

Natural Resources, Department of

Project Funding Summary
(\$ in Thousands)

| Project Title | Agency Priority | Funding Source | Agency Request | | | Governor's Rec | Governor's Planning Estimates | |
|--|-----------------|----------------|----------------|-----------|-----------|----------------|-------------------------------|----------|
| | | | 2014 | 2016 | 2018 | 2014 | 2016 | 2018 |
| Asset Preservation | 1 | GO | \$50,000 | \$50,000 | \$50,000 | \$23,000 | \$23,000 | \$23,000 |
| Buildings and Facilities Development | 2 | GO | 5,000 | 20,000 | 15,000 | 2,000 | 2,000 | 2,000 |
| Flood Hazard Mitigation | 3 | GO | 25,000 | 25,000 | 20,000 | 0 | 0 | 0 |
| Dam Repair/Reconstruction/Removal | 4 | GO | 5,000 | 5,000 | 5,000 | 4,000 | 4,000 | 4,000 |
| State Land Reforestation and Stand Improvement | 5 | GO | 6,000 | 6,000 | 6,000 | 5,000 | 5,000 | 5,000 |
| Native Prairie Bank Acquisition and Development | 6 | GO | 8,000 | 10,000 | 12,000 | 6,000 | 6,000 | 6,000 |
| Vermilion State Park Development | 7 | GO | 25,000 | 25,000 | 9,200 | 0 | 0 | 0 |
| RIM Critical Habitat Match | 8 | GO | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| School Trust Fund Land Acquisition | 9 | GO | 20,000 | 20,000 | 20,000 | 0 | 0 | 0 |
| Fish Hatchery Improvements | 10 | GO | 4,000 | 4,000 | 4,000 | 3,561 | 3,500 | 3,500 |
| Parks and Trails Acquisition and New Development | 11 | GO | 18,700 | 18,700 | 18,700 | 5,000 | 5,000 | 5,000 |
| Scientific and Natural Areas Acquisition and Development | 12 | GO | 5,800 | 6,000 | 6,000 | 0 | 0 | 0 |
| Ground Water Monitoring | 13 | GO | 5,000 | 3,000 | 3,000 | 0 | 0 | 0 |
| Land Exchanges | 14 | GO | 500 | 500 | 500 | 0 | 0 | 0 |
| Native Seed Processing Complex | 15 | GO | 2,800 | 0 | 0 | 0 | 0 | 0 |
| State Forest Acquisition | 16 | GO | 2,000 | 2,000 | 2,000 | 0 | 0 | 0 |
| WMA/AMA Acquisition and Development | 17 | GO | 5,000 | 5,000 | 5,000 | 0 | 0 | 0 |
| Stream Restoration | 18 | GO | 9,750 | 5,000 | 5,000 | 0 | 0 | 0 |
| Fish Habitat Improvements and Local Grants. | 19 | GO | 800 | 800 | 800 | 0 | 0 | 0 |
| Minnesota Forests for the Future | 20 | GO | 5,000 | 5,000 | 5,000 | 3,000 | 3,000 | 3,000 |
| Shade Tree Program Grants | 21 | GO | 500 | 500 | 500 | 0 | 0 | 0 |
| Parks and Trails Local and Regional Grant Program | 22 | GO | 3,000 | 3,000 | 3,000 | 0 | 0 | 0 |
| Project Total | | | \$209,850 | \$217,500 | \$193,700 | \$54,561 | \$54,500 | \$54,500 |
| General Obligation Bonding (GO) | | | \$209,850 | \$217,500 | \$193,700 | \$54,561 | \$54,500 | \$54,500 |

| | | | |
|-------------------------|-------------------------------|----------------------------------|-----------------------------|
| Funding Sources: | GF = General Fund | THF = Trunk Highway Fund | OTH = Other Funding Sources |
| | GO = General Obligation Bonds | THB = Trunk Highway Fund Bonding | UF = User Financed Bonding |

Mission

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.

Statewide Outcome(s)

Natural Resources supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

DNR operates under a "triple bottom line" principle that economic prosperity and vibrant communities depend on a healthy environment and sustainable use of natural resources.

DNR is also a contributor to the statewide outcome:

People in Minnesota are safe.

Context

Key Issues. Minnesota's natural resources play a key role in the state's economic engine and quality of life. Yet, Minnesota is at natural resources sustainability crossroads as complex challenges reshape the state's natural heritage. Invasive species threaten the health and resiliency of Minnesota's lands and waters. Growth patterns in cities, on farmlands, in working forestlands, and around shorelands are impacting land and water conditions and their sustainable use. Climate changes are altering Minnesota's lands and waters and are projected to significantly intensify the negative effects of wildfires, invasive species, and wildlife and plant diseases. Growing markets for renewable energy offer opportunities to conserve natural resources and enhance energy price stability and security. Minnesota's nationally and internationally significant mineral resources are drawing significant

development interest, while processing technology and environmental impact mitigation are advancing. Complex social and demographic trends are changing how citizens use and view Minnesota's environment, while creating new demands for diverse outdoor recreation opportunities and services.

Agency Priorities. DNR serves a diverse and changing public as it works to achieve the following mission-critical goals:

Goal 1. Minnesota's waters, natural lands, and diverse fish and wildlife habitats will be conserved and enhanced

Goal 2. Minnesota's outdoor recreation opportunities meet the needs of new and existing Minnesotans so that all feel connected to nature.

Goal 3. Management of Minnesota's natural resources will contribute to strong and sustainable job markets, economies, and communities.

Goal 4. DNR will be an excellent organization that continually improves its management capabilities in service to its conservation mission.

Budget. DNR operates on direct, open, and statutory appropriations: general fund, game and fish fund, natural resources fund, federal funds, legacy fund, environmental trust fund, and other special revenue. DNR budget information can be found at http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf

Major shifts in traditional sources of conservation funding are influencing how the department accomplishes its work. This challenges DNR to adjust its strategic funding framework in ways that ensure efficient and consistent delivery of mission-critical services.

Strategies

DNR's work to sustain Minnesota's natural lands and waters serves as a foundation to achieve the state's triple bottom line – a healthy environment, a strong economy, and vibrant communities. DNR advances mission-critical priorities and contributes to statewide outcomes through the following integrated organizational structure:

- **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 the policy, business, and managerial foundation to support DNR's mission including planning and facilitating the deployment of the agency's financial, human, and physical resources.

DNR's integrated organizational structure efficiently contributes to vital statewide outcomes.

Minnesota's natural resource-based economy

- DNR offers for sale 700,000 to 900,000 cords of wood annually from state forest lands – about one third of the state's timber harvest while Minnesota's forest products sector has an economic impact of \$13.8 billion in sales annually, \$6.4 billion value added per year, and 67,300 jobs
- Hunting, fishing and wildlife watching generates \$4.3 billion annually and supports 55,000 jobs

- With 12 million acres of state mineral rights, mining is the biggest contributor to northeast Minnesota's economy

Natural resource conservation and enhancement

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

Outdoor recreation

- Minnesota has the nation's highest per-capita participation in fishing, while numbers of hunters, park visitors, trail users, and wildlife watchers are all above the national average. About 29 percent of Minnesotans fish, 15 percent Minnesotans hunt or trap, and 54 percent view or photograph wildlife
- 74 state parks and recreation areas, 54 state forest campgrounds and day use areas, eight 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

Measuring Success

DNR employs a performance management system that connects agency mission and goals to budgets and uses performance measures and targets to measure conservation results. DNR's "Strategic Conservation Agenda: Performance and Accountability Report",

(http://www.mndnr.gov/conservation_agenda/performance) a core part of this system, uses more than 90 performance measures and conservation targets to measure and communicate progress towards agency goals. Performance measures and targets are updated and reported annually. DNR's Outcomes Tracking System provides up-to-date and integrated performance reporting of DNR Grant programs (<http://www.dnr.state.mn.us/grants/outcomes/index.html>) and programs receiving Legacy Amendment Funds (<http://www.dnr.state.mn.us/legacy/dnr-projects.html>)

At A Glance: Agency Long-Range Strategic Goals Conservation That Works

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 seeks to achieve the following goals to fulfill its mission:

- **Goal 1:** Minnesota's waters, natural lands, and diverse fish and wildlife habitats will be conserved and enhanced.
- **Goal 2:** Minnesota's outdoor recreation opportunities meet the needs of new and existing participants so that all feel connected to nature.
- **Goal 3:** Management of Minnesota's natural resources will contribute to strong and sustainable job markets, economies, and communities.
- **Goal 4:** DNR will have operational excellence and a focus on continuous improvement in service to its conservation mission.

Trends, Policies and Other Issues Affecting the Demand For Services, Facilities, or Capital Programs

Minnesota is facing unprecedented change, with complex resource challenges reshaping the state's natural resources. Invasive species threaten the health and resiliency of Minnesota's lands and waters. The loss of native and restored grasslands impacts fish and wildlife, water quality, and recreation. Demand for water is increasing rapidly and more information is needed to ensure water supplies are managed sustainably. Like the rest of the nation, outdoor recreation participation rates are declining in Minnesota – fewer people are spending time outdoors. 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. Also, 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.

DNR has formulated a 2014 Capital Budget request that serves to implement the department's goals and address these changing conditions and shifting demands.

Goal 1: Minnesota's waters, natural lands, and diverse fish and wildlife habitats will be conserved and enhanced. Conservation of Minnesota's natural lands and waters is core to DNR's mission. DNR is accelerating efforts to prevent and curb the spread of harmful invasive species, better targeting conservation in Minnesota's prairie and forest landscapes, and developing more effective approaches to lake, river, and aquatic habitat conservation. The 2014 Capital Budget requests include Reinvest in Minnesota (RIM) Critical Habitat Match; stream restoration; forest conservation easements; and acquisition and development for scientific and natural areas, wildlife management areas, aquatic management areas, and native prairie bank.

Goal 2: Minnesota's outdoor recreation opportunities meet the needs of new and existing participants so that all feel connected to nature. Outdoor recreation opportunities support the state's robust tourism economy and contribute to a high quality of life that can attract new businesses and help keep established ones competitive. Minnesota has ranked in the top five among America's most livable states every year for the past 15 years. Careful management of these resources is critical to maintaining this livability and ensuring that tomorrow's businesses, tourists, and skilled workforce continue to be attracted to the state. Although Minnesota has the nation's highest per capita participation in fishing, and numbers of hunters, park visitors, trail users, and wildlife watchers are above the national average, participation rates are declining. The 2014 Capital Budget requests serve to ensure people have access to high-quality, diverse outdoor experiences by providing for the acquisition and development of state parks and trails, local and regional parks and trails, wildlife management areas, and aquatic management areas.

Goal 3: Management of Minnesota's natural resources will contribute to strong and sustainable job markets, economies, and communities. Investing in Minnesota's vital natural resource economies is critical to maintaining the long-term economic health of the state. Minnesota's natural resource-based economies – including recreation tourism, forest products, and water and mineral resources – serve as a cornerstone for the economy, generating

billions of dollars for the state. DNR seeks new approaches for promoting the sustainable development of Minnesota's natural resources, and contributing to strong job markets, economies, and communities. The 2014 Capital Budget requests focus on improving the health and productivity of the state's forest lands, developing new recreation opportunities in local communities, better managing water resources by monitoring ground water, improving the management of school trust lands, and leveraging capital budget investments to further DNR's contributions to Minnesota's local economies.

Goal 4: DNR will have operational excellence and a focus on continuous improvement in service to its conservation mission. DNR is one of the state's largest agencies, with more work locations; more varied work sites, and built assets worth more than \$2 billion. Maintaining a strong, existing infrastructure is critical to sustaining the value of the state's important assets. Through the 2014 Capital Budget request, DNR seeks to improve its delivery of conservation services, ensure the health and safety of Minnesotans, reduce operating costs, and increase efficiencies by taking care of the state's assets. These requests include programs such as asset preservation, flood hazard mitigation grants for local communities, dam repair and removal, and replacing costly and outdated buildings and facilities.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

DNR owns and operates extensive capital assets. DNR's capital investment program includes natural resources asset preservation, protecting public safety through flood hazard mitigation and dam safety, maintaining productivity of state forest lands through reforestation, acquiring and developing new conservation lands and recreational facilities, maintaining and expanding a network of ground water monitoring wells, and restoring streams and improving fish habitat.

Natural resources asset preservation (M.S. 84.946) addresses a broad range of capital projects, including buildings, recreational facilities, roads, bridges, trails, water control structures, and water access sites. Natural resources asset preservation is a critical investment to maintain and improve the department's many buildings, recreational facilities, and other built infrastructure, providing reasonable and safe places to work and recreate.

Natural resource asset preservation needs over the next 10 years exceed \$300 million.

DNR's programs have been successful in meeting program goals, but have identified millions of dollars in unmet capital investment needs across the state. For example:

- DNR owns and actively maintains 2,761 buildings encompassing 2.9 million square feet of floor space at approximately 225 locations statewide, with a replacement value of more than \$488 million. In addition to office, workspace, and storage facilities, DNR owns and manages a variety of buildings including park visitor centers, sanitation buildings, and fish hatcheries. Nearly one-third of DNR's buildings are more than 50 years old, and only 25 percent of the department's buildings have been built using design specifications roughly equivalent to today's standards. Some of these buildings have major issues, such as mold or leaking roofs, and are not considered adequate work environments. The industry standard is to collect one percent per year beginning in the first year for capital maintenance. In 1998, it was estimated by the Statewide Facility Manager's Group that 2.8 percent of the current replacement value was needed for DNR to catch up with capital maintenance. In 2013, this is equivalent to \$13.7 million annually.
- DNR has more than 3,000 miles of forestry, wildlife, and state parks roads with approximately 100 bridges or culverts. To bring these roads and bridges up to current standards over the next 10 years would take an annual investment of \$2.5 million, with a subsequent annual maintenance cost of \$750,000.
- Of the 560 miles of paved state trails that exist today, 300 miles are past due for resurfacing (which should be done every 20-25 years). A maintenance plan for the trail system would provide for resurfacing 30 miles a year at a cost of \$3 million annually.
- DNR has approximately 650 trail bridges with more than 100 bridges over 100 years old. To bring these bridges up to current standards over the next 10 years would take an annual investment of \$12 million, with a subsequent annual maintenance cost of \$2 million.
- Since 1997, the investment of \$460 million in state flood mitigation funding results in an estimated \$1.6 billion in future flood damages prevented. Mitigation and risk prevention are very cost-effective at reducing the impacts of flooding, and communities with historically high

repetitive losses are now substantially protected to the 100-year flood level or higher. Most remaining flood risk is to structures built before floodplain zoning regulations and mapping became effective in 1969. Approximately \$60 million in additional funding over the next 3 biennia would substantially complete the known remaining community flood protection projects. Flood water retention projects (primarily impoundments in the Red River Valley) are being planned to augment the community protection.

- An estimated \$114 million is needed over the next 20 years to improve the state's 800 public dams, most of which are over 50 years old and require ongoing or emergency repairs and reconstruction to protect public safety and property.
- An estimated \$90 million would be needed to expand the state's network of ground water monitoring wells from the existing 850 wells to the estimated 7,000 wells needed to ensure adequate assessment of ground water availability for water supply planning.
- The forest industry, supporting 60,900 jobs in Minnesota, is a \$16.2 billion economic engine that relies on a healthy forest to maintain a sustainable industry. DNR administers 4.2 million acres of forests located in state forests and on wildlife management areas. Approximately 35,000 acres of state-administered forest land are harvested annually. To ensure a sustainable supply of wood fiber, a portion of these acres, approximately 18,000 acres, needs to be replanted and tended. Successful reforestation of harvested sites requires preparation of the site for planting, tree planting or seeding, seedling release from competing vegetation, and protection of planted stock from wildlife. Another 6,000 acres are treated to improve the health and vigor of the forest. These activities require \$3 million a year.
- DNR's fish hatcheries support a robust recreational fishing industry by raising and stocking approximately 278 million warm water and cool water fish (walleye, northern pike, muskellunge, and bass) and 1.9 million trout. The fishery resources provide over 43,000 fishing related jobs, \$1.36 billion of salaries and business earnings, and \$2.8 billion of fishing related retail sales. Investments and improvements to the existing hatcheries infrastructure are necessary to ensure continued safe and efficient operation. About \$20 million is needed over the next 3 biennia to meet this need.
- Developing and maintaining infrastructure to support access to and use of approximately 5.5 million acres of conservation lands is critical.

Wildlife management areas, aquatic management areas, scientific and natural areas, and state parks and trails all require some level of development – such as access roads, parking lots, fencing, sign posting, and ADA accessibility – to ensure the public has adequate access to these recreational opportunities. State parks and trails require additional infrastructure to support public use, including campgrounds and sanitation facilities.

Based on funding levels, DNR prioritizes its work to address the most critical needs.

Agency Process Used to Arrive at these Capital Requests

The strategic framework for the 2014 Capital Budget request was based on DNR's strategic planning processes and the goal of maintaining a strong conservation infrastructure and promoting economic development within the state. The budget development process included an agency-wide interdisciplinary approach that focused on the department's goals and four-year strategies, job creation and economic development, asset preservation, and cost savings. A DNR capital budget team representing all major programs developed budget proposals based on these objectives, DNR leadership met to review and discuss the budget proposals, and the Commissioner's Office discussed potential funding levels and made final decisions on the preliminary capital budget request.

Major Capital Projects Authorized in 2012 and 2013

2012 Projects:

- Flood Hazard Mitigation
- Dam Repair/Reconstruction/Removal
- Reforestation of State Land
- Roads and Bridges
- Vermilion State Park Development
- State Trail and Bridge Rehabilitation and Renewal
- Recreational Facility Rehabilitation and Renewal

2013 Projects:

- Flood Hazard Mitigation

Asset Preservation

2014 STATE APPROPRIATION REQUEST: \$50,000,000

AGENCY PROJECT PRIORITY: 1 of 22

Project At A Glance

- Preserves Department of Natural Resources (DNR's) investments in its facility assets by rehabilitating office buildings, sanitation buildings, trails, roads, bridges, public water accesses, water control structures, and other assets
- Addresses ADA, code and safety issues at DNR building and recreational sites

Project Description

This request for \$50M in state bond funds is for the repair and renovation of DNR facilities to assure they are safe and functional for the recreating public, support the preservation of Minnesota's natural resources, and preserve the state investment in its facility assets. DNR's Natural Resources Asset Preservation in MS 84.946 addresses a broad range of projects including buildings, roads, trails, bridges, recreational facilities in state parks, water control structures used to manage wildlife habitat, and water accesses. This request consolidates those asset preservation needs.

- Buildings: \$29.7M for renewal of existing building facilities, providing much needed funding for roof, door, window, siding replacements, energy projects, mechanical and electrical system repairs, water, well, and septic upkeep and replacements, and sidewalk and parking lot repairs. Special focus will be paid to repairs, accessibility, and code compliance work. Priorities include Glenwood office building, sanitation buildings in state parks, Fort Snelling Upper Bluff road and sewer, Soudan elevator shaft, and statewide septic and water systems.
- Energy: \$1M for installation of renewable energy systems, lighting retrofits, and HVAC energy efficiency upgrades; replacement of inefficient water technology fixtures and equipment.

- Roads and Bridges: \$6.0M to provide critical maintenance and rehabilitation of roads in state forests (MS 89.002), state parks, and in wildlife management areas. DNR has over 3,000 miles of roads that provide access to over 5 million acres of state forest lands, state parks and recreation areas, wildlife management areas, and hatcheries.
- Trails and Trail Bridges: \$6.4M to provide renewal and replacement, paving and aggregate trail resurfacing, culvert and bridge replacements, erosion control, trail alignments and accessibility improvements for priority projects at Root River, Sakatah, Arrowhead Trails, and Itasca Park bike trail. DNR has over 600 miles of paved trails; thousands of miles of natural surface trails and these systems have over 650 bridges with more than 100 bridges being over 100 years old.
- Water Access Sites: \$4.5M Develop and improve the design of existing public water access sites to implement best management practices (BMPs) for shoreland management, aquatic invasive species (AIS) management, and universal design (ADA) components. Priorities include projects at Mille Lacs, Vermilion, Knife River Marina, Detroit Lake and fishing piers statewide.
- Water Control Structures: \$2.4M for water control structures that provide core waterfowl habitat on key shallow lakes and significant wetlands. DNR Fish and Wildlife manages over 600 dikes, water control structures, and fish barriers across Minnesota. These structures are deteriorating, requiring repair or replacement to maintain existing investments in the state's infrastructure. Projects would include work at Thief Lake, Roseau, Wood Lake, Badger WMA's and a dam modification at Marsh Lake on the Minnesota River.

Projects on the above facilities support DNR's conservation mission of protecting the natural resources, providing outdoor recreation opportunities to the public, and maintaining the health and economic vitality of Minnesota's communities.

Minnesota's Department of Natural Resources (DNR) manages a broad range of building and recreational facilities located in all 87 Minnesota Counties. Specifically, DNR has 2,835 buildings in over 225 locations around the state, 73 state parks and recreation areas, 8 waysides, 54 forest campground and day use areas, 3,000 miles of roads, 560 miles of surfaced state trail, over 1,000 bridges and culverts, 1,590 water access sites, 600 water control structures, a number of hatcheries and fishing piers, and miles

Asset Preservation

of hiking trails, all of which also require periodic renewal and with a current replacement value of \$2 billion.

Continual investment in DNR infrastructure is required to preserve the investment in the asset, ensure safety and accessibility, and support natural resource work.

These investments will provide jobs in all corners of the state, and reduce operating costs, increase energy efficiency in buildings, and improve service to the public.

Impact on Agency Operating Budgets (Facilities Notes)

Adequate funding for maintenance and repair needs will result in lower future obligations for more costly repair and replacement. Not maintaining facilities in a timely manner results in eroded capital values and higher maintenance costs to address a higher than necessary rate of facility deterioration and emergency work.

Previous Appropriations for Asset Preservation Projects

| | | |
|--------------------|------|------------|
| L2011, 1SS, Ch. 12 | Bond | 17,000,000 |
| L2010, Ch. 189 | Bond | 1,000,000 |
| L2009, Ch. 93 | Bond | 1,000,000 |
| L2008, Ch. 179 | Bond | 1,000,000 |
| L2006, Ch. 258 | Bond | 2,000,000 |
| L2005, Ch. 20 | Bond | 2,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

The DNR is pursuing a comprehensive approach to energy and climate change, and has set aggressive goals for securing a more sustainable future that incorporates greater use of clean energy and reduces the state’s greenhouse gas emissions. DNR leads by example in adopting renewable energy installations, (with Solar PV capable of generating 524 KW annually, installed at 31 locations around the state by the end of 2013), installing

energy star equipment, and building construction designed to operate near the net –zero level.

In FY13, DNR met numerous times with state staff who manage the Guaranteed Energy Savings Program (GESP), but were unable to find a cost-effective opportunity to use the program. DNR has many buildings, but they are small in size, scattered throughout the state, and the 15 year pay-back limit made it hard to wrap solar PV into the bundle. As there are changes in the GESP program for FY14, including a 25 year pay-back limit, DNR will once again seek opportunities for participation in the program.

Recognizing saving energy is good for all, DNR has set up an “Energy Smart” section on the DNR website to educate the public about renewable energy. All of the building projects incorporate energy savings to the maximum amount possible.

Project Contact Person

Kent Lokkesmoe Director of Capital Budget
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, MN 55155-4016
 Phone: 651.259.5701
 Email: kent.lokkesmoe@state.mn.us

Kath Ouska
 Program Manager
 Operations Services Division, Management Resources
 500 Lafayette Rd. N.
 St. Paul, MN 55155-4012
 Phone: 651.259.5501
 Email: kath.ouska@state.mn.us

Governor’s Recommendation

The Governor recommends general obligation bonding of \$23 million for this request. Also included are budget planning estimates of \$23 million in each of 2016 and 2018.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|----------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 2,250 | 5,844 | 5,844 | 5,844 | 19,782 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 21,750 | 44,156 | 44,156 | 44,156 | 154,218 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 24,000 | 50,000 | 50,000 | 50,000 | 174,000 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|----------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 24,000 | 50,000 | 50,000 | 50,000 | 174,000 |
| State Funds Subtotal | 24,000 | 50,000 | 50,000 | 50,000 | 174,000 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 24,000 | 50,000 | 50,000 | 50,000 | 174,000 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|--|---------------|-------------------------|
| General Fund | 50,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Buildings and Facilities Development

2014 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 2 of 22

Project At A Glance

- Predesign of buildings in Bemidji, Rochester, and a lab/necropsy facility;
- Replacement of DNR buildings that are in poor condition, outdated, and no longer support the natural resource work.

Project Description

This request for \$5 million in state funds is to support the Department of Natural Resources' (DNR) strategic and long-term investment in its facility management objectives:

- Site and configure facilities to best achieve the state's conservation mission and natural resource results;
- Provide just enough facilities to support DNR's mission and not more;
- Construct and operate facilities to have the smallest environmental footprint possible; and
- Design facilities to enhance and support integrated natural resource work.

This request includes:

- Funds to support Predesign in anticipation of future capital budget requests. Specific projects in need of a predesign are DNR Headquarters in Bemidji, where DNR staff are scattered in 3 DNR-owned sites and 1 leased site; a new DNR-owned site in Rochester, where we currently have storage on an owned site, but are leasing office space at another site; Predesign for new lab and necropsy space to support analysis of plant and animal disease, such as CWD, that have an impact on public safety and the preservation of natural resources;
- The replacement of buildings that are deficient, not ADA accessible, unsafe, and are costly to operate and maintain;
- The construction of new DNR-owned buildings in areas where we have DNR staff located in multiple locations; and

- The construction of additional storage buildings in areas around the state. The equipment used by DNR, such as boats and fire trucks, which provide safety services to the public as well as protection of our natural resources, is becoming larger, and contains highly sophisticated electronic operating systems. As such, much of this equipment can no longer be stored outside on a regular basis, and will not fit in many of our existing boat houses and storage buildings. The cost of constructing storage buildings is more than offset long-term by the increased life-cycle of the items stored.

Opportunities for significant cost savings, increased efficiencies, energy savings, and greater integration of natural resource work through co-location could occur in Rochester where multiple agencies are interested in colocation.

In addition to co-locations, there are a number of DNR buildings that no longer serve their intended purpose, have reached the end of their usefulness, and are not cost effective to repair. Several of the Wildlife Management Areas have buildings in poor condition and shops that are no longer large enough to accommodate increasingly larger equipment.

Currently, DNR has a number of small storage sites, both owned and leased, scattered throughout the state. Often, decisions that led to many of the sites were made quickly and without a broad enough perspective. DNR is moving to a more planned approach, and will construct consolidated storage buildings in secure, strategically located DNR sites located throughout the state. This will result in cost savings and increase opportunities for the sharing of equipment.

Impact on Agency Operating Budgets (Facilities Notes)

DNR anticipates that the combination of less building and more efficient buildings will result in a 10% reduction of operating costs in the near term, with additional savings in the long term.

Previous Appropriations for this Project

There have been no other appropriations received for this project.

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests. In addition to cost reductions, it is anticipated co-location of DNR sites will enhance outdoor recreation opportunities by focusing delivery at key locations. Currently, there are sites with multiple DNR buildings, and it is not always clear which building provides the service a customer is seeking.

DNR has also successfully co-located with other public entities, as evidenced by sites in Warroad (with the City), Thief River Falls (DPS & MNDOT), Blackduck (US Forest Service), and Bemidji (MNDOT), and is seeking similar opportunities.

DNR has over 225 report to work sites located throughout the state. Projects funded by this request will result in jobs for a wide variety of construction trades in all areas of the state.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investments
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Kath Ouska
Program Manager
Operations Services Division, Management Resources
500 Lafayette Road
Saint Paul, Minnesota 55155-4012
Phone: (651)259.5501
Email: kath.ouska@state.mn.us

Governor's Recommendation

The Governor recommends general obligation bonding of \$2 million for this request. Also included are budget planning estimates of \$2 million for each planning period in 2016 and 2018.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 1,250 | 500 | 500 | 2,250 |
| 3. Design Fees | 0 | 990 | 910 | 910 | 2,810 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 0 | 1,711 | 17,565 | 12,565 | 31,841 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 1,049 | 1,025 | 1,025 | 3,099 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 5,000 | 20,000 | 15,000 | 40,000 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 5,000 | 20,000 | 15,000 | 40,000 |
| State Funds Subtotal | 0 | 5,000 | 20,000 | 15,000 | 40,000 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 5,000 | 20,000 | 15,000 | 40,000 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 5,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| Yes | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| Yes | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| Yes | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Flood Hazard Mitigation

2014 STATE APPROPRIATION REQUEST: \$25,000,000

AGENCY PROJECT PRIORITY: 3 of 22

Project At A Glance

- reduces repetitive flood losses;
- provides cost share grants to local units of government to design and implement long-term measures to reduce flood damage and emergency flood fighting;
- protects public and private property;
- promotes public safety and economic viability in flood prone areas; and
- provides for environmental and recreational enhancements

Project Description

This request for \$25 million in state funds is to provide state cost-share grants to local governments for the Flood Hazard Mitigation Grant Assistance Program per M.S. 103F.161. This program authorizes the Department of Natural Resources (DNR) to provide cost share grants of up to 50 percent of non-federal project costs to implement measures that reduce or eliminate flood damage. These projects reduce future flood damages and are built in cooperation with federal, state, and local governments. Additional benefits include habitat improvements with the construction of impoundments and the creation of natural open space in the flood plain. Flood damage reduction is a performance indicator in the DNR's *"A Strategic Conservation Agenda 2009-2013."*

Major floods in eight of the past ten years are reminders of the significant damage and interruption to public services floods can cause. Damage costs from the 1997 Red and Minnesota River floods alone exceeded \$1.5 billion. Widespread flooding of record proportion in the fall of 2010, spring of 2011, summer of 2012, and threats of severe flooding in 2013 are additional reminders of the on-going need for flood hazard mitigation. It is very cost effective to proactively reduce flood risk in lieu of fighting floods, repairing and rehabilitating homes, business and infrastructure after floods have

occurred. Minnesota's repetitive flood damage losses have been significantly reduced by the implementation of flood hazard mitigation projects. In the cities of Austin, Breckenridge, Crookston, Granite Falls, East Grand Forks, Moorhead and Warren, long-term flood mitigation efforts have significantly reduced their flood risk potential. For example, as a result of its flood protection works completed to date, the City of Moorhead estimates the number of sandbags necessary to protect the community to flood stage 40.0 feet has been reduced from 1.8 million bags to only 160,000 bags, a cost savings of roughly \$5 million.

- Since its inception in 1988, the program has helped complete over 285 mitigation projects, including the removal of over 3,200 homes and businesses from the floodplain.
- Projects significantly reduce the stress and financial burden of emergency flood preparation, fighting and recovery.
- Floodplain restoration has resulted in increased fish and wildlife habitat and public recreational opportunities.

Potential projects types include:

- purchase and removal of residential and commercial structures from the floodplain;
- improvements to existing flood control works;
- construction of levees and floodwalls;
- construction of control structures and diversion channels; and
- construction of multi-purpose flood impoundments.

Federal flood control projects are funded by about 65% federal and 35% non-federal sources. Non-federal costs are split 50:50 between the state and the local project sponsor. Appropriation language in the 1999 and subsequent legislative sessions provided additional state funding when the local share of a project exceeds two percent of median household income in the municipality times the number of households in the municipality. Federal projects that are waiting for federal funding include Montevideo and Roseau. Potential non-federal projects include, among others, Ada, Afton, Austin, Climax, Halstad, Inver Grove Heights, Oakport township, and Moorhead. A number of watershed district impoundment projects are in the planning phase. Project priorities are subject to change and dependent on risk of flooding, availability of Federal funds, ability of the local government to proceed, and local governments' compliance with flood plain regulations.

Flood Hazard Mitigation

Impact on Agency Operating Budgets (Facilities Notes)

Current DNR staff administers the flood hazard mitigation appropriation.

Previous Appropriations for this Project

| | | |
|--------------------|------|--------------|
| L2013, Ch.136 | Bond | \$20,000,000 |
| L2012, 1SS, Ch. 1 | Bond | 9,000,000 |
| L2012, Ch. 293 | Bond | 30,000,000 |
| L2011, 1SS, Ch. 12 | Bond | 50,000,000 |
| L2010, 2SS, Ch. 1 | Bond | 10,000,000 |
| L2010, Ch. 189 | Bond | 63,500,000 |
| L2009, Ch. 93 | Bond | 53,800,000 |
| L2008, Ch. 179 | Bond | 30,000,000 |
| L2007, 1SS, Ch. 2 | Bond | 2,000,000 |
| L2006, Ch. 258 | Bond | 25,000,000 |
| L2005, Ch. 20 | Bond | 27,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests. Flood hazard mitigation projects significantly reduce the potential for damages to homes, businesses and public infrastructure. Flood prevention is very cost effective. FEMA studies indicate that every dollar spent on hazard mitigation, results in four dollars in future damage prevented. The consequences of inadequate funding result in project delays and increased project costs due to inflation.

Grant criteria identified in M.S. section 103F.161 provide for a 50:50 cost share. Local cost-share formulas should be evaluated for equity. Continued funding of the Flood Hazard Mitigation Grant Program is desirable so the DNR and local governments can effectively plan for and implement flood damage reduction projects into the future, further reducing the need and costs associated with flood preparation, flood fighting, and flood recovery. The need for future flood hazard mitigation funding will diminish as communities complete their flood risk reduction projects. Future changes to federal levee standards may increase the need for future funding for improvements to existing levees.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Patrick Lynch, FDR Hydrologist
 Department of Natural Resources Ecological & Water Resources
 500 Lafayette Road, Box 32
 St. Paul, Minnesota 55155-4032
 Phone: (651) 259-5691
 Fax: (651) 296-0445
 E-mail: pat.lynch@state.mn.us

Governor’s Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|----------------|
| 1. Property Acquisition | 60,300 | 6,000 | 6,000 | 4,800 | 77,100 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 37,500 | 3,750 | 3,750 | 3,000 | 48,000 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 222,500 | 15,250 | 15,250 | 12,200 | 265,200 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 320,300 | 25,000 | 25,000 | 20,000 | 390,300 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|----------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 320,300 | 25,000 | 25,000 | 20,000 | 390,300 |
| State Funds Subtotal | 320,300 | 25,000 | 25,000 | 20,000 | 390,300 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 320,300 | 25,000 | 25,000 | 20,000 | 390,300 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 25,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| Yes | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Dam Repair/Reconstruction/Removal

2014 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 4 of 22

Project At A Glance

- Repair or reconstruct deteriorating dams.
- Remove or modify unsafe or obsolete river dams.
- Respond to emergencies at public dams.
- Provide matching grants to local governments.

Project Description

This request for \$5 million in state funds would provide funds for design, engineering and construction to repair, reconstruct, or remove dams and respond to dam safety emergencies. Approximately the top 15 projects on the May 30, 2013 statewide dam safety projects priority list will be funded with these dollars.

Minnesota’s public dams infrastructure includes nearly 800 dams owned by the state, counties, cities, and watershed districts. The state of Minnesota owns over 430 of these dams. Most of these public dams are over 50 years old and require ongoing repairs to maintain their structural integrity and prevent public safety hazards. Emergency repairs must be made when an imminent dam failure threatens public safety or an actual dam failure damages property. About 10 percent of Dam Safety Program capital budget appropriations are reserved for emergencies. Any emergency funds remaining at the end of the two-year bonding cycle are used on high priority projects.

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

based on results of dam safety inspections, readiness of local project sponsors, and other factors.

We estimate that over \$100 million will be needed over the next several decades to repair, reconstruct, or remove publically owned dams. The requested funds would provide \$4.5 million for priority projects and \$500,000 for emergencies. This request does not include \$9 million for the Lake Bronson Dam rehabilitation project in Kittson County as the project design is not yet complete, nor does it include any funding for the Drayton Dam modification project on the Red River since that project is being considered as mitigation for the Fargo-Moorhead Diversion project.

Impact on Agency Operating Budgets (Facilities Notes)

No direct impact.

Previous Appropriations for this Project

| | | |
|------------------------------------|------|--------------|
| L2012, Ch. 293 | Bond | \$ 3,000,000 |
| L2011 (1 st SS), Ch. 12 | Bond | 16,000,000 |
| L2010 (2 nd SS), Ch. 1 | Bond | 1,000,000 |
| L2010, Ch. 189 | Bond | 4,000,000 |
| L2008, Ch. 179 | Bond | 2,000,000 |
| L2006, Ch. 258 | Bond | 2,250,000 |
| L2005, Ch. 20 | Bond | 2,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

This request is part of an ongoing Dam Safety Program to manage Minnesota’s public dam infrastructure. Dams maintain water levels on many of our recreational lakes, providing significant recreation, tourism, and economic benefits. For example: Mille Lacs, Minnetonka, and Ottertail Lakes all depend on dams to maintain water levels and surrounding property values. Making needed repairs limits the potential liability of the DNR and local government units that own dams; protects the public safety; and saves money by maintaining existing infrastructure assets.

Dam Repair/Reconstruction/Removal

This program also includes the removal or modification of hazardous or obsolete dams that no longer provide significant public benefits and whose rehabilitation would not be cost effective or good for the environment. These projects may also provide natural resource benefits by maximizing the conservation potential and biological diversity of river systems, through restoring and reconnecting upstream and downstream habitats. Outdoor recreation opportunities are increased by the restoration and reconnection of habitats for fish and wildlife. Low-head river dams need to be modified to eliminate their dangerous “drowning machine” currents. Removal or modification of river dams is an indicator and key measure in the DNR’s “*A Strategic Conservation Agenda 2009-2013*.”

Consistent, long-term funding of at least \$5 million per biennium is necessary to maintain public dams and to remove dams that are obsolete or have become safety hazards. The DNR Ecological and Water Resources Division general operating budget does not include funding for dam safety projects.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Jason Boyle, State Dam Safety Engineer
DNR Ecological and Water Resources
500 Lafayette Road, Box 32
St. Paul, Minnesota 55155-4032
Phone: (651) 259-5715
Fax: (651) 296-0445
E-mail: jason.boyle@state.mn.us

Governor’s Recommendation

The Governor recommends general obligation bonding of \$4 million for this request. Also included are budget estimates of \$4 million for each planning period in 2016 and 2018.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 2,600 | 800 | 800 | 800 | 5,000 |
| 4. Project Management | 2,000 | 350 | 350 | 350 | 3,050 |
| 5. Construction Costs | 25,650 | 3,850 | 3,850 | 3,850 | 37,200 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 30,250 | 5,000 | 5,000 | 5,000 | 45,250 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 30,250 | 5,000 | 5,000 | 5,000 | 45,250 |
| State Funds Subtotal | 30,250 | 5,000 | 5,000 | 5,000 | 45,250 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 30,250 | 5,000 | 5,000 | 5,000 | 45,250 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 5,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| Yes | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

State Land Reforestation and Stand Improvement

2014 STATE APPROPRIATION REQUEST: \$6,000,000

AGENCY PROJECT PRIORITY: 5 of 22

Project At A Glance

- \$4.6 million for preparing sites and planting and seeding 23,000 acres of state forest land and wildlife management area (WMA) land, and for practices for ensuring seedling establishment and survival.
- \$0.7 million for protecting seedlings from animal damage by bud capping or repellent application (13,000 acres).
- \$0.7 million to promote and enhance forest health and productivity through stand improvement practices on about 6,000 acres of state forest land and WMA land.

Project Description

This request for \$6 million in state funds is for reforestation and stand improvement on state lands. M.S. 89.002, subd. 2 require:

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

The reforestation and stand improvement programs present ongoing needs of the Department of Natural Resources (DNR), primarily in the north central and southeast portions of the state. This would include treatment of blowdown-impacted acreage in and around the St. Croix valley. The reforestation goal is to ensure that five years after the harvest, the area is stocked with trees ecologically best suited to the site, the tree species meet the future desired conditions for the landscape, and the trees are at least equal in height to the competition on the site or are "free-to-grow."

To accomplish reforestation and meet forested landscape objectives, sustainable funding is needed to ensure the successful completion of four components of reforestation:

- Site preparation involves using both mechanical and chemical means to reduce competition and prepare a suitable planting/seeding bed.
- Planting and seeding includes purchasing seeds and seedlings to meet reforestation objectives, purchasing supplies to better ensure seedling survival during planting, and contracting or hiring labor to plant and seed.
- Protection includes measures to mitigate destructive predation on the newly planted and seeded trees. Protection often is needed for three to five years after planting.
- Release includes measures to reduce overtopping and undesirable vegetation that robs young seedlings of needed light and nutrients.

Without protection and release, investments in site preparation and planting and seeding likely would be lost. Protection and release are critical components in a reforestation capital investment.

The forest stand improvement funds will be used to: 1) treat younger tree stands by removing unhealthy, lower value trees as well as reducing competition for desirable trees and 2) treat older tree stands that are now noncommercial due to low volume and/or a significant amount of insect and disease damage.

Forest stand improvement will increase the value of Minnesota's forests for both the wood using industry and for other forest values such as habitat. Improvements will create forest stands characterized by healthy trees that are faster growing. These forests will produce a higher value tree crop, and in many cases provide greater wildlife value. An example would be favoring oak trees because of their production of acorns for wildlife.

Improving our forests' health and productivity has many co-benefits including creating habitat that benefits many wildlife species, supplying clean air and water, providing recreational opportunities, and making quality wood fiber available for Minnesota's forest based economy.

Impact on Agency Operating Budgets (Facilities Notes)

This appropriation would have minimal impact on the operating budgets.

State Land Reforestation and Stand Improvement

Previous Appropriations for this Project

| | | |
|-----------------------|------|------------|
| Laws 2012, SS1, Ch. 1 | Bond | \$ 994,000 |
| Laws 2012, Ch. 293 | Bond | 2,500,000 |
| Laws 2010, Ch. 189 | Bond | 3,000,000 |
| Laws 2008, Ch. 179 | Bond | 3,000,000 |
| Laws 2006, Ch. 258 | Bond | 4,000,000 |
| Laws 2005, Ch. 20 | Bond | 2,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

In the Constitution of the State of Minnesota, article XI, section 5, one of the purposes for “public debt and works of internal improvements” is item (f), “to promote reforestation...”

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Andrew Arends, Manager
 Forest Operations and Management Section
 Division of Forestry
 Department of Natural Resources
 500 Lafayette Road
 St. Paul, MN 55155-4044
 Phone: 651-259-5261
 E-mail: Andrew.arends@state.mn.us

Governor’s Recommendation

The Governor recommends general obligation bonding of \$5 million for this request. Also included are budget estimates of \$5 million for each planning period in 2016 and 2018.

Natural Resources, Department of
State Land Reforestation and Stand Improvement

Project Detail
 (\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 600 | 600 | 600 | 600 | 2,400 |
| 5. Construction Costs | 20,094 | 5,400 | 5,400 | 5,400 | 36,294 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 20,694 | 6,000 | 6,000 | 6,000 | 38,694 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 15,494 | 6,000 | 6,000 | 6,000 | 33,494 |
| Forest Management Investment | 5,200 | 0 | 0 | 0 | 5,200 |
| State Funds Subtotal | 20,694 | 6,000 | 6,000 | 6,000 | 38,694 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 20,694 | 6,000 | 6,000 | 6,000 | 38,694 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|--|---------------|-------------------------|
| General Fund | 6,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Native Prairie Bank Acquisition and Development

2014 STATE APPROPRIATION REQUEST: \$8,000,000

AGENCY PROJECT PRIORITY: 6 of 22

Project At A Glance

- Acquisition of conservation easements on approximately 3780 acres of privately owned native prairie through the Native Prairie Bank (NPB) Program
- Development on approximately 500 acres of NPBs in order to buffer and increase the viability of native prairie as habitat for rare plant and animal species and Species of Greatest Conservation Need (SGCN)

Project Description

This request for \$8 million in state funds is for Native Prairie Bank (NPB) conservation easement acquisition and development. This program supports the Department of Natural Resources' (DNR) conservation mission of protecting natural resources and maintaining the economic vitality of Minnesota's communities by assisting private landowners in the conservation of native prairie. Private lands conservation assistance has been identified by the department as a strategic direction critical to addressing the key trend of landscape changes related to growth and development. With more than 75 percent of Minnesota's land under private ownership, private landowners are crucial partners in the conservation of the state's natural resources.

The state once had over 18 million acres of prairie. Today, an estimated 235,000 acres of native prairie remain, of which about 104,000 acres are threatened. The remaining remnant native prairies are in jeopardy of being lost forever unless they are protected. Conservation of Minnesota's remaining native prairie has statewide significance because native prairies provide significant ecological benefits – they are home to more than 100 species of rare and endangered plants and animals, and provide excellent wildlife habitat for nesting waterfowl, pheasant, and other upland nesting birds. Native prairies also contribute to productive agriculture by supporting grazing, haying, seed production, and providing biomass for energy.

The *Native Prairie Bank Program* (M.S. 84.96) was established by the 1987 legislature to allow private landowners to maintain native prairie on their property through a conservation easement with the DNR. The tract must be predominately unplowed native prairie vegetation. Landowners receive a payment for agreeing to preserve their native prairie. In return, the ecological values of prairies are maintained. The easements are permanent with negotiated conditions that can allow for grazing, haying, or seed production.

Implementation of the *Minnesota Prairie Plan* is a priority for this NPB appropriation which would target enrollment of high quality native prairie along with restoration of buffers and associated grasslands for rare resource protection and wildlife habitat.

Native Prairie Bank Easements: To date, 109 NPB easements, encompassing over 8,693 acres of native prairie, have been secured. The long-range goal of the NPB program is to protect 20,000 to 30,000 acres of native prairie on private land. Approximately \$7.5 million of this funding request would be used to enroll approximately 3780 acres of native prairie easements on an estimated 60 tracts of private land in the NPB program.

Native Prairie Bank Development: Approximately \$500,000 of this request would be used for about 50 NPB development projects on approximately 500 acres, such as NPB boundary signs, removal of woody encroachment, control of invasive plants, and planting with native local prairie seed. These efforts will serve to buffer and increase the viability of native prairie as habitat for rare plant and animal species and SGCN.

The acquisition of each NPB conservation easement provides private landowners incentives to conserve land and manage it to retain multiple values of prairie.

Impact on Agency Operating Budgets (Facilities Notes)

As new NPBs are acquired, some increases in annual operating costs are expected, particularly monitoring and enforcing terms of the easement.

Native Prairie Bank Acquisition and Development

Previous Appropriations for this Project (in dollars)

Outdoor Heritage and Trust Fund appropriations include funds for non-bondable activities.

| | | |
|-------------------|------------------|-----------|
| L2013, Ch. 137 | Outdoor Heritage | \$835,000 |
| L2013, Ch. 52 | Trust Fund | 750,000 |
| L2012, Ch. 264 | Outdoor Heritage | 109,000 |
| L2011, Ch. 2 | Trust Fund | 1,000,000 |
| L2011, Ch. 6 | Outdoor Heritage | 402,000 |
| L2010, Ch. 361 | Outdoor Heritage | 651,000 |
| L2010, Ch. 362 | Trust Fund | 503,000 |
| L2009, Ch. 143 | Trust Fund | 37,500 |
| L2008, Ch. 179 | Bond | 2,000,000 |
| L2008, Ch. 367 | Trust Fund | 853,000 |
| L2007, Ch. 30 | Trust Fund | 270,000 |
| L2006, Ch. 258 | Bond | 1,000,000 |
| L2005, 1SS, Ch. 1 | Trust Fund | 292,000 |
| L2005, Ch. 20 | Bond | 1,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests. This funding will be allocated in accordance with the Minnesota Prairie Plan.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Margaret (Peggy) Booth
 500 Lafayette Road, Box 25
 St. Paul, MN 55155-4025
 Phone: (651) 259-5088
 E-mail: peggy.booth@state.mn.us

Governor’s Recommendation

The Governor recommends general obligation bonding of \$6 million for this request. Also included are budget estimates of \$6 million for each planning period in 2016 and 2018.

Natural Resources, Department of

Project Detail

Native Prairie Bank Acquisition and Development

(\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 8,835 | 7,800 | 9,800 | 11,800 | 38,235 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 867 | 200 | 200 | 200 | 1,467 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 9,702 | 8,000 | 10,000 | 12,000 | 39,702 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 4,000 | 8,000 | 10,000 | 12,000 | 34,000 |
| Env & Natural Resoures | 3,705 | 0 | 0 | 0 | 3,705 |
| Infrastructure Dev | 1,997 | 0 | 0 | 0 | 1,997 |
| State Funds Subtotal | 9,702 | 8,000 | 10,000 | 12,000 | 39,702 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 9,702 | 8,000 | 10,000 | 12,000 | 39,702 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 8,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Vermilion State Park Development

2014 STATE APPROPRIATION REQUEST: \$25,000,000

AGENCY PROJECT PRIORITY: 7 of 22

Project At A Glance

Complete Phase I and begin Phase II of park development to include:

- Camping areas/cabins, sanitation bldgs., boat-in sites; and
- Welcome Plaza, Cable Bay Family Adventure Area, Lake Lodge Road and the park trail system

Project Description:

This request for \$25 million in state funds is to construct new recreational facilities at Lake Vermilion State Park. This appropriation provides for construction of the Cable Bay Campground (road, water access site, 26 campsites, 3 group camps; 2 sanitation buildings, 3 picnic shelters, 1 fish house, RV dump station; Wi-Fi), remote backpack and boat-in campsites, camper cabins, Welcome Plaza, Cable Bay family adventure area, Lake Lodge road, and the park trail system. Construction priorities may change due to challenges encountered on-site and may require that some substitutions be made.

Lake Vermilion State Park was established in 2008 by the Minnesota Legislature, and the Lake Vermilion / Soudan Underground Mine Cooperative Master Plan was completed in December 2010. Lake Vermilion and Soudan Underground Mine will be managed jointly by a single financial and operational structure and consist of a total of 4,085 acres and approximately 10 miles of shoreline. The goal for development of the park is to provide new nature-based recreational opportunities that will encourage healthy, active lifestyles and engage increasingly diverse users in a growing appreciation for outdoor activities.

Development of Lake Vermilion State Park will include the following: day use areas, hiking trails, bicycle trails, snowmobile trails, a boat launch area, a lake lodge, an outdoor-skill building area, three camping areas, a number of

boat-in camping sites, a mine heritage center, camper cabins and yurts, utility and roadway infrastructure, and administrative offices.

Impact on Agency Operating Budgets (Facilities Notes)

The additional annual operating budget for the Lake Vermilion State Park property is estimated at \$500,000, which will be offset by revenue from entrance permits, camping and lodging fees, and equipment rentals.

Previous Appropriations:

| | | |
|--------------------|------|--------------|
| L2012, Ch. 293 | Bond | \$ 2,000,000 |
| L2011, 1SS, Ch. 12 | Bond | 8,000,000 |
| L2008, Ch. 365 | Bond | 20,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Partners in development of Lake Vermilion State Park include Breitung Township and Saint Louis County (roadway development), the St. Louis and Lake County Regional Rail Authority (Mesabi Trail development through the park), and the Bois Forte Band of Chippewa (cultural resource interpretation). A number of additional supporters, business owners, and recreational user groups participated in the master planning process.

The DNR's *A Strategic Conservation Agenda 2009-2013* identifies changing participation in outdoor recreation as a key trend influencing natural resource management. Lake Vermilion State Park will provide skill-building areas and camping areas designed to attract young people, families, and diverse communities and will provide opportunities to teach outdoor values. Facilities at Lake Vermilion State Park and Soudan Underground Mine will demonstrate energy efficiency and development will model sustainable land-use practices through preservation of natural shoreline and wetland areas, effective stormwater filtration and management, and restoration of native plant communities.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Luke Skinner
Deputy Director
DNR Parks and Trails Division
500 Lafayette Road
St. Paul, Minnesota 55155
Phone: (651) 259-5650 Fax: (651) 297-5475
E-mail: luke.skinner@dnr.state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

Natural Resources, Department of
Vermilion State Park Development

Project Detail
 (\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 20,000 | 0 | 0 | 0 | 20,000 |
| 2. Predesign Fees | 1,000 | 1,250 | 1,250 | 400 | 3,900 |
| 3. Design Fees | 3,000 | 5,000 | 5,000 | 1,000 | 14,000 |
| 4. Project Management | 1,000 | 1,250 | 1,250 | 400 | 3,900 |
| 5. Construction Costs | 5,000 | 17,500 | 17,500 | 7,400 | 47,400 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 30,000 | 25,000 | 25,000 | 9,200 | 89,200 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 30,000 | 25,000 | 25,000 | 9,200 | 89,200 |
| State Funds Subtotal | 30,000 | 25,000 | 25,000 | 9,200 | 89,200 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 30,000 | 25,000 | 25,000 | 9,200 | 89,200 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|--|---------------|-------------------------|
| General Fund | 25,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| Yes | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| Yes | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

RIM Critical Habitat Match

2014 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 8 of 22

Project At A Glance

- To match private donations of cash and land through the RIM Critical Habitat Match Program for the acquisition and improvement of critical fish, wildlife, and native plant habitat.

Project Description

This request for \$3 million in state funds is to leverage an equal amount in private donations to acquire and improve critical habitat for fish, wildlife, and native plants throughout the state through the Reinvest in Minnesota (RIM) Critical Habitat Match Program. This program provides for the acquisition and improvement of land for wildlife management areas, scientific and natural areas, aquatic management areas, state parks, and state forests. The RIM Critical Habitat Match Program is an innovative and cost-effective program leveraging state investments with equal investments in private donations of land or cash. Since 1986, more than \$74 million in private donations has been leveraged in the protection (111,370 acres) and enhancement (46,891 acres) of critical habitat through this program.

Currently, the primary source of state match funding is \$3.5 million in annual proceeds generated by the Critical Habitat License Plate Program (M.S. 168.1296, subd. 5) that are credited to the RIM Matching Account (M.S. 84.943). However, demand for this program continues to exceed funding, resulting in the potential loss of key conservation opportunities. The value of cash and land parcel donations to the RIM Critical Habitat Match Program has ranged from \$500,000 to over \$4 million per year, averaging about \$4.0 million annually over the past five years. Currently, pledged donations exceed available state matching dollars available through the Critical Habitat License Plate Program.

Impact on Agency Operating Budgets (Facilities Notes)

This program has minimal impact on existing operating budgets.

Previous Appropriations for this Project

| | | |
|----------------|------|-------------|
| L2010, Ch. 189 | Bond | \$3,000,000 |
| L2008, Ch. 179 | Bond | 3,000,000 |
| L2005, Ch. 20 | Bond | 2,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Ed Boggess
 Director, DNR Fish and Wildlife
 500 Lafayette Road N.
 St. Paul, MN 55155
 Phone: (651) 259-5224
 E-Mail: Ed.Boggess@state.mn.us

Governor’s Recommendation

The Governor recommends general obligation bonding of \$3 million for this request. Also included are budget estimates of \$3 million for each planning period in 2016 and 2018.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 8,000 | 2,600 | 2,600 | 2,600 | 15,800 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 0 | 400 | 400 | 400 | 1,200 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 8,000 | 3,000 | 3,000 | 3,000 | 17,000 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 8,000 | 3,000 | 3,000 | 3,000 | 17,000 |
| State Funds Subtotal | 8,000 | 3,000 | 3,000 | 3,000 | 17,000 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 8,000 | 3,000 | 3,000 | 3,000 | 17,000 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 3,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

School Trust Fund Land Acquisition

2014 STATE APPROPRIATION REQUEST: \$20,000,000

AGENCY PROJECT PRIORITY: 9 of 22

Project At A Glance

- Compensation to Permanent School Trust Fund for the use of school trust lands for natural resource and recreation values.

Project Description

This request for \$20 million in state funds is to provide the Permanent School Trust Fund with compensation for those Department of Natural Resources (DNR) policies or designations that prohibit revenue generation, as required by Minnesota Statutes, section 84.027, subd. 18.

The DNR, on behalf of the State of Minnesota, administers the 2.5 million acres of school trust lands. DNR is charged with securing the maximum long-term economic return from the school trust lands through revenue generation activities consistent with sound natural resource conservation and management principles. A number of DNR policies and designations prohibit revenue generation on school trust lands. In addition, the statutorily created Peatland Scientific and Natural Areas managed by the DNR prohibit revenue generation.

Approximately 75,500 acres of school trust lands are in designated DNR management units that prohibit revenue generation. DNR also maintains 206 water access sites on school trust lands that currently do not provide long-term economic return to the Permanent School Trust Fund. The table below depicts the preliminary value estimates for each management unit type.

| Revenue Restriction | Acres/Site | Per Acre Value | Total Estimated Value |
|---------------------|--------------|----------------|-----------------------|
| Old Growth | 20,000 acres | \$900/acre | \$18,000,000 |
| WMA | 4,500 acres | \$900/acre | \$4,050,000 |
| Water Access Sites | 206 sites | \$150,000/site | \$30,900,000 |
| Peatland SNAs | 51,000 | \$500/acre | \$25,500,000 |
| | | TOTAL | \$78,450,000 |

This \$20 million request will permit the DNR to begin the 5-year compensation plan required by Minnesota Statutes, section 84.027, subd. 18. By providing compensation for these natural resource and recreation values, the DNR will begin to fulfill its fiduciary responsibility to the Permanent School Trust Fund while maintaining sound natural resource and conservation principles.

Impact on Agency Operating Budgets (Facilities Notes)

This request is not expected to significantly impact existing operating budgets.

Previous Appropriations for this Project

None.

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Minnesota Statutes, section 84.027 subd. 18(b) and (c) requires that DNR complete an inventory of school trust lands by December 31, 2013. The inventory report will identify all school trust lands encumbered by a policy or designation that prohibits long-term economic return. The report also will include a plan to compensate the trust by July 1, 2018 for those natural resource or recreation uses that prohibit revenue generation.

School Trust Fund Land Acquisition

Minnesota Statutes, section 92.121 requires that the DNR *exchange* school trust lands managed in Old Growth Forests, Wildlife Management Areas, and Scientific and Natural Areas, among others when income generation has been diminished or is prohibited as a result of DNR management practices.

Minnesota Statutes, section 84.035 subd. 9 states that the DNR either “acquire by *exchange or eminent domain* the surface interests, including peat, on trust fund lands contained in peatland scientific and natural areas established in subdivision 4.”

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Aaron Vande Linde
DNR – School Trust Land Administrator
500 Lafayette Road, Box 45
St. Paul, MN 55155-4045
Office: (651) 259-5955
Fax: (651) 297-3517
aaron.vande-linde@state.mn.us

Governor’s Recommendation

The Governor does not recommend capital funding for this request.

Natural Resources, Department of
School Trust Fund Land Acquisition

Project Detail
 (\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 19,700 | 19,700 | 19,700 | 59,100 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 0 | 300 | 300 | 300 | 900 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 20,000 | 20,000 | 20,000 | 60,000 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 20,000 | 20,000 | 20,000 | 60,000 |
| State Funds Subtotal | 0 | 20,000 | 20,000 | 20,000 | 60,000 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 20,000 | 20,000 | 20,000 | 60,000 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 20,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Fish Hatchery Improvements

2014 STATE APPROPRIATION REQUEST: \$4,000,000

AGENCY PROJECT PRIORITY: 10 of 22

Project At A Glance

- Improvements to the Department of Natural Resources' (DNR) fish culture programs and hatchery facilities.

Project Description

This request for \$4 million in state funds is needed for improvements to hatchery facilities. Potential projects include:

- Upgrading facilities for control of fish pathogens and invasive species
- Improving rearing pond access areas;
- Improving raceway covers;
- Installing or upgrading water lines, water effluent system, water treatment equipment, safety equipment, and more efficient heating and cooling systems;
- Upgrading existing drainable ponds;
- Constructing fish holding facilities; and
- Upgrades to ensure energy efficiency and increased production capacity.

These funds would provide for system upgrades to prevent the spread of invasive species and pathogens, production upgrades, "green" energy alternatives, and completing projects at several cold, cool and warmwater fish hatcheries including Lanesboro, Grand Rapids, Hinckley, Spire Valley near Remer, and Crystal Springs near Altura. The facility upgrades are necessary to improve water quality and quantity for hatching eggs and raising fish for stocking.

The following are investments into hatcheries statewide: buildings to cover production tanks; upgrades to improve operations and security; replace water intakes for better disease and invasive species control; and update oxygen equipment. These upgrades are needed to ensure good fish health and meet the National Pollution Discharge Elimination Permit (NPDES) requirements.

Many of the facilities need upgrades to reduce energy costs through design and implementation for energy efficient changeovers such as considering

use of solar and geothermal heating, heat exchangers, and water turbines for electricity. Similar improvements were done at the Peterson Hatchery and have reduced the energy cost by 50%.

Impact on Agency Operating Budgets (Facilities Notes)

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

Previous Appropriations for this Project

| | | |
|---------------|------|-------------|
| L2008, Ch.179 | Bond | \$1,500,000 |
| L2006, Ch.258 | Bond | 1,000,000 |
| L2005, Ch.20 | Bond | 1,700,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and statewide energy reduction goals and it is expected that funding would be distributed across all of the requests.

Project Contact Person

Kent Lokkesmoe
 Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Linda Erickson-Eastwood
 Fisheries Program Manager
 Department of Natural Resources,
 Fisheries
 500 Lafayette Road
 St Paul, Minnesota 55155-4012
 Phone: (651) 259-5206
Linda.Erickson-Eastwood@state.mn.us

Governor's Recommendation

The Governor recommends general obligation bonding of \$3.561 million for this request. Also included are budget estimates of \$3.5 million in each planning year for 2016 and 2018.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 400 | 200 | 0 | 600 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 4,200 | 3,400 | 3,600 | 3,800 | 15,000 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 200 | 200 | 200 | 600 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 4,200 | 4,000 | 4,000 | 4,000 | 16,200 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 4,200 | 4,000 | 4,000 | 4,000 | 16,200 |
| State Funds Subtotal | 4,200 | 4,000 | 4,000 | 4,000 | 16,200 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 4,200 | 4,000 | 4,000 | 4,000 | 16,200 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 4,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Parks and Trails Acquisition and New Development

2014 STATE APPROPRIATION REQUEST: \$18,700,000

AGENCY PROJECT PRIORITY: 11 of 22

Project At A Glance

- Develop New Recreational Opportunities
- Develop Key Trails
- Acquire Key Park and Trail Parcels

Project Description

This request for \$18.7 million in state funds is to acquire and develop parks and trails. Minnesota’s State Park and Trail system plays a unique and important role in providing recreation opportunities to Minnesotans and out of state tourists.

Minnesota’s state park system is over 100 years old and includes 67 state parks, 7 state recreation areas, 8 waysides and 54 state forest campgrounds and day use areas and contains 1,600 buildings, 332 miles of roads, and 1,277 miles of in-park trails. Within the Department of Natural Resources (DNR) system are 132 state park and recreation area campgrounds, 50 state forest campgrounds, 55 group camps, and 13 equestrian campgrounds. Many of these campgrounds were constructed 50 to 75 years ago.

Develop Key Trails -- \$10 million

\$10 million is to acquire and develop key segments of state trails and to provide funding to complete segments that only have partial funding. Project priorities include Cuyuna, Gitchi-Gami, Heartland and Paul Bunyan State Trails.

Develop New Recreational Opportunities -- \$8.7 million

\$8.7 million is to develop recreational opportunities to meet the needs of key markets, to complete a new state-of-the art campground at Whitewater, provide sanitary facilities that meet the needs of people of all abilities, to

purchase key in-holdings, and to develop two new public water accesses at Lake Waconia and the Mississippi River in Hennepin County.

Impact on Agency Operating Budgets (Facilities Notes)

There would be minimal impact on operating budgets.

Previous Appropriations for this Project

This section excludes pass through funding that may be used for similar purposes.

Acquisition, development, and rehabilitation

| | | |
|------------------|------------|-------------|
| L2013, Ch. 52 | Env. Trust | \$1,000,000 |
| L2013, Ch. 137 | P&T Fund | \$9,500,000 |
| L2012, Ch. 264 | P&T Fund | \$9,500,000 |
| L2011, 1SS, Ch.6 | P&T Fund | \$5,000,000 |

Partially Related to This Project (also related to DNR Water Access/AIS proposal):

Trail Acquisition, Rehabilitation and Development.

| | | |
|--------------------|-----------|-------------|
| L2011, 1SS, Ch. 12 | Bond | \$5,800,000 |
| L2010, Ch. 189 | Bond | 4,000,000 |
| L2009, Ch. 143 | Env Trust | 1,000,000 |
| L2008, Ch. 179 | Bond | 15,320,000 |
| L2006, Ch. 258 | Bond | 10,811,000 |
| L2005, 1SS, Ch. 1 | Env Trust | 2,100,000 |
| L2005, Ch. 20 | Bond | 7,910,000 |

Water Access Acquisition, Rehabilitation and Development

| | | |
|----------------|------|-----------|
| L2008, Ch. 179 | Bond | 650,000 |
| L2006, Ch. 258 | Bond | 3,000,000 |
| L2005, Ch. 20 | Bond | 2,000,000 |

Parks and Trails Acquisition and New Development

State Park Acquisition

| | | |
|-----------------------------|------------|-------------------|
| L2013, Ch. 52 | Env. Trust | \$1,000,000 |
| L2011, 1SS, Ch.6 | P&T Fund | 2,100,000 |
| L2010 Ch. 189 sec. 7 sub 14 | Bond | 2,150,000 |
| L2010, Ch. 362 | Env Trust | 1,750,000 |
| L2009, Ch. 143 | Env Trust | 590,000 |
| L2008, Ch. 179 | Bond | 2,400,000 |
| L2007, Ch. 30 | Env Trust | 1,500,000 |
| | | (includes Trails) |
| L2006, Ch. 258 | Bond | 3,000,000 |
| L2005, Ch. 20 | Bond | 2,500,000 |

Prairie and Forest

| | | |
|----------------|--------|-------------|
| L2009, Ch. 172 | Legacy | \$1,200,000 |
| L2008 Ch. 179 | Bond | 545,000 |
| L2006 Ch. 258 | Bond | 90,000 |
| L2005 Ch 20 | Bond | 200,000 |

Lake Superior Safe Harbors

| | | |
|----------------|------|-------------|
| L2006, Ch. 258 | Bond | \$3,000,000 |
| L2005, Ch. 20 | Bond | 2,000,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests. Providing safe, accessible, energy-efficient recreational facilities will have a direct impact on user satisfaction. By providing opportunities for physical activity, access to parks and trails is also a proven solution to the rising health care costs related to obesity.

Minnesota's state parks and trails are the cornerstone to our \$11 billion tourism economy. 2010 saw a jump in state park visitors – over 9.5 million in day use, plus another 900,000+ campers. In addition, many of these projects result in local construction jobs, and each dollar spent on construction generates an estimated \$2.02 of economic activity within local communities. Each day-use visit at a state park generates an estimated \$26 of economic activity per visitor.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Luke Skinner
 Deputy Director
 DNR Parks and Trails Division
 500 Lafayette Road
 St. Paul, Minnesota 55155
 Phone: (651) 259-5650 Fax: (651) 297-5475
 E-mail: luke.skinner@state.mn.us

Governor's Recommendation

The Governor recommends general obligation bonding of \$5 million for this request. Also included are budget estimates of \$5 million for each year in 2016 and 2018.

Natural Resources, Department of

Project Detail

Parks and Trails Acquisition and New Development

(\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|----------------|
| 1. Property Acquisition | 5,616 | 1,500 | 1,500 | 1,500 | 10,116 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 20,000 | 4,600 | 4,600 | 4,600 | 33,800 |
| 4. Project Management | 5,000 | 900 | 900 | 900 | 7,700 |
| 5. Construction Costs | 70,000 | 11,700 | 11,700 | 11,700 | 105,100 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 100,616 | 18,700 | 18,700 | 18,700 | 156,716 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|----------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 65,376 | 18,700 | 18,700 | 18,700 | 121,476 |
| Env & Natural Resoures | 7,940 | 0 | 0 | 0 | 7,940 |
| Infrastructure Dev | 1,200 | 0 | 0 | 0 | 1,200 |
| Parks and Trails Fund | 26,100 | 0 | 0 | 0 | 26,100 |
| State Funds Subtotal | 100,616 | 18,700 | 18,700 | 18,700 | 156,716 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 100,616 | 18,700 | 18,700 | 18,700 | 156,716 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 18,700 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Scientific and Natural Areas Acquisition and Development

2014 STATE APPROPRIATION REQUEST: \$5,800,000

AGENCY PROJECT PRIORITY: 12 of 22

Project At A Glance

- Acquisition and designation of approximately 1000 acres of state Scientific and Natural Areas (SNAs), conserving native plant communities and rare species of state biodiversity significance and providing for public access and nature-based recreation.
- Development on approximately 800 acres of SNAs in order to provide for safe public use and to increase the viability of native plant communities as habitat for wildlife and rare species.

Project Description

This request is for \$5.8 million in state funds to acquire and develop lands as state Scientific and Natural Areas (SNAs) across the state. This will permanently project and provide public access to native prairie, savanna, forest, fen, wetlands, and rock outcrop communities of biodiversity significance and their rare plants and animals and other Species of Greatest Conservation Need (SGCN). This supports the Department of Natural Resources' (DNR) conservation mission of protecting natural resources, providing outdoor recreation opportunities to the public, and maintaining the health and economic vitality of Minnesota's communities by preserving the state's rarest resources and ensuring healthy, natural systems can continue to provide ecological, recreational, and economic benefits to all Minnesotans. All sites targeted for acquisition are identified by the Minnesota Biological Survey (MBS).

Implementation of the *Minnesota Prairie Plan* is a priority for this appropriation which would target fee acquisition of the highest quality native prairie along with key buffers and associated grasslands to be restored and improved for public access, rare resource protection, and wildlife habitat.

SNAs contribute towards the Department's strategic direction to provide outdoor recreation opportunities that meet the needs of new and existing Minnesotan's so that all feel connected to nature. Integrated land management through a comprehensive landscape approach is a Department strategic direction critical to addressing the key trend of landscape changes related to growth and development.

SNA Acquisition: \$5,000,000

SNAs are sites of statewide significance that preserve examples of rare plant communities, species and geological features, and that also provide outdoor recreation opportunities (M.S. 86A.05, Subd. 5). At present, about 160 SNAs encompass about 185,000 acres, including about 146,700 acres in 18 peatlands protected by the Wetland Conservation Act of 1991. This request will fund acquisition of approximately 1000 acres of SNAs.

SNA Development: \$800,000

SNA development provides for safe public use of SNAs, ensures that biological diversity is retained and prevents the loss of important species, plant communities, and features. The habitat value and public use will be improved through development activities such as removal of woody encroachment, seed collection, and replanting, as well as fencing, signing, and basic parking facilities. This request will support development on approximately 800 acres.

Impact on Agency Operating Budgets (Facilities Notes)

As new SNAs are acquired, some increases in annual operating costs are expected. However, acquisition of lands adjacent to existing sites may result in efficiencies due to improved land management.

Previous Appropriations for this Project (in dollars)

Outdoor Heritage and Trust fund appropriations include funds for non-bondable activities.

| | | |
|----------------|------------------|------------|
| L2013, Ch. 137 | Outdoor Heritage | \$ 405,000 |
| L2013, Ch. 52 | Trust Fund | 1,500,000 |
| L2012, Ch. 264 | Outdoor Heritage | 415,000 |
| L2011, Ch. 2 | Trust Fund | 1,640,000 |

Scientific and Natural Areas Acquisition and Development

| | | |
|-------------------|------------------|-----------|
| L2011, Ch. 6 | Outdoor Heritage | 1,118,000 |
| L2010, Ch. 361 | Outdoor Heritage | 1,419,000 |
| L2010, Ch. 362 | Trust Fund | 735,000 |
| L2009, Ch. 143 | Trust Fund | 1,038,000 |
| L2008, Ch. 179 | Bond | 3,000,000 |
| L2008, Ch. 367 | Trust Fund | 1,693,000 |
| L2007, Ch. 30 | Trust Fund | 293,000 |
| L2006, Ch. 258 | Bond | 2,000,000 |
| L2005, 1SS, Ch. 1 | Trust Fund | 334,000 |
| L2005, Ch. 20 | Bond | 300,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Margaret (Peggy) Booth, Supervisor
 Scientific and Natural Areas Program
 500 Lafayette Road, Box 25
 St. Paul, Minnesota 55155-4025
 Phone: (651) 259-5088
 E-mail: peggy.booth@dnr.state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 14,890 | 5,600 | 5,800 | 5,800 | 32,090 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 1,000 | 200 | 200 | 200 | 1,600 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 15,890 | 5,800 | 6,000 | 6,000 | 33,690 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 5,300 | 5,800 | 6,000 | 6,000 | 23,100 |
| Env & Natural Resources | 3,357 | 0 | 0 | 0 | 3,357 |
| Infrastructure Dev | 7,233 | 0 | 0 | 0 | 7,233 |
| State Funds Subtotal | 15,890 | 5,800 | 6,000 | 6,000 | 33,690 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 15,890 | 5,800 | 6,000 | 6,000 | 33,690 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 5,800 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Ground Water Monitoring

2014 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 13 of 22

Project At A Glance

- Expand and upgrade the network for monitoring ground water levels in selected priority areas

Project Description

This request for \$5 million in state funds is to install new ground water level monitoring wells (also known as observation wells) and replace failing wells in selected priority areas where the well network is inadequate. A nest of 3-4 wells would be installed at each site because individual wells are developed into each of the aquifers. Quality data are necessary to assess ground water availability for water supply planning. In addition, some funds may be used to seal existing monitoring wells that are no longer needed or functional.

- \$4,500,000 for contracts with well drillers to install about 100 nests of wells ; and
- \$500,000 for the Department of Natural Resources (DNR) for drilling activities.

The state’s plan for monitoring ground water levels calls for about 7,000 wells at a total cost of about \$90,000,000. We currently have about 850 wells dedicated to monitoring water level elevations. Minnesota has numerous complex aquifers and obtaining water level data over time is the only reliable way to understand what’s happening with our ground water quantity. The objectives for the monitoring well network are to collect and analyze long-term water level data to ensure sustainability of water supplies and water resources. Data from these wells are used to analyze long-term water level trends; evaluate aquifer recharge; interpret impacts of climate fluctuation and change; plan for water conservation; evaluate water conflicts and interferences; and determine ground water/surface water interactions. Trend information is critical for water supply planning and is used extensively by

counties, municipalities, the Department of Health, Minnesota Pollution Control Agency, Department of Agriculture, and the Metropolitan Council.

Over 236 communities throughout Minnesota have been identified as hydrologic areas of concern or have water supply issues that need to be addressed. These wells will be targeted in these priority areas of concern.

Impact on Agency Operating Budgets (Facilities Notes)

This funding would have a minimal impact on the operating budget.

Previous Appropriations for this Project

| | | |
|--------------------|------------------|------------|
| L2013, Ch. 137 | Legacy | \$ 250,000 |
| L2011, 1SS, Ch. 12 | Bond | 600,000 |
| L2011, 1SS, Ch. 6 | Clean Water Fund | 1,000,000 |
| L2010, Ch. 189 | Bond | 1,000,000 |
| L2010, Ch. 361 | Legacy | 4,000,000 |
| L2008, Ch. 179 | Bond | 500,000 |

The legacy funds include dollars for activities that are not bondable.

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across the priority areas of concern.

At the request of the Legislature, DNR prepared two reports that identify the need for expanded monitoring of ground water resources. The unmet need exceeds \$3,000,000 annually for the foreseeable future.

- Long term protection of the state’s surface water and ground water resources – January, 2010.
- Ground water: Plan to develop a ground water level monitoring network for the eleven county metropolitan area – October, 2009.

Ground Water Monitoring

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Greg Kruse
Water Monitoring & Survey Unit Supervisor
Ecological and Water Resources Division
Department of Natural Resources
500 Lafayette Road, Box 25
Phone: (651) 259-5686
Fax: (651) 296-1811
Email: Greg.Kruse@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 800 | 200 | 200 | 200 | 1,400 |
| 5. Construction Costs | 6,550 | 4,800 | 2,800 | 2,800 | 16,950 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 7,350 | 5,000 | 3,000 | 3,000 | 18,350 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 2,100 | 5,000 | 3,000 | 3,000 | 13,100 |
| Infrastructure Dev | 4,250 | 0 | 0 | 0 | 4,250 |
| Clean Water Fund | 1000 | 0 | 0 | 0 | 1,000 |
| State Funds Subtotal | 7,350 | 5,000 | 3,000 | 3,000 | 18,350 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 7,350 | 5,000 | 3,000 | 3,000 | 18,350 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 5,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Land Exchanges

2014 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 14 of 22

Project At A Glance

- This appropriation will enhance the state's public land asset by accelerating exchanges with other public landowners.

Project Description

This project will accelerate land exchanges, primarily between the state and county governments. The state public lands amount to more than 6 million acres and counties manage an additional 2.8 million acres. Much of this ownership is also interspersed with private or federal lands. Through exchanges enhancements to both the state and county land assets will be realized, including reduced property boundaries, improved access and management of our respective natural resources.

The Department of Natural Resources (DNR) manages over 6 million acres of state lands, much of it interspersed in a checkerboard manner with other ownerships. This pattern of state land ownership is inefficient and costly to manage, as well as difficult for the public to access. Accomplishing more land exchanges will result in better consolidation of the state land asset into larger more contiguous blocks of state land ownership, and improved access for the public, resource managers and those private entities that depend on state lands for economic reasons. This appropriation will help to cover the professional services and contract costs associated with land exchanges.

Impact on Agency Operating Budgets (Facilities Notes)

This appropriation will indirectly result in future savings in the agencies operating budget through numerous efficiency gains.

Previous Appropriations for this Project

None

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Land Exchanges are one tool in Strategic Land Asset Management. Others include land sales and acquisitions. While transaction costs associated with acquisitions are usually included in the appropriations, there have not been previous appropriations for land exchanges.

In March of 2010 the Office of the Legislative Auditor released a report entitled Natural Resources Land. A major finding in that report suggests that more work is needed to address the checkerboard pattern of state forest land ownership in northern Minnesota. It also recommends that DNR should continue to evaluate its current land holdings and conduct additional land evaluation projects with counties.

The DNR has been working with additional counties to identify land exchanges and this work has resulted in a backlog of transaction work necessary to complete the land exchanges.

Project Contact Person

Kent Lokkesmoe
 Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail:
kent.lokkesmoe@state.mn.us

Bob Tomlinson
 Land Asset Manager
 Department of Natural Resources
 500 Lafayette Road
 St. Paul, MN 55155-4045
 651-259-5394
 Email: Bob.Tomlinson@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|-------------|------------|------------|------------|--------------|
| 1. Property Acquisition | 0 | 100 | 100 | 100 | 300 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 0 | 400 | 400 | 400 | 1,200 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 500 | 500 | 500 | 1,500 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|-------------------------------|-------------|------------|------------|------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 500 | 500 | 500 | 1,500 |
| State Funds Subtotal | 0 | 500 | 500 | 500 | 1,500 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 500 | 500 | 500 | 1,500 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|--|------------|------------|----------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|--|--------|---------------------|
| General Fund | 500 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Native Seed Processing Complex

2014 STATE APPROPRIATION REQUEST: \$2,800,000

AGENCY PROJECT PRIORITY: 15 of 22

Project At A Glance

- \$2.0 million for constructing and equipping improved seed processing and cold storage facilities
- \$0.6 million for tree improvement laboratory and greenhouse facilities
- \$0.2 million for establishing local seed zone orchards

Project Description

This request for \$2.8 million in state funds is to restructure the State Forest Nursery program to expand the ability to provide native forest seed to support 1) state conservation projects and initiatives and 2) tree improvement research to address evolving pressures associated with invasive species and climate change. Included in this request:

- Restructuring the General Andrews Nursery site to support expanded tree improvement operations and evaluations by establishing greenhouse and laboratory facilities;
- Upgrading existing irrigation and artificial propagation bed infrastructure at the General Andrews Nursery site;
- Constructing and equipping an improved seed development, processing, and storage facility at Badoura Nursery; and
- Expanding cold storage and processing facilities at Badoura Nursery to support consolidated bareroot production at the site.

This Project Supports:

- Production of certified native tree, shrub, forb, and plant seed to support conservation initiatives, restoration projects, and local economic development.
- Improved seed production at the DNR Tree Improvement site at General Andrews Nursery.
- Testing and storage of Minnesota seeds to maintain genetic diversity and sustainability of ecosystems under potential climate change.

- Conversion of state facilities to alternative energy sources and implementation of energy conservation measures.

Seed Production, Collection, Cleaning, Processing, and Storage

- Production of genetically superior improved seed and genetically diverse seed at the DNR Tree Improvement site.
- Seed collection or purchase will be conducted in compliance with source certification standards.
- These facilities will provide the capability to produce, clean, process and store a broad spectrum of seed types.
- Seed storage facilities will support a two- to five-year supply of prioritized and available improved and woods-run seed sources.

Ecosystem Restoration, Sustainability, and Protection

- Addresses invasive pests and climate change by providing the ability to perpetuate genetically diverse native genotypes.
- Availability of known-source ecosystem restoration and regeneration materials will be improved.
- Establishing a source of uncommon, threatened or rare foundation stock for future seed production at public and private facilities will improve ecosystem restoration capabilities.
- Expanded tree facilities will improve the capability to maintain a future source of native plant materials that may or have been impacted by catastrophic invasive pests.

Energy Conservation and Alternative Energy Sources

- Implementing new energy practices at these facilities will reduce energy demand by utilizing either geothermal or by installing a wood pellet or chip heating system.

Impact on Agency Operating Budgets (Facilities Notes)

- Establishment and maintenance of seed production and brood stock at Badoura Nursery will not be fully self-supporting and will require up to \$200,000 annually for the first four years and then will have a continuing annual cost of \$75,000 after that.

Native Seed Processing Complex

- Maintenance costs of grafted orchards and seed production areas at the DNR Tree Improvement site of \$125,000 annually will be partially offset by revenue generated from sales of improved seed.
- Seed and seedling sales will partially offset collection, processing and storage costs.

Previous Appropriations for This Project

No previous appropriations have been received for this project.

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Current tree seed processing operations at state forest nurseries have been required to be self-supporting since 1984 and thereby limited to commercially based investments.

The availability of appropriate conservation restoration seeds and seedlings will support state initiatives related to clean water, carbon sequestration, ecosystem restoration and sustainability, as well as local economic development.

- The climate change action plan study, *Minnesota Statutes*, section 89.01, subdivision 1, "**Best methods.**" The commissioner shall ascertain and observe the best methods of reforesting cutover and denuded lands, foresting waste lands, minimizing loss or damage of forest resources by fire, forest pests, or shade tree pests, administering forests on forestry principles, encouraging private owners to preserve and grow trees or timber for commercial or other purposes, and conserving the forests around the headwaters of streams and on the watersheds of the state.
- *Minnesota Statutes*, section 84.0895 subdivision. 5, "**Management**
(a) Notwithstanding any other law, the commissioner may undertake management programs, issue orders, and adopt rules necessary to bring a resident species of wild animal or plant that has been designated as threatened or endangered to a point at which it is no longer threatened or endangered.

(b) Subject to the provisions of subdivision 6, management programs for endangered or threatened species include research, census, law enforcement, habitat acquisition, habitat maintenance, propagation, live trapping, transplantation, and regulated taking.

- *Minnesota Statutes*, section 216H.02, subdivision 1, "**Greenhouse gas emissions-reduction goal.**" It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Andrew Arends, Manager
Forest Operations and Management Section
Division of Forestry
Department of Natural Resources
500 Lafayette Road
St. Paul, MN 55155-4044
Phone: 651-259-5261
E-Mail: andrew.arends@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|--------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 20 | 0 | 0 | 20 |
| 3. Design Fees | 0 | 100 | 0 | 0 | 100 |
| 4. Project Management | 0 | 50 | 0 | 0 | 50 |
| 5. Construction Costs | 0 | 2,630 | 0 | 0 | 2,630 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 2,800 | 0 | 0 | 2,800 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 2,800 | 0 | 0 | 2,800 |
| State Funds Subtotal | 0 | 2,800 | 0 | 0 | 2,800 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 2,800 | 0 | 0 | 2,800 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 2,800 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

State Forest Acquisition

2014 STATE APPROPRIATION REQUEST: \$2,000,000

AGENCY PROJECT PRIORITY: 16 of 22

Project At A Glance

- Acquire approximately 900 high priority acres of state forest in-holdings and easements to access state forest land from willing sellers.

Project Description

This request for \$2 million in state funds is to acquire the highest priority perpetual easements and fee title on private lands, primarily within state forest boundaries that provide public recreational access, ensure the continuation of sustainable forest management activities, and prevent the fragmentation and loss of productive forest lands. Acquisitions will result in increased management efficiencies of state forests by consolidating land holdings and addressing trespass and access problems on state lands.

Minnesota contains approximately 14.7 million acres of commercial forest land. These lands are about equally divided between public and private ownership, with state forests representing approximately 20 percent of commercial forest land in the state.

This request will help support efforts outlined in the DNR's *Conservation That Works*. It will provide the funding to secure the most critical access and realize the more immediate opportunities for consolidation identified in the Division of Forestry's 20-year strategic land asset management planning effort. The goal is to acquire more than 150,000 acres of state forest in-holdings and access through exchanges with and purchases from willing sellers.

An estimated nine parcels, totaling 900 acres of fee title and access easements, will be acquired at this funding level.

Impact on Agency Operating Budgets (Facilities Notes)

These acquisitions will provide management access and consolidate state forest lands, leading to greater management efficiencies and reduce long-term costs.

Previous Appropriations for this Project

| | | |
|----------------------|--------|-------------|
| L2011, 1SS Chapter 6 | Legacy | \$1,205,000 |
| L2006, Ch. 258 | Bond | \$1,000,000 |
| L2005, Ch. 20 | Bond | \$1,500,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Andrew Arends, Manager
 Forest Operations and Management Section
 Division of Forestry
 Department of Natural Resources
 500 Lafayette Road
 St. Paul, MN 55155-4044
 Phone: 651-259-5261
 Fax: 651-296-5954
 E-Mail: andrew.arends@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|--------------|
| 1. Property Acquisition | 3,705 | 2,000 | 2,000 | 2,000 | 9,705 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 3,705 | 2,000 | 2,000 | 2,000 | 9,705 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 2,500 | 2,000 | 2,000 | 2,000 | 8,500 |
| Infrastructure Dev | 1,205 | 0 | 0 | 0 | 1,205 |
| State Funds Subtotal | 3,705 | 2,000 | 2,000 | 2,000 | 9,705 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 3,705 | 2,000 | 2,000 | 2,000 | 9,705 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 2,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

WMA/AMA Acquisition and Development

2014 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 17 of 22

Project At A Glance

- Acquire new WMA and AMA parcels; and
- Develop and improve facilities on WMA and AMA units.

Project Description

This request for \$5 million in state funds is to acquire, develop, and improve lands for wildlife management areas (WMAs) and aquatic management areas (AMAs) expansion.

Minnesota has one of the finest systems of publicly-owned fish and wildlife lands in the country, with more than 1.3 million acres of WMAs and over 890 miles of shoreland AMAs. These areas protect important fish and wildlife habitat, support productive fish and wildlife populations, and provide opportunities for current and future generations to hunt, fish, trap, and share our natural heritage. WMAs and AMAs are also important for conserving surface water, preserving unique vegetation, and enhancing natural beauty and open space.

This funding will accelerate the strategic acquisition of WMAs and AMAs, consistent with both the WMA and AMA Citizen’s Advisory Committee acquisition plans.

Projects may occur anywhere within the state, depending on priorities, risk of development, and potential partners. Collaborative partnerships will be promoted in order to acquire key lands. Overall priority will be given to acquiring regionally significant fish and wildlife habitat that will build on existing shoreline habitat and provide angler and hunter access.

This request is also to develop and improve facilities for user access amenities and public land management on WMA and AMA land. The

Department of Natural Resources (DNR) manages over 1,800 WMAs and AMAs across Minnesota. Facilities such as access roads, bridges, parking lots, initial boundary surveys, and sign posting provide user access and natural resource management benefits to the public lands. Project prioritizing criteria include: safety and structure condition; access development with high recreational user potential and maximum fish and wildlife management benefit; and projects that build upon existing land improvement projects. These facility-related projects are needed because many of the existing facilities are deteriorating and are in need of replacement to assure that public lands acquired for public use are safe, accessible, and easily identified to the public.

Impact on Agency Operating Budgets (Facilities Notes)

There will be minimal impact on operating budgets.

Previous Appropriations for this Project

Includes appropriations for WMA, SNA and NPB from the Outdoor Heritage fund.

WMA Acquisition & Development:

| | | |
|-------------------------|-------------------|-------------|
| L2013, Ch. 137 | Outdoor Heritage | \$3,940,000 |
| L2012, Ch 264 | Outdoor Heritage | 2,900,000 |
| L2011, Ch. 6 | Outdoor Heritage | 2,861,000 |
| L2010, Ch 361 | Outdoor Heritage | 2,764,081 |
| L2010, Ch. 189 | Bond | 1,000,000 |
| L2009, Outdoor Heritage | Prairie/Grassland | 3,913,000 |
| | Wetlands | 2,900,000 |
| L2008, Ch. 179 | Bond | 5,000,000 |
| L2006, Ch. 258 | Bond | 14,000,000 |
| L2005, Ch. 20 | Bond | 10,000,000 |
| | Acq. | 600,000 |
| | Dev. | |

AMA Acquisition & Development:

| | | |
|----------------|------------------|-----------|
| L2013, Ch. 137 | Outdoor Heritage | \$754,000 |
| L2012, Ch. 264 | Outdoor Heritage | 1,495,000 |
| L2011, Ch. 6 | Outdoor Heritage | 6,500,000 |
| L2010, Ch. 361 | Outdoor Heritage | 1,775,000 |

WMA/AMA Acquisition and Development

| | | |
|----------------|------------------|-----------|
| L2009, Ch. 172 | Outdoor Heritage | 5,748,000 |
| L2008, Ch. 179 | Bond | 1,000,000 |
| L2006, Ch. 258 | Bond | 2,000,000 |
| L2005, Ch. 20 | Bond | 1,050,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Ed Boggess
Director, DNR Fish and Wildlife
500 Lafayette Road N.
St. Paul, MN 55155
Phone: (651) 259-5224
E-Mail: Ed.Boggess@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|---------------|--------------|--------------|--------------|---------------|
| 1. Property Acquisition | 70,200 | 5,000 | 5,000 | 5,000 | 85,200 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 70,200 | 5,000 | 5,000 | 5,000 | 85,200 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|-------------------------------|---------------|--------------|--------------|--------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 34,650 | 5,000 | 5,000 | 5,000 | 49,650 |
| Infrastructure Dev | 35,550 | 0 | 0 | 0 | 35,550 |
| State Funds Subtotal | 70,200 | 5,000 | 5,000 | 5,000 | 85,200 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 70,200 | 5,000 | 5,000 | 5,000 | 85,200 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|--|------------|------------|----------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|--|--------|---------------------|
| General Fund | 5,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Stream Restoration

2014 STATE APPROPRIATION REQUEST: \$9,750,000

AGENCY PROJECT PRIORITY: 18 of 22

Project At A Glance

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

Project Description

State funding of \$9.75 million is requested for design, land acquisition, and construction of stream protection and restoration projects. Priority restoration projects include Mission Creek and Mustinka River and dam modification projects include the Sand Hill River, Chester Creek and Deer Creek. These projects are designed to protect and restore natural river systems. The landscape and rivers of Minnesota have been altered from population growth and associated activities (e.g., timber and food production). Most often, Stream Protection and Restoration projects involve private entities and local communities in highly altered landscapes. By following principles of natural channel design in planning and implementing river restorations, projects are achieved with the intent of sustainability – to match the natural system’s changes. We work to ensure that the projects represent the best of river conservation and restoration science and are understood and appreciated by the communities that surround them. The natural channel design approach employed will enhance ongoing and developing Clean Water Legacy efforts by restoring the channels to a stable stream form (dimension, pattern, and profile).

Below, in order of priority, are the top five stream restoration projects.

Mission Creek Channel Restoration (\$2,000,000)

The Mission Creek project will restore 5600 feet of stream channel in Duluth that has been dramatically destabilized by an undersized road crossing and the historic floods of 2012. This project will address the altered habitat and massive amounts of sediments that were mobilized. The City of Duluth supports the proposed project.

Sand Hill River Dam Modifications (\$1,750,000)

Approximately 17 miles southeast of Crookston, conversion of 4 low-head dams to rapids in a three-mile stretch on the Sand Hill River will reconnect 31 miles of river downstream of the dams to 68 miles of upstream habitat.

Mustinka River Channel Restoration (\$5,500,000)

Southwest of Fergus Falls, there is a 19 mile stretch of the Mustinka River that is currently a poor quality channelized ditch. This is the river restoration portion of a larger project that also includes off channel impoundment for flood reduction and wildlife benefits.

Chester Creek Dam Removal and Channel Restoration (\$250,000)

Chester Creek is a 5.3 mile trout stream, and is one of the higher quality streams within the city of Duluth. Removing the degraded and partially failed dams and restoring the channel to a free flowing stream will provide some improvement of temperature for trout downstream and reconnect the watershed. There is no funding anticipated from FEMA. The City of Duluth supports the proposed project.

Deer Creek Dam Modification (\$250,000)

Deer Creek dam modification will reconnect 20 miles of stream and 2240 surface acres on the Pickerel chain of lakes near the city of Effie.

Impact on Agency Operating Budgets (Facilities Notes)

No direct impact.

Stream Restoration

Previous Appropriations for this Project (in dollars)

| | | |
|----------------|------------------|-------------|
| L2013, Ch. 137 | Outdoor Heritage | \$1,700,000 |
| L2012, Ch. 264 | Outdoor Heritage | 1,320,000 |
| L2010, Ch. 172 | Outdoor Heritage | 743,000 |
| L2008, Ch. 179 | Bond | 1,000,000 |
| L2006, Ch. 258 | Bond | 2,000,000 |
| L2005, Ch. 20 | Bond | 500,000 |

The Outdoor Heritage amounts shown above are the amounts available for this program from the DNR aquatic habitat appropriation.

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests. Stream Habitat Program’s bonding proposals address health and safety, conservation, and outdoor recreation. In the case of dam removal or modification to rapids, the projects remove a public safety hazard. Low head dams are often referred to as “drowning machines” due to the dangerous hydraulic roller produced at the dam. These projects are designed to decrease maintenance costs, increase stream stability, thereby decreasing downstream erosion and flooding. These projects also address conservation by maximizing the conservation potential and biological diversity of river systems, through restoring and reconnecting upstream and downstream habitats. Outdoor recreation opportunities are increased by the restoration and reconnection of habitats for fish and wildlife.

Protection and restoration of the state’s rivers and streams directly employs state and non-state natural resource personnel, field and construction crews, involves the purchase from Minnesota contractors of construction supplies, and the use of equipment, expertise, and supplies (e.g., rock) needed to accomplish the work.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Ian Chisholm
 DNR Division of Ecological and Water Resources, Stream Habitat Program
 500 Lafayette Road, Box 25
 St. Paul, MN 55155-4025
 651-259-5080
 Email: ian.chisholm@dnr.state.mn.us

Governor’s Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 1,120 | 574 | 574 | 2,268 |
| 4. Project Management | 70 | 878 | 450 | 450 | 1,848 |
| 5. Construction Costs | 7,193 | 7,752 | 3,976 | 3,976 | 22,897 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 7,263 | 9,750 | 5,000 | 5,000 | 27,013 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 3,500 | 9,750 | 5,000 | 5,000 | 23,250 |
| Infrastructure Dev | 3,763 | 0 | 0 | 0 | 3,763 |
| State Funds Subtotal | 7,263 | 9,750 | 5,000 | 5,000 | 27,013 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 7,263 | 9,750 | 5,000 | 5,000 | 27,013 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|--|---------------|-------------------------|
| General Fund | 9,750 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Fish Habitat Improvements and Local Grants.

2014 STATE APPROPRIATION REQUEST: \$800,000

AGENCY PROJECT PRIORITY: 19 of 22

Project At A Glance

- Cost share with local units of government to design, purchase, and install culverts to improve fish passage at culvert crossings; and
- Improve habitat, signage, update boundaries, and do invasive control on Aquatic Management Areas (AMA).

Project Description

This request for \$800,000 in state funds is for the design of culvert replacement projects to assure adequate fish passage and cost share to purchase and install the larger culverts. Work would also be done on AMA's that would maintain, improve, or expand the amount of critical habitat needed to produce "quality" fish populations and fishing in this state.

Potential projects include:

- Installation or upgrades of culverts in cooperation with road authorities to ensure adequate fish passage and decrease erosion; **and**
- Modifications to stream and lakes within AMAs to provide additional habitat or protect what is already there.

Specific project areas include the following components:

- Funds for designing and creating additional habitat in lakes may include improvement of spawning areas, bank stabilization, fish barriers, and warm water stream improvement. These activities improve fish populations and provide additional angling opportunity.
- Funds for modifications to stream and lake shores to provide habitat for fish to use for spawning, shelter, and to ensure clean healthy water systems. By reestablishing or protecting critical habitat, lakes and streams will continue to have adequate wild fish populations to maintain fishing opportunities. Design and implement projects that would improve, maintain, or enhance fish habitat or fish movement on public lands.

- Funds for designing and installing larger culverts to provide lower flow velocity to ensure fish passage. These funds would provide grants to local governments to cover the additional costs of these activities.

Impact on Agency Operating Budgets (Facilities Notes)

There would be no impacts on the agency's operating budget.

Previous Appropriations for this Project

| | | |
|----------------|------------------|-----------|
| L2013, Ch. 137 | Outdoor Heritage | \$120,000 |
| L2010, Ch. 361 | Outdoor Heritage | 134,000 |
| L2010, Ch. 362 | Env. Trust | 100,000 |
| L2008, Ch. 189 | Env. Trust | 200,000 |

The Outdoor Heritage amounts were part of a larger appropriation. These funds were used for AMA improvements.

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Project Contact Person

Kent Lokkesmoe
 Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail:
kent.lokkesmoe@state.mn.us

Martin Jennings
 Fisheries Habitat Program Manager
 DNR, Fisheries
 500 Lafayette Road
 St Paul, Minnesota 55155-4012
 Phone: (651) 259-5176
martin.jennings@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|--------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 554 | 800 | 800 | 800 | 2,954 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 554 | 800 | 800 | 800 | 2,954 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 800 | 800 | 800 | 2,400 |
| Env & Natural Resoures | 300 | 0 | 0 | 0 | 300 |
| Infrastructure Dev | 254 | 0 | 0 | 0 | 254 |
| State Funds Subtotal | 554 | 800 | 800 | 800 | 2,954 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 554 | 800 | 800 | 800 | 2,954 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 800 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Minnesota Forests for the Future

2014 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 20 of 22

Project At A Glance

- To acquire large-scale conservation easements and fee title acquisition on private forest lands, primarily in northern Minnesota;
- To pursue opportunities with willing industry or land-holding companies that own larger, contiguous blocks of forest land interspersed with state forest land and other public forests.

Project Description

This request for \$5 million in state funds is to protect up to 30,000 acres of private forest land with permanent conservation easements and/or fee title. Project prioritization and selection will incorporate several criteria including: possibilities for forest consolidation; contributions of the property to local and regional timber-based economies; ecological features of the property; size and location of potential projects; project cost; potential for match funding; whether site provides management access to state forest lands; opportunities for public access and recreation including hunting and fishing, and partner and community support.

Thousands of acres of forest lands owned and managed by timber and mining companies are under threat to be sold, leased, subdivided and developed. The risk in Minnesota’s north woods and elsewhere in the state is real. These changes will make the forest less valuable for wildlife, less accessible to the public for hunting and trail uses, less accessible to DNR for state land management access, and more difficult to manage for timber production.

The Forests for the Future program allows landowners to sell a permanent easement to the state that prevents development, provides public access, and allows the owner to continue to manage the forest sustainably for timber and other products while protecting ecological features of the land. The State will hold the easement and monitor regularly to ensure the state’s interests are being protected.

Impact on Agency Operating Budgets (Facilities Notes)

There will be minimal impact on the operating budgets.

Previous Appropriations for this Project

| | | |
|-------------------|------------------|-------------|
| L2011, 1SS, Ch. 6 | Outdoor Heritage | \$5,409,000 |
| L2010, Ch. 189 | Bond | 500,000 |
| L2009, Ch. 172 | Outdoor Heritage | 36,000,000 |
| L2008, Ch. 179 | Bond | 3,000,000 |
| L2008, Ch. 367 | Env. Trust | 500,000 |
| L2007, Ch. 30 | Env. Trust | 2,000,000 |
| L2006, Ch. 258 | Bond | 7,000,000 |
| L2006, Ch. 243 | Env. Trust | 500,000 |
| L2005, Ch. 20 | Bond | 1,500,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

Project Contact Person

Kent Lokkesmoe
 Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail:
kent.lokkesmoe@state.mn.us

Andrew Arends, Manager
 Forest Operations and Management
 Section
 Division of Forestry
 Department of Natural Resources
 500 Lafayette Road
 St. Paul, MN 55155-4044
 Phone: 651-259-5261
 E-Mail: andrew.arends@state.mn.us

Governor’s Recommendation

The Governor recommends general obligation bonding of \$3 million for this request. Also included are budget estimates of \$3 million for each planning year in 2016 and 2018.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 55,659 | 4,500 | 4,500 | 4,500 | 69,159 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 750 | 500 | 500 | 500 | 2,250 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 56,409 | 5,000 | 5,000 | 5,000 | 71,409 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 12,000 | 5,000 | 5,000 | 5,000 | 27,000 |
| Env & Natural Resoures | 3,000 | 0 | 0 | 0 | 3,000 |
| Infrastructure Dev | 41,409 | 0 | 0 | 0 | 41,409 |
| State Funds Subtotal | 56,409 | 5,000 | 5,000 | 5,000 | 71,409 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 56,409 | 5,000 | 5,000 | 5,000 | 71,409 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|--|---------------|-------------------------|
| General Fund | 5,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Shade Tree Program Grants

2014 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 21 of 22

Project At A Glance

- \$500,000 for community grants to remove and replace dead or dying shade trees located on public property that are lost to emerald ash borer or other exotic, invasive forest pests or diseases.

Project Description

This request for \$500,000 in state funds is to provide grants to communities to adequately address M.S. 89.01, subd. 1, 2 and 4 that require:

- Utilization of best methods to minimize loss or damage of forest resources by shade tree pests
- Protection of shade trees from shade tree pests
- Cooperation with state, federal and local units of government in the preparation of plans for forest protection and management and planting or replacement of trees in the promotion of forest resources of the state

Minnesota community forests are facing imminent threats from exotic invasive pests such as emerald ash borer (EAB) and gypsy moth. Financial burdens will exceed those incurred due to Dutch elm disease and oak wilt. This program will use past successes of the Minnesota Shade Tree Program and Minnesota ReLeaf Grant Program, to increase the capacity of local forestry programs to prepare for these pests, utilize the removed trees, and restore the many benefits of healthy, diverse urban forests in an orderly manner.

Requirements of the project:

By the end of the project, grant recipients must demonstrate their commitment to ongoing care by providing the following documents:

- Updated Community Forestry or Shade Tree Ordinance
- Annual Maintenance Plan for public trees
- Community Forestry Public Education Plan

- Management Plan OR Forest Health Management Plan

Grant funds may be used for:

- Professional contracts for technical assistance, administration or implementation of the grant project
- Removal and disposal or utilization of public trees lost to forest pests or disease
- Purchasing and planting of trees on publicly owned land

Projects will be evaluated according to how well they:

- Demonstrate commitment to long-term monitoring and management of the project
- Increase the diversity of tree species
- Develop and sustain local community forestry programs
- Benefit the entire urban forest resource and provide multiple benefits to the community

Impact on Agency Operating Budgets (Facilities Notes)

In the event of a forest health emergency, such as a rapidly expanding EAB population, and without other funding options to prepare an emergency management plan and remove shade trees, the source of funding for a response may be the Department of Natural Resources (DNR) Division of Forestry operating budget or other DNR options.

Previous Appropriations for this Project

| | | |
|---------------|---------|-------------|
| L2010, Ch 189 | Bonding | \$3,000,000 |
| L2008, Ch 179 | Bonding | 500,000 |

Other Considerations

The assigned agency project priorities are based on DNR program goals and it is expected that funding would be distributed across all of the requests.

In the Constitution of the State of Minnesota, article XI, section 5, one of the purposes for “public debt and works of internal improvements” is item (f), “to promote forestation...”

Shade Tree Program Grants**Project Contact Person**

Kent Lokkesmoe, Director of Capital Investment
Department of Natural Resources
500 Lafayette Road, Box 16
St. Paul, Minnesota 55155-4016
Phone: (651) 259-5701
E-mail: kent.lokkesmoe@state.mn.us

Andrew Arends, Manager
Forest Operations and Management Section
Division of Forestry
Department of Natural Resources
500 Lafayette Road
St. Paul, MN 55155-4044
Phone: 651-259-5261
E-Mail: andrew.arends@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|--------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 0 | 0 | 0 | 0 |
| 4. Project Management | 3,985 | 500 | 500 | 500 | 5,485 |
| 5. Construction Costs | 0 | 0 | 0 | 0 | 0 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 3,985 | 500 | 500 | 500 | 5,485 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 3,500 | 500 | 500 | 500 | 5,000 |
| Federal | 485 | 0 | 0 | 0 | 485 |
| State Funds Subtotal | 3,985 | 500 | 500 | 500 | 5,485 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 3,985 | 500 | 500 | 500 | 5,485 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 500 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |

Parks and Trails Local and Regional Grant Program

2014 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 22 of 22

Project At A Glance

- \$3 million in grants to regional and local park and trail authorities to support a high-quality, diverse outdoor recreation system throughout the state.

Project Description

This request for \$3 million in state funds is to provide competitive grants to local governments for acquisition and development of local and regional parks and trails across the state. These funds will support park and trail grant programs as established in M.S. 85.019, and will provide funding for park grants to local communities to acquire approximately 70 acres and develop or redevelop 3 to 7 local and/or regional parks and also provide funding for 10 to 15 local and regional trail projects.

This project supports the Department of Natural Resources' (DNR) conservation mission of protecting natural resources, delivering outdoor recreation opportunities to the public, and maintaining the health and economic vitality of Minnesota's communities by ensuring public access to a high-quality system of local and regional parks and trails. Connecting people to Minnesota's great outdoors has been identified by the department as a strategic direction critical to addressing the key trend related to changes in outdoor recreation participation. This is achieved, in part, by developing and maintaining a foundation of parks and trails across the state that provides close-to-home opportunities for natural resource based recreation, preserve natural areas, and support healthy, vital communities. The goal of increasing outdoor recreation participation and connecting people to the outdoors is reinforced in the Parks and Trails Legacy Plan by creating a system of parks and trails that physically connects communities. The grant programs allow the DNR to partner with local communities to acquire land and develop parks and trails that help create a network of close to home recreation facilities.

M.S. 85.019 establishes four matching grant programs described as follows:

The Outdoor Recreation Grant Program to help local governments acquire, develop and/or redevelop close to home outdoor recreation facilities.

The Regional Park Grant Program to help local governments acquire shoreland, natural areas, and threatened habitat, and develop and rehabilitate natural resource based outdoor recreation facilities of regional significance.

The Local Trail Connections Grant Program provides grants to local units of government to develop and acquire trail connections to residential areas, schools, workplaces, community centers, recreation areas, trails and parks.

The Regional Trail Grant Program provides grants to local units of government for development and acquisition of regional trails outside of the metropolitan area.

Impact on Agency Operating Budgets (Facilities Notes)

There will be minimal impact on the operating budget.

Previous Appropriations for this Project

| | | |
|---|---------------------|--------------|
| <i>Regional Parks and Trail Grants:</i> | | |
| L2013, Ch. 137 | Legacy/PAT | \$16,887,000 |
| L2011, 1SS, Ch. 6 | Legacy/P&T Fund | \$15,192,000 |
| <i>Park Grants:</i> | | |
| L2011, 1SS, Ch. 12 | Bond | 1,250,000 |
| L2009, Ch. 143 | Environmental Trust | 1,000,000 |
| L2009, Ch. 143 | Env. Trust/LAWCON | 400,000 |
| L2008, Ch. 367 | Environmental Trust | 1,000,000 |
| L2007, Ch. 30 | Env. Trust/LAWCON | 500,000 |
| L2006, Ch. 258 | Bond | 2,000,000 |
| L2006, Ch. 243 | Environmental Trust | 1,000,000 |
| L2005, 1SS, Ch. 1 | Env. Trust/LAWCON | 1,600,000 |
| L2003, Ch. 128 | Env. Trust/LAWCON | 2,000,000 |
| L2001, 1SS, Ch. 2 | Env. Trust/LAWCON | 1,060,000 |

Parks and Trails Local and Regional Grant Program

Local Trail Connection Grants:

| | | |
|----------------|-----------------|-------------|
| L2013 | Lottery in Lieu | \$1,005,000 |
| L2010 | Lottery In Lieu | \$655,000 |
| L2009 | Lottery In Lieu | 397,500 |
| L2008 | Lottery In Lieu | 385,000 |
| L2008, Ch. 179 | Bond | 697,000 |
| L2007 | Lottery In Lieu | 425,000 |
| L2006, Ch. 258 | Bond | 2,010,000 |
| L2006 | Lottery In Lieu | 400,000 |
| L2005, Ch. 20 | Bond | 885,000 |

Regional Trail Grants:

| | | |
|-------------------|-----------------|-----------|
| L2013 | Lottery in Lieu | \$200,000 |
| L2011, 1SS, Ch. 2 | Trust Fund | 2,000,000 |
| L2009 | Lottery In Lieu | 257,000 |
| L2008 | Lottery In Lieu | 270,000 |
| L2008, Ch. 179 | Bond | 156,000 |
| L2007 | Lottery In Lieu | 230,000 |
| L2006, Ch. 258 | Bond | 1,133,000 |
| L2006 | Lottery In Lieu | 255,000 |

Governor's Recommendation

The Governor does not recommend capital funding for this request.

Project Contact Person

Kent Lokkesmoe, Director of Capital Investment
 Department of Natural Resources
 500 Lafayette Road, Box 16
 St. Paul, Minnesota 55155-4016
 Phone: (651) 259-5701
 E-mail: kent.lokkesmoe@state.mn.us

Luke Skinner
 Deputy Director
 DNR Parks and Trails Division
 500 Lafayette Road
 St. Paul, Minnesota 55155
 Phone: (651) 259-5650
 Fax: (651) 297-5475
 E-mail: luke.skinner@dnr.state.mn.us

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 9,999 | 100 | 100 | 100 | 10,299 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 1,855 | 600 | 600 | 600 | 3,655 |
| 4. Project Management | 2,500 | 600 | 600 | 600 | 4,300 |
| 5. Construction Costs | 35,835 | 1,700 | 1,700 | 1,700 | 40,935 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 50,189 | 3,000 | 3,000 | 3,000 | 59,189 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 8,131 | 3,000 | 3,000 | 3,000 | 17,131 |
| Env & Natural Resoures | 3,000 | 0 | 0 | 0 | 3,000 |
| Local Trls Granst Lott in Lieu | 4,479 | 0 | 0 | 0 | 4,479 |
| Land and Water Conservation | 2,500 | 0 | 0 | 0 | 2,500 |
| Parks and Trails Fund | 32,079 | 0 | 0 | 0 | 32,079 |
| State Funds Subtotal | 50,189 | 3,000 | 3,000 | 3,000 | 59,189 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 50,189 | 3,000 | 3,000 | 3,000 | 59,189 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2014-15 | FY 2016-17 | FY 2018-19 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Change in F.T.E. Personnel | 0.0 | 0.0 | 0.0 | 0.0 |

| SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects) | Amount | Percent of Total |
|---|---------------|-----------------------------|
| General Fund | 3,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| Yes | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2019 |