

Minnesota Department of Natural Resources
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Office of the Commissioner
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January 6, 2016

Senator John Marty
Chair, Senate Environment and Energy Committee

Representative Denny McNamara
Chair, House Environment and Natural
Resources Policy and Finance Committee

Senator David Tomassoni
Chair, Senate Finance Committee – Environment,
Economic Development and Agriculture Budget
Division

Representative Jim Knobloch
Chair, House Ways and Means Committee

RE: Report on the Land Acquisition Account

Dear Committee Chairs:

As required by Minn. Stat. §94.165, enclosed please find the annual report of DNR's use of funds from the Land Acquisition Account. The Land Acquisition Account provides a source of funding for land acquisitions for the outdoor recreation system. The account also pays expenses incurred by DNR in offering property for sale or exchange.

The report summarizes the revenue received to the account and expenditures made during FY15. It also provides examples of acquisition, sale and exchange work made possible with funds from the account.

If you need additional information about the information in this report, please contact Jess Richards, Director, Division of Lands and Minerals at 651-259-5379.

Sincerely,

/s/ Tom Landwehr
Commissioner

Attachment

c: Legislative Reference Library (2)



LAND ACQUISITION ACCOUNT

Natural Resources Fund

Fiscal Year 2015 Annual Report



Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.5 million acres of land within state forests, state parks, wildlife management areas, scientific and natural areas, aquatic management areas, and other recreation and access sites. The Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the "Account"). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land. The Account helps the DNR reach the following goals:

- Consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat;
- Acquiring privately-owned "in-holdings" within state parks;
- Acquiring recreation access; and
- Acquiring lands with significant natural resource characteristics.

Financial Review	
FY2015 Beginning fund balance	\$665,854
Prior year adjustment	\$0
Receipts	
Sale of land	\$111,366
Land sale costs	32,557
Sale of standing timber	100
Other receipts ¹	<u>7,637</u>
Total receipts	\$151,660
Expenditures	
Parks and Trails	\$83,111
Forestry	195,545
Fish & Wildlife	85,058
Ecological & Water Resources	<u>0</u>
Total expenditures	<u>\$363,714</u>
FY2015 Ending fund balance	<u>\$453,800</u>
Net change for FY2015	(\$212,054)

Notes: ¹ Other receipts: Loan interest, Other Agency Deposits, All Other Reimb-External .

FY2015 Accomplishments

Receipts to the Land Acquisition Account during FY15 included revenue from the sale of:

- Two parcels totaling 50.37 acres located in the city of Champlin, sold to local government units to add to existing parklands;
- 3.995 acres of surplus trail property from the Willard Munger Trail in St. Louis County, sold to Canadian National Railroad to add new railroad track; and
- Eight parcels to resolve trespass issues in Beltrami, Houston, Hubbard, Lake of the Woods, Pennington and Winona Counties.

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account and other accounts to pay for appraisals and professional services for land sales.

In addition to using Land Acquisition Account funds to purchase land, DNR uses the Land Acquisition Account to pay for professional costs related to land acquisitions, sales and exchanges of state owned lands (e.g. appraisals, legal notifications, and professional/technical services). Thus, funds from the Account benefitted a wide variety of land transactions during FY15, including the following:

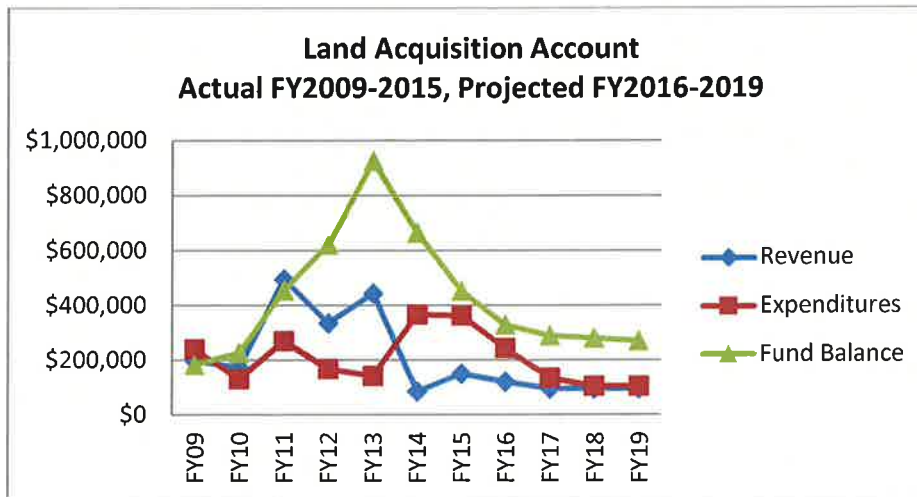
- Forestry:
 - Acquired 44 acres from Potlatch Corporation that were surrounded by state lands;
 - Acquired a 5.5-acre inholding along the Mississippi River corridor which consolidated state ownerships and reduced boundaries by 1/8 mile;
 - Acquired a 1-acre parcel which secured road access to 215 acres of State land;
 - acquired a 63.65-acre parcel joining 476 acres of forest land to state lands along US Highway 61, improving access and consolidating ownership; and
 - Costs associated with accepting several gifts of land, including parcels from The Nature Conservancy, Potlatch Corporation, and Pheasants Forever.

- Parks and Trails:
 - Costs associated with a land exchange project with the University of Minnesota involving lands in St. Louis and Dakota Counties;
 - Costs associated with a Transfer of Custodial Control with MnDOT for the Paul Bunyan Trail;
 - Costs associated with a Transfer of Custodial Control with MnDOT for the Gateway Trail;
 - Costs associated with preparing to sell surplus properties in Lake Bronson State Park;
 - Costs associated with trail sales involving Willard Munger Trail, Casey Jones Trail, and Glacial Lakes Trail; and
 - Acquired lands for the Sakatah State Trail in Blue Earth County.

- Fish and Wildlife:
 - Acquired 20 acres on Leech Lake for Marshal Point Aquatic Management Area (AMA);
 - Acquired 0.25 acres on Leech Lake for Allen's Point AMA;
 - Acquired 8 acres on Miller Creek in Wabasha County;
 - Acquired 1.8 acres on Volney Lake in Le Sueur County;
 - Acquired 425 acres for Vermillion River Wildlife Management Area (WMA) in Dakota County;
 - Costs associated with sales to resolve trespasses on Marion Lake in Dakota County, Straight Lake in Becker County, Burbank WMA in Kandiyohi County, and Whitewater WMA in Winona County; and
 - Costs associated with a direct sale of surplus land on Orchard Lake in Dakota County.

Financial Summary FY2009 to FY2019

The balance of the fund had dropped sharply in FY14 when divisions increased their use of the fund to pay land acquisition costs. While the amount of the fund balance decreased again in FY15, an increase in lands sold in FY15 helped to stem that decline, and expenditures remained relatively unchanged from the previous cycle. Expenditures in FY16 are trending below FY15 levels, which should continue to close the gap between revenues and expenditures.



Contacts

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