. Dorer Memorial State Forest). Swift County has a site in Appleton that is open to all three motorized groups (ATV, Off-Road Vehicles (ORV), OHM), as a county recreation facility.

Despite efforts to date, only eleven miles of ORV trails have been established outside of the Iron Range OHV Recreation Area. Many miles of forest roads exist for ORV touring, but technically challenging trails have proven difficult to locate. These specialized technical opportunities are more easily provided in state-owned Recreation Areas, like the Iron Range OHV Recreation Area at Gilbert, Minnesota.

This effort is identified in the Department of Natural Resources (DNR) *Strategic Conservation Agenda*.

Impact on Agency Operating Budgets (Facilities Notes)

The state will own the newly acquired OHV riding site, which will be open to all three-user groups. The state will seek to partner with local trail clubs or local units of government to operate the site.

Previous Appropriations for this Project

There have been no previous appropriations requested for this project.

Other Considerations

It is anticipated that the completion of an OHV site in Minnesota would reduce the impact on other public lands. It would provide specialized technical riding opportunities in southern Minnesota.

OHV State Recreation Areas have a significant potential for return on state funds invested, especially for local communities. With the official opening of the Iron Range OHV Recreation Area at Gilbert in the fall of 2002, the community began to see an influx of visitors and their dollars. A boom in area restaurants, OHV rentals, motel and campground expansions are largely attributable to visitors to the OHV Recreation Area.

With additional vehicle registrations, the OHV account balances increase, making more funds available for OHV trail opportunities. A similar positive economic impact can be anticipated in southern Minnesota as occurred in and around Gilbert.

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Off-Highway Vehicle Rec Area (Rev Bond)

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Governor's Recommendations

Renewable Energy Technologies

2008 STATE APPROPRIATION REQUEST: \$10,000,000

AGENCY PROJECT PRIORITY: 4 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Reduce energy consumption and CO2 emissions at Department of Natural Resources (DNR) facilities
- ◆ Install energy saving retrofits on DNR facilities
- ◆ Increase the DNR's use of renewable energy
- ◆ Demonstrate integrated use of energy saving and renewable energy technologies at three pilot sites
- ◆ Sequester Carbon on DNR administrative sites

Project Description

This request is for \$10 million to retrofit selected facilities using a range of energy efficiency and renewable energy technologies. Three pilot sites will be selected, which will demonstrate integrated energy and environmental performance solutions.

Energy-saving retrofits along with complementary investments in renewable and clean energy production capacity will be selected and installed at these sites. Funding would be used to improve building envelopes, mechanical systems, and lighting to reduce energy demand, and then seek to use the most site appropriate clean energy technologies including solar electric, solar hot water, geothermal heating and cooling, biomass, on-site combined heat and power potentially using hydrogen fuel cells or micro turbines. In addition, additional reduction in carbon dioxide emissions will be achieved through use of trees and deep rooted plants to increase the capture and storage of carbon dioxide on site.

Energy Saving Retrofits: DNR has participated in the State's Energy Benchmarking process, and recognizes the need for further selective metering and energy improvements. Funds from this request will be invested

in building improvements across DNR facilities that will secure the greatest return through reduced energy consumption and expenditures.

Pilot Sites: DNR will identify and select at least three sites to make significant investments to achieve major energy and environmental performance improvements. These pilot projects will provide 1) meaningful reduction in DNR energy consumption, 2) demonstrate opportunities and technologies in high visibility facilities, and 3) help drive market transformation by investing in emerging as well as demonstrated technologies. Criteria for selection as a demonstration site include feasibility for emerging technology, representation of the three largest ecological provinces, renewable energy opportunities, priority in the Facility Master Plan, cost effectiveness, partnership opportunities, staff commitment to the project, high public visibility, and the ability to track measurable outcomes.

Specific projects are not yet identified; the DNR has conducted several energy focus groups, and is in the process of seeking applications based on the selection criteria

Carbon Sequestration: As noted by the US Department of Energy, "Microbes and plants play substantial roles in the global cycling of carbon through the environment" DNR sites with significant areas of grass require mowing and contribute minimally to carbon sequestration. Replacing much of the grass with sustainable native landscape and trees will have a positive impact on reduction of global warming through carbon sequestration, as well as reduce the amount of mower emissions, water, and maintenance. Improved facility landscaping will also reduce water use, storm water runoff, as well as building heating and cooling.

Impact on Agency Operating Budgets (Facilities Notes)

The reduction in energy use from this project will result in reduced operating costs.

Previous Appropriations for this Project

There have been no previous appropriations for this project.

Other Considerations

Funds from this request support DNR's mission to "conserve and manage the state's natural resources...in a way that creates a sustainable quality of life". Implementation of the multiple energy and sustainable technologies noted in this request will allow DNR to:

- ◆ Lead the way in making renewable energy strategies a basic component of everyday life;
- ◆ Demonstrate in a highly public manner a variety of ways to use renewable energy sources;
- ◆ Highlight simple ways of saving energy that have direct application for private citizens; and
- ◆ Showcase both relatively inexpensive and straightforward strategies and those that are more complex.

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Governor's Recommendations

Field Office Consolidation and Renovation

2008 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 4 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Consolidate offices to improve integrated natural resource management.
- ◆ Materially contribute to the development of a sustainable organization through optimizing facility resources while having the smallest environmental footprint possible.
- ◆ Establish clear site anchors and facilities supporting the business strengths of Department of Natural Resources (DNR) within the framework of the Facility Master Plan.

Project Description

This request is for \$5 million to replace an inadequate facility at Glenwood, construct an additional drill core library for Lands and Minerals in Hibbing, and provide pre-design for a consolidated facility in Bemidji. The proposed projects address conditions that cannot be resolved through common repair and maintenance activities such as overcrowded conditions, multiple owned and leased offices scattered in one area, unsuitable occupancies, and missing functionality.

Glenwood: The area office site at Glenwood consists of a converted residence that is not accessible, is overcrowded, has inadequate storage, structural issues, and ongoing asbestos, lead paint and bat guano issues. This project will replace the office and storage buildings, provide an accessible permit office, renovate the shop area, and upgrade the hatchery to meet the demand for increased capacity. Space will be designed in keeping with DNR developing Facility Master Plan.

The hilly Glenwood site was purchased by DNR in 1903 for use as a fish hatchery. In 1906, the hatchery building and main office were constructed on the lower part of the site, and a residence for the site manager was built on

the upper part of the site. Storage areas for boats and nets were added over time, and as space demands exceeded capacity, the residence became offices. Currently, Fish and Wildlife staff works in all available nooks and crannies throughout the site, including a minimally heated vestibule and porch space. The site is not accessible; people coming to the site for permits must negotiate steps, and DNR staff store heavy nets and seines in a loft above the boat storage accessible only by an old and narrow stair. Mechanical and electrical systems are inadequate, and security is non-existent.

The structural integrity of the residence and storage building is failing: The porch is falling away from the main house due to shallow footings, the foundation of the storage building is being damaged by frost heave, which also impacts door access, and the wood access stairs are decaying.

Bemidji: This request will fund a pre-design for a consolidated DNR regional headquarters building in Bemidji. All DNR divisions have staff in and around Bemidji, but they are scattered in five locations and capacity limits have been exceeded. In addition to the five state-owned buildings, there are DNR staff in leased offices in the area, and are other state agencies in facilities as well. This pre-design will assess opportunities for consolidation to increase service to citizens, provide workspaces that are conducive to increased efficiencies, enhance collaboration among the divisions, demonstrate forward thinking in site and building sustainability, and be in keeping with DNR's developing Facilities Master Plan.

Drill Core Library: M.S. 1031.605 directs mineral exploratory borers to submit a ¼ portion of all core obtained for mineral exploration. The most recent library was constructed in 1990, and is near capacity. Funding from this request would provide for the design and construction of an addition to the drill core library in Hibbing.

Impact on Agency Operating Budgets (Facilities Notes)

This project may result in small increases in square footage of office and service facilities, which are incidental to specific project requirements.

Previous Appropriations for this Project

Field Office Consolidation and Renovation

L2005 Ch. 20	Bond	\$300,000
L2002 Ch. 393	Bond	2,500,000
L2000 Ch. 492	Bond	3,250,000

Other Considerations

One of the specific business objectives of the DNR is to work collaboratively within common resource management areas and to manage natural resources in an integrated fashion. This requires workplaces that serve the functional requirements of natural resource management work. Workplace design should allow quick and inexpensive adjustments to maximize productivity and satisfaction. The workplace should also be efficient, technologically advanced, and allow people to accomplish their work in the most efficient way. Specific benefits should include: improved productivity, job satisfaction and health, along with better use of limited resources (people, space, time and money).

Improved facility conditions and workplace utility will enhance collaborative work and productivity. These same improvements will reduce the state's exposure to risks associated with the deficiencies of current facility conditions.

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Governor's Recommendations

Bell Museum of Natural History

2008 STATE APPROPRIATION REQUEST: \$4,000,000

AGENCY PROJECT PRIORITY: 4 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Design and construction of an environmental landscape for the new Bell Museum of Natural History
- ◆ Blends the missions and purposes of the Museum and Department of Natural Resources (DNR) regarding the education about, interpretation and conservation of, and recreation in, the State's natural resources.
- ◆ Native site vegetation will represent Minnesota's environments of prairie, coniferous forests, deciduous forest, and oak savanna habitats.
- ◆ Strategically placed ponding will manage storm water drainage and attract birds and wildlife to the site.

Project Description

This request is for \$4 million for landscaping and interpretation of both the DNR and Bell Museum mission at the University of Minnesota's proposed new Bell Museum of Natural History. The University of Minnesota in a separate FY2008 Capital Budget Request is requesting funding for the building.

Several acres will be devoted to exterior exhibits representing Minnesota's three distinct ecological regions – coniferous forest, hardwood forest, and prairie. The new facility offers an opportunity to increase its service to Minnesota as the state's natural history museum by inspiring awareness, appreciation, and action on behalf of Minnesota's natural environment and resources. The new building will be an effective and inviting gateway through which the public can explore the natural world and see--first hand--cutting edge University research.

The Bell Museum was recognized by the state legislature in 1872 as Minnesota's state museum of natural history. Since then, there has been a strong working relationship between DNR's natural history programs and the Bell Museum. Survey work conducted by DNR biologists and contractors with the Non-game Wildlife Program, the Natural Heritage Program, and the County Biological Survey, have worked closely with professors, staff and students at the Bell Museum. All floral and fauna specimens, including important herbarium specimens, collected by these program's efforts have been deposited and curated in the museum's collections.

The proposed Bell Museum will be located on the southwest corner of Larpenteur and Cleveland Avenues, with the environmental landscaping occupying the southern 5.7 acres of the 13 acre site. Together, the building and site will be a portal through which the public can explore the natural world.

The site will offer visitors the opportunity to learn about the dynamics of the natural world as a synergistic entity and as a place abundant with opportunities for fostering a life-long relationship with nature that includes stewardship, respect, and recreation. The site will be a working example of sustainability as it contains water runoff, sequesters carbon with its plantings, and provides an urban habitat attractive to wildlife.

Impact on Agency Operating Budgets (Facilities Notes)

Funding this request will not have an impact on DNR's operating budget.

Previous Appropriations for this Project

The DNR has not made any previous state capital budget appropriations for this project.

Other Considerations

This request continues the rich relationship between the Department of Natural Resources and the Bell Museum as they work toward providing the citizens of Minnesota and visitors with a unique window on the natural world.

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Governor's Recommendations

Statewide Asset Preservation

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 4 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Addresses a wide range of facility renewal needs
- ◆ Initiates repair and maintenance projects supporting safety, building integrity, and code violations

Project Description

This request is for \$2 million to preserve state assets across the state.

The Department of Natural Resources (DNR) has identified more than \$35 million in asset preservation projects for agency facilities statewide. These facilities support the *DNR's Strategic Conservation Agenda* by serving recreational, work place, and public interaction needs. These projects are focused on renewal and repairs needed to maintain existing building values and functionality. This request represents the minimal level of funding necessary to check the growth of the DNR "capital iceberg" and to resolve the most urgent problems, particularly problems eroding the capital value of state owned buildings.

The project priorities are to reduce risk of illness and injury, improve indoor air quality, enhance accessibility, and increase security. Funding this request will provide for all aspects of asset preservation, including roofing, plumbing and heating, electrical repair and upgrades, energy efficiency improvements, and structural upgrades. Failed building systems will be updated using improved technologies as opportunities arise.

The DNR continues to invest in a trained, equipped, and productive workforce. Facility conditions significantly contribute to DNR's ability to achieve the state's natural resources management mission. It is in the

state's best interest to maintain facilities in a fully functional condition to enhance employee productivity, reduce operating costs, and protect the state's long-term investment in buildings.

These projects do not duplicate any other DNR request.

Fast Facts

- ◆ Building assests are valued at \$390 million;
- ◆ The average age of DNR buildings over 120 sq. ft., and their infrastructure, is 45 years old;
- ◆ 8 State Parks experienced a sanitary sewer failure over the 2007 Memorial Day weekend;
- ◆ A total of \$35 million in estimated asset renewal needs; and
- ◆ 745 buildings are in poor condition as rated by the Facility Condition Index.

Impact on Agency Operating Budgets (Facilities Notes)

Funding this request will help the DNR to address the backlog of asset preservation and building renewal projects. Adequate funding for maintenance and repair and betterment obligations will result in lower future obligations for more costly repair and replacement.

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$2,000,000
L2005, Ch. 20	Bond	2,000,000
L2002, Ch. 393	Bond	2,600,000
L2000, Ch. 492	Bond	2,000,000
L1998, Ch. 404	Bond	2,200,000

Other Considerations

If this proposal is not funded, important building renewal projects will be left undone. Not maintaining buildings in a timely manner results in eroded capital values and high maintenance costs to address a higher than necessary rate of facility deterioration and emergency work.

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Governor's Recommendations

Forest Roads and Bridges

2008 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 4 of 28

PROJECT LOCATION:

Project At A Glance

- ◆ Replace and upgrade 5 bridges
 - 2 bridges in the George Washington State Forest
 - 1 bridge in the Beltrami Island State Forest
 - 1 bridge in the Pine Island State Forest
 - 1 bridge in the Kabetogama State Forest
- ◆ Replace 1 tank car culvert in the Pine Island State Forest

Project Description

This request is for \$2 million to replace six aging and unsafe water crossing structures. Engineering studies recommend replacing or upgrading these structures. Proposed increasing road weight limits make it critical to replace these structures immediately. The bridges and tank car culvert in the network of forest roads are used to access state forests for management. The roads and bridges also provide access to forest lands for purposes of hunting and recreation by the public.

The commissioner is directed in M.S. 89.002 to provide a system of forest roads and trails that provide access to state forest land and other forest lands under the commissioner’s authority. The system must let the commissioner manage, protect and develop those lands and their forest resources consistent with forest resource policies, and the demands for forest resources. The funding in this request will help address the backlog of identified road and water crossing needs required to maintain the state forest road system to a standard appropriate for current use.

The Department of Natural Resources (DNR) maintains more than 2,000 miles of roads that serve the 4.6 million acres of DNR administered lands. These roads also serve several million acres of county, federal, and private

forest lands. State forest roads provide a strategic link between our forest resources and the network of county, state and federal public roads. While state forest roads are used for resource management and hauling forest products, a significant share of their use is also for recreation.

The existing state forest road system is a capital asset worth more than \$75 million. Regular maintenance and resurfacing reduces the need for costly reconstruction in the future. Capital funding supplements dedicated gas tax dollars and other annual appropriations for critical rehabilitation of portions of the state forest road system. The repair and replacement of out-of-date water crossing structures bring facilities up to required use and safety standards.

Impact on Agency Operating Budgets (Facilities Notes)

Previous Appropriations for this Project

L2006, Ch. 258	Bond	\$1,000,000
L2005, Ch. 20	Bond	300,000
L2002, Ch. 393	Bond	1,200,000
L2002, Ch. 374	Bond	750,000
L2000, Ch. 492	Bond	722,000

Other Considerations

Alternatives to this request include the following:

- ⇒ Increase and extend restrictions on maximum weight. If this request is not funded, access to forest lands for forest resource management will be increasingly limited to winter only. The volume and value of timber the DNR is able to sell may be reduced. Good summer access enhances the DNR’s ability to use natural seeding techniques involving summer-logged shelterwood and all-age harvesting techniques.
- ⇒ Increased road closures to off-road vehicles to reduce wear and damage to forest roads and to address public safety concerns. Closing roads during fall and spring seasons (or other wet soil periods) may be more common to protect the road structure. This would also impact hunting, boating, color tours, and other dispersed recreation.

Project Contact Person

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Governor's Recommendations