

NATURAL RESOURCES DEPT

Agency Profile

Agency Purpose

The mission of the Department of Natural Resources (DNR) is *to work with citizens to conserve and manage the state's natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable quality of life.* DNR's responsibilities are broad, but are fundamentally focused on enhancing and sustaining Minnesota's quality of life through the balanced union of this three-part mission.

At a Glance

DNR seeks to achieve the following six goals to fulfill its mission:

Goal 1 – Grow Minnesota's natural resource-based economies that promote conservation of its abundant natural resources

- Forest certification on 4.8 million acres of state forest lands maintains the market competitiveness of Minnesota's forest industry, providing timber, habitat, clean water, and recreation opportunities
- \$4.3 billion generated each year by fishing, hunting, and wildlife-watching –supporting 55,000 jobs
- 12 million acres of state mineral rights –mining is the biggest contributor to northeast Minnesota's economy

Goal 2 – Conserve and enhance Minnesota's water resources and watersheds

- DNR maps and monitors ground water – two-thirds of public water supply comes from ground water
- DNR monitors the state's surface waters with 2,800 monitoring sites across the state

Goal 3 – Conserve and enhance Minnesota's natural lands and habitats

- 58 state forests, encompassing 4.2 million acres

- 1,430 wildlife management areas (WMAs) with 1.3 million acres of habitat and 840 shoreland miles administered as aquatic management areas (AMAs)
- Approximately 150 scientific and natural areas (SNAs), encompassing 180,000 acres

Goal 4 – Maintain the health of Minnesota's fish and wildlife populations and provide great recreation opportunities

- 29% of Minnesotans fish, 15% Minnesotans hunt or trap, and 54% view or photograph wildlife

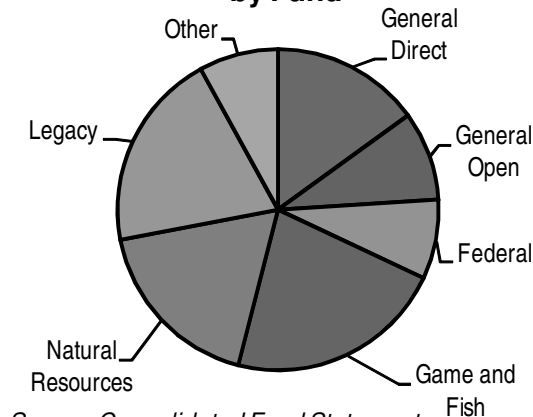
Goal 5 – Maintain and enhance Minnesota's will high-quality and diverse outdoor recreation system

- 74 state parks and recreation areas, 54 state forest campgrounds and day use areas, 8 state waysides
- 1,300 miles of developed state trails, 23,000 miles of snowmobile trails, 1,500 miles of cross-country ski trails, 2,000 miles of off-highway vehicle trails
- 30 water trails totaling 4,300 miles, 1,600 public accesses, 350 fishing piers and shore fishing sites

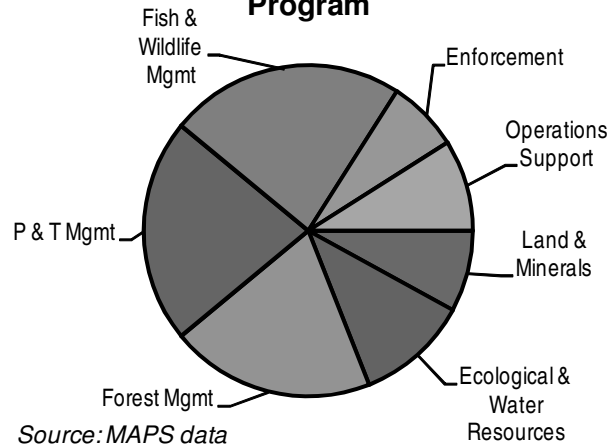
Goal 6 - Effectively and efficiently deliver services to meet our mission

- DNR manages 5,000 pieces of fleet equipment and 2,500 buildings worth more than \$1 billion

Est. FY 2010-11 Expenditures by Fund



Est. FY 2010-11 Expenditures by Program



Natural resource protection: Minnesota's natural lands and waters serve as the foundation for the state's triple bottom line – a healthy environment, a strong economy, and vibrant communities. Natural resource systems provide immeasurable public benefits – from flood mitigation and erosion control to the high quality of life natural lands and waters provide to communities. Protection of the state's rich, natural assets (such as clean water, fish and wildlife, and timber) sustains Minnesota's global, natural resource-based economies and fosters a strong, outdoor heritage in the state.

Economic development: Correspondingly, natural resource-based economies – including recreation tourism, forest products, and water and mineral resources – serve as a cornerstone for Minnesota's economic well-being, generating billions of dollars in the state. For instance, Minnesota's forest industry supports 38,000 jobs and is the state's fourth largest manufacturing sector by employment, while the annual total economic impact of watercraft and boat trip spending is \$4 billion. Sustaining the quality of the state's valuable natural resources, by investing in conservation and ensuring environmentally sound practices, supports the long-term success of Minnesota's natural resource-based economies and provides a high return on investment.

Outdoor recreation: Likewise, outdoor recreation produces important economic benefits, creating jobs and generating significant spending in local economies. For instance, statewide trail-related activities support 43,000 jobs, with trail users spending \$3.3 billion annually. Outdoor recreation also connects people to the outdoors, fostering an ethic of natural resource stewardship among Minnesotans and building an engaged, diverse outdoor recreation public that supports conservation of the state's valued lands and waters.

Recognizing the interdependency of environment and economy, DNR works to optimize the state's triple bottom line to ensure that all Minnesotans are provided high-quality natural resources (clean water, natural lands, and healthy fish and wildlife populations) as a foundation for economic wealth and fun recreation opportunities.



Strategies

Minnesota is facing unprecedented change. Complex natural resource challenges are reshaping the state's resource base. Invasive species threaten the health and resiliency of Minnesota's lands and waters. Growth and development patterns, such as along shorelands, in cities, and on farmlands, impact land and water conditions. Accelerating shifts in climate are anticipated to have significant impacts on Minnesota's lands and waters and are likely to intensify the negative effects of wildfires, invasive species, and disease on the state's resources.

Significant shifts in traditional sources of conservation funding influence how the department accomplishes its work. If current budget trends continue, the state's general fund will increasingly be dedicated to health and human services, education, and public safety to meet the needs of a changing population. DNR is adapting to these shifts in funding by better integrating our work, being innovative and entrepreneurial in our business, improving efficiencies in our operations, and reducing staffing levels over the past several years.

Social and demographic changes have implications both for how public services are provided by state government and how the public interacts with Minnesota's environment. The department is engaged in research to better understand recreation participation trends and is working closely with diverse partners on promoting strategies that encourage Minnesotans to participate and engage in the outdoors in new ways.

Within this context, DNR is focusing its resources and leadership in four areas that, when combined, provide the optimal approach for the department to achieve its mission-critical work while being a part of the state's budget solution:

- ***DNR integrates our natural resources work to be better positioned for the future***

Integrated resource management allows the department to be flexible to address new challenges and take on new opportunities, to be adaptive and adjust our approaches when needed, and to work collaboratively with others. Organizational transformations, such as the formation of the new Division of Parks and Trails, aligns department resources to enable market development around better connecting people to the outdoors through a 21st century state park and trail system. The formation of a new Division of Ecological and Water

Resources allows DNR to more comprehensively address biological diversity and water management issues, recognizing the key role Minnesota's water resources have in supporting a strong economy.

- ***DNR is innovative in our business***

Building on successful business improvements that have increased the efficiency of department operations, DNR is identifying critical leverage points that, with minimal public investment, provide significant cost-savings. DNR's fleet is considered one of the best in the nation, with a reliable, energy-efficient fleet that costs the department much less than the industry standard. With a large workforce stationed at more than 180 locations across the state, the department is improving the energy performance of its buildings and working across units of government to determine opportunities for co-locating facilities to reduce operational costs. Likewise, DNR has made significant improvements in safety performance, saving more than \$4 million in safety claims over the last 10 years.

- ***DNR works in close partnership with Minnesotans to achieve our goals***

DNR recognizes that no one organization is responsible for the health of Minnesota's natural resources. The department depends on strong public and private partnerships and the active participation of citizens to achieve conservation goals. Innovative partnerships (such as with the Minnesota Twins, Best Buy Co., and REI, Inc.) enable DNR to engage new customers and measurably increasing attendance at Minnesota state parks, which serve as a gateway to other outdoor adventures. These partnerships have greatly enhanced DNR's outreach efforts and contribute to building and sustaining a robust recreation tourism industry in the state. Likewise, DNR works closely with private landowners and conservation partners through partnerships such as the Minnesota Forests for the Future Program and the Working Lands Initiative, which leverage state investments with non-state dollars, achieving conservation goals at the lowest possible cost to the state.

- ***DNR is transparent and accountable in our work, communicating results meaningful to the public***

Today's society demands a greater focus on measuring and communicating the results of public investments. Over the past eight years, DNR has built an integrated performance management system to ensure we are meeting the needs of our customers, a diverse and changing public. Charting strategic direction, measuring performance, and making course corrections to improve results are also essential to cost-effectively managing natural resources and achieving conservation outcomes in today's budget climate. DNR continues to increase the transparency and accountability of its operations through efforts such as implementing a new game and fish fund reporting structure, internal control standards, statewide grants management policies, and other business processes that comply with federal and state standards.

Operations

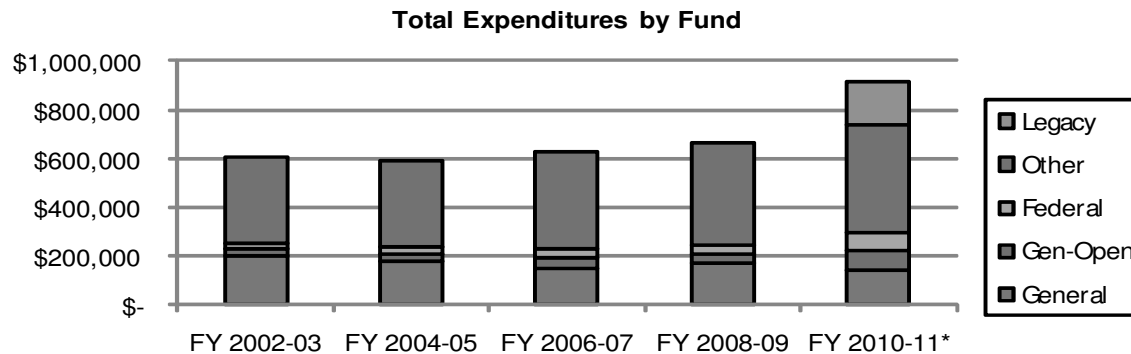
DNR is responsible for conserving the diversity of natural lands, waters, and fish and wildlife that provide the foundation for Minnesota's outdoor recreation heritage and natural resource-based economies (M.S. 84, M.S. 97A). DNR preserves the state's unique natural heritage by protecting rare plant and animal communities throughout the state. DNR manages the state's water resources, sustaining healthy waterways and ground water resources (M.S. 103). DNR provides enriching outdoor recreational opportunities and ensures public access to these resources, including hunting, fishing, wildlife-watching, camping, skiing, hiking, biking, motorized recreation, and conservation education through a state outdoor recreation system that includes parks, trails, wildlife management areas, scientific and natural areas, canoe and boating routes, and other facilities (M.S. 86A). DNR supports natural resource-based economies, managing state forest lands for multiple forest values (M.S. 89), ensuring the maximum long-term economic return from school trust lands (M.S. 127A), and managing the state's 12 million acres of mineral rights (M.S. 93).

DNR is organized into four geographic regions, six operating divisions, and operations support. DNR staff work out of 180 field offices located statewide.

- **Division of Ecological and Water Resources** works to ensure the long-term health of watersheds across the state that support water quality and maintain water quantity, biodiversity, and vital ecosystem services.
- **Division of Enforcement** enforces laws related to game and fish, wetlands, aquatic plants, and the operation of watercraft, snowmobiles, all-terrain vehicles, and other recreational vehicles, and provides conservation and safety education programs.
- **Division of Fish and Wildlife** conserves and enhances the state's fish and wildlife populations and their supporting habitats through regulation, restoration, research, monitoring, and education.
- **Division of Forestry** protects citizens and property from wildfire and strives for the sustainable yield of timber resources for forest products while managing state forests for wildlife habitat and recreation.

- **Division of Lands and Minerals** manages agency real estate transactions and promotes, regulates, and provides expertise on mineral exploration, mining, and mine land reclamation.
- **Division of Parks and Trails** operates a system of state park and state forest campgrounds that conserves natural, scenic, and cultural resources; maintains a statewide network of recreational trails; provides public access to lakes, rivers, and streams; and offers education opportunities.
- **Operations Support** provides direction and coordination of DNR programs and operations, provides local services to the public across the state through regional operations, manages pass-through grants, and directs the management of school and university trust fund lands and mineral rights.

Budget Trends



**FY 2010-11 is budgeted expenditures*

Source data: May 2010 Consolidated Fund Statement (end of 2010 legislative session).

The budget trends graph shows that the general fund open appropriation expenditures increased from FY 2008-09 to FY 2010-11. This is the result of the following factors:

- DNR Payment in Lieu of Taxes (PILT) appropriation is a transfer to the Department of Revenue, so the expenditures are not included in the DNR's expenditure history. However, since the FY10-11 figures are budgeted, the PILT dollars (estimated at \$43.4 million) are included.
- The emergency fire appropriation shows actual dollars spent in FY 2008-09, which was \$2.4 million higher than the budgeted \$22.0 million represented in FY 2010-11.

Federal funding increased from FY 2008-09 to FY 2010-11. FY2010-11 represents the DNR's spending authority (budget), approved through the Legislative Advisory Commission (LAC). Spending authority is always higher than actual spending because:

- Spending authority may be requested for grants at any time during the grant application process. If the grant is not awarded, spending will not occur. For instance, the FY 2010-11 figure includes approximately \$3 million in ARRA grants that were not awarded.
- Most federal grants are available for more than one biennium. Spending authority received in one biennium is not always spent in that biennium.

The FY 2010-11 budget includes approximately \$10 million in spending authority for **new** grants awarded.

Other funding sources include the natural resources fund accounts, game and fish fund accounts, environment and natural resources trust fund.

Contact

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Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	15,148	14,554	14,554	14,554	29,108
Forecast Base	15,148	14,554	0	0	0
Change		0	(14,554)	(14,554)	(29,108)
% Biennial Change from 2010-11					-100%
General					
Current Appropriation	71,968	69,513	69,513	69,513	139,026
Forecast Base	71,968	69,513	66,344	66,344	132,688
Change		0	(3,169)	(3,169)	(6,338)
% Biennial Change from 2010-11					-6.2%
Natural Resources					
Current Appropriation	76,098	75,038	75,038	75,038	150,076
Forecast Base	76,098	75,038	74,378	74,378	148,756
Change		0	(660)	(660)	(1,320)
% Biennial Change from 2010-11					-1.6%
Game And Fish (operations)					
Current Appropriation	94,477	94,457	94,457	94,457	188,914
Forecast Base	94,477	94,457	92,962	92,962	185,924
Change		0	(1,495)	(1,495)	(2,990)
% Biennial Change from 2010-11					-1.6%
Remediation Fund					
Current Appropriation	100	100	100	100	200
Forecast Base	100	100	100	100	200
Change		0	0	0	0
% Biennial Change from 2010-11					0%
Outdoor Heritage					
Current Appropriation	57,769	69,444	69,444	69,444	138,888
Forecast Base	57,769	69,444	0	0	0
Change		0	(69,444)	(69,444)	(138,888)
% Biennial Change from 2010-11					-100%
Clean Water					
Current Appropriation	6,690	11,835	11,835	11,835	23,670
Forecast Base	6,690	11,835	1,000	0	1,000
Change		0	(10,835)	(11,835)	(22,670)
% Biennial Change from 2010-11					-94.6%
Parks And Trails					
Current Appropriation	16,861	20,040	20,040	20,040	40,080
Forecast Base	16,861	20,040	0	0	0
Change		0	(20,040)	(20,040)	(40,080)
% Biennial Change from 2010-11					-100%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	16,538	22,128	0	0	0
General	69,679	72,068	66,344	66,344	132,688
Minnesota Resources	1	131	0	0	0
Natural Resources	70,139	81,735	74,378	74,378	148,756
Game And Fish (Operations)	89,030	101,310	92,962	92,962	185,924
Remediation Fund	100	100	100	100	200
Outdoor Heritage	50,629	76,584	0	0	0

NATURAL RESOURCES DEPT

Agency Overview

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Clean Water	5,055	13,330	1,000	0	1,000
Parks And Trails	11,025	25,876	0	0	0
Permanent School	71	200	200	200	400
Open Appropriations					
General	22,634	19,013	47,323	47,723	95,046
Natural Resources	654	633	540	540	1,080
Game And Fish (Operations)	717	793	793	793	1,586
Statutory Appropriations					
General	26	158	25	0	25
Natural Resources	4,092	6,393	4,852	4,992	9,844
Miscellaneous Special Revenue	26,429	26,593	23,869	24,076	47,945
Game And Fish (Operations)	3,940	3,800	3,769	3,778	7,547
Federal	16,164	34,676	34,190	19,825	54,015
Federal Stimulus	700	0	0	0	0
Remediation Fund	790	381	381	381	762
Reinvest In Minnesota	3,959	5,137	5,390	5,391	10,781
Miscellaneous Agency	4	3	3	3	6
Gift	1,686	1,582	1,608	1,608	3,216
Permanent School	4	200	4	4	8
Total	394,066	492,824	357,731	343,098	700,829

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Category</u>					
Total Compensation	166,110	179,578	162,410	160,598	323,008
Other Operating Expenses	122,208	175,657	123,960	118,935	242,895
Capital Outlay & Real Property	45,846	63,060	17,850	14,509	32,359
Payments To Individuals	3	0	0	0	0
Local Assistance	59,881	74,667	26,983	22,217	49,200
Other Financial Transactions	18	173	128	128	256
Non-Cash Transactions	0	(98)	(98)	(98)	(196)
Transfers	0	(213)	26,498	26,809	53,307
Total	394,066	492,824	357,731	343,098	700,829
<u>Expenditures by Program</u>					
Land And Minerals Resource Mgt	10,937	15,202	39,131	38,732	77,863
Ecological And Water Resources	47,126	63,077	38,065	35,424	73,489
Forest Management	83,359	96,087	71,835	65,302	137,137
Parks And Trails Management	90,363	114,377	78,362	77,973	156,335
Fish And Wildlife Management	95,644	118,484	89,658	86,960	176,618
Enforcement Nr Laws & Rules	32,540	33,480	32,313	32,313	64,626
Operations Support	34,097	52,117	8,367	6,394	14,761
Total	394,066	492,824	357,731	343,098	700,829
Full-Time Equivalents (FTE)	2,346.9	2,378.7	2,271.8	2,259.9	

Program at a Glance

- National Mineral Commodity Rankings*
 - 7th in non-fuel mineral production
 - 1st in taconite production
 - 6th in sand and gravel production
 - 3rd in horticultural peat production
- \$14 million in mineral revenue for FY 2010
- 12 million acres of land managed for mineral rights and 8 million acres of surface rights managed for horticultural peat, industrial mineral, and construction materials
- Generated \$22 million and \$8.4 million in mineral revenue during FY1009-10 for the Permanent School Fund and Permanent University Fund, respectively
- Reclamation program for iron ore, metallic minerals, and horticultural peat
- Acquisitions of approximately 10,600 acres of fee title land and easements valued at \$40.4 million in FY2010
- Land sales valued at \$1.6 million in FY2009-10
- Exchange of lands valued at about \$1,000,000 in FY2009-2010

*Source: U.S. Geological Survey, Mineral Commodity Summaries, June 2009

Program Description

The Division of Lands and Minerals is responsible for managing the department's real estate portfolio, managing state-owned mineral assets, and issuing mining permits and maintaining environmentally-sound mining practices to protect the environment and waters of the state, as well as providing fiduciary oversight for real estate and minerals transactions.

The division has regulatory authority for mining and is responsible for reclamation through a *permit-to-mine* for ferrous, non-ferrous metallic, and horticultural peat mines. Real estate responsibilities include land acquisition and all legal transactions on the 5.4 million acres of state-owned land. Minerals management responsibilities include the development and sale of state-owned minerals, issuing leases for exploration and mining, and managing revenue transactions related to mining and exploration. The program also provides technical assistance to local governments on mineral resources and mining issues.

Population Served

Within the department, the Lands and Minerals Program provides leadership in developing real estate policy, working with and on behalf of the divisions. In broader terms, the work of the division benefits all citizens of the state, the permanent school and university trust funds, industry, and local government.

Services Provided

This program contributes to the three elements of the Department of Natural Resources (DNR) conservation mission (outdoor recreation, economic development, and natural resources protection) with the following activities:

- **Land asset management** of 5.4 million acres of real estate holdings, implementing the department's strategic decisions relative to purchases, sales, and land exchanges. The division also manages transactions for road easements, utility licenses, and various leases, pays real estate taxes and special assessments, reviews of county-proposed tax-forfeited land sales, conducts land surveying and boundary staking and platting for acquisitions, develops monitoring plans for conservation easements, reviews encroachments and adjoining rights, reviews quiet title actions, and maintains land records for all DNR managed lands.
- **Mineral management** is responsible for mineral leases, title research, maintaining mineral rights information, monitoring global commodity demand and metal markets, determining ore quality, negotiating lease rates, conducting field inspections, developing technical information on construction aggregate resources, and managing iron ore cooperative research related to taconite facilities and the minerals diversification program.
- **Mineland management and reclamation** is responsible for issuing mining permits, establishing and enforcing regulations for reclamation of lands disturbed by mining, enforcing reclamation law, developing mine closure plans, and environmental research directed at reducing the impacts of mining and protecting the environment.

Historical Perspective

During the last six years, the division has moved from being an entirely General Fund sponsored program to a hybrid-funded model, supported by fees and revenue, which has partially replaced General Fund appropriations. The fee for service model was first adopted in FY 2006, when the legislature provided mineral management program funding from a portion of mining revenue generated from state-owned minerals. Subsequently, in

FY2009, the legislature created a fee-based mine permit system to fund a portion the mineland reclamation program; then in FY 2010, the fees were adjusted to provide for the full cost of the permitting program. Also in FY 2010, the legislature established a fee structure for the issuance of utility licenses and easements within the division's real estate management program, and again during the 2010 session, the legislature modified the fee structure, which now funds the program by recouping its full costs. Currently, the General Fund comprises less than one-third of the division's operating budget.

Key Program Goals & Measures

The division is fully integrated into all department programs and department goals. Its work spans overarching department goals including: 1) acquisition work purchasing lands in fee and through conservation easements to protect strategic natural lands and provide for recreational opportunities; 2) development of processes to reduce mercury emissions from taconite plants and mining related sulfate release to protect water resources and fish; and 3) providing for the economic well being of the state through leasing lands for mineral exploration and mining, which also provides state revenue, about 97% of which is generated by taconite production.

More specifically, the division's mineral programs provide for the extraction of state-owned mineral resources and regulation of mining of resources, including ferrous, non-ferrous metallic minerals, and horticultural peat. The division also supports environmental research intended to mitigate the effects of mining. Currently, environmental research is co-funded by industry, the Environment and Natural Resources Trust Fund, and the Great Lakes Restoration Initiative, a multi-agency federal initiative. Research focus is on mercury emissions from taconite plants and evaluating existing and emerging concerns of the public, such as sulfate release from mining into waters of the state.

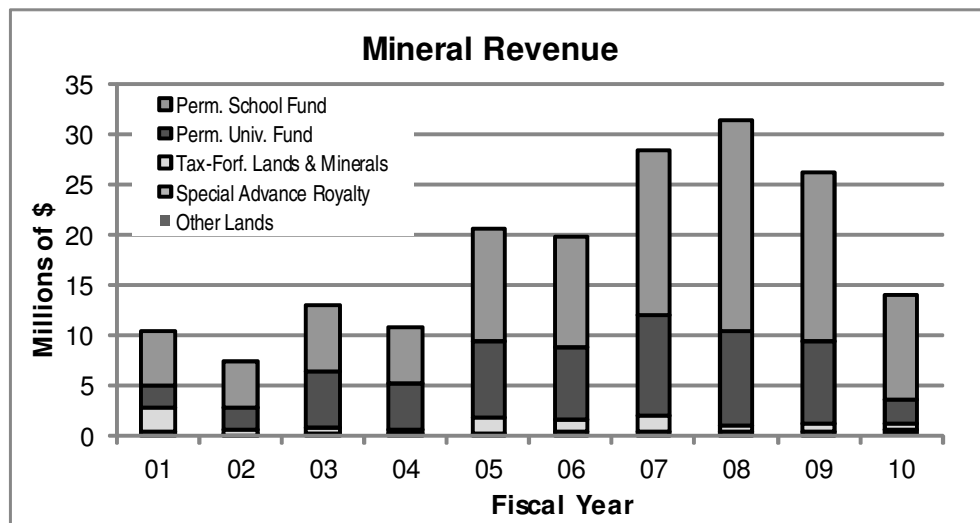
The division's real estate services provide for the acquisition of land and transactions related to the management of state-owned lands, such as the issuance of utility licenses, leases, and easements and for the sale and exchanges of land to improve management. In addition, the division manages the department's land records which comprise the foundation for land asset management decisions of the department. The system is currently being reengineered to provide state-of-the-art land records applications, including new modules that will provide public access to the records via the Internet.

As part of its real estate functions, the division manages the annual calculation of Payment in Lieu of Taxes (PILT), which is a local government aid payment established by the Minnesota Legislature in the late 1970s. The payment is made in lieu of property taxes for "Natural Resources Lands," upon which the state holds fee title interest and which are administered by either the commissioner of natural resources or, in the case of tax-forfeited lands, by the county in which the land is located. The PILT payments issued in July 2010 totaled about \$21.9 million.

The following three key performance measures highlight the division's responsibilities, and more importantly, provide insight into the management of the state's natural resources. They include the traditional measures of mineral revenue from state-owned resources; acquisition of strategic natural resources lands; and mineral developments in the state, an indicator the state's mineral wealth and future possibilities.

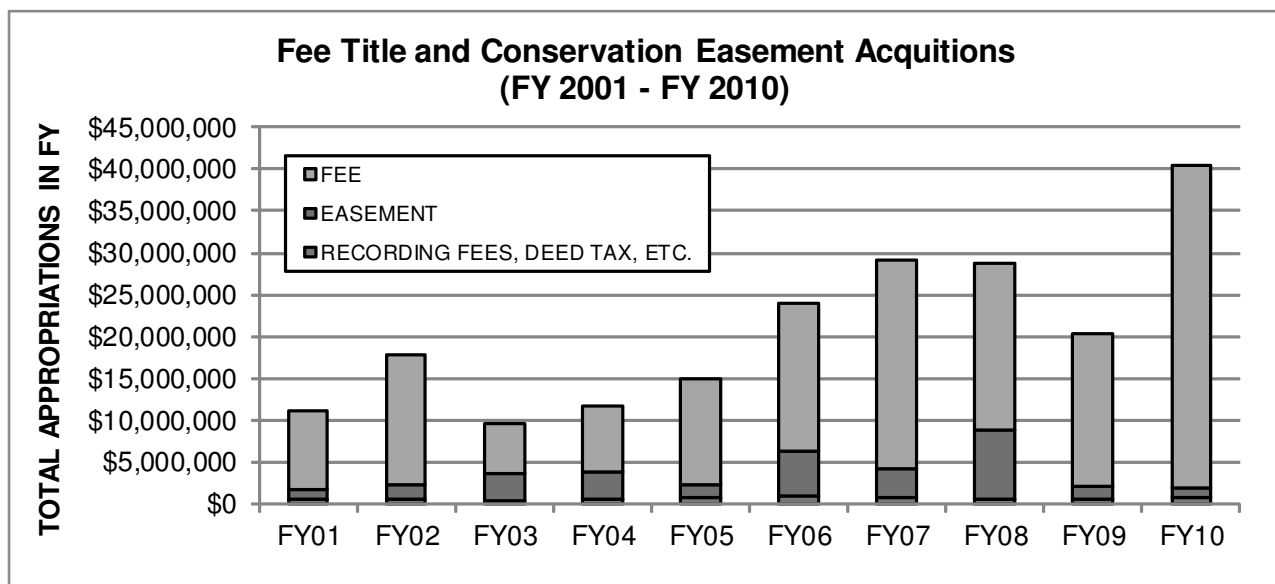
- *Performance Measure: Mineral revenue*

The mineral revenue graph depicts the monies generated as mineral royalties for the ten-year period ending in FY 2010. The chart reflects the rising global demand for resources from Asia beginning in the mid-2000s, and the 2009 downturn in the world and U.S. economy, accompanied by plant idling in Minnesota. Year over year revenues are likely to increase significantly in FY 2011 reflecting a modest recover in the demand for steel and the taconite plants running at full capacity. Revenues benefit the Permanent School Trust, Permanent University Trust, General Fund, and local taxing districts.



- Performance Measure: Land acquisition**

As a major function of managing the department's real estate portfolio, the division implements the department's strategic decisions relative to its land assets, reflecting the goals of both achieving monetary returns for the use of the land and acquiring lands for their natural resource values and their benefit to state citizens. The land acquisition graph represents the department's efforts in acquisition of fee title and conservation easements during the last ten years. While the department has been acquiring conservation easements for trout streams since the 1960s and native prairies since the 1980s, it has accelerated its efforts in acquiring conservation easements during the last eight years primarily through the three following programs: Forest Legacy beginning in 2001, Forests for the Future, and Army Compatible Use Buffers (ACUB).

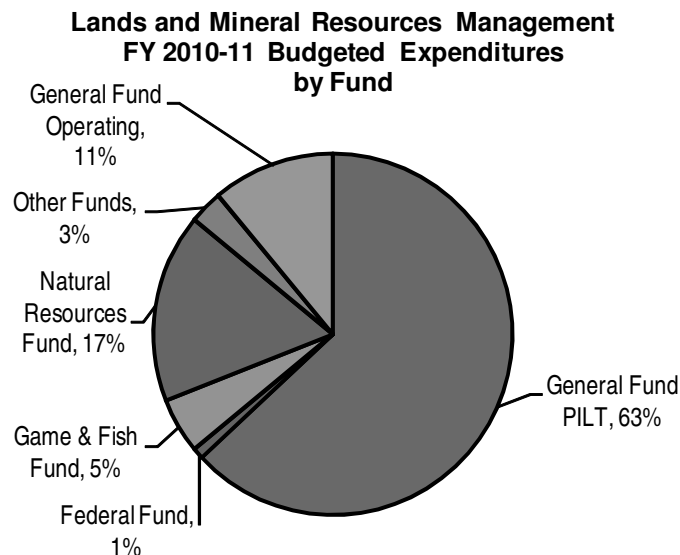


- Performance Measure: Mine permitting and mineral development**

The division regulates mining in the state through the issuance of Permit(s)-to-Mine. At this writing, nine taconite facilities have permits that encompass about 256,000 acres on the Mesabi Iron Range. Of this total, about 73,000 acres have been disturbed since 1980, the inception of reclamation rules, including about 33,000 acres of tailing basins, 20,000 acres of mine pits, and 18,000 acres of stockpiles. One scam operation, which is recovering iron units from what was formerly considered waste material, is permitted, and an additional non-ferrous mining operation has applied for a mining permit. The decisions on issuing permits are made only after mine proposals, and their effects on the environment, are thoroughly analyzed during environmental review. The division maintains a nationally-respected research program to maintain knowledge of mining issues and state-of-the-art mitigation measures in order to protect the state's natural resources and the health of its citizens.

Mineral development in the state mirrors global demand for industrial metals and reflects multi-national investment in mineral resources. Four mining proposals are going through environmental review and have applied for mining permits. They include PolyMet Mining Corp. with funding from Swiss metal house Glencore International; Mesabi Nugget's plant and mine owned by Steel Dynamics, Inc.; U.S. Steel's Keewatin Taconite plant and mine expansion applications; and Essar Steel Minnesota's (Essar Global Limited, India) project change for increased mining and a larger induration furnace. Other mineral exploration and development projects include Cooperative Mineral Resources' manganese project near Emily; the Duluth Metals' (Antofagasta Minerals, Chile, SA) Nokomis project near Ely; Franconia's project on Birch Lake, near Babbitt; and Kennecott Exploration's site in Aitkin County. Providing these developments meet Minnesota's environmental standards, these mineral projects bode well for the State of Minnesota in terms of its economic recovery, revenues for the permanent school and university funds, and jobs. Collectively, they indicate a bright future for mining in the state.

Program Funding



The General Fund PILT portion in the above chart contains dollars from a General Fund Open Appropriation for PILT payments. PILT payments to local government totaled \$43.4 million in FY2010-11. Dollars from the General Fund are transferred to the Department of Revenue for payments to local government.

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NATURAL RESOURCES DEPT

Program: LAND AND MINERALS RESOURCE MGT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	270	270	270	540
Technical Adjustments					
One-time Appropriations			(270)	(270)	(540)
Forecast Base	0	270	0	0	0
General					
Current Appropriation	3,833	3,613	3,613	3,613	7,226
Technical Adjustments					
Approved Transfer Between Appr			(2)	(2)	(4)
One-time Appropriations			(626)	(626)	(1,252)
Operating Budget Reduction			(3)	(3)	(6)
Forecast Base	3,833	3,613	2,982	2,982	5,964
Natural Resources					
Current Appropriation	4,849	4,849	4,849	4,849	9,698
Technical Adjustments					
Approved Transfer Between Appr			12	12	24
Forecast Base	4,849	4,849	4,861	4,861	9,722
Game And Fish (operations)					
Current Appropriation	1,386	1,386	1,386	1,386	2,772
Technical Adjustments					
Approved Transfer Between Appr			16	16	32
Forecast Base	1,386	1,386	1,402	1,402	2,804

NATURAL RESOURCES DEPT

Program: LAND AND MINERALS RESOURCE MGT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	234	427	0	0	0
General	3,505	3,942	2,982	2,982	5,964
Natural Resources	3,957	4,739	4,861	4,861	9,722
Game And Fish (Operations)	1,682	1,763	1,402	1,402	2,804
Permanent School	71	200	200	200	400
Open Appropriations					
General	13	3	26,508	26,815	53,323
Natural Resources	15	23	23	23	46
Statutory Appropriations					
Natural Resources	467	843	630	630	1,260
Miscellaneous Special Revenue	985	2,243	1,680	1,812	3,492
Federal	0	816	838	0	838
Miscellaneous Agency	4	3	3	3	6
Permanent School	4	200	4	4	8
Total	10,937	15,202	39,131	38,732	77,863
<u>Expenditures by Category</u>					
Total Compensation	6,773	7,475	6,605	6,565	13,170
Other Operating Expenses	4,150	7,724	6,018	5,352	11,370
Capital Outlay & Real Property	1	0	0	0	0
Local Assistance	13	3	18	14	32
Transfers	0	0	26,490	26,801	53,291
Total	10,937	15,202	39,131	38,732	77,863
<u>Expenditures by Activity</u>					
Real Estate & Minerals Mgmt	10,937	15,202	39,131	38,732	77,863
Total	10,937	15,202	39,131	38,732	77,863
Full-Time Equivalents (FTE)	84.6	84.6	72.2	72.2	

Program at a Glance

- Inventory and monitor aquatic and terrestrial resources, including surface and groundwater and rare plants and animals
- Provide technical and financial assistance to local units of government to reduce repetitive flood losses
- Protect aquatic and terrestrial resources through regulations governing work in public waters, water appropriation, aquatic plant removal, invasive species, and threatened and endangered species and through oversight of flood plain, shoreland, and wild and scenic rivers programs
- Provide technical assistance and grants to external partners to protect and enhance aquatic and terrestrial resources
- Manage 146 Scientific and Natural Areas (SNA) and 86 Native Prairie Bank (NPB) easements
- Support Clean Water Legacy programs through biological and hydrological monitoring, technical assistance for TMDL planning, and protection and restoration of impaired waters and watersheds

Program Description

The Ecological and Water Resources Program is a new division in the Department of Natural Resources (DNR) formed by the integration of the former Ecological Resources and Waters divisions. The new division is dedicated to promoting and delivering integrated conservation of Minnesota's water resources, biological diversity, and ecosystem services to achieve healthy watersheds throughout Minnesota and ensure a high quality for life for present and future generations of Minnesotans.

Population Served

The new Division of Ecological and Water Resources program serves Minnesotans through a wide range of activities involving inventory, monitoring and analysis, conservation assistance and regulation, and ecosystem management and protection. The division provides data, technical assistance, grants, and stewardship education for the state's ecological and water resources and engages citizens and partners, including other state and federal agencies, local units of government, and nonprofit organizations in the protection of these resources. The division has regulatory programs involving shoreline modification, dams, filling and excavation of public waters, water appropriation, removal of aquatic plants, invasive species, and threatened and endangered species. Land management programs include the Scientific and Natural

Area (SNA) and Native Prairie Bank (NPB) easement programs.

Services Provided

A sustainable natural resource base is integral to a prosperous society and economy – and clean water and biological diversity are the foundation for healthy natural resources. The legislature recognized that all aspects of biological diversity are connected to water by adopting a basin watershed management policy (M.S.103A.212), which states that the “quality of life of every Minnesotan depends on water. Minnesota’s rivers, lakes, streams, wetlands, and groundwater provide a foundation for drinking water and the state’s recreational, municipal, commercial, industrial, agricultural, environmental, aesthetic, and economic well-being.” Further, land use practices have a major influence on the quantity and quality of the state’s water resources as well as biological diversity and ecosystem services. The DNR has land management responsibilities on some state-owned land and some regulatory authority governing land and water use, but these functions alone have not ensured healthy watersheds throughout Minnesota. The new Division of Ecological and Water Resources will play a critical role in supporting the foundation of the state’s economy and society by focusing its efforts on working more effectively with partners to protect the water, biodiversity, and ecosystem services beyond state-owned lands and beyond the limits of our regulatory authority.

This program contributes to the three elements of DNR’s conservation mission (natural resource protection, economic development, and recreational use) with the following activities:

- Promote sustainable economic development and protect land and water resources for future generations—key activities include the Minnesota County Biological Survey; hydrological and biological monitoring of lakes and rivers; and groundwater monitoring. Information and technical analysis gained from these activities is

integral to helping local units of government, the private sector, and other DNR partners make sound economic and resource conservation decisions.

- Protect land and water resources and deliver critical natural resource information to DNR partners—key activities include encompass regulatory programs, including water appropriation, work in the bed of protected waters, aquatic plant removal, invasive species, threatened and endangered species, dam safety, and oversight of land use programs including flood plain, shoreland, and wild and scenic rivers; environmental review; and technical assistance to public and private sector organizations for Clean Water Legacy and land use programs and protection of rare plant and animal resources.
- Protect and restore Minnesota's rare plant and animal communities and support high-quality outdoor recreation—key activities include preventing and managing invasive species infestations; acquiring and managing SNAs and NPB easements; managing nongame wildlife; providing technical assistance for forest resource and wetland management; promoting recreational enjoyment of native plants and wildlife; and developing wildlife and water education programs.

Historical Perspective

The connection between land use and water quantity and quality has been understood for a long time. Since the vast majority of the state's land base has been and will remain privately owned, our approaches to managing the effects of our land use decisions must continue to be more focused on working with partners to leverage better natural resource outcomes.

However, these are times of extraordinary change and opportunity for Minnesota's natural resources. The state is experiencing significant changes in its ecology and economy. Population growth, development, and a changing climate are reshaping the natural resource base. Shifts in the energy, manufacturing, retail, and recreational economies are reshaping the conservation financial resource base.

While regulation and land acquisition will continue to be key strategies in the natural resources conservation equation, alone they are not sufficient to address the natural resource challenges of the 21st century. The new division will play an instrumental part in the budget solution by helping the department build stronger relationships with citizens and external partners who can affect natural resources decisions to achieve healthy watersheds throughout Minnesota. The new division will integrate its information products and decision-making tools to help its partners promote healthy watersheds and strengthen the natural resource base that is critical to the state's economy and quality of life.

The former Division of Waters focused on regulation of water and shoreland resources and providing water resources data to external partners. The former Division of Ecological Resources focused on protecting and restoring native plant and wildlife communities, delivering technical assistance to other units of DNR and external partners, and collecting ecological data. The new Division of Ecological and Water Resources will blend the sciences of ecology and hydrology to better integrate management and policy development for Minnesota's land and water resources. This strategic organizational change will better position the DNR to address the trends and opportunities in 21st century natural resource management.

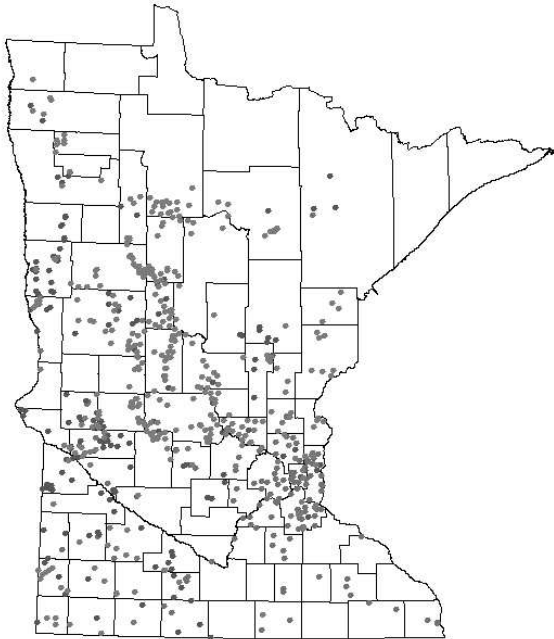
Key Program Goals & Measures

This program includes activities that address all of the department's overarching goals from the DNR's *A Strategic Conservation Agenda 2009-2013*. Natural lands are conserved and enhanced by acquiring and managing SNAs and NPB easements and by providing conservation information to other government agencies and private landowners. Water resources and watersheds are conserved and enhanced through regulatory and restoration programs and by delivering technical assistance to local partners. Fish and wildlife populations are enhanced by the State Wildlife Action Plan, focusing on species in greatest conservation need, through aquatic and terrestrial habitat restoration and protection programs, and through permitting and environmental review programs that work to avoid, minimize, or mitigate the impacts of development on fish and wildlife habitat. SNAs provide recreational opportunities for wildlife watching, hiking, and hunting. Technical assistance and regulatory programs allow for sustainable economic use of the state's natural resources.

The new division's activities are encompassed in three core work areas:

- **Inventory, Monitoring, and Analysis**

Performance Measure: Develop an adequate groundwater level monitoring network to support sustainable water resource management and water supply planning. Complete an 11-county metropolitan area monitoring network and an electronic data access and management system over the next five years.



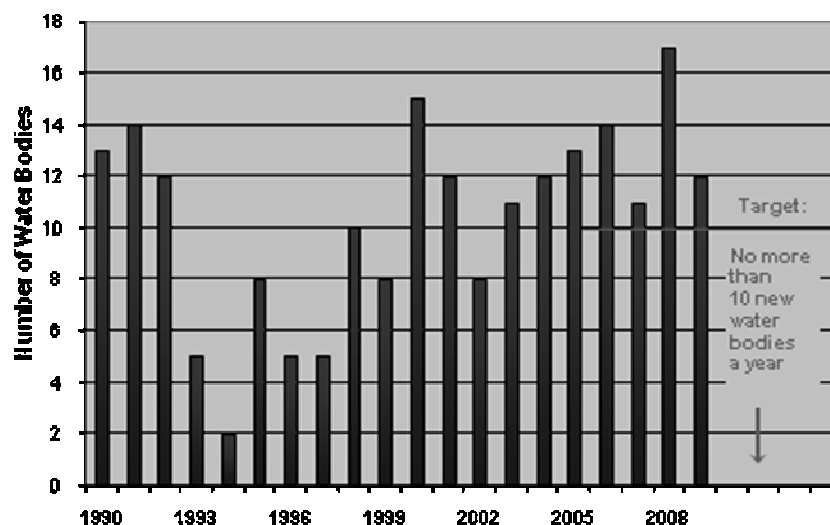
Observation well locations: Since 1944, DNR has managed a statewide network of groundwater level monitoring wells. Data from approximately 750 wells are used to: map and assess ground water resources, determine long term trends, interpret impacts of pumping and climate, plan for future water needs, evaluate water conflicts, and manage water resources. In FY 2010, the DNR completed a legislative report on the development of a "backbone" groundwater level monitoring network for the 11-county metropolitan area. Clean Water Funding was provided to initiate the development the 11-county network, but additional funding will be needed to complete and maintain the network. Another legislative report completed by DNR in January 2010 titled Long-Term Protection of the State's Surface Water and Groundwater Resources identifies 25 year targets for statewide water resource mapping, monitoring and management needs.

- **Ecosystem Management and Protection**

Performance Measure: The rate of spread of Eurasian watermilfoil Eurasian watermilfoil and zebra mussels are invasive species that harm Minnesota waters. Eurasian

watermilfoil can displace native plants, degrade habitat for fish and wildlife, and limit lake recreation. DNR works to increase public awareness and enforce related laws. Numbers of water bodies with Eurasian watermilfoil and zebra mussels likely are much lower than they would have been without these efforts.

Number of Additional MN Water Bodies Where Eurasian Watermilfoil was Found

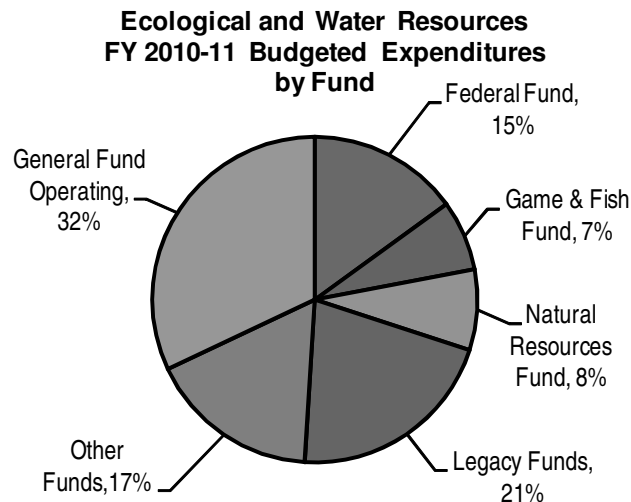


- **Conservation Assistance and Regulation**

Performance Measure: Number of communities with water supply plans that address resource sustainability, infrastructure needs, emergency response, and water conservation.

Water supply plans are required for communities with water systems that serve over 1,000 people. These plans are updated every ten years and DNR is currently working with 298 communities on the second generation of plans. Water supply plans approved by DNR also satisfy other requirements related to source water protection plans, drinking water revolving fund applications, construction of new municipal wells, water appropriation permitting, and comprehensive planning in the metro area.

Program Funding



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NATURAL RESOURCES DEPT

Program: ECOLOGICAL AND WATER RESOURCES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	4,965	3,973	3,973	3,973	7,946
Technical Adjustments					
One-time Appropriations			(3,973)	(3,973)	(7,946)
Forecast Base	4,965	3,973	0	0	0
General					
Current Appropriation	17,124	16,475	16,475	16,475	32,950
Technical Adjustments					
Approved Transfer Between Appr			17	17	34
Biennial Appropriations			125	125	250
Operating Budget Reduction			(13)	(13)	(26)
Forecast Base	17,124	16,475	16,604	16,604	33,208
Natural Resources					
Current Appropriation	4,274	4,274	4,274	4,274	8,548
Technical Adjustments					
Approved Transfer Between Appr			62	62	124
Forecast Base	4,274	4,274	4,336	4,336	8,672
Game And Fish (operations)					
Current Appropriation	3,951	3,951	3,951	3,951	7,902
Technical Adjustments					
Approved Transfer Between Appr			(252)	(252)	(504)
Forecast Base	3,951	3,951	3,699	3,699	7,398
Clean Water					
Current Appropriation	6,690	11,835	11,835	11,835	23,670
Technical Adjustments					
Current Law Base Change			1,000	0	1,000
One-time Appropriations			(11,835)	(11,835)	(23,670)
Forecast Base	6,690	11,835	1,000	0	1,000

NATURAL RESOURCES DEPT

Program: ECOLOGICAL AND WATER RESOURCES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	6,056	7,689	0	0	0
General	16,481	17,301	16,604	16,604	33,208
Natural Resources	3,980	4,669	4,336	4,336	8,672
Game And Fish (Operations)	3,223	4,096	3,699	3,699	7,398
Outdoor Heritage	0	3,263	0	0	0
Clean Water	5,055	12,185	1,000	0	1,000
Open Appropriations					
Natural Resources	16	22	22	22	44
Statutory Appropriations					
Natural Resources	20	97	27	27	54
Miscellaneous Special Revenue	5,365	4,390	3,880	3,880	7,760
Federal	4,658	6,007	6,143	4,502	10,645
Remediation Fund	790	381	381	381	762
Reinvest In Minnesota	1,369	2,908	1,912	1,912	3,824
Gift	113	69	61	61	122
Total	47,126	63,077	38,065	35,424	73,489
<u>Expenditures by Category</u>					
Total Compensation	21,786	28,359	20,655	19,458	40,113
Other Operating Expenses	18,767	28,495	14,982	14,044	29,026
Capital Outlay & Real Property	2,426	2,828	150	150	300
Local Assistance	4,147	3,395	2,278	1,772	4,050
Other Financial Transactions	0	98	98	98	196
Non-Cash Transactions	0	(98)	(98)	(98)	(196)
Total	47,126	63,077	38,065	35,424	73,489
<u>Expenditures by Activity</u>					
Ecological And Water Resources	47,126	63,077	38,065	35,424	73,489
Total	47,126	63,077	38,065	35,424	73,489
<u>Full-Time Equivalents (FTE)</u>					
	313.8	327.1	283.2	271.5	

Program Description

The purpose of the Forest Management Program is to:

- Provide leadership and technical assistance for forest land management activities in the state;
- Manage state forests for multiple forest values, including quality timber, wildlife habitat, and recreation over the long term;
- Protect citizens, property, and natural resources from wildfires; and
- Bring together the state's varied forest resource interests to develop and implement programs that promote sustainable site and landscape-based forest management practices.

This program is the responsibility of the Department of Natural Resources (DNR's) Division of Forestry.

Budget Activities

This program includes the following budget activities:

- Forest Management
- Fire Fighting

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	300	300	300	600
Technical Adjustments					
One-time Appropriations			(300)	(300)	(600)
Forecast Base	0	300	0	0	0
General					
Current Appropriation	25,094	24,360	24,360	24,360	48,720
Technical Adjustments					
Approved Transfer Between Appr			49	49	98
Current Law Base Change			(240)	(240)	(480)
One-time Appropriations			(1,868)	(1,868)	(3,736)
Operating Budget Reduction			(14)	(14)	(28)
Forecast Base	25,094	24,360	22,287	22,287	44,574
Natural Resources					
Current Appropriation	12,193	11,093	11,093	11,093	22,186
Forecast Base	12,193	11,093	11,093	11,093	22,186
Game And Fish (operations)					
Current Appropriation	1,464	1,464	1,464	1,464	2,928
Technical Adjustments					
One-time Appropriations			(1,200)	(1,200)	(2,400)
Forecast Base	1,464	1,464	264	264	528
Outdoor Heritage					
Current Appropriation	18,000	18,000	18,000	18,000	36,000
Technical Adjustments					
One-time Appropriations			(18,000)	(18,000)	(36,000)
Forecast Base	18,000	18,000	0	0	0

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	1,956	300	0	0	0
General	23,626	25,418	22,287	22,287	44,574
Natural Resources	11,104	11,132	11,093	11,093	22,186
Game And Fish (Operations)	1,380	1,548	264	264	528
Outdoor Heritage	17,942	18,058	0	0	0
Open Appropriations					
General	14,636	11,000	13,000	13,000	26,000
Natural Resources	62	65	65	65	130
Statutory Appropriations					
Natural Resources	1,610	2,777	2,218	2,218	4,436
Miscellaneous Special Revenue	7,538	9,199	8,648	8,708	17,356
Federal	3,430	16,496	14,233	7,640	21,873
Gift	75	94	27	27	54
Total	83,359	96,087	71,835	65,302	137,137
<u>Expenditures by Category</u>					
Total Compensation	33,735	35,208	33,016	32,850	65,866
Other Operating Expenses	27,199	31,331	29,692	27,782	57,474
Capital Outlay & Real Property	19,887	27,923	6,525	3,525	10,050
Local Assistance	2,519	1,550	2,572	1,115	3,687
Other Financial Transactions	19	75	30	30	60
Total	83,359	96,087	71,835	65,302	137,137
<u>Expenditures by Activity</u>					
Forest Management	59,920	75,069	48,895	42,362	91,257
Fire Fighting	23,439	21,018	22,940	22,940	45,880
Total	83,359	96,087	71,835	65,302	137,137
Full-Time Equivalents (FTE)	495.7	494.8	475.0	475.0	

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Narrative

Activity at a Glance

- Provide statewide leadership in forest management, coordinate management across multiple ownerships, and manage 4.2 million acres of state-owned forest land for multiple values.
- Assure sustainable management of 5.7 million acres of non-industrial private forestland.
- Monitor and report on forest condition and implementation of forest management guidelines
- Maintain a diverse mix of forest types and ages that are home for game and non-game fish and wildlife.
- Provide recreational access to public lands.
- Help keep the state's forest products industry vigorous by supplying about 30% of the wood fiber used in the state.
- Help keep Minnesota's forest industry competitive via certification

Activity Description

The Department of Natural Resources' (DNR) forest management activity helps sustain the high quality of life Minnesotans enjoy by improving the health, productivity, accessibility, and use of Minnesota's forests. The DNR:

- Provides leadership in management and policy development for forests and influences and enhances forest management of all Minnesota forestland;
- Manages 4.2 million acres of state-owned forest lands for a sustainable supply of forest resources (as defined in M.S. 89.001) including clean water, abundant wildlife habitat and populations, quality timber, outdoor recreation, and biological diversity;
- Collaborates with other forest landowners and natural resource professionals to protect working forests from encroaching development;
- Supports the commercial use and public enjoyment of forest resources and maintains a cost-effective means to accomplish forest resource management via public lands, public access, forest roads, and recreational trails.
- Advises the governor and federal, state, and local governments on forest policy and practices, as required

by the Sustainable Forest Resources Act, M.S.89A, through the Minnesota Forest Resources Council (MFRC), a forum of diverse forest stakeholders.

Population Served

Forest stakeholders include forest landowners; conservation groups; hunters, anglers, and other outdoor enthusiasts; school teachers, pupils, and parents; loggers and other forest operators; employees of forest industries; consulting foresters and other forestry professionals.

Ongoing forums, such as the Minnesota Forest Resources Council (MFRC) and its regional committees, Minnesota Forest Resources Partnership (MFRP), State Forest Stewardship Committee, Minnesota Forests for the Future Advisory Committee, allow citizens to influence forest management. DNR also solicits public input via public meetings on forest management, the DNR and MFRC web sites, and at area offices in many communities.

Services Provided

This activity contributes to the three elements of DNR's conservation mission (outdoor recreation, economic development, and natural resources protection) through the following:

- Management of state forest lands, by improving the health and productivity state forest lands in order to sustain clean water, abundant wildlife habitat, timber, and outdoor recreation opportunities;
- Cooperative forest management, by providing technical assistance and supporting the efforts of private landowners and communities to maintain and enhance forest resources;
- Forest information, planning, and outreach, by managing forest insects and disease, promoting responsible use of forest products, and gathering and sharing information vital to sustaining the management of state forests; and
- Implementation of the Sustainable Forest Resources Act (SFRA) (M.S. 89A).

Substantial public and private investments over the past three decades have strengthened the forest products industry and the supporting infrastructure (i.e., productive forests, forest roads, and skilled forest operators) needed to use an abundant and renewable natural resource - wood fiber. These investments have made the forest products industry the fourth largest manufacturing sector in Minnesota. DNR and MFRC leadership in

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Narrative

developing the policies and practices of the evolving woody biomass industry are helping to insure that energy production from biomass is sustainable.

Many game (e.g., grouse, woodcock, deer) and non-game species (e.g. song birds, raptors, amphibians) depend on forest habitats created and maintained by disturbance. For the most part, timber harvesting and other forest management actions have replaced natural disturbances, such as fire, in Minnesota's forests. Thus, habitat needs of Minnesota's diverse wildlife populations are a primary consideration in forest management in the state.

State forest roads and trails provide public access to forested lands for fish and wildlife-based outdoor recreation.

Historical Perspective

DNR's Division of Forestry will celebrate its 100th anniversary in 2011. The primary purposes of the Division of Forestry remains essentially the same today as it was 100 years ago:

- Protect lives, property and natural resources from wildfires (see Fire Fighting BACT narrative);
- Sustainably manage state-owned forest lands; and
- Provide forest management assistance to others.

However, strategies for sustaining Minnesota's forest lands have been changed over time by state statute (e.g., 1982 Forest Resources Management Act; 1995 Sustainable Forest Resources Act), comprehensive studies (e.g., the GEIS on Timber Harvesting and Forest Management in Minnesota), and most recently, third-party forest management certification systems.

DNR vigorously pursues innovative ways to sustain Minnesota's forests. For example, the Division of Forestry is examining the benefits and implications of 1) leasing state forest lands for management by other entities; 2) alternative ways of offering state timber for sale; and 3) coordinated, multi-owner forest management and protection efforts. Recent changes to the DNR Forest Stewardship Program allow the division to partially recover the cost of preparing stewardship plans.

In 2007-2009, the annual timber harvest in Minnesota was about 2.9 million cords, down from 3.6-3.8 million cords per year in 2000-2007 in large part due to the economic recession. Forest products mill shut downs and logging businesses that are struggling to survive require that the DNR address the immediate, critical needs of forest industry within the bounds of sustainable forest management.

The DNR's Forest Stewardship Program provides professional natural resource management expertise and cost sharing (for tree planting and other actions) to private landowners. Incentive payments for landowners that follow a professionally prepared forest management plan (Sustainable Forestry Incentives Act, M.S. 290C) and the new Managed Forestland property tax classification have increased the demand for forest management plan preparation and other assistance for private forestland owners.

The 1995 Sustainable Forest Resources Act (M.S. 89A.03) created the MFRC to develop and oversee programs to address impacts of timber harvesting and forest management and to coordinate landscape-level forest resource planning. Recent MFRC efforts include an assessment of the feasibility of meeting Next Gen Energy Act greenhouse gas emission reduction goals via forestation; recommendations for retaining the working forest land base in face of parcelization and development pressure; regional, multi-owner forest management plans; and ongoing improvements and monitoring of forest management guidelines designed to protect water quality, soil fertility, and wildlife populations.

Key Activity Goals & Measures

Sustaining Minnesota's forest ecosystems in a healthy, resilient, and productive state will ensure that current and future generations enjoy a full range of forest benefits, a primary goal of the DNR's *A Strategic Conservation Agenda 2009 – 2013*. DNR's forest management efforts foster economic development within the forest products industry by providing a sustainable supply of raw materials; encourage forest-based outdoor recreation by

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

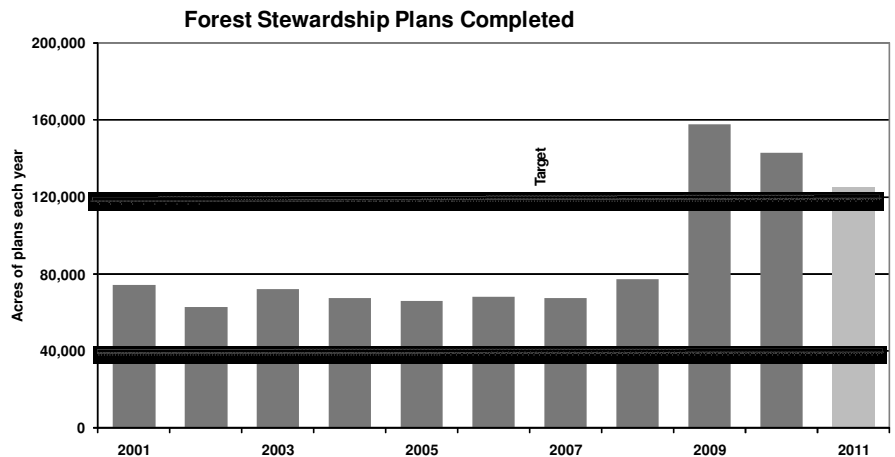
Activity: FOREST MANAGEMENT

Narrative

providing high quality opportunities and ready access; and secure our forest resources by expanding sustainable practices and protecting large blocks of working forest from development.

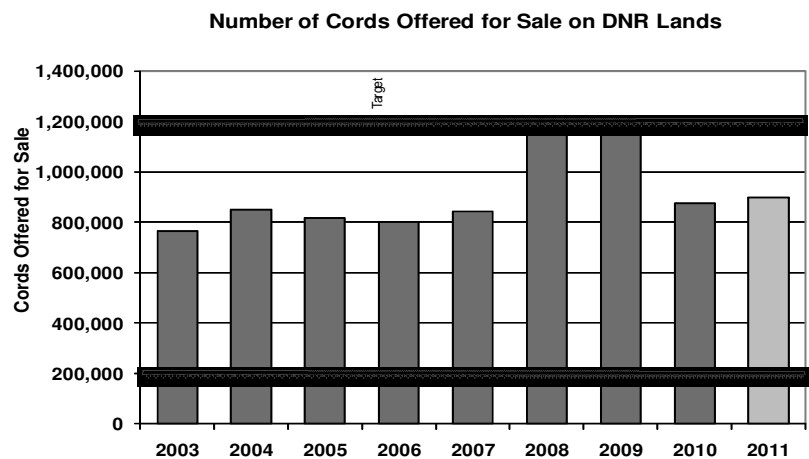
- Performance Measure: Acres of private forestlands with stewardship plans.*

More than 140,000 individuals and organizations (excluding corporations and forest industry) own 40% of Minnesota's forestland. These forestlands provide 30-50% of the timber harvested in the state. The Forest Stewardship Program prepares sustainable management plans for non-industrial, private forest owners that facilitate retention and sustainable management of these forestlands despite increasing development pressure. DNR's target is to complete 125,000 acres of forest stewardship plans in FY2011 with 25,000 acres completed by DNR staff and the remainder by the private sector.



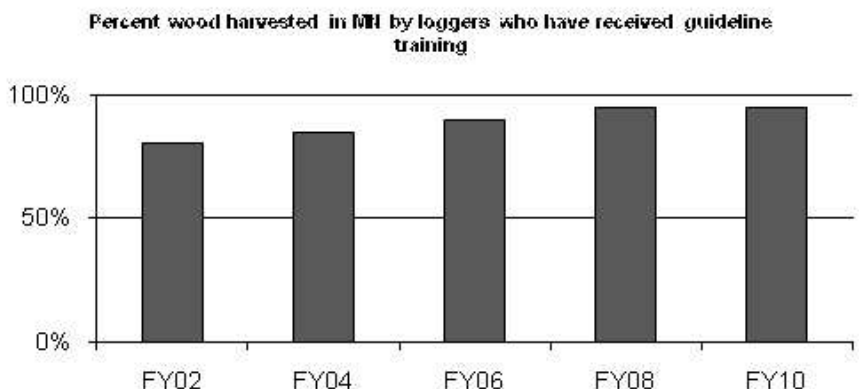
- Performance Measure: Number of cords of wood offered for sale on DNR lands.*

With 28% of the state's forest land, DNR is a significant source of raw materials for forest products industries and energy production. Harvesting imitates the natural disturbances of the past that created habitat for many kinds of wildlife. DNR integrates timber production with maintaining wildlife populations, water quality, and biodiversity, and providing recreational opportunities with guidance from citizens and the legislature.



- Performance Measure: Percent of wood harvested by loggers who have received guideline training*

MFRC guidelines help protect water quality, soil fertility, wildlife populations, and other forest values. Ongoing monitoring and education efforts increase the effectiveness of the guidelines. DNR's target is trained loggers harvest over 95% of Minnesota's wood.



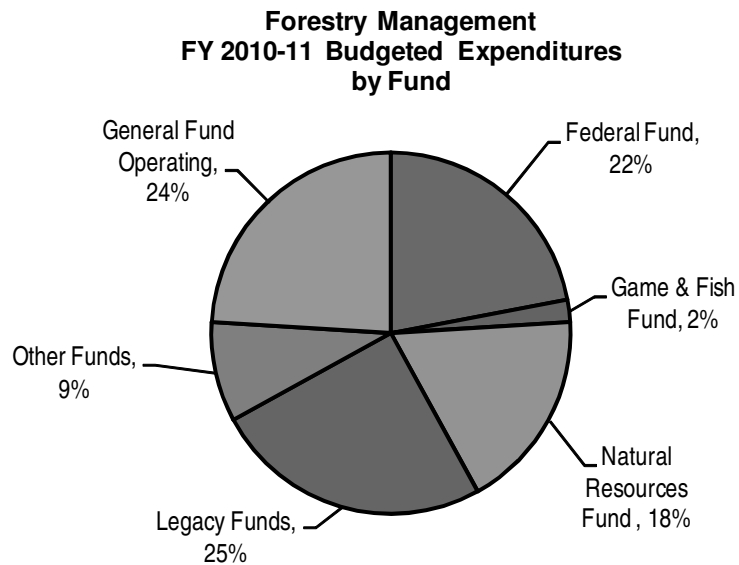
NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Narrative

Activity Funding



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NATURAL RESOURCES DEPT
Program: FOREST MANAGEMENT
Activity: FOREST MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	300	300	300	600
Technical Adjustments					
One-time Appropriations			(300)	(300)	(600)
Forecast Base	0	300	0	0	0
General					
Current Appropriation	17,949	17,215	17,215	17,215	34,430
Technical Adjustments					
Approved Transfer Between Appr			49	49	98
Current Law Base Change			(240)	(240)	(480)
One-time Appropriations			(1,868)	(1,868)	(3,736)
Operating Budget Reduction			(14)	(14)	(28)
Forecast Base	17,949	17,215	15,142	15,142	30,284
Natural Resources					
Current Appropriation	12,193	11,093	11,093	11,093	22,186
Forecast Base	12,193	11,093	11,093	11,093	22,186
Game And Fish (operations)					
Current Appropriation	1,464	1,464	1,464	1,464	2,928
Technical Adjustments					
One-time Appropriations			(1,200)	(1,200)	(2,400)
Forecast Base	1,464	1,464	264	264	528
Outdoor Heritage					
Current Appropriation	18,000	18,000	18,000	18,000	36,000
Technical Adjustments					
One-time Appropriations			(18,000)	(18,000)	(36,000)
Forecast Base	18,000	18,000	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	1,956	300	0	0	0
General	16,511	18,243	15,142	15,142	30,284
Natural Resources	11,104	11,132	11,093	11,093	22,186
Game And Fish (Operations)	1,380	1,548	264	264	528
Outdoor Heritage	17,942	18,058	0	0	0
Open Appropriations					
Natural Resources	62	65	65	65	130
Statutory Appropriations					
Natural Resources	1,610	2,777	2,218	2,218	4,436
Miscellaneous Special Revenue	5,850	6,356	5,853	5,913	11,766
Federal	3,430	16,496	14,233	7,640	21,873
Gift	75	94	27	27	54
Total	59,920	75,069	48,895	42,362	91,257
<u>Expenditures by Category</u>					
Total Compensation	22,989	25,492	20,857	20,691	41,548

NATURAL RESOURCES DEPT
Program: FOREST MANAGEMENT
 Activity: FOREST MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Other Operating Expenses	14,562	20,111	18,993	17,083	36,076
Capital Outlay & Real Property	19,887	27,923	6,525	3,525	10,050
Local Assistance	2,463	1,468	2,490	1,033	3,523
Other Financial Transactions	19	75	30	30	60
Total	59,920	75,069	48,895	42,362	91,257
Full-Time Equivalents (FTE)	326.0	325.1	295.0	295.0	

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

Narrative

Activity at a Glance

- Protect people, property, natural resources from wildfire on 45.5 million acres of land in Minnesota
- Respond to about 1,400 fires reported to the DNR each year
- Oversee open burning and issue 60,000-70,000 burning permits each year
- Coordinate firefighting activities and equipment in Minnesota and provide out-of-state reciprocal assistance via the Minnesota Interagency Fire Center
- Provide equipment and trained staff for emergency response

Activity Description

The Department of Natural Resources (DNR) is charged with preventing and suppressing wildfires on 45.5 million acres of public and private land in Minnesota. This activity is the responsibility of the DNR's Division of Forestry. The DNR:

- Protects against wildfire to avoid loss of life;
- Minimizes loss of property and natural resources;
- Responds to fire and natural disaster emergencies in Minnesota and cooperates with Federal and regional fire fighting organizations;
- Prevents wildfires through education and regulation;
- Supports the use of prescribed fire as a natural resource management tool.

Wildfire control efforts under state authority originated in the early 1900s after a series of devastating wildfires destroyed Hinckley, Baudette, Chisholm, and Cloquet. In 1976, the legislature created an open appropriation account to fund emergency fire suppression efforts. The division's efforts assure accountability in state fire suppression costs and foster cooperation with Federal and regional fire fighting organizations that reduces the our reliance on state resources alone.

Population Served

The population served by this activity includes most Minnesotans, but especially:

- Minnesota citizens, homeowners, landowners, and businesses;
- Minnesota rural fire departments;
- Other state, provincial, and federal agencies as partners in wildfire and other emergency response; and
- Land and natural resources managers.

Services Provided

This activity contributes to the three elements of DNR's conservation mission (outdoor recreation, economic development, and natural resources protection) by protecting against the loss of life, property, and natural resources from wildfire and by enhancing the effectiveness of prescribed fire in natural resource management.

- *Prevention* includes public education, regulation of open burning, enforcement of state wildfire and open burning laws, investigation of wildland arson, and training for homeowners, developers, and communities that reduces the risk of wildfire.
- *Pre-suppression* includes training firefighters and support personnel, operating the Minnesota Interagency Fire Center, maintaining partnerships and mutual aid agreements with other fire protection agencies, ensuring that specialized heavy ground and aerial suppression equipment are available statewide, and maintaining an emergency communications network.
- *Suppression* requires trained firefighters, support personnel, and aerial and ground-based equipment. Activities include locating wildfires using aerial patrols, public reports, and lookout towers; pre-positioning fire-fighting resources to shorten response times; and controlling the spread of wildfires and minimizing the damage they cause.
- *Prescribed burning* helps prepare sites for reforestation; control insects, diseases, and invasive plants; improve wildlife habitat; maintain natural community types; reduce the risk and severity of wildfires; and provide valuable fire suppression training.

Historical Perspective

As the state's population increases and the wildland-urban interface expands, maintaining wildfire suppression capability will require greater reliance on aircraft, temporary emergency firefighters, sharing of resources from partner agencies, and other innovative approaches.

DNR augments its wildfire management capacity with cooperative agreements with its statewide and regional partners (e.g., Minnesota National Guard, Superior and Chippewa National Forests, Minnesota Indian Tribes, the states of Wisconsin and Michigan, and the Provinces of Ontario and Manitoba). In addition, DNR maintains cooperative agreements with over 600 Rural Fire Departments in the state. DNR needs an aggressive training program to impart knowledge and skills to the generation of foresters replacing retiring employees.

Although rural fire departments have long been reliable partners, many rural are having difficulty recruiting, training, and retaining volunteer personnel. In addition, they tend to focus on fighting fires in buildings and rely heavily on the DNR for expertise in wildland-urban interface fires.

Key Activity Goals & Measures

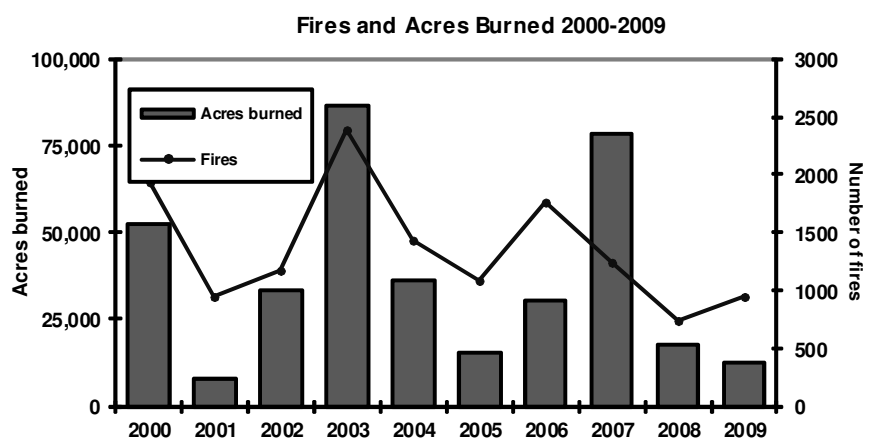
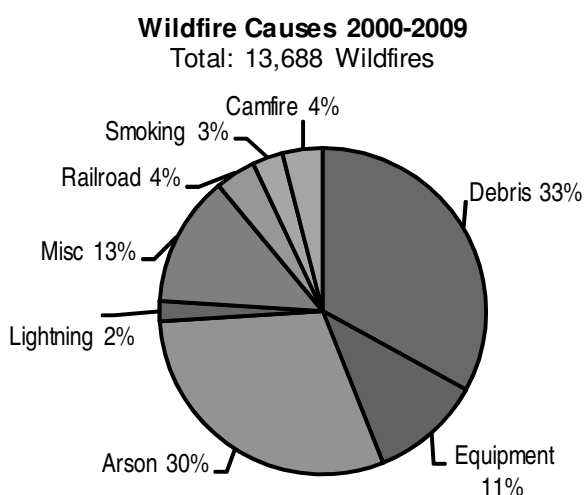
Although protecting the lives and property of citizens is the DNR's primary goal, protecting forests from wildfire is essential to sustaining the economies of rural communities, supplying biomass for renewable energy production, and maintaining habitat for Minnesota's native plants and animals.

Key goals include:

- Protection from wildfire for Minnesotans.
- Minimal loss of property and natural resources.
- Fewer wildfires through education and regulation.
- Enhanced forest regeneration and native plant communities via appropriate use of prescribed fire.

Performance Measure: Wildfire protection

The charts below describe the causes, frequency, and size of fires suppressed by the DNR or reported to the DNR by other fire departments. Wildfire protection is significant workload on that is unpredictable from year to year, as illustrated in the graph below.



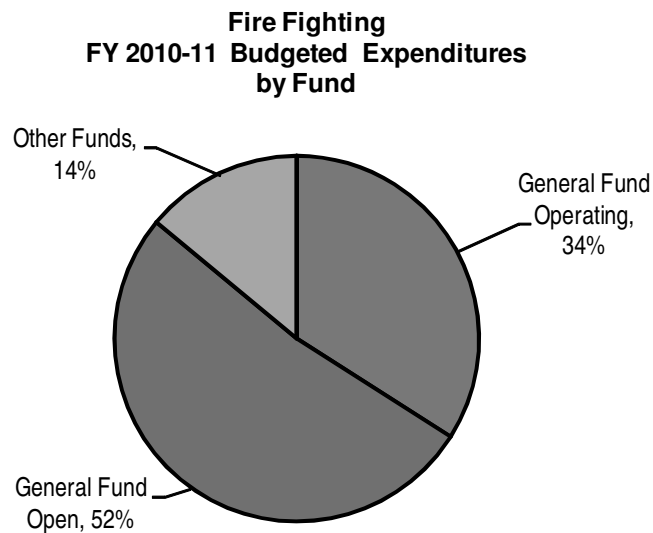
NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

Narrative

Activity Funding



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NATURAL RESOURCES DEPT
Program: FOREST MANAGEMENT
Activity: FIRE FIGHTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,145	7,145	7,145	7,145	14,290
Forecast Base	7,145	7,145	7,145	7,145	14,290
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	7,115	7,175	7,145	7,145	14,290
Open Appropriations					
General	14,636	11,000	13,000	13,000	26,000
Statutory Appropriations					
Miscellaneous Special Revenue	1,688	2,843	2,795	2,795	5,590
Total	23,439	21,018	22,940	22,940	45,880
<u>Expenditures by Category</u>					
Total Compensation	10,746	9,716	12,159	12,159	24,318
Other Operating Expenses	12,637	11,220	10,699	10,699	21,398
Local Assistance	56	82	82	82	164
Total	23,439	21,018	22,940	22,940	45,880
Full-Time Equivalents (FTE)	169.7	169.7	180.0	180.0	

Program at a Glance

- 67 state parks, seven state recreation areas, and eight state waysides with almost 5,000 campsites
- 54 state forest day and overnight recreation areas
- 3,640 miles of trails, including:
 - 1,270 miles on 21 state trails (500 miles of paved bike trails)
 - 1,280 miles of state park trails
 - 1,090 miles of state forest trails
- 22,000 miles of snowmobile trails
- 32 water trails
- 1,600 boat launches
- 8 safe harbors on Lake Superior
- 340 fishing piers and shore fishing areas
- People using snowmobile trails and state park facilities contribute \$373 million in direct spending annually

The above amount is a portion of the \$2.6 billion in economic benefits derived from all outdoor recreation activities in Minnesota

Program Description

The purpose of the Parks and Trails Program is to provide an outdoor recreation system that connects Minnesota residents and visitors to the outdoors, fosters stewardship of the state's natural resources, and conserves Minnesota's scenic, natural, and cultural resources for current and future generations. This program manages Minnesota state parks, state recreation areas, state trails, water trails, boat launches, and state forest recreation. People are drawn to these places because they represent Minnesota's most scenic landscapes and provide access to some of Minnesota's most popular lakes.

Population Served

The Parks and Trails Program serves state park and recreation area customers; motorized and non-motorized trail customers; and water recreationists who access Minnesota's lakes and rivers to boat, canoe, kayak, or fish. Last year, Minnesota's state parks hosted 1.1 million campers and overnight guests. Some 30% of all Minnesotans visit a state park each year – over 1.5 million residents. Parks and trails draw local, national, and international tourists. Likewise, Minnesota ranks first in the nation in the number of boats per capita (one boat for every six people) and third in the nation for total boats registered (866,000). All Minnesotans benefit from a high quality

system of state parks and trails that offer recreation opportunities within 30 miles of almost every Minnesotan. With the passage of the Clean Water, Land, and Legacy amendment, this program has been able to achieve more success in connecting people to the outdoors, managing and improving natural resources, and accelerating maintenance and rehabilitation of outdoor recreation facilities.

Services Provided

This program contributes to the three elements of the Department of Natural Resources (DNR) conservation mission (outdoor recreation, economic development, and natural resources protection) by connecting people to the outdoors through unforgettable park, trail, and water recreation experiences that inspire people to pass along the love for the outdoors to current and future generations. Outdoor recreation opportunities promote personal wellness, a high quality of life, natural resource stewardship, tourism, and economic development. Safe and diverse nature-based recreation opportunities are provided, from ATV'ing and snowmobiling, to bicycling and camping. Some of the most scenic places in Minnesota are managed in their natural state along with significant historic and cultural resources. This program maintains and develops strong partnerships with local units of government, chambers of commerce, and the private sector, which support vital communities around the state. With nature-based recreation experiences creating a major draw for tourism throughout the state, the Minnesota State Parks and Trails program contributes to a nearly \$3 billion outdoor recreation economic engine.

Historical Perspective

The Parks and Trails programs were integrated in 2008 with the goal of providing exceptional outdoor recreation opportunities to all Minnesotans by developing broader strategies to better serve existing patrons and reach out to new ones. The integrated program focuses on increasing outdoor recreation participation; promotes efficiencies through shared administration and management activities; and garners support for environmental stewardship while promoting economic vitality. The program has used a marketing approach to increase per capita and next generation engagement in outdoor recreation. There was a conscious change in the business model from "build it and they will come," to analyzing the motivations and barriers to outdoor recreation participation and developing strategies to help people overcome obstacles. The strategies have included innovating products, creative pricing, increased paid and public promotion and adaptive placement of information (i.e. interactive kiosk placement at the IDS center). The program has leveraged partnerships with private sector partners that share in the objective of

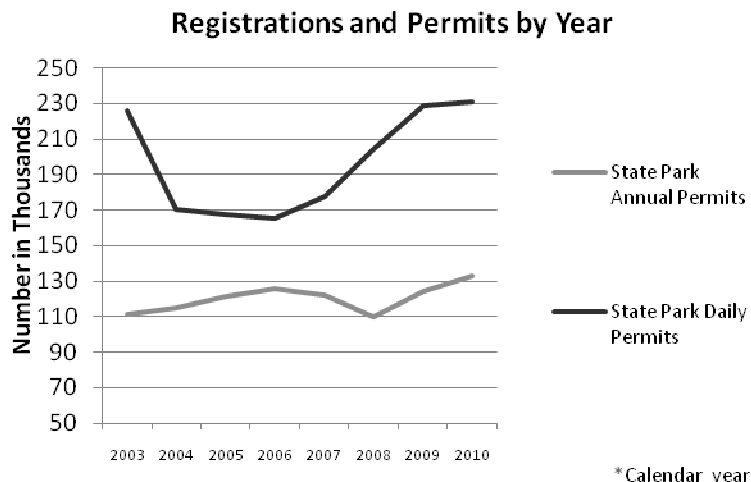
increasing outdoor recreation participation (REI), share environmental goals (Minnesota Twins), or provide a better connection with our target market (Best Buy Corporation and Minnesota Public Radio). Examples of specific activities include partnering with Explore Minnesota Tourism to present the first ever statewide bicycling conference and developing six outreach touch screen kiosks placed in areas frequented by our target market. The resource management and outreach activities have been greatly expanded through the legacy-funded Conservation Corps of Minnesota program. In FY 2010-11, legacy funds became available and there was a concerted effort to support local communities through legacy grants, connect people to the outdoors, and accelerate natural resource management, maintenance, and rehabilitation of an aging system to meet customer needs and incorporate ADA standards and improve energy efficiency.

Key Program Goals and Measures

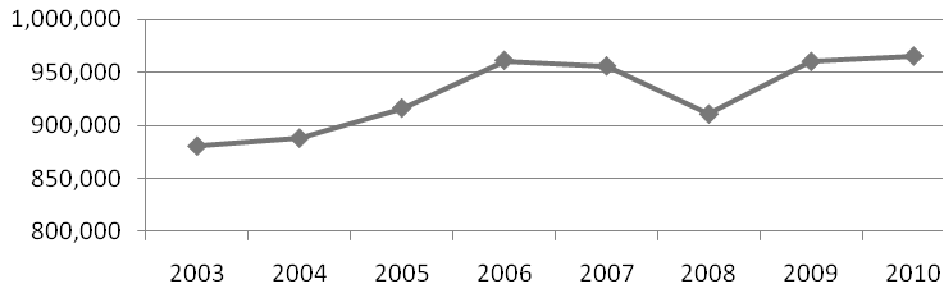
Minnesota State Parks and Trails are a vital part of the state's tourism attraction base, and between snowmobiling and state park visits, create over \$373 million in direct economic benefit through visitor spending and contributes to the \$2.6 billion generated by state parks and all trail recreation activities in Minnesota. It is important to the state's economic future that citizens continue to utilize recreation destinations. In order to provide a sustainable future for this economic driver, the outdoor recreation experiential product needs to be relevant to the next generation. The core functions of providing a state park and trail system and grants linking this state system to local communities will continue to be provided. Product innovation is imperative along with conservation education experiences, including skill-building programs, to engage new and returning customers in the enjoyment of the outdoors. The use of technology is becoming increasingly important in supporting the delivery of these services – enhanced websites, geo-caching, touch screens for interactive information and education, and Wi-Fi accessibility are examples of how the department is striving to meet these new needs. A 10 year parks and trails strategic plan and a 10-25 year state and regional outdoor recreation plan will guide future investments in developing and improving state and regional parks and trails to meet the changing needs and expectations of Minnesotans. Natural lands and waters are conserved and enhanced through resources management activities such as prairie restoration and shoreline protection. The division works to ensure the effective and efficient delivery of recreational services that continue to meet public expectations and promote state parks and trails as high-quality destinations for all Minnesotans.

- **Connecting People to the Outdoors:** Minnesota State Parks and Trails have increased awareness efforts and motivation for visiting state parks and trails for day use as well as overnight. The number of web page views, sale of state park vehicle permits, and overnight visitor numbers are an indicator of the success of outreach efforts to attract more visitors. A partnership with the Minnesota Twins leveraged nearly \$300,000 in promotion benefits for an investment by the DNR of around \$40,000. A cooperative agreement with Minnesota Public Radio (MPR) resulted in the sale of almost 5,000 annual permits and an estimated \$130,000 in promotional value.

Many of the outreach activities have been accelerated by the Clean Water, Land and Legacy amendment, allowing the division to reach out to new customers.



Overnight Guests at MN State Parks and Recreation Areas



Recreational opportunities: This program provides a host of outdoor recreation activities, both non-motorized and motorized, including camping, picnicking, hiking, biking, in-line skating, horseback riding, climbing, scuba diving, cross-country skiing, wildlife viewing, geocaching, paddling, fishing, off-highway vehicle (OHV) riding, and snowmobiling. The units managed by this program provide year-around recreation opportunities which support Minnesota's quality of life and its state, regional, and local economies. Developing and sustaining a diverse park and trail system helps the DNR meet the needs of a variety of outdoor recreationists. In particular, demand continues to grow for additional opportunities for mountain biking, a use that is just starting to be addressed.

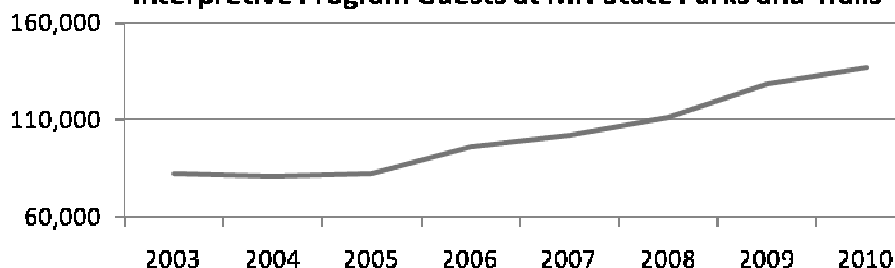
Minnesota's motorized trails are in large part maintained and groomed through partnerships with local units of government and local snowmobile and motorized club volunteers. More than 20,000 miles of snowmobile trails in Minnesota would not exist without the snowmobile grant-in-aid program. The annual economic impact of snowmobiling in Minnesota has been estimated at \$173 million. Roughly 1,600 miles of grant-in-aid OHV trails could not exist without local government cooperation and the work of thousands of club volunteers. In FY 2010, \$9.3 million was granted to over 200 local units of government for pass-through to club recipients.

DNR's fishing pier and shore fishing program provides water access to children, the elderly, those who do not own a boat and people with disabilities in more than 340 locations throughout the state.

- **Conservation Education:** Programs that connect people to the outdoors through skill building, special events, and natural and cultural resource interpretation are critical to building the next generation of stewards for Minnesota's great outdoors. These programs are often the reason why people visit Minnesota State Parks and Trails. Minnesota State Parks and Trails serve as the "Gateway" to all DNR messages and programs.

There has been much innovation in this program area in the last couple of years to include the development of skill building series, "I can camp!" and "I can fish!", a special program series – Outdoors Extra!, educational touch screen computers, podcasts, geocaching, Kids Discovery Kits, DNR Gateway programs and special events such as "Geology Days", candlelight walks and snowshoeing that draw thousands of people out, even in sub-zero temperatures. We have leveraged corporate partnerships in order to expand our outreach and services in a cost-effective way.

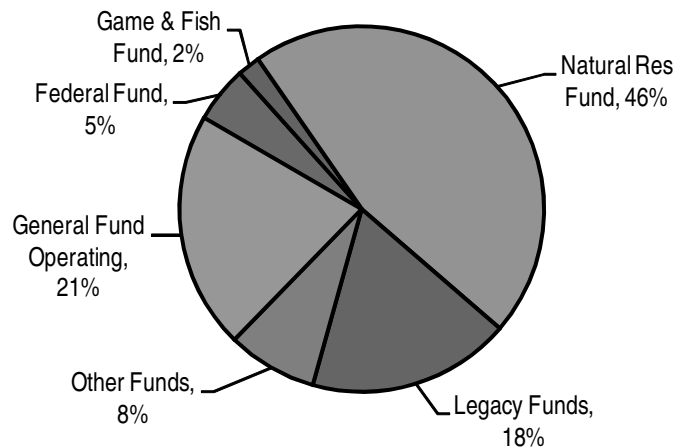
Interpretive Program Guests at MN State Parks and Trails



- Protecting critical natural landscapes:** State residents and visitors choose to visit Minnesota state parks, state trails, state recreation areas, water trails and other units managed by the Parks and Trails program in large part because of their settings – unmatched natural and cultural resources and high quality recreation facilities. By improving the quality of native plant communities, wildlife habitat and regional landscape integrity, visitor experiences are enhanced. The program protects, preserves, and restores representative examples of the natural and cultural landscapes of the state. These places are unique in Minnesota because they have over 280 federal or state endangered, threatened or special concern species, 80 types of important native plant communities, and 66 historic districts, sites and landmarks. Management activities include prescribed fire in prairie and woodland communities, native plant community restoration, hardwood and pine reforestation, invasive species control, archaeological investigations, and repair of visitor impacts. These activities are required to ensure that important natural and cultural features on state park and trail lands are maintained at a high quality level. Approximately 13,000 acres of land are restored and enhanced each year.

Program Funding

**Park and Trails Management
FY 2010-11 Budgeted Expenditures
by Fund**



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NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	1,590	2,317	2,317	2,317	4,634
Technical Adjustments					
One-time Appropriations			(2,317)	(2,317)	(4,634)
Forecast Base	1,590	2,317	0	0	0
General					
Current Appropriation	21,017	20,455	20,455	20,455	40,910
Technical Adjustments					
Approved Transfer Between Appr			32	32	64
Operating Budget Reduction			(16)	(16)	(32)
Forecast Base	21,017	20,455	20,471	20,471	40,942
Natural Resources					
Current Appropriation	43,721	43,781	43,781	43,781	87,562
Technical Adjustments					
Approved Transfer Between Appr			29	29	58
One-time Appropriations			(660)	(660)	(1,320)
Forecast Base	43,721	43,781	43,150	43,150	86,300
Game And Fish (operations)					
Current Appropriation	2,194	2,194	2,194	2,194	4,388
Forecast Base	2,194	2,194	2,194	2,194	4,388
Parks And Trails					
Current Appropriation	16,611	20,040	20,040	20,040	40,080
Technical Adjustments					
One-time Appropriations			(20,040)	(20,040)	(40,080)
Forecast Base	16,611	20,040	0	0	0

NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	1,894	4,074	0	0	0
General	21,017	20,502	20,471	20,471	40,942
Minnesota Resources	1	131	0	0	0
Natural Resources	41,095	49,410	43,150	43,150	86,300
Game And Fish (Operations)	1,632	2,756	2,194	2,194	4,388
Parks And Trails	10,851	25,800	0	0	0
Open Appropriations					
Natural Resources	561	523	430	430	860
Statutory Appropriations					
Natural Resources	430	1,291	711	846	1,557
Miscellaneous Special Revenue	9,252	6,881	6,729	6,905	13,634
Federal	2,719	2,832	4,500	3,800	8,300
Federal Stimulus	700	0	0	0	0
Gift	211	177	177	177	354
Total	90,363	114,377	78,362	77,973	156,335
<u>Expenditures by Category</u>					
Total Compensation	36,567	40,853	36,451	36,451	72,902
Other Operating Expenses	26,871	36,663	22,306	22,482	44,788
Capital Outlay & Real Property	10,839	18,337	5,366	5,366	10,732
Local Assistance	16,086	18,737	14,231	13,666	27,897
Transfers	0	(213)	8	8	16
Total	90,363	114,377	78,362	77,973	156,335
<u>Expenditures by Activity</u>					
Parks And Trails Management	75,697	96,958	67,148	66,624	133,772
Community Partnerships	14,666	17,419	11,214	11,349	22,563
Total	90,363	114,377	78,362	77,973	156,335
Full-Time Equivalents (FTE)	580.4	600.6	582.6	582.6	

NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Activity: PARKS AND TRAILS MANAGEMENT

Narrative

Activity at a Glance

- Manage state parks and recreation areas
- Manage state trails and water trails for both non-motorized and motorized recreation use
- Provide access to boating and fishing opportunities with boat launches, fishing piers and shore-fishing sites
- Provide conservation education and outreach programs
- Protect and restore natural and cultural resources

Activity Description

This activity provides for the management of Minnesota's state parks, state recreation areas, state trails, water trails, boat launches, and state forest recreation areas. The purpose of this activity is to provide an integrated recreation system that connects people to the outdoors, conserves Minnesota's scenic, natural, and cultural resources, and fosters stewardship of these important resources.

Population Served

The Parks and Trails Management Activity serves state park and recreation area customers; motorized and non-motorized trail customers; and water recreationists who access Minnesota's lakes and rivers to boat, canoe, kayak,

or fish. Parks and trails draw local, national, and international tourists. Approximately 30% of all Minnesotans visit a state park each year. Last year, state parks hosted 1.1 million campers and overnight guests. Likewise, Minnesota ranks first in the nation in the number of boats per capita (one boat for every six people) and third in the nation for total boats registered (866,000).

Services Provided

This activity provides for the operation and maintenance of state parks and trails; state park and trail visitor services, including conservation education and interpretive programs; and natural and cultural resource management. Park and trail facilities are a critical economic driver in rural Minnesota. With nature-based recreation experiences creating a major draw for tourism throughout the state, state parks and trails contribute to a nearly \$3 billion outdoor recreation economy in Minnesota.

Historical Perspective

Parks and Trails Management activities were integrated in 2008 with the goal of providing exceptional outdoor recreation opportunities to all Minnesotans by developing broader strategies to better serve existing patrons and reach out to new ones. This activity focuses on increasing outdoor recreation participation; promotes efficiencies through shared administration and management activities; and garners support for environmental stewardship while promoting economic vitality. This activity has leveraged partnerships with private sector partners that share in the objective of increasing outdoor recreation participation and share environmental goals. See the Parks and Trails Program narrative for more information.

Key Activity Goals & Measures

This activity includes program efforts that address departmental goals and outcomes from the DNR's *A Strategic Conservation Agenda 2009-2013*. Key measures and outcomes are described in detail in the Parks and Trails Program narrative.

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NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Activity: PARKS AND TRAILS MANAGEMENT

Budget Activity Summary

Dollars in Thousands					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	1,590	2,317	2,317	2,317	4,634
Technical Adjustments					
One-time Appropriations			(2,317)	(2,317)	(4,634)
Forecast Base	1,590	2,317	0	0	0
General					
Current Appropriation	21,017	20,455	20,455	20,455	40,910
Technical Adjustments					
Approved Transfer Between Appr			32	32	64
Operating Budget Reduction			(16)	(16)	(32)
Forecast Base	21,017	20,455	20,471	20,471	40,942
Natural Resources					
Current Appropriation	33,092	33,052	33,052	33,052	66,104
Technical Adjustments					
Approved Transfer Between Appr			29	29	58
One-time Appropriations			(560)	(560)	(1,120)
Forecast Base	33,092	33,052	32,521	32,521	65,042
Game And Fish (operations)					
Current Appropriation	2,194	2,194	2,194	2,194	4,388
Forecast Base	2,194	2,194	2,194	2,194	4,388
Parks And Trails					
Current Appropriation	12,641	15,140	15,140	15,140	30,280
Technical Adjustments					
One-time Appropriations			(15,140)	(15,140)	(30,280)
Forecast Base	12,641	15,140	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	1,894	4,074	0	0	0
General	21,017	20,502	20,471	20,471	40,942
Minnesota Resources	1	34	0	0	0
Natural Resources	30,557	38,141	32,521	32,521	65,042
Game And Fish (Operations)	1,632	2,756	2,194	2,194	4,388
Parks And Trails	7,032	20,624	0	0	0
Open Appropriations					
Natural Resources	561	523	430	430	860
Statutory Appropriations					
Natural Resources	157	474	186	186	372
Miscellaneous Special Revenue	9,252	6,881	6,729	6,905	13,634
Federal	2,683	2,772	4,440	3,740	8,180
Federal Stimulus	700	0	0	0	0
Gift	211	177	177	177	354
Total	75,697	96,958	67,148	66,624	133,772
<u>Expenditures by Category</u>					

NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Activity: PARKS AND TRAILS MANAGEMENT

Budget Activity Summary

	<i>Dollars in Thousands</i>				
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Total Compensation	36,176	40,285	36,251	36,251	72,502
Other Operating Expenses	26,747	36,476	22,247	22,423	44,670
Capital Outlay & Real Property	10,734	18,337	5,366	5,366	10,732
Local Assistance	2,040	2,073	3,276	2,576	5,852
Transfers	0	(213)	8	8	16
Total	75,697	96,958	67,148	66,624	133,772
<i>Full-Time Equivalents (FTE)</i>	<i>577.5</i>	<i>597.0</i>	<i>581.0</i>	<i>581.0</i>	

NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Activity: COMMUNITY PARTNERSHIPS

Narrative

Activity at a Glance

The Division of Parks and Trails distributes approximately \$17 million annually to local government units and organizations for park and trail assistance.

- Provide grants to 40 ski clubs through local government units.
- Provide 50 grants to Off-highway vehicle clubs through local government units.
- Provide 185 grants to snowmobile clubs through local government units.
- Provide 12 grants to local government units for parks and trails.
- Provide ten solar grants to local government units.
- Provide eight grants to parks of regional or statewide significance.
- Provide eight grants to trails of regional or statewide significance.

Activity Description

The Community Partnership activity cooperates with volunteers and local communities to provide a system of local and regional parks and trails.

Population Served

All Minnesota residents and visitors benefit from a high quality outdoor recreation system. Community assistance grants enable local units of government to help meet close-to-home outdoor recreational demands. In 2008, for instance, more than 208 million person-days were spent in trail activities statewide, with local trail users (within 30 minutes of home) accounting for nearly three-quarters of the walker/hiker total days. Providing outdoor recreation opportunities benefits communities and local economies by increasing tourism and promotes public health by providing people quick and accessible opportunities to exercise.

Services Provided

This activity provides grants to local units of government and organizations to supplement their efforts to increase local and regional outdoor recreational opportunities in

parks and trails throughout the state. These grants, which require a match, provide funding for parks and trail acquisition, development, and maintenance and include the protection of high-quality natural resources through acquisition of critical lands, the on-going maintenance of cross country ski and snowmobile grant-in-aid trails, and the development and maintenance of designated off-highway vehicles (OHV) trails. The community partnership activity depends on successful partnerships with local government, organizations, and public and private landowners to build and maintain high-quality local and regional parks and trails.

Local and regional parks and trails provide important economic benefits to communities throughout the state. For instance, in 2008, trail users in Minnesota spent \$3.3 billion, contributed \$2.8 million in local taxes, and accounted for 43,000 jobs according to a 2010 study conducted by the University of Minnesota. In this same study, from June 2007 through May 2008, 670 public and private campgrounds in Minnesota sold two million site nights, and campers spent a total of \$627 million.

Through the Minnesota Trail Assistance Program (Grant-in-Aid), the division provides about \$200,000 annually for the maintenance of cross country ski trails by local clubs; about \$1.5 million annually for the development and maintenance of designated off-highway vehicle trails on public and private lands; \$8 million annually for the maintenance of Minnesota's 22,000 mile snowmobile trail system. These trail assistance programs are accomplished through partnerships with local units of government and by working with public and private landowners and over 200 local clubs.

Historical Perspective

The Department of Natural Resources (DNR's) community partnership program and local grant program continue to grow. In 2008, the Division of Parks and Trails awarded approximately \$8.8 million in grants to local governments. In 2010, approximately \$17 million was awarded to local units of government of the nearly \$70 million in requests received.

Key Activity Goals and Measures

This activity will support the acquisition and enhancement of natural lands and key habitats through partnerships with local units of government. Collaboration with local government and organizations will improve the delivery of recreational services statewide, particularly in rural Minnesota communities. Sound financial management practices will be employed. Innovation will be encouraged and support provided to motivated and dedicated

NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Activity: COMMUNITY PARTNERSHIPS

Narrative

volunteers, local government units, and clubs. Programs will be designed to promote user and visitor safety. An enterprise approach will be designed to manage information, utilizing the web, and other electronic media.

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NATURAL RESOURCES DEPT

Program: PARKS AND TRAILS MANAGEMENT

Activity: COMMUNITY PARTNERSHIPS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Natural Resources					
Current Appropriation	10,629	10,729	10,729	10,729	21,458
Technical Adjustments					
One-time Appropriations			(100)	(100)	(200)
Forecast Base	10,629	10,729	10,629	10,629	21,258
Parks And Trails					
Current Appropriation	3,970	4,900	4,900	4,900	9,800
Technical Adjustments					
One-time Appropriations			(4,900)	(4,900)	(9,800)
Forecast Base	3,970	4,900	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
Minnesota Resources	0	97	0	0	0
Natural Resources	10,538	11,269	10,629	10,629	21,258
Parks And Trails	3,819	5,176	0	0	0
Statutory Appropriations					
Natural Resources	273	817	525	660	1,185
Federal	36	60	60	60	120
Total	14,666	17,419	11,214	11,349	22,563
<u>Expenditures by Category</u>					
Total Compensation	391	568	200	200	400
Other Operating Expenses	124	187	59	59	118
Capital Outlay & Real Property	105	0	0	0	0
Local Assistance	14,046	16,664	10,955	11,090	22,045
Total	14,666	17,419	11,214	11,349	22,563
Full-Time Equivalents (FTE)	2.9	3.6	1.6	1.6	

Program at a Glance

- Serves 1.5 million licensed anglers, 600,000 hunters and trappers, and 2.1 million wildlife watchers
- Generates \$4.3 billion in annual expenditures in Minnesota from fishing, hunting, wildlife watching, and trapping
- Manages 1,430 wildlife management areas (WMAs) with 1.3 million acres of habitat and 840 shoreland miles administered as aquatic management areas (AMAs)
- Manages over 50 wildlife game species in Minnesota
- In Minnesota, annual fishing and hunting expenditures support an estimated 55,700 jobs

Program Description

The purpose of the Fish and Wildlife Management Program is to manage the state's fish and wildlife populations, their habitats, and public use, including fishing, hunting, and trapping. It is the policy of the state of Minnesota that the ownership of wild animals is in the state's sovereign capacity for the benefit of all the people of the state and that fish and wildlife are renewable natural resources to be conserved and enhanced through scientific management, protection, and use (M.S. 97A.025; M.S. 84.941). In addition, hunting, fishing and the taking of game and fish are recognized in the Minnesota State Constitution as a valued part of Minnesota's heritage that shall be forever preserved for the people and managed by law and regulation for the public good (Article XIII, Sec. 12).

Population Served

The primary population served by this program includes the state's two million anglers, 600,000 hunters, fishing and

hunting-related businesses and tourism, trappers, 2.1 million wildlife viewers, wildlife photographers, and others who enjoy and benefit from abundant fish and wildlife populations and high quality habitat. Other key stakeholders include national and state conservation organizations, local conservation clubs, landowners and communities that benefit from the coordination, information, and technical assistance that the program provides.

For many of Minnesota's citizens, the quality of life in this state is largely defined by the abundance and quality of outdoor experiences and recreation opportunities, and healthy fish and wildlife populations and high-quality habitat are integral to Minnesota's identity as a great outdoors state. Outdoor recreation also promotes personal wellness and directly benefits Minnesota businesses through tourism and recreation. Minnesotans continue to build on this legacy of a strong, outdoor heritage through their ongoing support for policies that conserve the state's fish and wildlife populations and the natural and cultural resources that define Minnesota. In the past decade, citizens have passed two constitutional amendments related to preserving Minnesota's outdoor heritage. In November 1998, 78% of voters affirmed the importance of hunting and fishing and the taking of game and fish. In November 2008, 56% voters approved an increase in the state sales and use tax dedicated to restoring, protecting, and enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, as well as for clean water, parks and trails, and arts and culture.

Services Provided

This program contributes to the three elements of the Department of Natural Resources (DNR's) conservation mission (outdoor recreation, economic development, and natural resources protection) with the following activities:

- **Fish and Wildlife Population Management**, which results in healthy fish and wildlife populations that are maintained on a sustained basis and support high quality and abundant fishing, hunting, trapping, and wildlife viewing opportunities that generate billions of dollars in annual expenditures.
- **Fish and Wildlife Habitat Management**, which results in productive aquatic and terrestrial fish and wildlife habitats that are maintained on a sustained basis and support high quality and abundant fishing, hunting, trapping, and other wildlife related recreation opportunities and access.
- **Technical Assistance, Planning, and Public Participation**, which results in application of effective fish and wildlife habitat management projects and practices by landowners, organizations and agencies; provides state, regional, and national leadership in resource stewardship; and produces effective citizen partnerships to manage fish and wildlife resources.
- **Outreach**, which results in increased participation and appreciation of outdoor activities and heritage by under-represented groups including multicultural, urban, and youth populations.

- **Public Information and Customer Service**, which results in clear and effective public information and communications; ensures high quality customer service and satisfaction; and fosters an engaged public knowledgeable about the ecological and social values of a healthy environment and supportive of the conservation of natural resources and ecological systems.

The Fish and Wildlife Management Program integrates and sustains the three elements of the DNR mission — recreational use, economic development, and natural resources conservation. Fishing, hunting, trapping, and wildlife watching annually provide an estimated 38.9 million days of fish and wildlife related outdoor recreation, including 24.4 million fishing days, 6.5 million hunting days, and eight million wildlife watching away from home days. These activities combine to generate direct annual expenditures of \$4.3 billion in Minnesota, and hunting and fishing activities support 55,700 jobs in the state. These recreational opportunities and the economic benefits that derive from them are directly linked to the habitat conservation work conducted and supported by staff and programs in the fish and wildlife division.

Historical Perspective

The Fish and Wildlife Management Program is funded largely through dedicated sources of funding consisting of user fees, including fishing and hunting license fees and state allotments of federal excise taxes from the sale of fishing and hunting related products and equipment. These revenues are deposited in the game and fish fund in the state treasury (M.S. 97A.055). Revenue from fees charged for hunting and angling licenses may not be used for any purpose other than game and fish activities and related activities under the administration of the commissioner (M.S. 97A.057). The game and fish fund currently comprises more than two-thirds of the Fish and Wildlife Management Program's operating budget.

The Fish and Wildlife Management Program has a history of adaptation and innovation in its program in response to changing public needs and demands for fish and wildlife conservation delivery. Given the current trends affecting fish and wildlife resources and the increasing demand for specialized services from our customers, the need for new and innovative approaches has never been greater. In that context, the program has launched a continuous improvement process called Long Range Organizational Planning (LROP) that is re-examining the ways in which the program is organized to deliver fish and wildlife conservation services. The program has organized its wildlife research and populations staff into research groups around the state's major habitat types (wetlands, forests, farmland/prairies) and its fisheries research staff into research groups around major functions (habitat, populations, human dimensions). This restructuring reinforces an adaptive management approach that bases decision-making on the best available science, then collects data to monitor and evaluate the impacts of these decisions, and adjusts future decision-making based on the outcomes achieved and lessons learned.

The Fish and Wildlife Management Program leverages benefits to fish and wildlife resources and recreation by integrating with other related DNR efforts. Examples include participation in forest planning to incorporate wildlife habitat goals and objectives, participation in landscape level planning efforts of federal and state agencies, engaging in the forest certification process.

With professional field staff located throughout the state, the Fish and Wildlife Management Program provides critical infrastructure for the state's habitat conservation efforts, providing coordination, technical assistance, and support to leverage partner activities. For instance, with the passage of the Clean Water, Land, and Legacy constitutional amendment in 2008, program staff work closely with agency and nongovernmental partners to develop and implement projects that conserve the state's wetlands, prairies, forests, and fish and wildlife habitat, and also coordinate and award grants to external groups for local projects throughout the state. The program also leverages resources by integrating with other related efforts, such as forest planning and certification, clean water initiatives, and farm policy. This program also partners with the Board of Soil and Water Resources and other organizations on a farm bill assistance program that directly works with private landowners to improve wildlife habitat as part of federal farm program implementation and also works with coalitions of organizations, agencies and landowners to promote creation and improvement of wetland/prairie complexes through a "working lands" initiative. More recently the program has begun looking at innovative uses of prairie grasses and brush as potential biomass to accomplish the dual objectives of achieving needed habitat management while providing support for the developing renewable fuels industry. The program also has initiated innovative outreach programs,

including MinnAqua aquatic and fishing education, hunter recruitment and retention, mentoring, Becoming an Outdoors Woman and Becoming an Outdoor Family programs, and a Southeast Asian program.

Key Program Goals & Measures

This program includes activities that address all of the department's overarching goals from the DNR's *A Strategic Conservation Agenda 2009-2013*. The program conserves and enhances natural lands and habitats by acquiring and managing wildlife and aquatic management areas, creating and enhancing prairie wetland complexes in partnership with private landowners, and providing technical assistance. The program conserves water resources and watersheds through the restoration and enhancement of wetlands and shallow lakes, protection and restoration of shorelines and stream habitat, the restoration and enhancement of natural vegetation within watersheds, and aquatic plant management. The program contributes to healthy fish and wildlife populations and recreation through fish and wildlife population research, monitoring, and assessment; the regulation of fishing, hunting and trapping seasons; and the monitoring and management of fish and wildlife health. The program contributes to a high quality and diverse outdoor recreation system by acquiring and managing wildlife and aquatic management areas for public hunting, wildlife viewing, and trout stream access. The program contributes to sustainable economic use of natural resources by providing for fishing, hunting and wildlife viewing opportunities that support an estimated 55,700 jobs in the state. The program contributes to effective and efficient service delivery through the sale of more than two million fishing and hunting licenses annually.

- *Performance Measure: Walleye population levels and numbers of walleye stocked.*
Maintain walleye population levels within normal range of variability for all categories of walleye lakes.

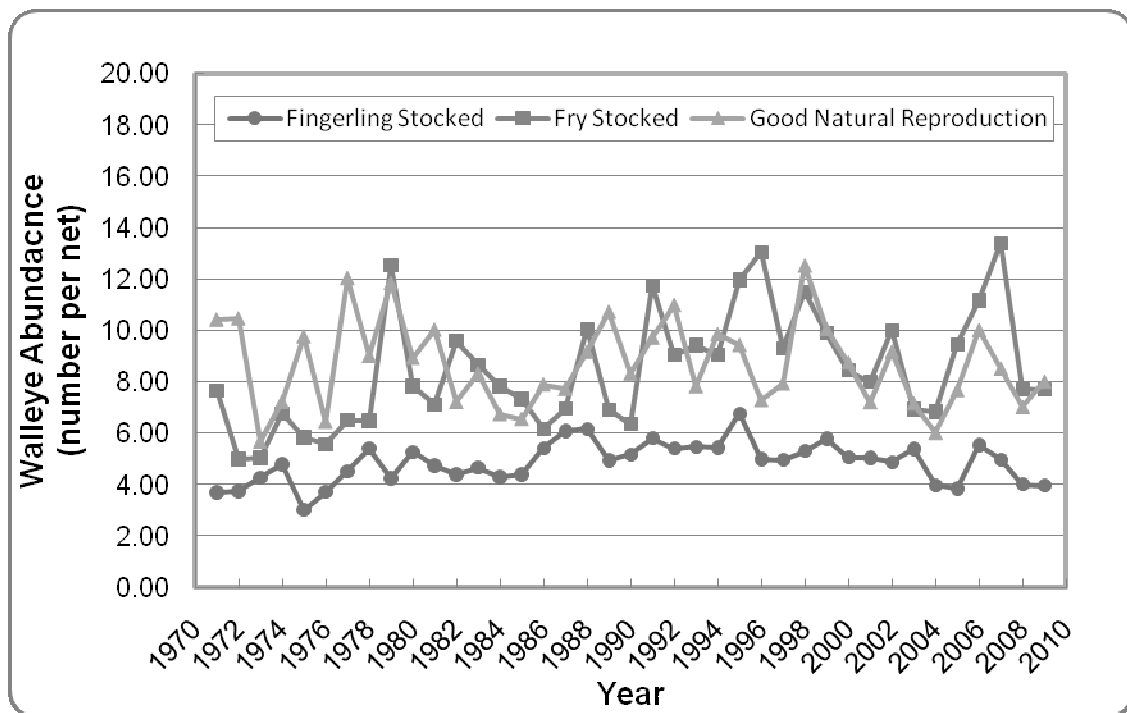


Figure 1. Walleye abundance for three categories of walleye lakes (good natural reproduction lakes not stocked).

- *Performance Measure: Fish and wildlife health.*
Over the past four biennia, the program has reallocated existing resources and successfully leveraged federal and other state resources to address disease threats such as chronic wasting disease of cervids (CWD); bovine tuberculosis (TB) in deer associated with positive cattle herds; surveillance for highly pathogenic avian influenza (AI); and surveillance and implementation of preventive regulations for viral hemorrhagic septicemia (VHS) in fish. The goal is complete eradication (zero prevalence) of bovine TB in wild deer, and significant progress has been made towards that goal (see Figure 2).

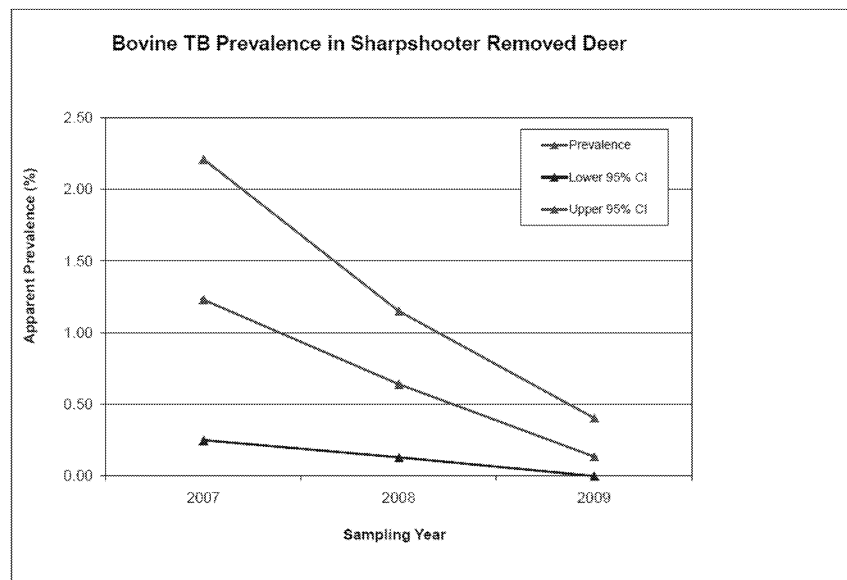


Figure 2. Bovine TB prevalence in deer taken by sharpshooters since 2007.

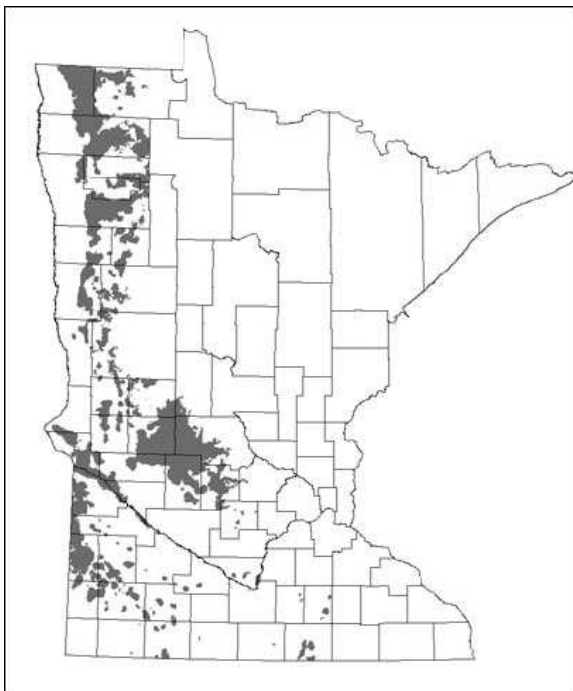


Figure 3. The map shading represents areas with the best opportunities for restoring and protecting prairie-wetland complexes.

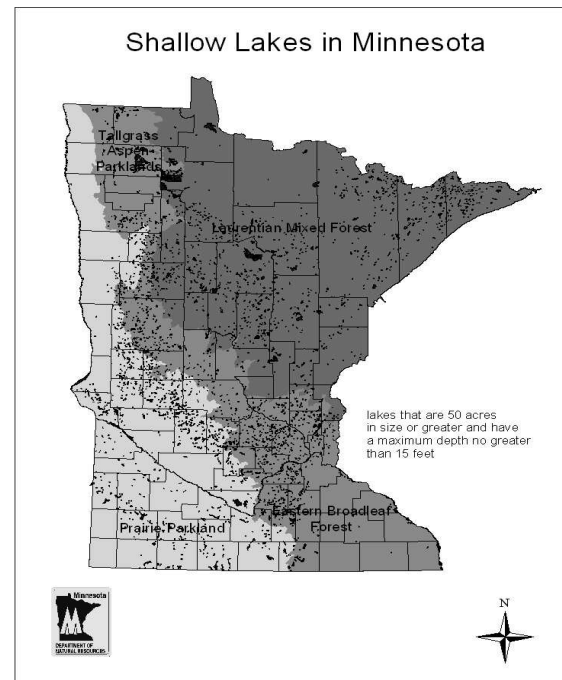


Figure 4. Shallow lakes are distributed through the forest, transition and prairie portions of the state.

- Performance Measure: Gray wolf management.**
 Since listing under the Endangered Species Act of 1973, the Minnesota wolf population has increased and expanded into Wisconsin and Michigan, resulting in a Western Great Lakes regional population of 4,000 wolves. The population in this region has greatly exceeded all measures of recovery called for in federal wolf recovery plans.

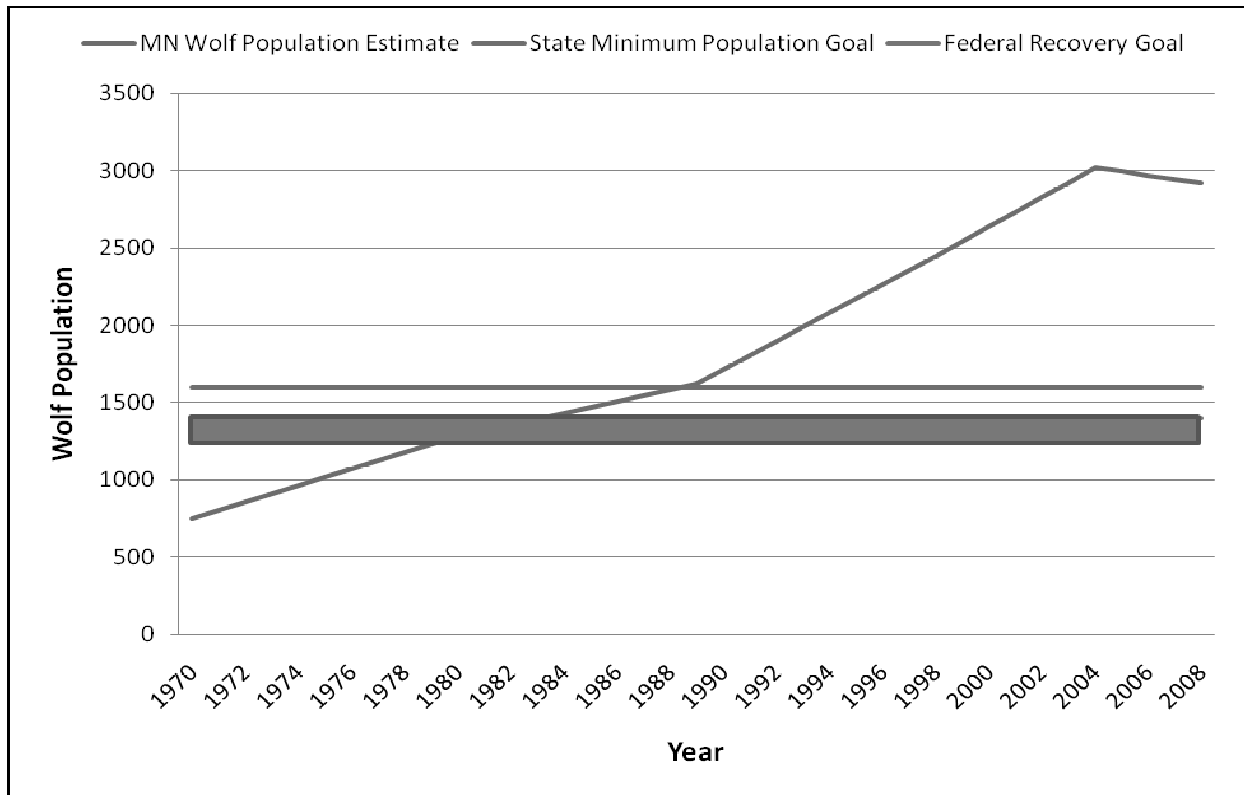
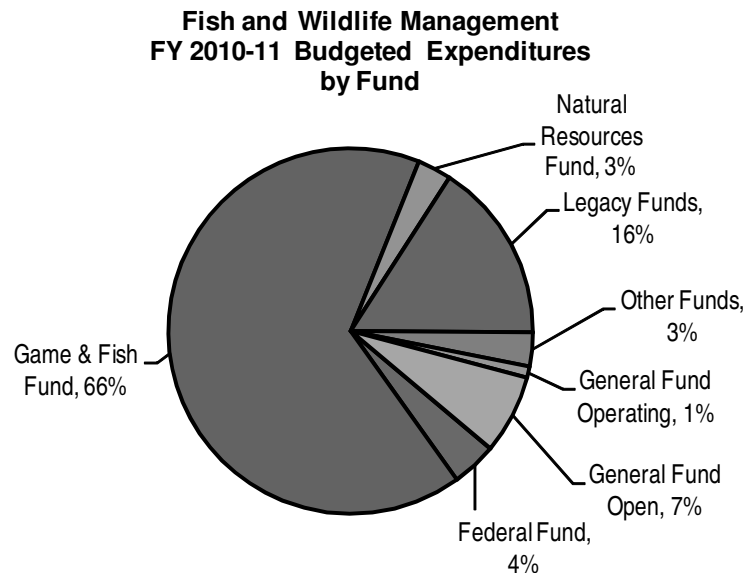


Figure 5. Current and historic wolf populations in Minnesota in relation to the federal wolf recovery plan goal range and the minimum population goal established in Minnesota's Wolf Management Plan.

Program Funding



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NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	1,445	507	507	507	1,014
Technical Adjustments					
One-time Appropriations			(507)	(507)	(1,014)
Forecast Base	1,445	507	0	0	0
General					
Current Appropriation	1,075	850	850	850	1,700
Technical Adjustments					
Current Law Base Change			(205)	(205)	(410)
One-time Appropriations			(375)	(375)	(750)
Operating Budget Reduction			(8)	(8)	(16)
Forecast Base	1,075	850	262	262	524
Natural Resources					
Current Appropriation	1,976	1,976	1,976	1,976	3,952
Technical Adjustments					
Approved Transfer Between Appr			(77)	(77)	(154)
Forecast Base	1,976	1,976	1,899	1,899	3,798
Game And Fish (operations)					
Current Appropriation	64,423	64,258	64,258	64,258	128,516
Technical Adjustments					
Approved Transfer Between Appr			300	300	600
One-time Appropriations			(150)	(150)	(300)
Forecast Base	64,423	64,258	64,408	64,408	128,816
Outdoor Heritage					
Current Appropriation	18,261	17,889	17,889	17,889	35,778
Technical Adjustments					
One-time Appropriations			(17,889)	(17,889)	(35,778)
Forecast Base	18,261	17,889	0	0	0

NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	902	1,794	0	0	0
General	869	646	262	262	524
Natural Resources	1,413	2,458	1,899	1,899	3,798
Game And Fish (Operations)	60,583	69,522	64,408	64,408	128,816
Outdoor Heritage	11,437	21,632	0	0	0
Clean Water	0	1,145	0	0	0
Open Appropriations					
General	7,985	8,010	7,815	7,908	15,723
Game And Fish (Operations)	717	793	793	793	1,586
Statutory Appropriations					
Natural Resources	1,460	1,322	1,211	1,216	2,427
Miscellaneous Special Revenue	2,506	2,343	2,282	2,282	4,564
Game And Fish (Operations)	3,740	3,514	3,504	3,513	7,017
Federal	1,335	2,866	3,796	990	4,786
Reinvest In Minnesota	2,590	2,229	3,478	3,479	6,957
Gift	107	210	210	210	420
Total	95,644	118,484	89,658	86,960	176,618
<u>Expenditures by Category</u>					
Total Compensation	42,626	44,341	42,287	42,288	84,575
Other Operating Expenses	34,172	55,277	38,013	37,548	75,561
Capital Outlay & Real Property	11,612	11,220	4,993	4,993	9,986
Payments To Individuals	3	0	0	0	0
Local Assistance	7,231	7,646	4,365	2,131	6,496
Total	95,644	118,484	89,658	86,960	176,618
<u>Expenditures by Activity</u>					
Fish And Wildlife Management	88,093	109,320	81,427	78,715	160,142
Licensing	7,551	9,164	8,231	8,245	16,476
Total	95,644	118,484	89,658	86,960	176,618
Full-Time Equivalents (FTE)	596.6	597.5	586.4	586.2	

NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Activity: FISH AND WILDLIFE MANAGEMENT

Narrative

Activity at a Glance

- Serves 1.5 million licensed anglers, 600,000 licensed hunters and trappers, and 2.1 million wildlife watchers
- Generates \$4.3 billion in annual expenditures in Minnesota from fishing, hunting, wildlife watching, and trapping
- Manages fisheries in Minnesota's lakes, streams, and rivers
- Manages over 50 wildlife game species in Minnesota

Activity Description

The purpose of the Fish and Wildlife Management Activity is to manage fish and wildlife populations and habitat and to provide for the public use of fish and wildlife in the state, including fishing, hunting, and trapping opportunities. This activity provides for the coordination and delivery of comprehensive fish and wildlife management services through regional offices, area offices, and fish hatcheries throughout the state.

Population Served

This activity improves the quality of life for all Minnesotans and visitors. It ensures public access to enjoyable hunting,

fishing, trapping, and wildlife-watching opportunities through a system of wildlife management areas (WMAs) and aquatic management areas (AMAs). These outdoor recreation opportunities promote personal health and benefit Minnesota's economy. For instance, annual fishing and hunting expenditures in Minnesota support an estimated 55,700 jobs.

Services Provided

The Fish and Wildlife Management Activity contributes to the Department of Natural Resources' (DNR) conservation mission by managing fish and wildlife populations, conserving fish and wildlife habitats, responding to fish and wildlife disease, and providing recreational opportunities that also support the state's economy through the use and development of these opportunities. See the Fish and Wildlife Program for descriptions of the primary services provided by this activity:

- Fish and Wildlife Population Management
- Fish and Wildlife Habitat Management
- Technical Assistance, Planning, and Public Participation
- Outreach
- Public Information and Customer Service

Historical Perspective

The Fish and Wildlife Management Activity is funded largely through dedicated sources of funding consisting of user fees, including fishing and hunting license fees and state allotments of federal excise taxes from the sale of fishing and hunting related products and equipment. These revenues are deposited in the game and fish fund in the state treasury (M.S. 97A.055).

The Fish and Wildlife Management Activity has a history of adaptation and innovation in its program in response to changing public needs and demands for fish and wildlife conservation delivery. However, given the current trends affecting fish and wildlife resources and the increasing demand for specialized services from our customers, the need for new and innovative approaches has never been greater. With professional field staff and equipment located throughout the state, the Fish and Wildlife Management Activity provides critical infrastructure for the state's habitat conservation efforts and also leverages resources by integrating with other related efforts, including outdoor heritage and clean water fund initiatives and farm bill programs.

Key Activity Goals and Measures

This activity addresses the department's overarching goals from the DNR's *A Strategic Conservation Agenda 2009-2013*. The department uses a range of performance measures to assess its progress towards the management, protection, use, understanding, and enjoyment of Minnesota's fish and wildlife resources. See the Fish and Wildlife Management program narrative for specific examples of fish and wildlife measures.

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NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Activity: FISH AND WILDLIFE MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	1,445	507	507	507	1,014
Technical Adjustments					
One-time Appropriations			(507)	(507)	(1,014)
Forecast Base	1,445	507	0	0	0
General					
Current Appropriation	1,075	850	850	850	1,700
Technical Adjustments					
Current Law Base Change			(205)	(205)	(410)
One-time Appropriations			(375)	(375)	(750)
Operating Budget Reduction			(8)	(8)	(16)
Forecast Base	1,075	850	262	262	524
Natural Resources					
Current Appropriation	726	726	726	726	1,452
Technical Adjustments					
Approved Transfer Between Appr			3	3	6
Forecast Base	726	726	729	729	1,458
Game And Fish (operations)					
Current Appropriation	63,074	62,909	62,909	62,909	125,818
Technical Adjustments					
Approved Transfer Between Appr			324	324	648
One-time Appropriations			(150)	(150)	(300)
Forecast Base	63,074	62,909	63,083	63,083	126,166
Outdoor Heritage					
Current Appropriation	18,261	17,889	17,889	17,889	35,778
Technical Adjustments					
One-time Appropriations			(17,889)	(17,889)	(35,778)
Forecast Base	18,261	17,889	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	902	1,794	0	0	0
General	869	646	262	262	524
Natural Resources	699	752	729	729	1,458
Game And Fish (Operations)	59,702	67,798	63,083	63,083	126,166
Outdoor Heritage	11,437	21,632	0	0	0
Clean Water	0	1,145	0	0	0
Open Appropriations					
General	7,985	8,010	7,815	7,908	15,723
Game And Fish (Operations)	717	793	793	793	1,586
Statutory Appropriations					
Natural Resources	91	122	14	14	28
Miscellaneous Special Revenue	1,178	993	932	932	1,864
Game And Fish (Operations)	482	406	390	390	780
Federal	1,334	2,790	3,721	915	4,636

NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Activity: FISH AND WILDLIFE MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Reinvest In Minnesota	2,590	2,229	3,478	3,479	6,957
Gift	107	210	210	210	420
Total	88,093	109,320	81,427	78,715	160,142
<u>Expenditures by Category</u>					
Total Compensation	41,075	42,807	40,752	40,752	81,504
Other Operating Expenses	28,172	47,647	31,317	30,839	62,156
Capital Outlay & Real Property	11,612	11,220	4,993	4,993	9,986
Payments To Individuals	3	0	0	0	0
Local Assistance	7,231	7,646	4,365	2,131	6,496
Total	88,093	109,320	81,427	78,715	160,142
Full-Time Equivalents (FTE)	571.1	572.0	560.9	560.7	

NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Activity: LICENSING

Narrative

Activity at a Glance

- Manage the transactions and collect revenues from 2.9 million DNR game and fish licenses as well as 1.4 million boat/vehicle registrations and watercraft titles
- Manage 1,600 point-of-sale hunting and fishing license agents and 173 registration and titling agents
- Collect \$63 million in receipts annually
- Process over 500,000 pieces of mail annually
- Answer over 100,000 questions via telephone each year

Activity Description

The License Center manages the issuance of game, fish, and commercial licenses, registration and titling of watercraft, and registrations of all-terrain vehicles (ATVs), off-highway vehicles (OHVs), off-highway motorcycles (OHMs), and snowmobiles through an electronic licensing system (ELS) developed specifically for the state of Minnesota.

Population Served

This activity serves the general public, licensing agents, deputy registrars, and management within the Department of Natural Resources (DNR).

Services Provided

Licensing supports DNR's three-part mission by ensuring easy access to licenses is provided to outdoors enthusiasts. Most agent sites include retail sales of outdoor sporting equipment at locations throughout the state that are also near recreation opportunities, such as hunting, hiking, or fishing.

DNR's License Center is responsible for the development, implementation, and maintenance of the statewide ELS. Hunting and fishing licenses can be purchased at any of the 1,600 ELS agent locations, by phone, or online. License Center responsibilities also include commercial licenses (e.g., minnow dealers, game farms, and shooting preserves) and the lottery system for issuing controlled hunt permits (e.g., turkey, antlerless deer, bear, moose, and elk). The License Center issues all watercraft registration and titles and the registration of ATVs, snowmobiles, off-road vehicles (ORVs), and OHMs through the web-based ELS.

A walk-in service counter provides service to customers for all types of license, registration, and titling transactions. Other services include the statewide distribution of a variety of DNR-related materials. This includes hunting regulations, fishing regulations, waterfowl supplements, boating guides, snowmobile regulations, and OHV regulations.

Historical Perspective

ELS has enabled the department to provide accurate and timely information pertaining to license holders, license and recreation activities, revenue collected, and numbers of licenses, registrations, and titles issued for use. In addition, the ELS system accelerates the collection of revenues from license, registration, and title sales.

In February 2010, the DNR rolled out an enhanced version of the ELS system using the latest technology available. The system is now web-integrated, has a Windows operating system which is touch screen and user friendly, and has barcode readability to make more accurate data entry. Usability and pricing improvements were also made to the online sale system.

Purchase of licenses can be made from a local agent, by phone, or online. Hunting and fishing licenses can be purchased electronically any time of the day, any day of the week. ELS has also streamlined business practices and cut administrative costs. Currently 135 different transactions are available online, ranging from hunting and fishing licenses to cross-country ski passes, snowmobile trail stickers, and boat and recreational vehicle registration renewals.

NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

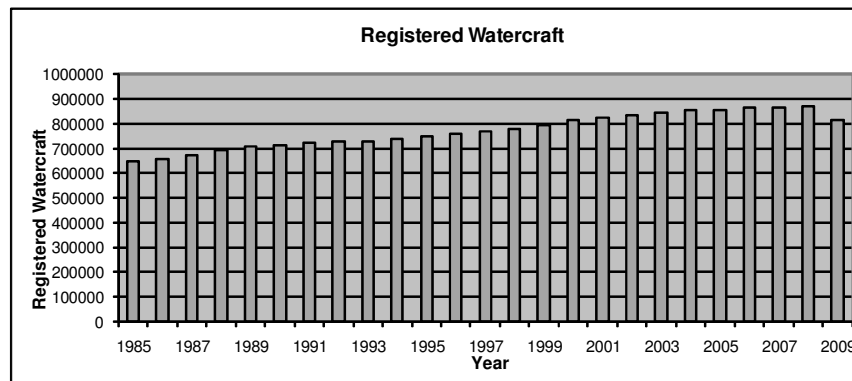
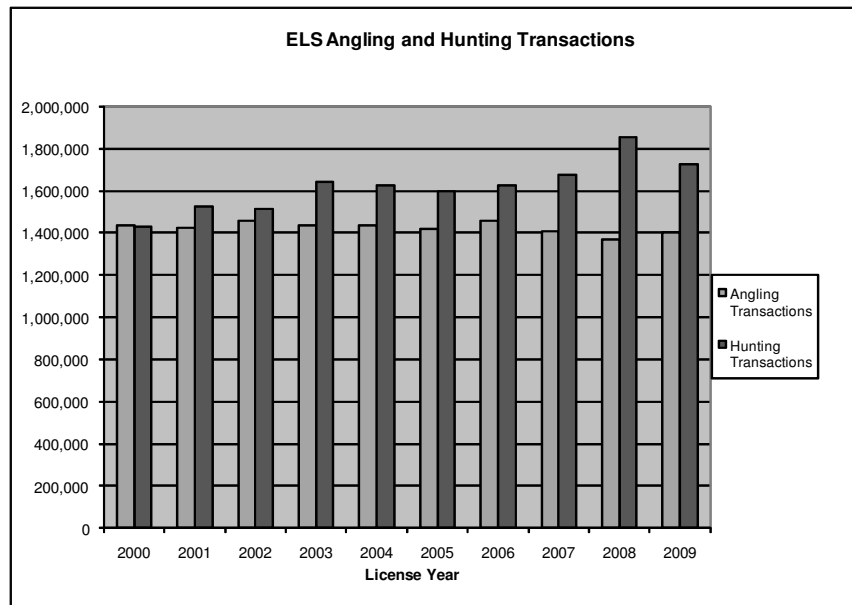
Activity: LICENSING

Narrative

Key Activity Goals and Measures

Supporting the overall DNR mission, this Licensing Activity focuses on providing outdoor recreation opportunities. Licensing Activity goals include:

- DNR will support local economies by making licenses available at 1,600 locations statewide;
- DNR will provide license services in an efficient and cost effective manner;
- License vendors will provide accurate regulation information to customers purchasing licenses; and
- ELS data will be used as appropriate for analysis for resource management and recreational trends.

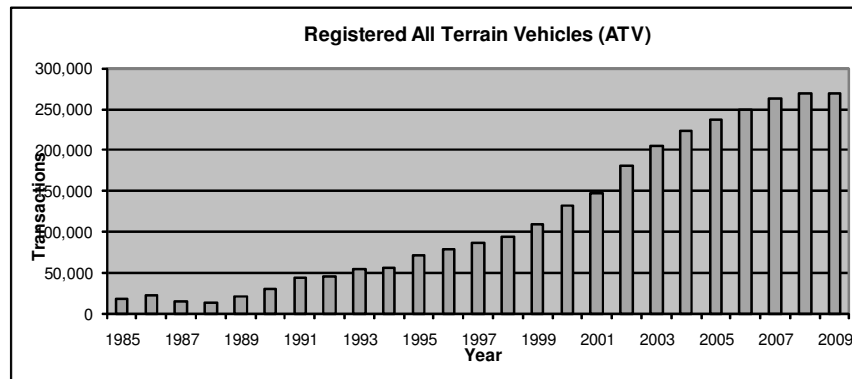


NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Activity: LICENSING

Narrative



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NATURAL RESOURCES DEPT

Program: FISH AND WILDLIFE MANAGEMENT

Activity: LICENSING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Natural Resources					
Current Appropriation	1,250	1,250	1,250	1,250	2,500
Technical Adjustments					
Approved Transfer Between Appr			(80)	(80)	(160)
Forecast Base	1,250	1,250	1,170	1,170	2,340
Game And Fish (operations)					
Current Appropriation	1,349	1,349	1,349	1,349	2,698
Technical Adjustments					
Approved Transfer Between Appr			(24)	(24)	(48)
Forecast Base	1,349	1,349	1,325	1,325	2,650
<u>Expenditures by Fund</u>					
Direct Appropriations					
Natural Resources	714	1,706	1,170	1,170	2,340
Game And Fish (Operations)	881	1,724	1,325	1,325	2,650
Statutory Appropriations					
Natural Resources	1,369	1,200	1,197	1,202	2,399
Miscellaneous Special Revenue	1,328	1,350	1,350	1,350	2,700
Game And Fish (Operations)	3,258	3,108	3,114	3,123	6,237
Federal	1	76	75	75	150
Total	7,551	9,164	8,231	8,245	16,476
<u>Expenditures by Category</u>					
Total Compensation	1,551	1,534	1,535	1,536	3,071
Other Operating Expenses	6,000	7,630	6,696	6,709	13,405
Total	7,551	9,164	8,231	8,245	16,476
Full-Time Equivalents (FTE)	25.5	25.5	25.5	25.5	

Program at a Glance

The Division of Enforcement protects the state's natural resources. There is a direct link between natural resources and the state's quality of life, as well as the tourism industry and the state's economy. FY 2010 highlights include:

- Protected public safety by responding to emergencies such as floods, fires, and tornadoes
- Documented 26,500 violations
- Provided education and safety classes to 25,400 citizens
- Enforced the Wetlands Conservation Act (WCA)
- Partnered with other division and bureau staff in support of the law enforcement mission
- Administered \$1.9 million in grants to local law enforcement agencies for enforcement work in boat and water, snowmobile, Off-Highway Vehicles (OHV), and also administered matching dollars for the improvement of public shooting and archery ranges

Program Description

The purpose of the Natural Resource Laws and Rules Enforcement Program is to ensure public safety and compliance with laws regarding state game and fish, recreational vehicles, non-motorized recreational activities; natural resource commercial operations, and environmental protection. This program is the responsibility of the Department of Natural Resources' (DNR) Division of Enforcement.

Major responsibilities include law enforcement, public safety, and education in:

- hunting and fishing seasons, methods of taking wild animals, and possession limits;
- public safety, including regulating Off-Highway Vehicle (OHV) and watercraft operation, alcohol impaired operation, and response to natural disasters;
- regulating commercial use and exploitation of natural resources and products;
- protection of the state's land, air, and water quality; and
- safety training and hunter education for youth and adults.

Population Served

The division serves all Minnesotans both directly and indirectly by safeguarding the public safety through our education and enforcement efforts and maintaining the quality of the state's game and fish populations and the environment. This work has a direct impact on the economic health of the state and results in the creation and retention of tourism and outdoor recreation related jobs. Protecting the environment adds to the quality of life for all Minnesotans, as well as for tourists and other visitors enjoying our abundant natural resources and recreational opportunities. Protecting the quality of Minnesota's natural resources and maintaining the safety of our trails and waterways is essential in keeping Minnesota a desirable destination for outdoor enthusiasts from throughout the nation.

Services Provided

The Division of Enforcement supports the department's three-part mission – outdoor recreation, economic development, and natural resources protection – by protecting natural resources, ensuring safe and enjoyable recreational experiences, and protecting public safety. The Division of Enforcement provides services to the state through the use of community-based conservation officers and specially trained officers assigned for support. Services currently provided through the division include:

- 154 officer stations at full complement, assigned to communities for field operations (14 vacancies currently);
- Special Investigation Unit (SIU), targeting unlawful commercial activity;
- Water Resource Enforcement Officers (WREOs), specifically trained in the complexities of state and federal wetland issues dealing with unlawful activity related to wetlands and wetlands destruction, and also serve as the lead unit addressing invasive species enforcement and education;
- Training and Standards Unit, concentrating on officer training, academy training, professionalism, and promoting safe recreational use of the state's lands and waters;
- Information and Education program, administering mandated safety training and education programs delivered through volunteer instructors, regional training officers, and local conservation officers; and
- Administration of grants to counties for additional work in recreational vehicle enforcement.

Historical Perspective

Natural resource commercial and recreational use has increased many-fold in the last half-century; however, the Division of Enforcement currently has the same number of field officer positions that were present in 1940. In addition to the exponential increase in the number of traditional hunters – for instance, the number of deer hunters has increased over 650% and the number of anglers has increased over 400% since 1940 – the state has many new user groups. Responsibilities that have been added to the division since the 1940s include:

- Wetlands drainage/Wetlands Conservation Act (WCA) enforcement;
- Invasive species enforcement and education;
- State/grants-in-aid (GIA) trails (20,000 miles);
- All-Terrain Vehicles (ATV's), Off-Road Vehicles (ORV's), Off-Highway Motorcycles (OHM's), Snowmobiles (540,619 registered);
- Firearm Safety Education (23,221), Snowmobile Safety Education (9930), OHV Safety Education (4131), Adult Hunter Education (2182 students), and Boat and Water Safety Enforcement (812,325 registered watercraft);
- Water quality and pollution issues;
- Commercial enterprises such as shooting preserves, taxidermists, and game farms;
- State parks and trails enforcement;
- Forest Arson Investigations, Timber Trespass, and Bough Harvest;
- New seasons for wildlife species, e.g., metro goose, light geese, turkey, moose, muzzleloader deer, archery deer, mourning doves, crows, and prairie chicken;
- Indian Treaty issues including those pertaining to the 1837, 1854, and 1855 Treaties;
- Cross-Country Ski Passes and horse passes;
- Shoreline Protection and Aquatic Plant Management; and
- Impaired operation of recreational vehicles and hunting while impaired.

While the traditional role of conservation officer patrol and the apprehension of violators is a key factor in effective management, specialized training and skills are required for a more comprehensive approach to wildlife and environmental protection.

Key Program Goals & Measures

Quality law enforcement contributes to the overall effectiveness of the department's management goals by ensuring the fair and safe use of the state's resources. Specifically, the division's role in the preservation of key wetlands is integral to the habitat needs of many of Minnesota's important species. Likewise, enforcement efforts on special regulation/experimental waters are needed to preserve the integrity of the fisheries programs that have been a focus of the DNR's *A Strategic Conservation Agenda 2009-2013*. As little as a 10% violation rate in these waters can negate the research efforts of these programs and can result in a neutralization of management efforts.

The effectiveness of law enforcement efforts cannot be gauged simply by tabulating the results of citations and warnings issued. The division has a three-pronged approach to gaining compliance; information, education, and law enforcement, with enforcement action as the last measure. The division will continue to use the media to inform and influence citizens to increase voluntary compliance and report more violations, and educational efforts will be enhanced. As part of the division's efforts to provide greater access to safety training education programs, the Youth Hunter Education course is now available online through an interactive internet format. The following measures illustrate the division's core program activities. Detailed descriptions of performance measures are found in the DNR's *A Strategic Conservation Agenda 2009-2013*.

- *Performance Measure: Game and fish protection*
Compliance with natural resource laws is difficult to measure. Our goal is to increase the compliance rate as well as maintain levels of service hours in the following priority areas:
 - Environmental Protection: Wetlands Conservation Act (WCA) and related water quality enforcement. Due to increased support from Ecological Resources, the division will continue enforcement and education efforts in invasive species. During 2009, more than 9,900 hours were spent on WCA enforcement and

NATURAL RESOURCES DEPT

Program: ENFORCEMENT NR LAWS & RULES

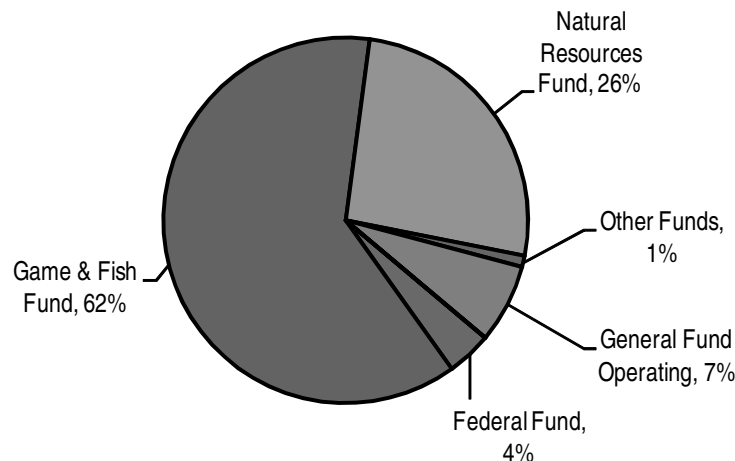
Narrative

training, and approximately 10,900 hours were spent on water quality, aquatic vegetation, alter cross-section of a lake/stream and invasive species enforcement.

- Experimental/Special Regulation Waters: Conservation Officers will maintain our core efforts on these waters. Approximately 98,250 hours were spent on fisheries enforcement in 2009.
- Waterfowl Task Force: Although still a priority, dropping waterfowl stamp license sales and a reduction in the number of available field officers will result in a reduction of Task Force operations. During 2009, more than 15,800 hours were spent on waterfowl enforcement.
- *Performance Measure: Recreational vehicle law enforcement*
 - Hours spent in law enforcement activities addressing boating, snowmobiles, ATVs, OHM and OHV will be maintained in FY 2012.
 - The division will continue all enforcement efforts including information, education, and training at current levels with a goal of maintaining compliance and reducing injuries and fatalities associated with the unlawful operation of recreational vehicles. Administration of a Trail Ambassador program will continue to provide for ATV trail monitoring by trained volunteers.
- *Performance Measure: Safety education*
 - Outreach efforts will be increased by partnering with the Hunting Recruitment and Retention Program to provide expanded hunter education opportunities as well as the launch of an online Youth Hunter Safety course option. In FY 2009, the Enforcement division trained more than 23,200 students in firearms safety and approximately 2,200 students in advance hunter education (including bear clinics and turkey clinics) with the goal of reducing the injuries/fatalities associated with firearms hunting incidents.
- *Performance Measure: Fuel consumption*
 - The division continues its efforts to reduce fuel consumption. From FY 2008 to FY 2010, the division reduced its gasoline consumption by more than 30%, increasing the use of diesel trucks and reducing overall fuel consumption.

Program Funding

**Enforcement NR Laws and Rules
FY 2010-11 Budgeted Expenditures
by Fund**



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NATURAL RESOURCES DEPT

Program: ENFORCEMENT NR LAWS & RULES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,659	2,179	2,179	2,179	4,358
Technical Adjustments					
Approved Transfer Between Appr			(94)	(94)	(188)
Biennial Appropriations			135	135	270
Operating Budget Reduction			(4)	(4)	(8)
Forecast Base	2,659	2,179	2,216	2,216	4,432
Natural Resources					
Current Appropriation	8,551	8,531	8,531	8,531	17,062
Technical Adjustments					
Approved Transfer Between Appr			27	27	54
Forecast Base	8,551	8,531	8,558	8,558	17,116
Game And Fish (operations)					
Current Appropriation	19,970	20,115	20,115	20,115	40,230
Technical Adjustments					
Approved Transfer Between Appr			84	84	168
One-time Appropriations			(145)	(145)	(290)
Forecast Base	19,970	20,115	20,054	20,054	40,108
Remediation Fund					
Current Appropriation	100	100	100	100	200
Forecast Base	100	100	100	100	200
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,729	2,085	2,216	2,216	4,432
Natural Resources	8,137	8,807	8,558	8,558	17,116
Game And Fish (Operations)	19,726	20,486	20,054	20,054	40,108
Remediation Fund	100	100	100	100	200
Statutory Appropriations					
Natural Resources	105	63	55	55	110
Miscellaneous Special Revenue	174	7	7	7	14
Game And Fish (Operations)	200	286	265	265	530
Federal	1,355	1,630	1,043	1,043	2,086
Gift	14	16	15	15	30
Total	32,540	33,480	32,313	32,313	64,626

NATURAL RESOURCES DEPT

Program: ENFORCEMENT NR LAWS & RULES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Category</u>					
Total Compensation	21,904	20,320	20,309	20,309	40,618
Other Operating Expenses	7,599	9,894	8,805	8,805	17,610
Local Assistance	3,037	3,266	3,199	3,199	6,398
Total	32,540	33,480	32,313	32,313	64,626
<u>Expenditures by Activity</u>					
Enforcement Nr Laws & Rules	32,540	33,480	32,313	32,313	64,626
Total	32,540	33,480	32,313	32,313	64,626
Full-Time Equivalents (FTE)	244.7	244.7	243.7	243.7	

Program Description

The purpose of the Operations Support Program is to provide direction and coordination of Department of Natural Resources (DNR) programs and operations, provide local services to the public across the state through regional operations, manage pass-through grants, and direct the management of school and university trust fund lands and mineral rights.

DNR has a three-part mission, based on the interrelated values of economic development, recreational use, and natural resources protection. This program exists to ensure that the multi-part mission is carried out in an integrated and efficient manner.

Budget Activities

This program includes the following budget activities:

- Operations Support
- Trust Land Management

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	7,148	7,187	7,187	7,187	14,374
Technical Adjustments					
One-time Appropriations			(7,187)	(7,187)	(14,374)
Forecast Base	7,148	7,187	0	0	0
General					
Current Appropriation	1,166	1,581	1,581	1,581	3,162
Technical Adjustments					
Approved Transfer Between Appr			(2)	(2)	(4)
Current Law Base Change			445	445	890
One-time Appropriations			(500)	(500)	(1,000)
Operating Budget Reduction			(2)	(2)	(4)
Forecast Base	1,166	1,581	1,522	1,522	3,044
Natural Resources					
Current Appropriation	534	534	534	534	1,068
Technical Adjustments					
Approved Transfer Between Appr			(53)	(53)	(106)
Forecast Base	534	534	481	481	962
Game And Fish (operations)					
Current Appropriation	1,089	1,089	1,089	1,089	2,178
Technical Adjustments					
Approved Transfer Between Appr			(148)	(148)	(296)
Forecast Base	1,089	1,089	941	941	1,882
Outdoor Heritage					
Current Appropriation	21,508	33,555	33,555	33,555	67,110
Technical Adjustments					
One-time Appropriations			(33,555)	(33,555)	(67,110)
Forecast Base	21,508	33,555	0	0	0
Parks And Trails					
Current Appropriation	250	0	0	0	0
Forecast Base	250	0	0	0	0

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	5,496	7,844	0	0	0
General	1,452	2,174	1,522	1,522	3,044
Natural Resources	453	520	481	481	962
Game And Fish (Operations)	804	1,139	941	941	1,882
Outdoor Heritage	21,250	33,631	0	0	0
Parks And Trails	174	76	0	0	0
Statutory Appropriations					
General	26	158	25	0	25
Miscellaneous Special Revenue	609	1,530	643	482	1,125
Federal	2,667	4,029	3,637	1,850	5,487
Gift	1,166	1,016	1,118	1,118	2,236
Total	34,097	52,117	8,367	6,394	14,761
<u>Expenditures by Category</u>					
Total Compensation	2,719	3,022	3,087	2,677	5,764
Other Operating Expenses	3,450	6,273	4,144	2,922	7,066
Capital Outlay & Real Property	1,081	2,752	816	475	1,291
Local Assistance	26,848	40,070	320	320	640
Other Financial Transactions	(1)	0	0	0	0
Total	34,097	52,117	8,367	6,394	14,761
<u>Expenditures by Activity</u>					
Operations Support	34,097	52,117	8,367	6,394	14,761
Total	34,097	52,117	8,367	6,394	14,761
Full-Time Equivalents (FTE)	31.1	29.4	28.7	28.7	

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: OPERATIONS SUPPORT

Narrative

Activity at a Glance

- Execute the direction and policy of the executive branch and legislature
- Direct budget and accounting policy for effective use for approximately \$450 million per year
- Manage Federal Emergency Management Agency (FEMA) public assistance grants for damage to DNR properties and facilities from natural disasters
- Provide technical assistance and outreach to local communities, stakeholders, and elected officials

Activity Description

This activity provides administrative leadership to the Department of Natural Resources (DNR) and delivers services to the public including: formulating and establishing department policies and priorities; integrating department operations in a cohesive direction; managing pass-through grants; and delivering services at the local level across the state through regional operations. DNR's Regional Operations include northwest, northeast, central, and southern regional offices, with headquarters in Bemidji, Grand Rapids, St. Paul, and New Ulm.

Legislative guidance is provided in Minnesota statutes pertaining to such topics as: accounting, contracting, and budget; data practices; planning and performance measurement; management of fleet, facilities, and assets;

management of information technology and information systems; publication of regulations and other information; state employment, labor relations, and state retirement; safety; human rights and accessibility. Article 11 of the Minnesota Constitution provides direction concerning finances, revenue from state lands, the Permanent School Fund, the Environment and Natural Resources Fund, and the Clean Water, Land, and Legacy funds.

Population Served

Operations Support provides services to DNR managers, supervisors, and employees, and to the general public, local communities, and other governmental organizations.

Services Provided

DNR has a three-part mission, based on the interrelated values of economic development, recreational use, and natural resources protection. This activity provides leadership to the department by integrating department operations and formulating and establishing department policies and procedures to enable DNR programs to deliver conservation services by harnessing the energy of partnerships, using the power of the market place, and connecting citizens with the environment.

This activity exists to ensure the multi-part mission is carried out in an integrated and efficient manner, and includes leadership and services provided by:

- **Commissioner's Office** provides leadership and direction for the department and manages regulatory and legislative affairs.
- **Regional Operations** provides leadership and assistance for interdisciplinary delivery of DNR services at the local level, including:
 - coordination of natural resource management programs to ensure that the agency provides a unified response and is effectively and appropriately managing and conserving the state's natural resources;
 - technical assistance and outreach to local communities, stakeholders, and elected officials; and
 - coordination of the department's emergency response assistance in the event of a non-fire emergency.

Historical Perspective

During the past several years, DNR has been strategically reorganizing its operations to better address critical natural resource trends and increase operational efficiencies. Recent changes in the department's Regional Operations reflect these efforts. For example, Information Officers are now programmed under the department's Office of Communications and Outreach in order to more effectively align departmental communications. Likewise, the community assistance program is now contained within the Division of Ecological and Water Resources to enable the department to better coordinate and manage this work and ensure these activities align the new division's strategic direction. Regional Operations continue to deliver services and provide integrated natural resource management at the local level.

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: OPERATIONS SUPPORT

Narrative

Key Activity Goals & Measures

Recent trends are changing the nature of the state's natural resources and their contribution to Minnesota's quality of life. DNR is responding with innovative and collaborative approaches to address critical drivers of change. The Commissioner's Office provides leadership and direction on these critical trends and Regional Operations implements approaches to address these trends.

- Performance Measure: DNR's performance management system*

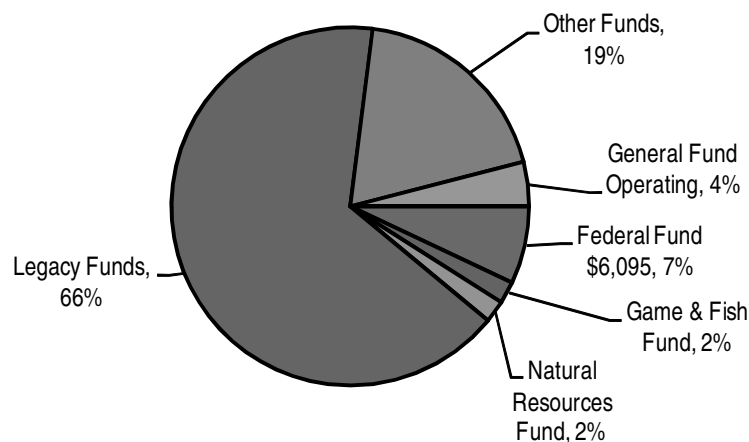
DNR manages an agency-wide performance management system that connects the department's mission and goals to budgets and uses performance indicators and targets to measure conservation results. Performance indicators serve to clearly define the agency's natural resource priorities, measure progress, and provide accountability toward results. DNR's *A Strategic Conservation Agenda 2009 – 2013* reports on approximately 90 indicators and associated targets that reflect the range and reach of DNR's mission. DNR's *Budgeting for Results* summarizes budgets, performance measures, and outcomes for the department's program-level strategic objectives. DNR's Outcomes Tracking System is an agency-wide system that provides up-to-date and integrated performance reporting of DNR programs and projects supported by dedicated funding sources.

- Performance Measure: Drive department to operational efficiency*

DNR manages a state-wide staff of approximately 2,700 full-time equivalents, fleet, and facilities – including 2,500 buildings at 180 locations and 5,000 pieces of fleet equipment worth more than \$1 billion. Setting the standard for a high level of safety performance ensures department employees get home safely every day. DNR has tailored safety training, improved communications, and implemented a department-wide safety strategy, resulting in a 50% decrease in recordable injuries over the last ten years and savings in workers compensation claims. DNR's fleet transports staff more than 17 million driving miles each year. By optimizing inventory and reducing fuel consumption, DNR has its annual debt payment and saved approximately \$10 million over the last five years. Lastly, DNR is improving the energy performance of its facilities and working across units of government to determine opportunities for co-location to reduce costs.

Activity Funding

**Operations Support
FY 2010-11 Budgeted Expenditures
by Fund**



95% of "Other Funds" and "Legacy Funds" are pass through grants

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NATURAL RESOURCES DEPT
Program: OPERATIONS SUPPORT
Activity: OPERATIONS SUPPORT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	7,148	7,187	7,187	7,187	14,374
Technical Adjustments					
One-time Appropriations			(7,187)	(7,187)	(14,374)
Forecast Base	7,148	7,187	0	0	0
General					
Current Appropriation	1,166	1,581	1,581	1,581	3,162
Technical Adjustments					
Approved Transfer Between Appr			(2)	(2)	(4)
Current Law Base Change			445	445	890
One-time Appropriations			(500)	(500)	(1,000)
Operating Budget Reduction			(2)	(2)	(4)
Forecast Base	1,166	1,581	1,522	1,522	3,044
Natural Resources					
Current Appropriation	534	534	534	534	1,068
Technical Adjustments					
Approved Transfer Between Appr			(53)	(53)	(106)
Forecast Base	534	534	481	481	962
Game And Fish (operations)					
Current Appropriation	1,089	1,089	1,089	1,089	2,178
Technical Adjustments					
Approved Transfer Between Appr			(148)	(148)	(296)
Forecast Base	1,089	1,089	941	941	1,882
Outdoor Heritage					
Current Appropriation	21,508	33,555	33,555	33,555	67,110
Technical Adjustments					
One-time Appropriations			(33,555)	(33,555)	(67,110)
Forecast Base	21,508	33,555	0	0	0
Parks And Trails					
Current Appropriation	250	0	0	0	0
Forecast Base	250	0	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	5,496	7,844	0	0	0
General	1,452	2,174	1,522	1,522	3,044
Natural Resources	453	520	481	481	962
Game And Fish (Operations)	804	1,139	941	941	1,882
Outdoor Heritage	21,250	33,631	0	0	0
Parks And Trails	174	76	0	0	0
Statutory Appropriations					
General	26	158	25	0	25
Miscellaneous Special Revenue	609	1,530	643	482	1,125

NATURAL RESOURCES DEPT
Program: OPERATIONS SUPPORT
Activity: OPERATIONS SUPPORT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Federal	2,667	4,029	3,637	1,850	5,487
Gift	1,166	1,016	1,118	1,118	2,236
Total	34,097	52,117	8,367	6,394	14,761
<u>Expenditures by Category</u>					
Total Compensation	2,719	3,022	3,087	2,677	5,764
Other Operating Expenses	3,450	6,273	4,144	2,922	7,066
Capital Outlay & Real Property	1,081	2,752	816	475	1,291
Local Assistance	26,848	40,070	320	320	640
Other Financial Transactions	(1)	0	0	0	0
Total	34,097	52,117	8,367	6,394	14,761
Full-Time Equivalents (FTE)	31.1	29.4	28.7	28.7	

Activity at a Glance

- ◆ Approximately 2.5 million acres of school trust lands and an additional 1 million acres of mineral rights are estimated to generate nearly \$37.0 million in FY2010-11.
- ◆ Approximately 1.5 million acres of school and university trust lands are considered commercial forest lands capable of supporting the production of timber.
- ◆ Budgeted receipts for timber production are estimated to be \$17.2 million, and \$22.5 million for minerals production for FY2010-11.
- ◆ Approximately 26,000 acres of university fund lands and an additional 21,000 acres of mineral rights are estimated to generate nearly \$6.2 million in revenue in FY2010-11.
- ◆

Activity Description

The Department of Natural Resources (DNR) administers approximately 2.5 million acres of school and university trust fund lands and an additional 1 million acres of mineral rights for the benefit of public schools and the University of Minnesota. These lands were granted by the United States government at the time of Minnesota's application for statehood and are held in trust by the state for the purpose of generating a long-term source of funding for public education in the state. DNR administers these lands consistent with legislative direction (M.S. 84.027; 127A.31; 137.022) to maximize revenue to the Permanent School Fund (PSF) and Permanent University Fund (PUF) and ensure the long-term viability of these resources.

Population Served

The income generated by the management of school and university trust fund lands is added to the principal of the PSF and PUF, respectively, and the interest and dividends

earned from investment of the principal of these funds is used to benefit public schools and for student scholarships, minerals-related research, and endowment support for professorial chairs at the university.

Services Provided

This activity provides revenue from the land and mineral management of school and university trust fund lands for the PSF and PUF consistent with M.S. 127A.31. Some of the services that provide revenue include the sale of timber, rents and royalties on taconite iron ore, non-ferrous metallic mineral leases, leases to remove peat, wild rice leases, aggregate mining leases, state forest campground fees, lakeshore leases, easements across state trust land, the sale of land, and other types of use.

Historical Perspective**School Trust Lands and the Permanent School Fund**

The PSF, as established in the Minnesota Constitution, Article XI, Section 8, consists of the proceeds derived from management of school trust lands, the sale of these lands, and mineral rights, which are invested by the State Board of Investment to secure the maximum return consistent with maintaining the perpetuity of the fund.

The land base for the PSF was started in 1849 when Minnesota became a territory and two sections of every township were set aside to support schools. More land was added after Minnesota became a state in 1858, resulting in a total of more than 8.1 million acres originally granted by the federal government. But in 1862, Minnesota, like other states seeking cash for schools, began selling its trust fund lands. Today, the DNR manages about 2.5 million acres of school trust lands, of which nearly 1.5 million acres provide harvestable timber, plus about 1 million acres of minerals rights on lands already sold. DNR works closely with the Permanent School Fund Advisory Committee (PSFAC), which is responsible for overseeing the department's management of school trust land.

University Trust Lands and the Permanent University Fund

The PUF, as established in the Minnesota Constitution, Article XI, Section 9, likewise consists of revenues generated from the management and sale of PUF lands and mineral rights. Investment of the PUF is under the management of the University of Minnesota's Board of Regents, with restrictions provided in the state constitution and law.

The PUF was founded when Congress granted 46,000 acres of land to support a state university in 1851 and an additional 46,000 acres in 1857. Most of those lands were sold to pay off debt from constructing the four state universities. Today, about 26,000 acres remain under DNR management, with about 21,000 acres of additional mineral rights. A significant portion of the PUF lands contain valuable deposits of iron ore and taconite, which have been mined over the years by LTV Steel Mining Company, National Steel Pellet Company, and United States Steel Corporation.

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: TRUST LAND MANAGEMENT

Narrative

Key Activity Goals & Measures

Minnesota will provide for sustainable economic use of its abundant natural resources

DNR is committed to maximizing the long-term income earned from the sound management of trust fund land and mineral resources. To help ensure the goals of the school trust lands are met, DNR and the PSFAC are working with the federal government on a combined land sale and land exchange of school trust lands within the Boundary Waters Canoe Area Wilderness.

DNR will effectively and efficiently deliver services to meet our mission

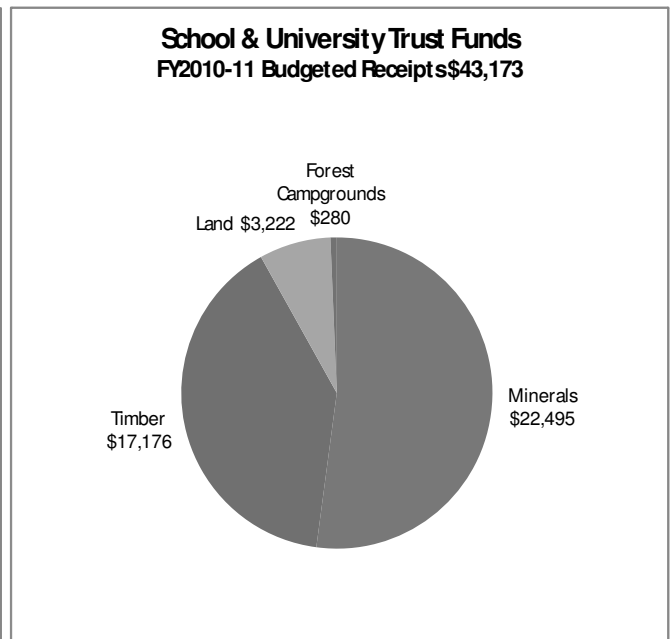
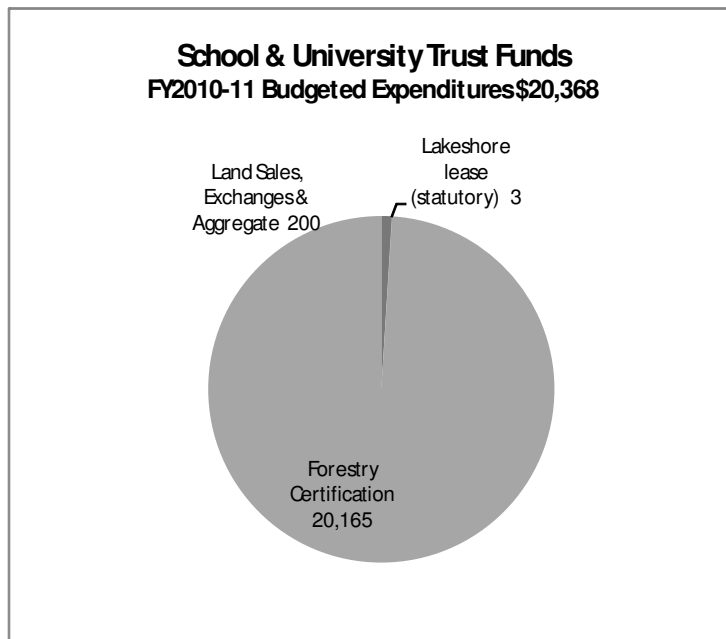
Over the past several years, DNR has begun looking at the management of school and university trust lands and clarifying additional options to meet fiduciary obligations in generating revenue from the lands. One accomplishment was the removal of all remaining school trust lands from state parks and state recreation areas where management prevented the generation of revenue. DNR is continuing to work with partners to exchange land parcels where management prevents the generation of revenue.

Performance Measure: Revenue provided through the management of school and university trust fund lands

DNR is responsible for administering school and university trust fund lands to maximize revenue while maintaining sound natural resource conservation and management principles. In FY 2009, approximately 400,000 cords of wood were harvested on school trust lands. As of June 2010, there were approximately 51,600 acres of school trust land under mineral leases. DNR also leases school trust land for agricultural, commercial, governmental, recreational, and other purposes. There are current contracts, including leases, easements, and licenses, on approximately 24,600 acres of school trust land.

Activity Funding

Forest management expenditures occur in the Forest Management Investment Account (FMIA). They are certified through the certification process. A transfer of funds is made from the school and university funds to the FMIA and general fund to cover forest management costs certified through the certification process.



The "Other" expenditures shown above are related to minerals management work on trust fund lands. Additional expenditures related to minerals management are incurred in the minerals management account - \$2.696 million per year in FY 2010-11.

Contact

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NATURAL RESOURCES DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Current Law		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	6,862	6,175	6,175	6,175	12,350
Natural Resources	37,893	42,041	42,099	40,991	83,090
Game And Fish (operations)	80,697	79,077	78,542	77,542	156,084
Grants:					
Natural Resources	238	90	200	249	449
Other Revenues:					
General	1,824	747	347	347	694
Natural Resources	1,394	1,271	1,348	1,471	2,819
Game And Fish (operations)	573	273	478	759	1,237
Other Sources:					
General	20	25	6	6	12
Taxes:					
General	2,386	2,263	2,263	2,263	4,526
Total Non-Dedicated Receipts	131,887	131,962	131,458	129,803	261,261
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
Natural Resources	995	2,020	2,020	2,020	4,040
Miscellaneous Special Revenue	128	111	111	111	222
Departmental Earnings:					
General	10	0	0	0	0
Natural Resources	2,459	2,569	2,480	2,480	4,960
Miscellaneous Special Revenue	20,822	22,061	21,806	22,263	44,069
Game And Fish (operations)	4,426	4,348	4,339	4,339	8,678
Miscellaneous Agency	2,551	9,017	11,728	9,325	21,053
Gift	-4	2	2	2	4
Permanent School	18,944	26,570	22,165	19,041	41,206
Grants:					
Natural Resources	0	209	200	335	535
Miscellaneous Special Revenue	0	104	0	0	0
Federal	15,480	33,440	33,932	19,815	53,747
Federal Stimulus	700	0	0	0	0
Other Revenues:					
General	114	90	25	0	25
Natural Resources	100	29	28	41	69
Miscellaneous Special Revenue	4,049	2,595	1,856	1,767	3,623
Game And Fish (operations)	8	8	14	23	37
Remediation Fund	635	300	300	300	600
Reinvest In Minnesota	827	1,472	1,480	1,491	2,971
Miscellaneous Agency	8	37	81	128	209
Gift	1,162	1,212	1,227	1,247	2,474
Permanent School	275	258	287	324	611
Other Sources:					
Natural Resources	2	0	0	0	0
Miscellaneous Special Revenue	1,379	1,394	1,275	1,275	2,550
Miscellaneous Agency	-11	0	0	0	0
Total Dedicated Receipts	75,059	107,846	105,356	86,327	191,683
Agency Total Revenue	206,946	239,808	236,814	216,130	452,944