



Department of Natural Resources Land Acquisition

2025 Evaluation Report

**Program Evaluation Division
Office of the Legislative Auditor**
State of Minnesota

Program Evaluation Division

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April 2025

Members of the Legislative Audit Commission:

The Department of Natural Resources (DNR) acquires land to conserve natural resources, improve and expand recreational opportunities, and support sustainable economic use of natural resources. Stakeholders involved in land acquisition expressed favorable opinions of DNR's process for selecting land, but many expressed concerns about the length of the acquisition process.

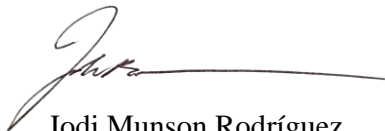
DNR's land acquisitions have generally complied with land acquisition process requirements. However, the department has not reported on land acquisitions as required by law. We recommend that DNR fulfill its reporting requirements and maintain data on landholdings in a manner that facilitates accurate reporting.

Our evaluation was conducted by Sarah Delacueva (project manager), Will Harrison, and Roman Morris. DNR cooperated fully with our evaluation, and we thank them for their assistance.

Sincerely,



Judy Randall
Legislative Auditor



Jodi Munson Rodríguez
Deputy Legislative Auditor



OLA



Summary

April 2025

Department of Natural Resources Land Acquisition

The Department of Natural Resources (DNR) land acquisition process—though lengthy—has generally complied with land acquisition process requirements. However, the department has not reported on land acquisitions as required by law.

Report Summary

Legal Compliance

Minnesota statutes contain provisions that guide DNR's land acquisition process. These requirements relate to appraisals and purchase price, among other things.

- While all land DNR acquires must generally meet the same standards, some requirements for partner-led acquisitions are not established in statutes. (pp. 17-19)
- DNR has generally complied—or required partner organizations to comply—with applicable land acquisition requirements. (p. 19)

Recommendation ► The Legislature should consider whether statutes should require partner organizations conveying land to the state to meet the same land acquisition standards required of DNR. (p. 27)

Reporting

Beyond the information that DNR provides on its website and in other public reports, Minnesota statutes require DNR to submit two reports related to separate aspects of land acquisition.

- DNR has not fully complied with either of these two legislative reporting requirements. (pp. 28-29)

Recommendation ► DNR should regularly produce reports identifying (1) its inventory of DNR-managed land and (2) transactions from the Land Acquisition Account, as required by law. (p. 29)

- The manner in which DNR maintains data on acquired land gives rise to questions about the accuracy and consistency of those data. (pp. 29-30)

Recommendation ► DNR should maintain data on landholdings and acquisitions in a manner that facilitates consistent and accurate reporting. (p. 30)

Background

Minnesota has about 51 million acres of land within its borders. The State of Minnesota owns—and DNR manages—more than 5.6 million acres (11 percent of land in the state).

DNR acquires land to conserve natural resources, improve and expand recreational opportunities, and support sustainable economic use of natural resources. The department selects land for acquisition using its “strategic land asset management” (SLAM) framework, which consists of six goals.

While DNR acquires some land directly from landowners, it receives other land from nonprofit organizations and other entities (known as partner organizations) that receive state grant funding to purchase land and convey it to the department.

The Outdoor Heritage Fund has recently been the sole source of funding for partner-led acquisitions and a major source for DNR-led acquisitions. Since the fund was created, the role of partner organizations in the state's efforts to acquire land has expanded considerably.

Land Selection Performance

DNR uses SLAM goals to ensure that the land it acquires contributes meaningfully to the department's land portfolio. The department has a goal that 80 percent of acquisitions meet three or more SLAM goals.

- DNR's current SLAM goals align well with the department's strategic plan and with statutes, and nearly all of DNR's acquisition projects in the period we reviewed met three or more SLAM goals. (pp. 33-34, 37)
- The stakeholders we surveyed and interviewed expressed generally favorable opinions of DNR's process for selecting land to acquire. (pp. 35-37)

Land Acquisition Performance

The success of DNR's land acquisition depends in part on how well the department collaborates with the many stakeholders that participate in the process and how efficiently it completes the process.

- In our surveys, DNR staff and landowners reported generally positive impressions of DNR's land acquisition performance, while partner organization and county representatives had mixed views. (pp. 39-42)
- In recent years, the median DNR land acquisition took 21 months to close. (p. 43)
- Many DNR staff and partner organization representatives expressed concern with the length of the land acquisition process. (pp. 44-47)
- DNR has taken steps to improve the timeliness of partner-led acquisitions as part of its continuous improvement project. (pp. 48-50)

Recommendation ► To the extent that proposed solutions identified through the continuous improvement project could also apply to DNR-led acquisitions, the department should implement them to reduce the length of these acquisitions. (p. 51)

Summary of Department Response

In a letter dated April 23, 2025, Commissioner Strommen said that DNR values OLA's "recommendations and the perspectives you gathered from others involved in land acquisition with DNR." Further, the commissioner said "We fully understand the importance of having a robust land acquisition program that appropriately balances process efficiency and timeliness with adherence to state statute and foundational principles of risk management."

The commissioner indicated that DNR intended to implement OLA's recommendations related to continuous improvement efforts and Land Acquisition Account reporting. Regarding the requirement to report to the Legislature an inventory of DNR-managed land, she said DNR has recommended repealing this language, but would work to meet the requirement if the repealer is not enacted. Regarding OLA's recommendation that DNR maintain its data in a manner that facilitates consistent and accurate reporting, the commissioner wrote that the limitations with DNR's data system "are understood and managed within DNR to avoid providing inaccurate information." She suggested that instances where OLA identified imprecisely reported data reflected DNR's efforts to "use plain language to convey accurate information at an appropriate level of detail."

Table of Contents

1	Introduction
3	Chapter 1: Background
3	Overview of Land Ownership in Minnesota
9	Overview of the Land Acquisition Process
14	Land Acquisition Funding and Expenditures
17	Chapter 2: Legal Compliance and Reporting
17	Land Acquisition Process Requirements
19	Compliance with Land Acquisition Requirements
27	Reporting
31	Chapter 3: Land Selection
31	Strategic Land Asset Management Goals (SLAM)
35	Stakeholder Perspectives on Land Selection
37	SLAM Goals in Practice
39	Chapter 4: Land Acquisition Performance
39	Overall Performance
42	Timeliness
53	List of Recommendations
55	Department of Natural Resources Response



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Introduction

The State of Minnesota owns more than 5.6 million acres of land, the vast majority of which are managed by the Department of Natural Resources (DNR). DNR acquires land on behalf of the state to protect, conserve, and improve natural resources, and to expand recreational opportunities throughout the state, among other reasons. The number of land acquisitions DNR completes annually increased with the passage of the 2008 Clean Water, Land and Legacy Amendment, which created the Outdoor Heritage Fund, a funding source for the protection of Minnesota's natural resources.¹

In April 2024, the Legislative Audit Commission directed the Office of the Legislative Auditor to evaluate DNR's land acquisition process. Our evaluation addressed the following questions:

- **To what extent have DNR's land acquisitions satisfied certain legal requirements?**
- **How well has DNR conducted the land acquisition process?**
- **How accurately has DNR reported on land acquisitions?**

To evaluate DNR's land acquisition process, we interviewed staff representing several DNR divisions, as well as representatives of conservation organizations (known as partner organizations) that work with DNR to acquire land using Outdoor Heritage Fund dollars. We also surveyed DNR staff; representatives of partner organizations, counties, and Tribal governments; and a selection of landowners who had sold, donated, or offered land to DNR (or were in the process of doing so).

To identify the legal requirements related to land acquisition, we reviewed Minnesota statutes, rules, and appropriation laws. We also reviewed relevant DNR policies and procedures, reports that DNR produces for the Legislature, and other reporting and strategic planning documents. Finally, we analyzed separate datasets related to DNR's selection of land to acquire, DNR's recently completed acquisitions, and DNR's current landholdings.

Our evaluation focused on DNR's acquisition of land through purchase or donation from landowners or conveyance from partner organizations. We did not evaluate the processes for other lesser-used methods of land acquisition, such as land exchange and condemnation. We also focused on the acquisition of land to which DNR holds all surface rights; while we briefly discuss conservation easements in our background chapter, we did not evaluate the process for acquiring easements. Finally, we did not evaluate DNR's post-acquisition restoration work or land management.

¹ *Minnesota Constitution*, art. XI, sec. 15.



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Chapter 1: Background

Minnesota has a history of supporting public ownership of land for conservation and outdoor recreation, such as hunting and fishing. For example, in 1988 and 1990, Minnesota voters approved constitutional amendments dedicating 40 percent of the net proceeds from the state lottery “for the public purpose of protection, conservation, preservation, and enhancement of the state’s air, water, land, fish, wildlife, and other natural resources.”¹ Similarly, in 2008, voters in Minnesota passed the Clean Water, Land and Legacy Amendment to the state’s constitution which, among other things, increased the state sales tax and dedicated portions of the additional tax revenues for the purposes of protecting fish and wildlife habitats and supporting parks and trails, respectively.² The Department of Natural Resources (DNR) is the primary state agency responsible for acquiring and managing these types of state land, and it does so through various programs.

In this chapter, we first provide an overview of land ownership in Minnesota. We then describe DNR’s land acquisition process. Finally, we discuss land acquisition funding and expenditures.

Overview of Land Ownership in Minnesota

Different types of entities own land across Minnesota. Individuals and other private entities own much of the land in the state, while government entities own the remaining land.

DNR reports that as of 2022, the State of Minnesota owned 11 percent of all acres of land within Minnesota’s boundaries, the vast majority of which DNR managed.

Within its borders, Minnesota has approximately 51 million acres of land. According to DNR, nearly three-quarters of the acres in the state were owned by individuals and other private entities as of late 2022.³ The State of Minnesota owned and managed 11 percent of the acres (roughly 5.6 million acres). Exhibit 1.1 shows land ownership in Minnesota by type of landowner.

Also as Exhibit 1.1 shows, DNR managed most (estimated 99 percent) of the 5.6 million acres of state-owned land in Minnesota. The remaining acres were managed by other entities, often to provide a location for state government buildings (for example, the Minnesota Department of Administration manages the Capital Complex in St. Paul). As another example, the Minnesota Department of Transportation manages the land used for state rest areas.

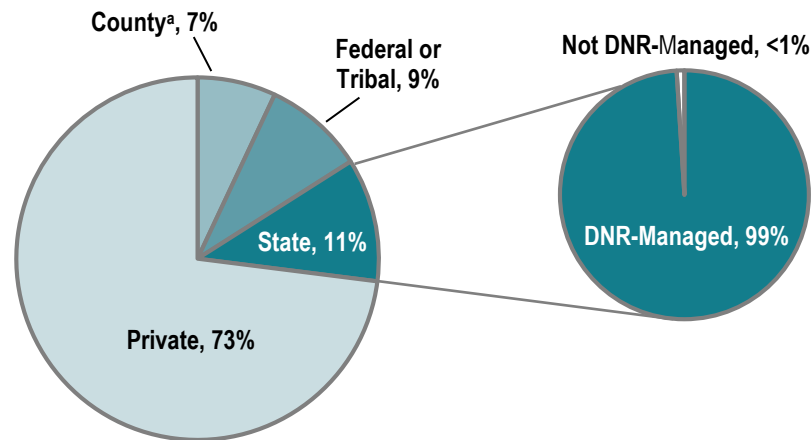
¹ *Minnesota Constitution*, art. XI, sec. 14. Most recently in 2024, Minnesotans voted to maintain the amendment through 2050.

² *Minnesota Constitution*, art. XI, sec. 15.

³ Department of Natural Resources, *Minnesota state land portfolio* (St. Paul, 2022), <https://www.dnr.state.mn.us/slam/land-portfolio.html>, accessed January 8, 2025.

Exhibit 1.1

Minnesota Land Ownership and Management, by Acres and Entity Type, 2022 and 2019



^a Even though it is technically owned by the State of Minnesota, we include “tax-forfeited land” among the 7 percent of Minnesota land owned by counties because the state owns this land in trust for counties. The State of Minnesota acquires tax-forfeited land when landowners do not pay property taxes, but the counties manage the land and keep the official records of these properties. Tax-forfeited land accounted for 5.5 percent of land in Minnesota.

Source: Office of the Legislative Auditor, based on DNR, *Minnesota state land portfolio* (2022), for the left pie chart and DNR, *Public Lands In-Depth* (St. Paul, 2019), for the right pie chart.

DNR acquires land and interest in land to conserve natural resources, improve and expand recreational opportunities, and support sustainable economic use of natural resources.



DNR's Mission Statement

“[T]o work with Minnesotans 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 Strategic Plan 2023-2027

DNR acquires land and interest in land for broad purposes that align with the department’s mission statement, shown at left.⁴ Minnesota statutes give DNR the authority to purchase particular types of land, supporting this mission. For example, DNR may acquire land:

- For hunting and designate it as a Wildlife Management Area.⁵
- To protect and conserve natural resources, such as the land it acquires for Scientific and Natural Areas.⁶
- To support natural resource economies, such as acquired forestland that produces timber for sale.⁷

Exhibit 1.2 shows the locations of state-owned, DNR-managed land throughout Minnesota. As the map suggests, DNR manages land in every Minnesota county.

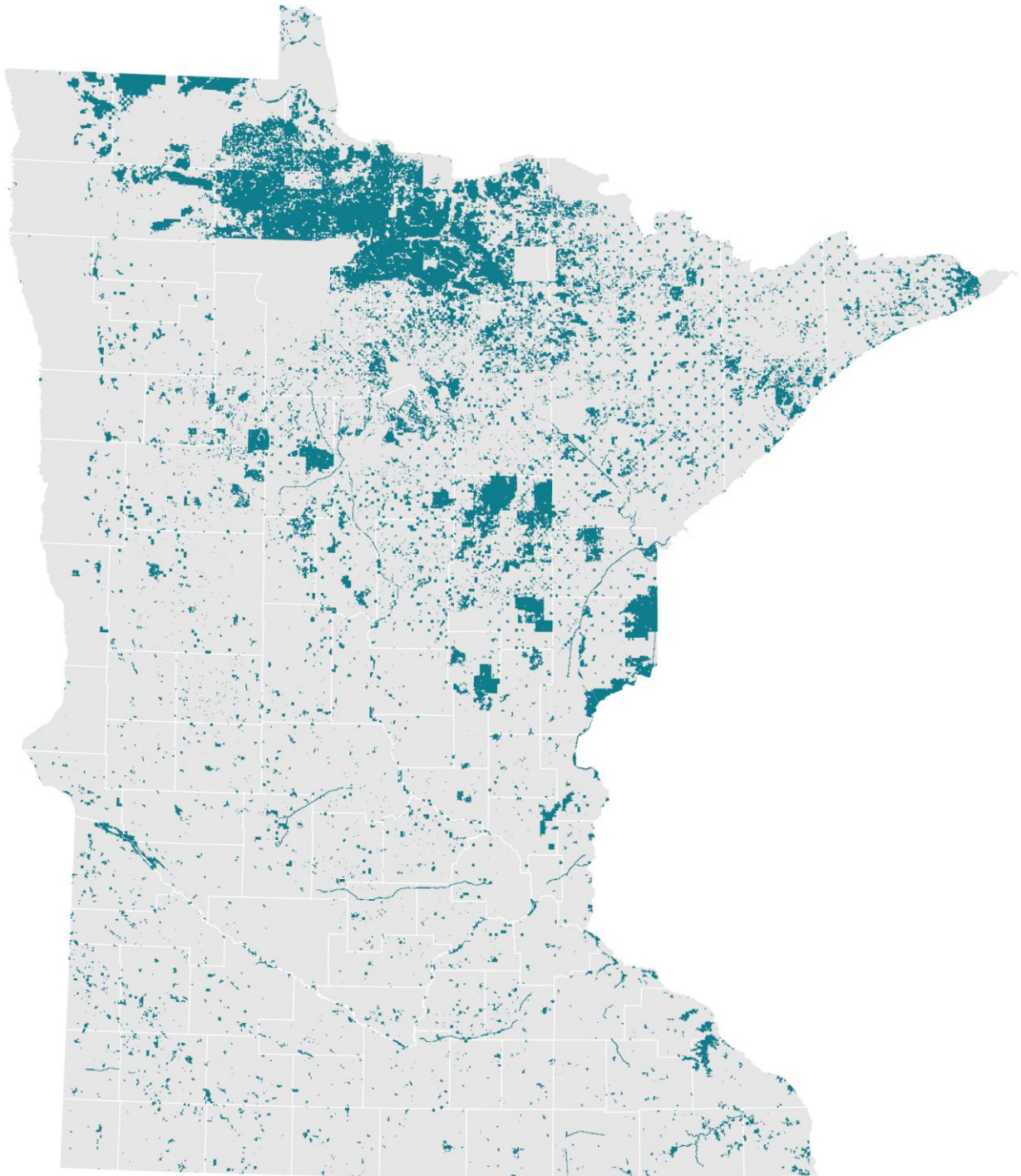
⁴ Department of Natural Resources, *Department of Natural Resources Strategic Plan 2023-2027* (St. Paul, 2022), 18.

⁵ *Minnesota Statutes* 2024, 97A.135, subd. 1.

⁶ *Minnesota Statutes* 2024, 84.033, subd. 1; and 86A.05, subd. 5.

⁷ *Minnesota Statutes* 2024, 84.66; 89.018; 89.035; and 89.17.

Exhibit 1.2
DNR-Managed Land in Minnesota, 2024



Notes: The map reflects more than 5.6 million acres of land that DNR manages for the state. Shaded portions represent parcels that the state owns either in whole or in part.

Source: Office of the Legislative Auditor, based on DNR Land Records System data, 2024.

Land that DNR acquires through its various programs often becomes part of the state's outdoor recreation system.⁸ Minnesota statutes establish the outdoor recreation system for the purpose of making Minnesota's natural resources available to all Minnesotans through outdoor recreation.⁹ Exhibit 1.3 describes the purposes of the programs for which DNR acquires land.

Exhibit 1.3

Relevant DNR Programs and Associated DNR Divisions

DNR Program	Responsible DNR Division	Purpose of DNR Program and/or Land Unit Type
Aquatic Management Areas	Fish and Wildlife	<ul style="list-style-type: none"> Protect, develop, and manage lakes, rivers, streams, and adjacent wetlands and lands that are critical for fish and other aquatic life, for water quality, for biological value, and for compatible recreational uses
Forest Legacy and Forests for the Future ^a	Forestry	<ul style="list-style-type: none"> Provide protection, mostly through easements, of environmentally important forests from conversion to non-forest uses
Native Prairie Banks	Ecological and Water Resources	<ul style="list-style-type: none"> Provide protection of native, remnant prairie on private land through the use of conservation easements
Scientific and Natural Areas	Ecological and Water Resources	<ul style="list-style-type: none"> Protect, in an undisturbed state, natural features of exceptional scientific or educational value
State Forests	Forestry	<ul style="list-style-type: none"> Sustainably provide multiple benefits, including: <ul style="list-style-type: none"> Wildlife habitat, biodiversity, and water quality and quantity Recreation Wood supply and healthy natural resource economies
State Parks	Parks and Trails	<ul style="list-style-type: none"> Protect areas of the state that have resources that exemplify Minnesota's natural phenomena Provide for the use, enjoyment, and understanding of those resources
State Recreation Areas	Parks and Trails	<ul style="list-style-type: none"> Provide recreation opportunities in a natural setting for use by large numbers of people
State Trails	Parks and Trails	<ul style="list-style-type: none"> Connect units of the outdoor recreation system or the national trail system Provide recreational access to or passage through other areas that have significant scenic, historic, scientific, or recreational qualities

Continued on next page

⁸ Land DNR purchases solely for an office or management facility would not be part of the outdoor recreation system.

⁹ Statutes define "outdoor recreation" as "any voluntary activity, including hunting, fishing, trapping, boating, hiking, camping, and engaging in winter sports," where the natural surroundings are a key component. *Minnesota Statutes* 2024, 86A.02, subds. 1 and 3; and 86A.03, subd. 3.

Exhibit 1.3
Relevant DNR Programs and Associated DNR Divisions (continued)

DNR Program	Responsible DNR Division	Purpose of DNR Program and/or Land Unit Type
Water Access Sites	Parks and Trails	<ul style="list-style-type: none">• Provide public access to rivers and lakes that are suitable for outdoor water recreation
Wildlife Management Areas	Fish and Wildlife	<ul style="list-style-type: none">• Protect land and water resources that have a high potential for wildlife production• Develop and manage those resources for wildlife, public hunting, fishing, trapping, and other compatible recreational uses

Notes: Each individual State Park, Wildlife Management Area, etc., is considered a “unit” of the outdoor recreation system. There are some additional recreation unit types named in statute; for example, State Historic Sites are a part of the recreation system, but DNR does not typically manage these units. Certain easements, such as Native Prairie Bank easements, do not typically become part of the outdoor recreation system.

^a These two programs have very similar purposes. They are different in that Forest Legacy acquisitions must be within defined Forest Legacy Areas, whereas Forests for the Future land can be acquired across the state.

Source: Office of the Legislative Auditor, based on *Minnesota Statutes* 2024, 84.66, 84.96, 86A.05, 89.018; and Forest Legacy Program, 16 *U.S. Code*, sec. 2103c (2018).

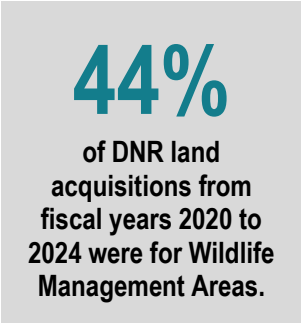


Acquisition Terms

- Acquire:** Become the owner of an interest in land.
- Fee Title:** An ownership interest in land, including all of the rights described in the title.
- Conservation Easement:** An interest in land that does not give ownership of the land, but instead gives the easement holder specific legal rights, such as the right to access the land or the right to limit how the landowner uses the land.
- Surface Rights:** Ownership of the land surface.
- Mineral Rights:** Ownership of the mineral resources below the land surface; these rights are sometimes part of a fee title interest and sometimes they are severed from the surface rights. (In this report, we exclude land to which DNR owns only the mineral rights.)

DNR can acquire several types of interest in land that give the department different rights to that land. For example, a fee title acquisition gives DNR full ownership of the land, as noted in the box at left. In contrast, conservation easements give DNR a more limited, “nonpossessory” interest in the land. For example, holding an easement may allow DNR to protect land or conserve natural resources by limiting the types of activities the landowner and others can perform on the land. Land that is part of some easement programs, such as the native prairie bank program, does not become part of the outdoor recreation system.

From fiscal years 2020 through 2024, DNR most commonly acquired land for inclusion in wildlife or aquatic management areas. Of DNR’s 340 acquisitions during that time period, 150 (44 percent) were for Wildlife Management Areas while 55 acquisitions (16 percent) were for Aquatic Management Areas. The Wildlife Management Area program was also the program for which DNR acquired the most acres, with 19,712 acres (54 percent of all acres) acquired over the five years. Exhibit 1.4 shows the number of DNR acquisitions and acres by acquisition program and whether they were a fee title or conservation easement acquisition.



During the time period we examined, most of DNR's acquisitions were fee title acquisitions, which were the focus of this evaluation. There were 234 fee title acquisitions (69 percent) compared to 106 easement acquisitions. While we have presented information about conservation easements in this chapter to show the breadth of DNR's acquisition work, the remainder of the report focuses solely on fee title acquisitions unless otherwise stated.

From fiscal years 2020 to 2024, the total amount of DNR-managed land changed by a small percentage each year. During that time, DNR acquired nearly 30,000 acres of land across 242 acquisitions.¹⁰ The department sold (or otherwise conveyed to a different landowner) just under 3,000 acres of land during that same period. This means that DNR's net number of acres acquired over the five years was about 27,000 acres, or less than 1 percent of the state's current landholdings of more than 5.6 million acres.

Exhibit 1.4

Number of DNR Land Acquisitions and Acres Acquired, by Program and Type of Interest Acquired, Fiscal Years 2020-2024

Program	Fee Title		Easement Only		Total	
	Acquisitions	Acres	Acquisitions	Acres	Acquisitions	Acres
Aquatic Management Areas	20	917	35	235	55	1,151
Forest Legacy and Forests for the Future ^a	0	0	29	5,105	29	5,105
Native Prairie Banks	0	0	24	1,694	24	1,694
Scientific and Natural Areas	9	851	1	17	10	868
State Forests ^a	21	6,956	0	0	21	6,956
State Parks	23	846	0	0	23	846
State Recreation Areas	1	40	0	0	1	40
State Trails	8	127	5	14	13	141
Water Access Sites	1	7	1	<1	2	7
Wildlife Management Areas	150	19,712	0	0	150	19,712
Other Programs ^b	1	7	11	185	12	191
Total	234	29,462	106	7,248	340	36,710

Notes: Numbers in the "Fee Title" column reflect the sum of all of the projects that included a fee title acquisition component; a small number of these projects also contained easement components. The sums of acres do not equal the totals in this table due to rounding.

^a DNR data do not distinguish between Forest Legacy, Forests for the Future, and State Forests. Since Forest Legacy and Forests for the Future are primarily easement programs (in contrast to State Forests), we assigned all forest easement data to those two programs. To the extent that there have been fee title acquisitions for the Forest Legacy program, we included them in the State Forests row.

^b "Other Programs" includes Canoe and Boating Areas, Water Dam Sites, and land that does not fall into a specific land acquiring program.

Source: Office of the Legislative Auditor, based on DNR Land Records System data, fiscal years 2020-2024.

¹⁰ In some instances, the agency responsible for managing state-owned land can change. When calculating total acres DNR acquired and total acres DNR conveyed (to identify changes in the number of acres for which DNR was responsible), we included not only the 234 fee title acquisitions, but also transfers between managing state agencies or from counties.

Overview of the Land Acquisition Process

Land Acquisition Participants

To acquire a fee title interest in land, DNR must work with multiple types of participants outside of DNR, such as a landowner who is willing to sell or donate land. DNR also works with counties, other local governments, and Tribal governments to notify them of the department's intention to acquire specific parcels of land in some instances (for example if the parcel is within or adjacent to their boundaries). In some cases, DNR must obtain county board approval for the acquisition.¹¹ Additionally, DNR contracts with private certified appraisers to conduct appraisals.

In some cases, DNR works with partner organizations, such as nonprofit conservation organizations, that acquire land with the intention of conveying it to the state for DNR programs.¹² In many cases, the Legislature names specific partner organizations in appropriation laws as the recipients of grant funding to be used to acquire land that they must then convey to DNR. DNR works with these organizations to (1) identify land that DNR would be willing to accept, (2) provide grant funding to the partner organization for land acquisition expenditures when appropriate, and (3) complete the real estate transaction of accepting the land conveyance.

Of DNR's 234 fee title acquisitions from fiscal years 2020 through 2024, just over one-half were partner-led acquisitions.¹³ Partner-led acquisitions, however, accounted for about 70 percent of all acres that DNR acquired. During that time, partner organizations conveyed to DNR 124 acquisitions (accounting for nearly 21,000 acres), and DNR directly acquired 110 acquisitions (accounting for about 8,600 acres).



Definitions of Key Terms

Partner Organization: An entity, such as a nonprofit conservation organization, that acquires land with the intention of conveying it to DNR.

Partner-Led Acquisition: Acquisitions made by partner organizations named in law as recipients of state grant funding that they must use to acquire land and convey it to DNR.

DNR-Led Acquisition: Acquisitions where DNR (1) purchases land or (2) receives land donated to it by a landowner who is not a partner organization. This includes acquisitions where DNR purchases land from partner organizations.

Acquiring Division: The DNR division that will be responsible for managing the land once DNR acquires it.

¹¹ *Minnesota Statutes* 2024, 84.033, subd. 3; 84.944, subd. 3; and 97A.145, subd. 2. Regardless of whether county board approval is required, land acquisition is of concern to counties because the land the state acquires in a county reduces the county's tax base. The state provides "payment in lieu of taxes" (PILT) to offset these reductions in tax base. *Minnesota Statutes* 2024, 477A.10.

¹² The State of Minnesota owns the land acquisitions we discuss in this report; however, for the sake of simplicity, we generally say that partner organizations convey land "to DNR" or that "DNR acquires land."

¹³ In some cases, we use terms differently from how DNR uses them. For example, DNR does not use the term "partner-led acquisition(s)" consistently and may sometimes use the term for a parcel that DNR *purchases* from a partner organization.

There are also many different land acquisition participants *within* DNR. DNR staff working at the local, regional, and central offices play roles in DNR land acquisition. Further, staff working in different DNR divisions also play roles in acquiring land. The Lands and Minerals Division manages the bulk of the land acquisition process. However, DNR's four acquiring divisions—(1) Ecological and Water Resources, (2) Fish and Wildlife, (3) Forestry, and (4) Parks and Trails—also play important roles. For example, acquiring divisions help decide if DNR should acquire the land, provide information during the acquisition process, and manage the land once DNR has acquired it. Additionally, staff working in the Grants Unit within DNR's Operations Services Division are responsible for ensuring that DNR's partner organizations comply with requirements when acquiring land that these organizations plan to convey to DNR.¹⁴

The Fish and Wildlife Division was the acquiring division for

73%

of recent DNR fee title acquisitions.

Selecting Land for Acquisition

DNR's process for deciding whether to acquire available land consists of many steps. DNR staff explained that the department often learns about available land directly from a landowner.¹⁵ In other instances, DNR learns about available land from one of its partner organizations. Exhibit 1.5 illustrates the steps DNR takes to determine whether to pursue land for acquisition, which we explain further below.

Regardless of how DNR becomes aware of available land, staff from the acquiring division evaluate the potential acquisition against department goals. For example, they consider whether the potential acquisition would align with goals in that division's strategic plan and/or the goals of the specific program for which the land would be acquired. If local staff think their division should acquire the land, the potential acquisition is reviewed first by the division's regional staff, and then by the division's central office staff, before moving on to a cross-division review.



Definition of Key Terms

Available Land: Land that is available for acquisition.

Potential Acquisition: Land that local DNR staff have proposed acquiring and that DNR is in the process of comparing to departmentwide and division-specific criteria.

Acquisition Project: Land DNR has decided to pursue for acquisition.

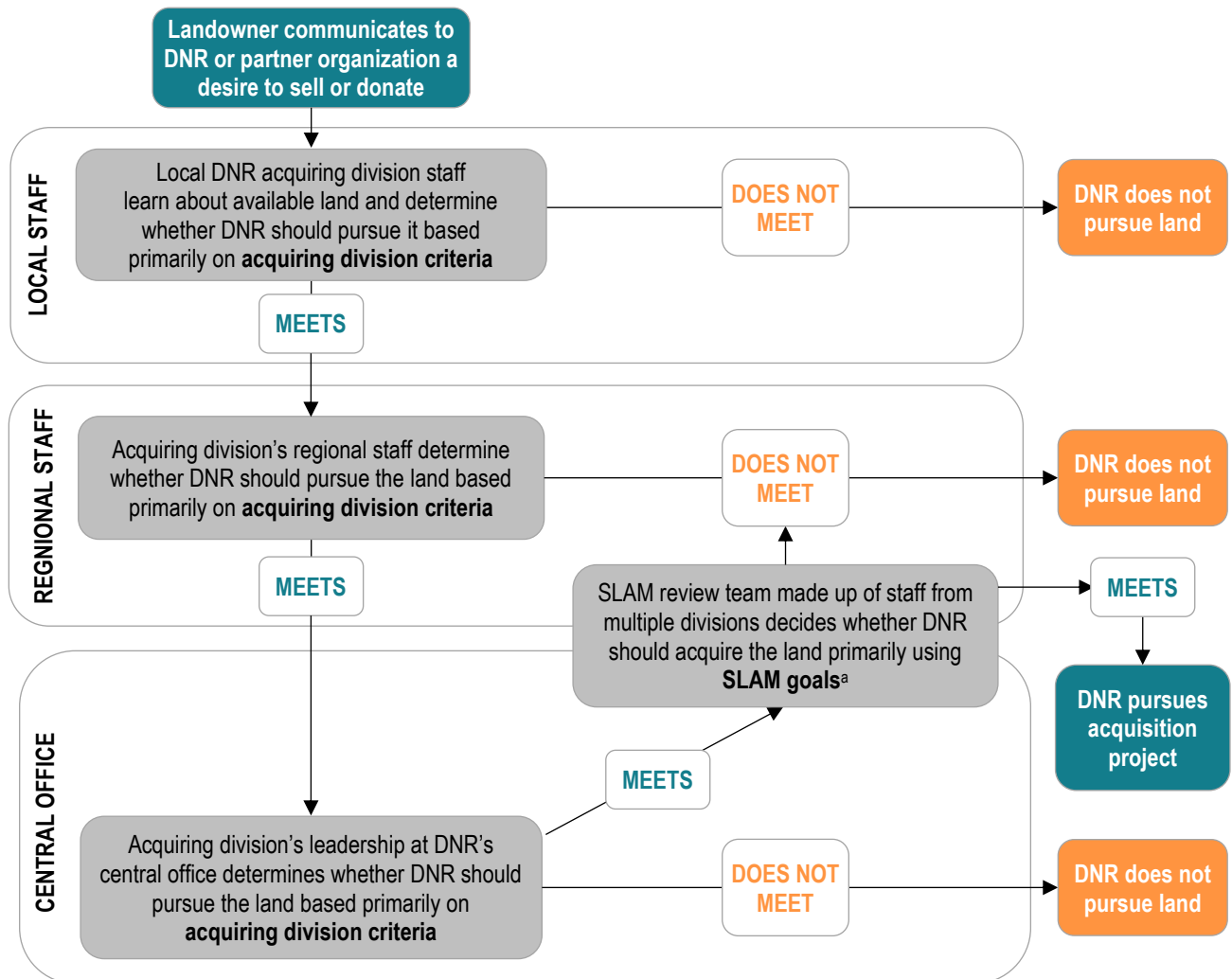
Completed Acquisition: Land DNR has acquired.

¹⁴ We discuss the legal requirements associated with land acquisition, including the extent to which they apply to partner organizations and how DNR oversees those partner organizations, in Chapter 2.

¹⁵ DNR staff told us that the department does not usually approach landowners to ask if they would like to sell or donate their land. However, there are some instances where DNR has done this, most commonly for the Parks and Trails Division where the land the division could acquire is limited to statutorily defined areas.

Exhibit 1.5

DNR Process for Selecting Land for Acquisition



^a “SLAM” refers to DNR’s “strategic land asset management” goals, discussed later in this section. The SLAM review team includes regional-level staff from each of the four acquiring divisions, as well as some staff from DNR’s central office.

Source: Office of the Legislative Auditor.

DNR’s acquiring divisions do not choose to pursue every available parcel of land. DNR regional staff reported that DNR regularly receives inquiries from landowners who want to sell or donate their land to DNR. Of the 62 offers of available land they recorded during Fiscal Year 2024, DNR’s four regional offices reported declining (and not pursuing further review of) 42 offers of land (68 percent) because they did not align with department goals.¹⁶

¹⁶ DNR tracks land offers through its regional offices, each which uses its own methods to do so; we do not know the extent to which the four regional offices tracked all offers.



SLAM Acquisition Goals

1. Increase close-to-home outdoor recreation opportunities
2. Protect significant and/or rare natural resources
3. Protect and restore water resources
4. Mitigate and adapt to climate change
5. Expand access to existing land holdings
6. Consolidate land ownership, creating larger, contiguous blocks of DNR land

— DNR, “Current SLAM Acquisition Goals”

If the acquiring division’s leadership also thinks DNR should acquire the land, the potential acquisition is then evaluated by a team consisting of regional staff representing each of the four divisions that acquire land, as well as representatives from the Lands and Minerals Division. This team reviews the potential acquisition, using the department’s “strategic land asset management” (SLAM) goals. DNR’s SLAM framework consists of six goals, listed to the left.¹⁷ To move forward, a potential acquisition generally must meet at least one, and preferably at least three, of these goals. DNR staff explained that cross-division review helps ensure that multiple divisions do not end up competing for the same land.¹⁸

Land Acquisition Process

Once DNR formally determines that it wants to acquire a parcel of land, the potential acquisition becomes an acquisition project. At this point, primary responsibility for the acquisition project shifts from the acquiring division to the Lands and Minerals Division. Staff in DNR’s Lands and Minerals Division work on acquiring the land through one of several processes, depending on the type of acquisition project. The most common types are purchase or donation from a landowner, and conveyance from a partner organization.¹⁹

While there are similarities between the DNR- and partner-led acquisitions, there are differences in who is responsible for specific steps in the process. In partner-led acquisitions, partner organizations conduct many of the same steps that DNR staff conduct for DNR-led acquisitions.

Another difference between DNR- and partner-led acquisitions is that partner-led acquisitions involve two closings, whereas DNR-led acquisitions involve only one. For partner-led acquisitions, the first closing occurs when the partner organization acquires the land from the landowner, and the second closing occurs when DNR acquires the land from the partner organization. For DNR-led acquisitions, there is only one closing, when DNR acquires the land from the landowner, as Exhibit 1.6 shows.

After DNR completes the closing to obtain land from a landowner or a partner organization, it completes additional steps, including: (1) submitting property transaction documents to the county recorder, (2) ensuring the state is now in title to the property, and (3) for certain land acquisitions, publishing a legal description of the land, including its management unit type (e.g., “Wildlife Management Area”) in the state register.

¹⁷ We discuss the development of these goals along with their alignment with statutes and DNR’s strategic plan in Chapter 3.

¹⁸ Of the 150 potential fee title acquisitions that DNR reviewed using SLAM goals in fiscal years 2022 through 2024, the department chose to pursue 131 of them (87 percent). We discuss the extent to which projects met particular SLAM goals further in Chapter 3.

¹⁹ DNR may also acquire land through exchange or—under specific circumstances—eminent domain or condemnation. These methods are infrequent and DNR uses eminent domain and condemnation only to convert school trust land to other uses. For this reason, we exclude them when discussing the general acquisition process throughout this report.

Exhibit 1.6

Land Acquisition Process Steps

Step and Purpose	DNR-Led Project	Partner-Led Project
Property Information. Gather information about the property to inform appraisal and other acquisition steps	DNR completes	Partner completes
Survey. If needed, survey property or review documentation of previous surveys to document property characteristics	DNR conducts or reviews survey	Partner contracts for survey DNR reviews partner survey
Appraisal. Contract with certified appraiser to estimate the property's market value	DNR completes	Partner completes
Appraisal Review. Conduct or contract for review of appraisal to ensure the accuracy of assumptions and that the appraisal report meets requirements	DNR completes	Partner completes for land valued up to \$1 million Otherwise, DNR completes
Price Negotiation and Agreement. Identify a price at which the landowner is willing to sell the land and secure commitments of both landowner and purchasing entity	DNR obtains landowner's commitment to sell DNR completes election to purchase ^a	Partner and landowner sign purchase agreement
County Board Interaction. Notify or obtain approval from relevant county board, as required by statute	DNR notifies and/or obtains approval from county board ^b	Partner notifies county board
Grant Compliance Review. Ensure partner compliance with grant requirements; issue payment to partner for purchase price and costs incurred during acquisition process	N/A	DNR completes
Restoration. If needed, partner restores property	N/A	Partner completes
Title Opinion and Resolution. Identify issues that make the title unmarketable; assist landowner/partner with actions that must be taken to address those issues before closing ^c	DNR completes	Partner completes (initial) DNR completes (final)
Preparation for Closing. (To the extent needed) verify funding source, prepare documents	DNR completes	Partner completes (initial) DNR completes (final)
Closing. Obtain landowner's signature on property transaction documents and provide payment	DNR completes	Partner completes (initial) DNR completes (final)

Notes: The exhibit presents land acquisition steps in a roughly chronological order (though some steps may be revisited later in the process or occur in a different order, depending on the type of acquisition). In the "Partner-Led Project" column, some steps include designations of "initial" and "final." These indicate that the partner completes the step during the initial closing with the original landowner, and DNR completes the step when receiving the land from the partner organization.

^a For DNR-led acquisitions, the landowner's "option agreement" and DNR's "election to purchase" act as a purchase agreement.

^b DNR must obtain county board approval when purchasing certain land that will become a Scientific and Natural Area or Wildlife Management Area, or when completing the purchase using the Reinvest in Minnesota Resources Fund. Further, for all acquisitions, the department must notify the county board and relevant town officers.

^c A title is unmarketable if the property would expose the new owner to unreasonable legal or financial risk. Such risks include, but are not limited to, (1) boundary line or trespass issues and (2) others holding interests in the property that obligate the new owner financially, for example through maintenance agreements.

Source: Office of the Legislative Auditor, based on *Minnesota Statutes* 2024, 84.0272, subd. 1; 84.0274, subds. 5(e) and 6(4); 84.033, subd. 3; 84.944, subd. 3; and 97A.145, subd. 2.

Land Acquisition Funding and Expenditures

The Legislature appropriates funds to DNR and its partner organizations for land acquisitions. In some instances, the appropriations require that the money be used to purchase land in specific locations. More frequently, the laws allow for the acquisition of land that aligns with certain purposes, such as restoring or enhancing wetlands or native prairies. The box to the right provides an example of this type of appropriation language.

Two key funding sources for land acquisition have specific bodies that make funding recommendations to the Legislature. The Lessard-Sams Outdoor Heritage Council is responsible for recommending how to spend Outdoor Heritage Fund dollars, and the Legislative-Citizen Commission on Minnesota Resources is responsible for making similar recommendations regarding the Environment and Natural Resources Trust Fund. DNR and partner organizations (along with other applicants) first submit funding requests to these bodies. The relevant council/commission reviews these proposals before making recommendations to the Legislature.

DNR spends state money—as directed by the Legislature—on land acquisition either directly or through grant payments to partner organizations. We compared DNR’s expenditures on DNR- and partner-led acquisitions using state financial data for fiscal years 2020 to 2024; DNR expended more than twice as much on partner-led acquisitions as it did on DNR-led acquisitions. During that time, DNR’s land acquisition expenditures for both fee title and easement acquisitions totaled \$56.7 million from a variety of sources, including the Environment and Natural Resources Trust Fund, the Outdoor Heritage Fund, and the Reinvest in Minnesota Resources Fund.²⁰ Over that same time period, DNR spent more than \$130.4 million, as directed by the Legislature, on partner-led acquisitions. These expenditures were made up largely of payments to partner organizations (exclusively from the Outdoor Heritage Fund), as well as work DNR performed on the acquisitions, such as appraisal review. Exhibit 1.7 shows DNR land acquisition expenditures and reimbursements to partner organizations by fiscal year.



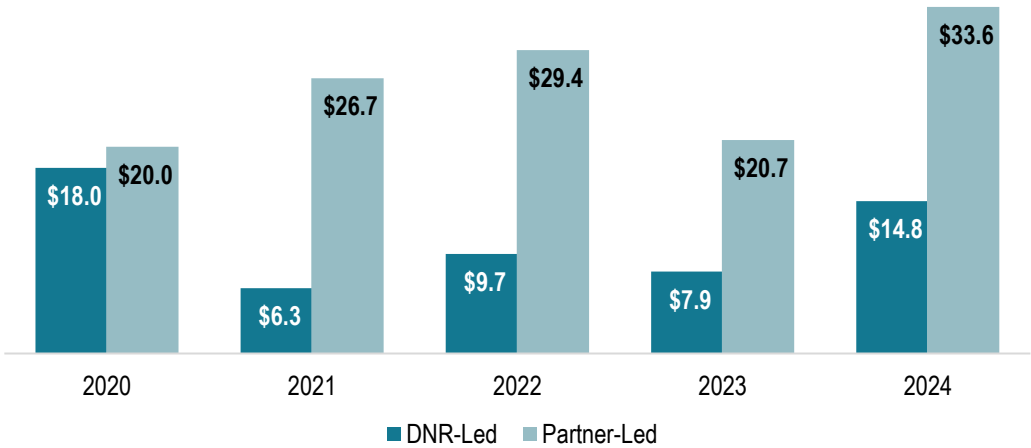
Example Appropriation from the Outdoor Heritage Fund

\$2,137,000 the first year is to the commissioner of natural resources for agreements to acquire land in fee and restore and enhance strategic prairie grassland, wetland, and other wildlife habitat in Martin and Watonwan Counties for wildlife management area purposes..., as follows: \$1,670,000 to Fox Lake Conservation League Inc.; \$421,000 to Ducks Unlimited; and \$46,000 to The Conservation Fund. A list of proposed acquisitions must be provided as part of the required accomplishment plan.

— *Laws of Minnesota 2023, chapter 40, art. 1, sec. 2, subd. 2(b)*

²⁰ We compared the combined total spending for fee title and easement acquisitions because the data DNR provided on grant payments to partner organizations did not allow us to exclude easements. More than 85 percent of all expenditures on DNR-led acquisitions went toward the cost of the land (or rights to the land, in the case of easements). The remaining expenditures included, for example, appraisals and DNR staff time spent on acquisitions. DNR staff explained that the acquiring divisions may not code their expenditures in a consistent manner; as such, these totals may not reflect all DNR staff time spent on acquisitions.

Exhibit 1.7
Expenditures on DNR- and Partner-Led Fee Title Acquisitions and
Conservation Easements, Fiscal Years 2020-2024
(In Millions)



Notes: Expenditures presented in this exhibit include all transactions coded to fee title and easement acquisitions even if they did not occur during the acquisition process; for example, some restoration work may have occurred after closing. The partner-led bars include grant payments to partner organizations as well as DNR’s direct expenditures on tasks like appraisal review.

Source: Office of the Legislative Auditor, based on state financial data and DNR grants reimbursement data, fiscal years 2020-2024.



OLA

Chapter 2: Legal Compliance and Reporting

Minnesota statutes outline requirements meant to ensure that the Department of Natural Resources (DNR), and the partner organizations that acquire land to convey to the department, use state funding responsibly when acquiring land for public use.¹

In this chapter, we explain the statutory requirements that guide the land acquisition process and the extent to which they apply to both DNR and partner organizations.

We next discuss the extent to which DNR and its partner organizations have complied with these legal requirements. Finally, we discuss statutorily required reports related to DNR land acquisition, as well as the accuracy of those reports and other public reports DNR produces.

Key Findings in This Chapter

- While all land DNR acquires must generally meet the same standards, some requirements for partner-led acquisitions are not established in statutes.
- DNR has generally complied—or required partner organizations to comply—with land acquisition requirements.
- The manner in which DNR maintains data on acquired land gives rise to questions about accuracy and consistency of those data.

Land Acquisition Process Requirements

Through the early 2000s, DNR directly purchased the vast majority of the land it acquired. When the Clean Water, Land and Legacy Amendment passed in 2008, the state gained a new funding source (the Outdoor Heritage Fund) for DNR land acquisition.² According to DNR staff, the Legislature sought to leverage partner organizations' community relationships, expertise, and ability to expeditiously complete acquisition projects to facilitate this work. To that end, the Legislature appropriated Outdoor Heritage Funds to DNR for pass-through grants to partner organizations to acquire land and subsequently convey it to DNR. In recent years, more than one-half of fee title acquisitions, accounting for about 70 percent of acres acquired by DNR for the state, were partner-led acquisitions.

While all land DNR acquires must generally meet the same standards, some requirements for partner-led acquisitions are not established in statutes.

In many cases, the extent to which Minnesota statutes establish requirements for the land acquisition process depends on who leads the acquisition, and, for DNR-led

¹ As discussed in Chapter 1, partner organizations are nonprofit organizations or other entities that purchase land with state funding for the purpose of conveying it to the State of Minnesota. For simplicity, we say that partner organizations convey land to DNR.

² *Minnesota Constitution*, art. XI, sec. 15.

acquisitions, whether the department purchases the land or receives it as a donation by a landowner who is not a partner organization. As Exhibit 2.1 demonstrates, the statutes we identified contain relatively few process requirements that pertain to all land acquisitions.³ Most of the relevant statutory requirements apply to all or certain DNR-led *purchases* of land. There is just one process requirement in statute that explicitly applies to partner organizations.

Exhibit 2.1

Land Acquisition Process Requirements

Topic	Statutory Requirement for DNR and Applicable Acquisitions	Comparable Requirement for Partner-Led Acquisitions and Source of Requirement
Fact Sheet	For all acquisitions , DNR must prepare a fact sheet identifying the land to be acquired, among other things	None
Appraisals	For all acquisitions , DNR must ensure that land is appraised, and that appraisers do not have a conflict of interest For DNR-led purchases , DNR should, to the greatest extent practicable, use private appraisers; appraisers must physically inspect property and allow the landowner to accompany them on the inspection	DNR requires partner organizations to have most land appraised by an appraiser without interest in the land before completing the purchase from the landowner DNR requires the appraisers used by partner organizations to attest that they (1) lack any interest in the land and in the parties to the transaction, (2) physically inspected the property, and (3) invited the landowner to accompany them
Purchase Price Relative to Appraised Value	Generally, for DNR-led purchases , DNR may pay no more than 110 percent of the appraised value of the property ^a	LSOHC requires partner organizations using OHF dollars to pay no more than 110 percent of the appraised value
Time Limit for DNR Purchase Commitment	For DNR-led purchases , the time from the landowner's commitment to sell to DNR's commitment to buy should be no greater than two months, or nine months if a survey is required ^b	Not applicable
County Board Approval	For certain DNR-led purchases (depending on the type of land and funding source), DNR must receive county board <i>approval</i> before closing	None; however, statutes require all partner organizations using OHF dollars to <i>notify</i> counties at least 30 days before closing

Notes: The term "all acquisitions" encompasses DNR purchases, donations from landowners, and conveyances from partner organizations. "OHF" is the "Outdoor Heritage Fund," the funding source used for all partner-led acquisitions from fiscal years 2020 to 2024. "LSOHC" is the "Lessard-Sams Outdoor Heritage Council," which makes funding recommendations for OHF.

^a If DNR pays less than the appraised value for other land acquisitions, it may apply that difference to a purchase that would exceed 110 percent of its appraised value.

^b If the transaction requires county board approval, no time limits apply.

Source: Office of the Legislative Auditor, based on *Minnesota Statutes* 2024, 84.0272, subd. 1; 84.0274, subds. 5(d) and 6(4); 84.033, subd. 3; 84.943-84.95; 97A.056, subd. 13(j); and 97A.145, subd. 2.

³ While there were other requirements related to land acquisition, we focused our analysis on requirements guiding the real estate process that DNR completes after land selection and through closing. We also included only those requirements directed at DNR or partner organizations and relevant to an acquisition method within the scope of this evaluation (fee title purchase, donation, or conveyance from a partner organization).

While the initial acquisition from a landowner by a partner organization is not highly regulated in statute, DNR and the Lessard-Sams Outdoor Heritage Council—which makes recommendations to the Legislature regarding use of the Outdoor Heritage Fund—have imposed some process requirements that help ensure that partner organizations use state dollars effectively. As the final column of Exhibit 2.1 indicates, DNR has required partner organizations to have land appraised by appraisers who meet statutory standards. Further, the council has placed limits on how much partner organizations can spend to acquire land. These requirements, many of which are governed by the grant agreement between DNR and a partner organization, help ensure that the land the state acquires has been properly valued and purchased for a reasonable price, regardless of who leads an acquisition.

Compliance with Land Acquisition Requirements

When partner organizations acquire land to convey to DNR at the direction of the Legislature, they interact with DNR in two capacities: as a grant recipient that must meet certain requirements to receive grant funding, and as a participant in a real estate transaction.

For the requirements outlined in Exhibit 2.1, partner organization compliance falls into the first category, which is under the purview of DNR’s Grants Unit. The unit has published guidelines that partner organizations must follow to receive reimbursement from DNR.⁴ A DNR staff person told us that if a partner organization failed to complete all required steps, the department would not accept the acquisition or reimburse the organization for its acquisition-related expenditures.

DNR has generally complied—or required partner organizations to comply—with applicable land acquisition requirements.

Fact Sheets

For each land acquisition—whether led by DNR or a partner organization—statutes require DNR to “prepare a fact sheet showing the lands to be acquired, the legal authority for their acquisition, and the qualities of the land that make it a desirable acquisition.”⁵ There is no comparable requirement for partner organizations. According to DNR, fact sheet preparation occurs early in the acquisition process and is the responsibility of the DNR division that will ultimately manage the land (known as the “acquiring division”). Once the acquiring division has determined that it is interested in pursuing available land, DNR uses that fact sheet, as well as other

Compliance with Fact Sheet Requirement	
DNR	Partners
✓	N/A
Source: Office of the Legislative Auditor.	

⁴ Department of Natural Resources, “Attachment E. Land Acquisition Reporting Procedures,” (St. Paul, 2023). Attachment E is an attachment to the pass-through grant contract between DNR and a partner organization. This contract allows DNR to provide funds to the partner organization from the Outdoor Heritage Fund for land acquisition expenditures.

⁵ *Minnesota Statutes* 2024, 84.0272, subd. 1.

resources, to review the extent to which the potential acquisition meets its strategic land asset management (SLAM) goals.⁶

DNR’s fact sheet template meets statutory requirements, and department data show that DNR completed fact sheets for all recent acquisitions.

DNR’s fact sheet form contains fields for all required pieces of information: (1) the location and legal description of the land, (2) DNR’s authority to acquire the land, and (3) the reason the land would make a desirable acquisition. According to DNR’s Land Records System (LRS) data on completed acquisitions, the director of the relevant acquiring division approved fact sheets for all completed fee title acquisitions that closed from fiscal years 2020 to 2024.

Appraisals

An appraisal is a formal evaluation of property to determine an appropriate sale price. Minnesota statutes require DNR to ensure, as part of the acquisition process, that land be appraised by an appraiser who does not have an interest in the land in question.⁷ Further, statutes encourage DNR to use private appraisers to the extent practicable.⁸

DNR has processes in place to ensure that appropriate appraisals occur for both DNR-led and partner-led acquisitions.

DNR-Led Acquisitions

LRS data show that all DNR-led land acquisitions completed from fiscal years 2020 to 2024 had an appraisal. DNR requires appraisers to submit, as part of their appraisal reports, a certification form attesting that the appraiser met certain requirements in statute. These include statements that the appraiser (1) lacks financial interest in the property, (2) physically inspected the appraised property, and (3) invited the landowner to accompany them on the appraisal inspection.

Compliance with Appraisal Requirements		
DNR	DNR Required of Partners	
✓	✓	Appraisals conducted
✓	✓	Private appraisers used
✓	✓	Appraisers lacked financial interest in the properties they appraised
✓	✓	Appraiser physically inspected property
✓	✓	Appraiser invited landowner to observe inspection
Source: Office of the Legislative Auditor.		

⁶ We discuss SLAM goals in depth in Chapter 3. As a reminder, a “potential acquisition” is one that an acquiring division wishes to acquire, but that has not gone through the SLAM review process. Once DNR approves an acquisition through the SLAM review process, it becomes an “acquisition project” until DNR closes on the land, making it a “completed acquisition.”

⁷ *Minnesota Statutes* 2024, 84.0272, subds. 1 and 3. Statutes allow DNR to acquire land without an appraisal when the value of the land is less than \$100,000.

⁸ *Minnesota Statutes* 2024, 84.274, subd. 6(3).

Further, DNR records show that the department used private appraisers for all DNR-led acquisitions during the period we examined. A DNR staff person told us that the department uses private appraisers almost exclusively; in addition to satisfying the legal requirement to do so to the greatest extent practicable, they said that contracting for appraisals helps avoid any perceived conflict of interest that might arise if DNR staff appraised land that DNR eventually acquired.

DNR maintains a list of department-approved certified appraisers. These appraisers responded to a DNR request for proposal, after which DNR awarded them five-year professional and technical services contracts.⁹ When DNR needs land appraised, it offers approved appraisers the opportunity to bid for the specific project. While all of the appraisers on the list are certified private appraisers, DNR invites appraisers to bid on a particular assignment only if the appraiser has demonstrated competencies in the relevant land type and region of the state.

Certified appraisers are subject to multiple requirements to disclose conflicts of interest. For example, when conducting an appraisal, statutes require the certified appraiser to include in their appraisal report an attestation that they have no interest in the land to be acquired, nor in the potential timber sales the land could generate (if relevant).¹⁰ Similarly, the national standards that guide certified appraisers include a certification statement among the required elements of an appraisal report. This statement must include (among other things) that the appraiser has no interest in the property or the parties involved in the prospective land sale.¹¹

For DNR-led acquisitions, the department conducts a “technical review” of most appraisals. This review ensures the accuracy of assumptions and calculations, as well as conformity with appraisal standards. Technical reviews are conducted either by a DNR employee or by a different contracted appraiser from the department’s list of appraisers.

Partner-Led Acquisitions

DNR requires partner organizations to meet the same appraisal requirements that the department must meet. While statutes do not require partner organizations to complete appraisals, they do (1) require DNR to ensure that appraisals are completed for all acquisitions and (2) allow DNR to require that partners complete appraisals for acquisitions funded with the Outdoor Heritage Fund.¹² DNR requires partner organizations to have most acquisitions appraised by a certified appraiser.¹³ Further, DNR requires partner organizations to have their appraisals reviewed. For acquisitions

⁹ The most recent contracts run from February 1, 2024, through January 31, 2029. Department of Natural Resources, *Request for Proposal Appraisal Services* (St. Paul, December 21, 2023), 6.

¹⁰ *Minnesota Statutes* 2024, 84.0272, subd. 1.

¹¹ The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP)*, *Standards 1-4* (United States, 2024), 25. USPAP standards are generally recognized ethical and performance standards for real estate appraisals in the U.S. DNR policies require all appraisal reports to conform with USPAP standards.

¹² *Minnesota Statutes* 2024, 84.0272, subd. 1; and 97A.056, subd. 13(e). The latter states that DNR “may conduct or require additional appraisals of parcels to be acquired” using the Outdoor Heritage Fund.

¹³ DNR does not require a formal appraisal for a partner-led acquisition if the value of the land is \$20,000 or less; however, the partner organization must submit documentation of how that value was determined.

with an appraised value of more than \$1 million, DNR requires that DNR staff conduct or contract for a technical review.¹⁴

In its guidelines for partner organizations, DNR explains the circumstances under which a partner organization must conduct appraisals and have them reviewed. The guidelines also describe the related documentation that a partner organization must submit to demonstrate that it has satisfied the requirements. According to DNR staff, before reimbursing the purchase price of land, DNR compares the partner organization's documentation to a checklist of requirements. The checklist requires DNR staff to confirm that the appraisal report was completed by a certified appraiser and that it contains the certification form discussed previously. The certification form requires the appraiser to attest that they lack interest in either the property or the parties involved in the sale, and that the appraiser conducted—and invited the landowner to observe—a physical inspection.

Purchase Price Relative to Appraised Value

Statutes generally prohibit DNR from paying more than 10 percent above (or 110 percent of) the appraised value of a property. However, the department may pay more than 110 percent of the appraised value for a particular property as long as the total cost of all DNR land purchases does not exceed the total appraised values.¹⁵

DNR has met requirements related to how much it can pay for acquisitions and applied similar standards to partner organizations.

DNR-Led Acquisitions

DNR staff explained that the department agrees to pay more than 110 percent of the appraised value only in rare cases where the land is highly desirable to the department. For example, DNR may pay more if a parcel of land is home to an endangered species not found elsewhere in Minnesota or if it is critical in completing an ongoing trail project. When an acquiring division wants to pay more than 110 percent of the appraised value, it requests commissioner approval to do so, by providing a

Compliance with Purchase Price Requirement	
DNR	DNR Required of Partners
✓	✓
Source: Office of the Legislative Auditor.	

¹⁴ If the appraised value of the land is greater than \$500,000 and less than or equal to \$1 million, a partner organization still must contract for a technical review, but may select and hire the appraisal reviewer itself. If the appraised value of the land is \$500,000 or less, partner organizations may conduct an “administrative review” of the appraisal, which involves checking that all required components are present, but not evaluating the accuracy of the assumptions or calculations.

¹⁵ *Minnesota Statutes* 2024, 84.0272, subd. 1. Specifically, statutes state that DNR “shall not agree to pay more than ten percent above the appraised value, except that if [it] pays less than the appraised value for a parcel of land, the difference between the purchase price and the appraised value may be used to apply to purchases at more than the appraised value. The sum of accumulated differences between appraised amounts and purchases for more than the appraised amount may not exceed the sum of accumulated differences between appraised amounts and purchases for less than the appraised amount.”

memo explaining the unique and desirable features of the land and the rationale for paying a higher price.

From fiscal years 2020 to 2024, DNR rarely purchased land for more than 110 percent of the appraised value, and the instances in which it did satisfied the requirements in law. Using LRS data for completed acquisitions that closed from fiscal years 2020 to 2024, we determined that DNR purchased just 5 of 94 acquisitions for more than 110 percent of the appraised value. Those purchase prices ranged from 115 percent of the appraised value (for an acquisition that ultimately cost \$1,650,000) to almost 600 percent of the appraised value (for an acquisition that ultimately cost \$60,000). In each case, the acquiring division sought and received approval from DNR's commissioner. All five of these acquisitions closed in Fiscal Year 2020, a year for which the combined purchase prices of all acquisitions—including these five acquisitions—was 99 percent of the combined appraised values.

The statute limiting the amount DNR can spend on land acquisitions does not include a time period during which DNR can capitalize on the savings from land it has purchased at less than the appraised value.¹⁶ As such, DNR tracks the accumulated savings from purchases below the appraised value not by fiscal year, but going back to Fiscal Year 2013 (when it implemented LRS). Using this approach, DNR still satisfies the statutory requirement; the total savings from purchases below the appraised value since 2013 far exceed DNR's combined payments above the appraised value during that same time frame.

Partner-Led Acquisitions

DNR guidelines for partner organizations state that partner organizations “will not be entitled to use funds...for any land value cost in excess of 110% of appraised value.”¹⁷ A staff person of the Lessard-Sams Outdoor Heritage Council confirmed that the council has allowed partner organizations to pay only up to 110 percent of the appraised value to ensure parity with DNR's statutory limitations. Council data show that for fiscal years 2020 through 2024, partner organizations purchased (to convey to DNR) 12 properties for more than the appraised value. None of these purchases exceeded 110 percent of the appraised value.

According to DNR Grants Unit staff, the unit ensures that partner organizations do not overpay for the land they acquire through its reimbursement approval process. Partner organizations must submit a substantial amount of documentation when requesting reimbursement, including appraisals, appraisal reviews, and evidence of the purchase price in the form of a signed purchase agreement or similar. DNR's Grants Unit staff reported using pre-closing and reimbursement checklists to ensure that partners have satisfied all requirements before DNR provides reimbursement.

¹⁶ *Minnesota Statutes* 2024, 84.0272, subd. 1.

¹⁷ Department of Natural Resources, “Attachment E. Land Acquisition Reporting Procedures,” 7.

Time Limit for DNR Purchase Commitment

According to statutes, DNR must “acquire land in as expeditious a manner as possible.”¹⁸ The only specific benchmark established in statute, however, is the length of the “option.” The length of the option is the time between the signing of the two documents that together fulfill the role of the purchase agreement in DNR-led land acquisition projects: (1) option agreement and (2) election to purchase, as described at right. More specifically, statutes state that the length of the option should be no greater than two months, or, if a survey of the property is required, nine months.¹⁹ If the transaction requires county board approval, however, no time limit applies.

Neither statutes nor DNR requires that partner organizations use an option agreement and an election to purchase. During partner-led acquisitions, the partner organization purchases the land from the landowner (using a standard purchase agreement) before beginning most of the work to convey the property to DNR.



Statutory Time Limit

A typical real estate transaction has a “purchase agreement,” which is a legally binding agreement that governs the terms of the purchase and sale of a property, including price.

For a DNR-led land acquisition, the purchase agreement is essentially two separate documents: the **option agreement**, which constitutes the landowner’s commitment to sell, and the **election to purchase**, which is DNR’s commitment to purchase the land. The statutory limits on the **length of the “option”** refer to the amount of time between the signing of the option agreement and the election to purchase.

For the period we reviewed, DNR either completed its commitment to purchase land within the required time limit or secured an extension.

LRS data show that the department completed 45 fee title purchases for which the time limit applied from fiscal years 2020 to 2024.²⁰ For 84 percent of these purchases, the length of the option was within statutory guidelines. Seven purchases (only one of which required a survey) had a length of the option that was longer than the allowed number of months. In each of these seven instances, however, DNR (1) provided evidence that the seller(s) had agreed to an extension of the option, as allowed by statute and (2) completed the election to purchase within the agreed upon time frame.²¹ For four of these completed acquisitions, DNR completed the election to purchase within about three months; for another, it completed the election to purchase in more than four months. The department completed the remaining elections to purchase in more than nine and ten months, respectively.

Compliance with Statutory Time Limits

DNR	Partners
✓	N/A

Source: Office of the Legislative Auditor.

¹⁸ *Minnesota Statutes* 2024, 84.0274, subd. 6(4).

¹⁹ *Ibid.* DNR requires surveys when there are specific questions or concerns about the boundaries or characteristics of the land.

²⁰ During this time frame, there were a total of 94 DNR-led fee title purchases. However, 49 of them required county board approval and therefore were not subject to this requirement.

²¹ *Minnesota Statutes* 2024, 84.0274, subd. 6(4).

While DNR generally met the timeliness indicator outlined in statute, the length of the entire process was identified as an issue by large percentages of stakeholders we surveyed. We discuss this further in Chapter 4.

County Board Notification and Approval

Statutes require DNR to obtain county board approval for particular types of acquisitions that it purchases directly, including the acquisition of certain wetlands; land to be established as Scientific and Natural Areas or Wildlife Management Areas; and land to be purchased using the Reinvest in Minnesota Resources Fund.²² For these types of acquisitions, DNR must provide the county board and the town offices where the land is located with a description of the land to be acquired. The county board must approve or disapprove the proposed acquisition within 90 days.

The statutory requirement for partner-led acquisitions is different. Per statutes, partner organizations must notify counties and towns (but need not gain approval) for all acquisitions made using Outdoor Heritage Fund appropriations.²³

DNR coordinated county board approval when required and had processes in place to hold partner organizations responsible for notifying counties of pending acquisitions.

From fiscal years 2020 to 2024, DNR directly purchased 49 properties that likely required county board approval; the department coordinated approval for all 49 acquisitions.²⁴

As with previous requirements that pertained to partner-led acquisitions, DNR’s Grants Unit enforces the requirement for county notification. According to Grants Unit staff, DNR requires partner organizations to submit to DNR, prior to closing, the letters that they wrote notifying counties of the acquisitions. DNR’s guidance for

Compliance with Requirements for County Board Interaction

DNR (Approval)	DNR Required of Partners (Notification)
✓	✓

Source: Office of the Legislative Auditor.

²² *Minnesota Statutes* 2024, 84.033, subd. 3 (Scientific and Natural Areas); 84.943, subd. 1, and 84.944, subd. 3 (for the acquisition of “critical natural habitat” under the Reinvest in Minnesota Resources Fund); and 97A.145, subd. 2(b) (certain wetlands designated as Wildlife Management Areas). The 2024 Legislature amended the county-notification requirement for Scientific and Natural Areas to exclude land located in the seven-county metropolitan area. In addition, DNR policy requires the department to notify counties of all acquisition projects. Department of Natural Resources, Operational Order 6 *Land Acquisitions*, revised June 3, 2015, 8.

²³ *Minnesota Statutes* 2024, 97A.056, subd. 13(j). All recent partner-led acquisitions were funded using the Outdoor Heritage Fund and were thus subject to this requirement.

²⁴ DNR staff explained that there are two provisions of statute that DNR reads together to authorize acquisition for Wildlife Management Areas. One of these is the department’s authority to acquire wetlands, which require county board approval. A DNR staff member said that since most Wildlife Management Areas include wetland characteristics, it is the department’s procedure is to obtain county board approval for all such purchases. We therefore included in our analysis all purchases for Wildlife Management Areas—as well as all Scientific and Natural Areas and all acquisitions purchased using the Reinvest in Minnesota Resources Fund—as purchases requiring county board approval.

partner organizations explains the requirement, and DNR staff check compliance with the requirement when working through the reimbursement checklist.

Recommendation

It has been decades since the Legislature last amended the statutory provisions that guide the land acquisition process.²⁵ These process requirements reflect an era (long before the passage of the Clean Water, Land and Legacy Amendment) when partner organizations did not play a meaningful role in state land acquisition. In contrast, partner organizations led the acquisition of about 70 percent of the state's recently acquired acres, accounting for 70 percent of DNR's land acquisition expenditures from 2020 to 2024.

While DNR and the Lessard-Sams Outdoor Heritage Council currently impose requirements related to appraisals and purchase price for partner-led acquisitions, the lack of statutory requirements guiding partner-led acquisitions could theoretically result in higher-risk transactions. If DNR or the council changed their requirements, a partner organization could hypothetically purchase land for well over the appraised value or without having it appraised prior to closing.

Beyond the implications for fiscal responsibility, the statutes result in one notable inconsistency between DNR-led and partner-led acquisition processes. Due to the explicit statutory requirement that partner organizations *notify* counties of acquisitions, DNR has not required partner organizations to also obtain county board *approval*. In contrast, DNR must obtain county board approval for certain types of land (such as certain land to be established as a Scientific and Natural Area) that DNR *purchases directly*; approval is not required for the same types of land when donated by a landowner or conveyed to DNR by a partner organization.²⁶

While statutes treat the county role in the land acquisition process inconsistently, it is worth noting that not having to obtain county board approval may allow partner organizations to purchase land more quickly than DNR.²⁷ Various stakeholders told us that partner organizations' ability to acquire land from a landowner more quickly allows the state to acquire some land that DNR would not otherwise have been able to acquire. Since statutes allow counties 90 days to approve or disapprove an acquisition, a county-approval requirement adds approximately three additional months to the time it takes DNR to purchase the land from the original landowner.

²⁵ *Laws of Minnesota* 1989, chapter 335, art. 1, sec 67, codified as *Minnesota Statutes* 2024, 84.0272, subd. 1; and *Laws of Minnesota* 1980, chapter 485, sec. 6, codified as *Minnesota Statutes* 2024, 84.0274, subd. 6.

²⁶ *Minnesota Statutes* 2024, 84.033, subd. 3; and 97A.145, subds. 2(a) and (b).

²⁷ We discuss the length of the acquisition process in depth in Chapter 4. The nature of their respective title-review processes also contributes to partner organizations being able to purchase from landowners more quickly than DNR can.

RECOMMENDATION

The Legislature should consider whether statutes should require partner organizations conveying land to the state to meet the same land acquisition standards required of DNR.

The Legislature should consider amending the statutory provisions guiding the land acquisition process to reflect the fact that partner organizations now frequently acquire land on DNR's behalf. As discussed in this chapter, partner-led acquisitions must currently meet certain standards only because DNR and the Lessard-Sams Outdoor Heritage Council require them. In the case of county-board approval, statutes establish and DNR currently applies different standards to DNR- and partner-led acquisitions.

If the Legislature does not wish to leave land acquisition standards to the discretion of DNR and the Lessard-Sams Outdoor Heritage Council, it should make explicit the extent to which various land acquisition requirements apply to partner organizations. This would help ensure that partners are held to the state's acquisition standards, when the Legislature finds it appropriate to do so.

Reporting

In addition to the process requirements described in the previous section, Minnesota statutes require DNR to submit to the Legislature two periodic reports related to land acquisition: a biennial report listing the state landholdings that DNR manages and an annual report on transactions from the state's Land Acquisition Account.²⁸ The information that DNR is required to publish in these reports—as well as other information the department publishes on its website—could help legislators and the public understand the scope and purpose of the department's land acquisition efforts.

Legislatively Mandated Reports

Inventory Reporting Requirement

Statutes require that DNR submit a biennial report to the Legislature on the department's "acts and doings," including an inventory of DNR-managed land and land the department wishes to acquire. Additionally, this report must include the (1) value; (2) name, location, and size; and (3) description of the land the department has acquired since the last report. The report must also include recommendations for the improvement or conservation of DNR-managed recreational units, including State Parks, State Trails, Scientific and Natural Areas, State Forests, and Wildlife Management Areas, among others.²⁹

²⁸ *Minnesota Statutes* 2024, 84.03(d); and 94.165, subd. 3. Statutes also require that the recipients of Outdoor Heritage Fund and Environment and Natural Resources Trust Fund dollars report certain information about their projects (many of which are land acquisition projects) to the Legislative Coordinating Commission. *Minnesota Statutes* 2024, 3.303, subd. 10. We did not evaluate this reporting as part of our evaluation.

²⁹ *Minnesota Statutes* 2024, 84.03(d).

DNR has not reported an inventory of DNR-managed land to the Legislature, as required by law.

DNR staff told us the department has never produced this required report. These staff said DNR produces a variety of reports that they believe satisfy the information-sharing intent of the requirement. For example, DNR produces a number of strategic planning documents with recommendations and plans for improvement and conservation of various types of state recreational units.³⁰ The department also contributes data on landholdings to inventory-style reports produced by other agencies.³¹ These reports, however, do not highlight the characteristics of recent or potential land acquisitions, as required by statute.

Land Acquisition Account Report

The second report DNR is required to submit to the Legislature is an annual report “indicating all purchases and sales” from the Land Acquisition Account in the state treasury.³² Minnesota statutes establish that money in the Land Acquisition Account is appropriated to DNR for the acquisition of land or interests in land within the outdoor recreation system. The account is funded through the sale of surplus state-owned land that had previously been classified as an outdoor recreation unit.³³ DNR reported that as of the end of Fiscal Year 2022, the Land Acquisition Account had a balance of nearly \$4 million.

DNR staff told us that the account rarely funds an entire acquisition; rather, if the acquiring division has a funding gap, it can use funds from the Land Acquisition Account to supplement appropriations and complete the acquisition. DNR’s most recent Land Acquisition Account report showed that DNR spent nearly \$146,000 from the account on goods provided or services rendered in Fiscal Year 2022.

DNR’s Land Acquisition Account reports for the past two years are overdue, and prior reports do not identify all purchases and sales from the account, as required by law.

DNR last produced this report for Fiscal Year 2022. That report presented aggregate expenditures and revenues from the Land Acquisition Account and listed example

³⁰ For example, Department of Natural Resources, Division of Parks and Trails, *System Plan Charting a Course for the Future* (St. Paul, 2019); and Department of Natural Resources, Division of Ecological and Water Resources, *Scientific and Natural Area (SNA) Strategic Land Protection Plan* (St. Paul).

³¹ For example, Department of Administration, *2023 State-Owned Land Inventory* (St. Paul, 2023), contains an inventory of state landholdings. Additionally, Department of Revenue, *2024 Natural Resources Land PILT Payment* (St. Paul, 2024), provides the total acreage and appraised value for various types of DNR-managed land for the purpose of calculating the “payment in lieu of taxes” to which each county is entitled.

³² *Minnesota Statutes* 2024, 94.165, subd. 3.

³³ *Minnesota Statutes* 2024, 84.027, subd. 10, allows DNR to sell surplus land, or land it no longer needs, to a county, city, or other government subdivision for public use.

projects.³⁴ For the projects identified, the report lists examples of specific receipts to the account (resulting from land sales) and specific expenditures (including completed land acquisitions paid for at least in part using the account). However, the report does not include every account transaction for the reporting period, as required by law.

RECOMMENDATION

DNR should regularly produce reports identifying (1) its inventory of DNR-managed land and (2) transactions from the Land Acquisition Account, as required by law.

Inventory reporting requirement. DNR should produce a biennial report including an inventory of DNR-managed land and other elements, as required by law. Reporting DNR-managed land and recent acquisitions by county or legislative district could allow the Legislature to better oversee DNR's acquisition work and would give individual legislators insight into the public land available to their constituents. If the department feels that the current reporting requirement is unduly burdensome or duplicative, it should work with the Legislature to revise the reporting requirement.

Land Acquisition Account reporting requirement. DNR should complete its past-due Land Acquisition Account reports, and ensure that it produces future reports by the October 1 deadline each year. To meet the requirement to "indicat[e] all purchases and sales," future Land Acquisition Account reports should list each unit of the outdoor recreation system that was bought or sold (in whole or part), as well as other expenditures from the account. For each purchase or sale listed, the report should include the amounts associated with the price of the land and other transaction costs, respectively.

Other Public Reporting

In addition to legislatively mandated reporting, DNR publishes information about the amount of land the department acquires and manages on its website and in fact sheets.³⁵ It contributes similar information to the governor's biennial budget document.³⁶

The manner in which DNR maintains data on acquired land gives rise to questions about the accuracy and consistency of those data.

As discussed previously, DNR maintains a centralized data system on landholdings and acquisitions, the Land Records System (LRS). These data confirm, for example, DNR's reported statistic that the department manages more than 5.6 million acres of state-owned land. LRS data also confirm some of DNR's reported numbers for

³⁴ Department of Natural Resources, *Land Acquisition Account Annual Report, Fiscal Year 2022* (St. Paul, 2022).

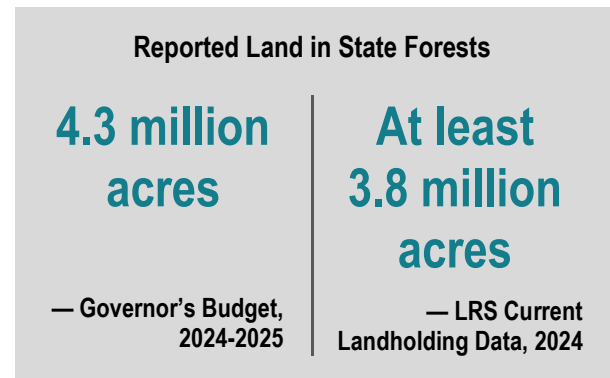
³⁵ For example, Department of Natural Resources, *Minnesota state land portfolio* (St. Paul, 2022), <https://www.dnr.state.mn.us/slam/land-portfolio.html>, accessed January 8, 2025; and Department of Natural Resources, *Minnesota Department of Natural Resources 2023 by the Numbers* (St. Paul, 2023).

³⁶ State of Minnesota, *Revised 2024-2025 Biennial Budget, Department of Natural Resources* (St. Paul, March 2023), 1.

different types of management units, such as the number of Wildlife Management Areas (more than 1,500).

However, DNR staff explained that LRS is generally not the “system of record” for the management unit assigned to a given land acquisition. They said that the acquiring division may change or add to the designation of a parcel of land, and that the designation may differ from what LRS shows. We asked the acquiring divisions for the data they used to produce certain published information that we could not confirm using LRS; some divisions had difficulty identifying and providing data that would allow us to replicate DNR’s past analyses.

In some cases, DNR’s publicly reported data were likely accurate in describing some aspects of DNR’s landholdings, but were presented in an imprecise manner that could lead to misinterpretation. For example, in the 2024-2025 governor’s budget, DNR reported managing “60 state forests, covering 4.3 million acres.”³⁷ LRS data show, however, that “State Forests” account for many fewer acres, as shown in the box at above. DNR explained that the 4.3 million acres reported actually included all land managed by the Forestry Division regardless of whether it was part of a “State Forest.”



RECOMMENDATION

DNR should maintain data on landholdings and acquisitions in a manner that facilitates consistent and accurate reporting.

Earlier, we explained that DNR has never completed a mandated report to the Legislature providing an inventory of the units in the state recreation system, and we recommended that DNR do so. To ensure that future reporting (legislatively mandated and otherwise) is accurate and complete, DNR should take steps to maintain its data in a manner that facilitates consistent reporting.

This could involve making LRS (which is a centralized data system) the system of record, and updating it when the management unit for a particular parcel changes. If using LRS for this purpose is not feasible or preferable, DNR should establish expectations to ensure that acquiring divisions maintain data in a consistent manner, which would allow easier aggregation of landholding data when needed to inform an inventory or produce additional reports. Further, DNR should maintain documentation of the methods it uses to produce information for different purposes. Doing so would allow the department to easily (1) answer questions about published information and (2) replicate analyses when updating reports.

³⁷ State of Minnesota, *Revised 2024-25 Biennial Budget, Department of Natural Resources* (St. Paul, 2023), 192.

Chapter 3: Land Selection

An important first step in the land acquisition process is to select land that meets state and Department of Natural Resources' (DNR's) goals. In this chapter, we first explain DNR's framework for assessing potential land acquisitions. We next share stakeholder perspectives on DNR's land selection process. Finally, we discuss the extent to which DNR has met its land selection goals.

Key Findings in This Chapter

- DNR's current SLAM goals align well with the department's strategic plan and with statutes.
- Stakeholders expressed generally favorable opinions of DNR's process for selecting land to acquire.

Strategic Land Asset Management Goals

As discussed in Chapter 1, DNR's "strategic land asset management" (SLAM) framework is a key component of how the department selects land to pursue for acquisition. According to a DNR staff person, the department implemented its SLAM framework in 2014 to ensure that DNR acquires land across its many programs in a unified way. One staff person said the department created the framework because the number of DNR land acquisitions—and thus the need to coordinate across land-acquiring divisions—increased as more funding became available due to the Clean Water, Land and Legacy Amendment.¹

Additionally, a DNR staff person told us that the SLAM framework was meant to address issues the department had experienced in the past. For instance, there were situations where different DNR divisions independently worked to acquire the same property. DNR staff also said that the various acquiring divisions had their own program-specific priorities, so there was a need to establish unified departmentwide priorities for acquiring land.

The SLAM framework includes specific goals that are meant to help DNR prioritize acquiring land with certain characteristics. A DNR staff person told us that the specific SLAM goals have changed over time, with different iterations reflecting the priorities of different DNR commissioners. There are currently six SLAM goals, which have been in use since April 2021. Exhibit 3.1 lists these six SLAM goals along with the criteria DNR uses to determine whether a potential acquisition meets the goal.

¹ *Minnesota Constitution*, art. XI, sec. 15. DNR and partner organizations frequently receive land acquisition funding from the Outdoor Heritage Fund, established by the amendment.

Exhibit 3.1

DNR SLAM Goals and Criteria

SLAM Goal	Criteria
1. Increase close-to-home outdoor recreation opportunities	<p>Potential acquisition meets both of the following criteria:</p> <ul style="list-style-type: none"> • Located (1) within 30 miles of a population center with more than 50,000 people or (2) in counties with less than 5 percent public land • Would increase or improve recreational opportunities on DNR-managed land
2. Protect significant and/or rare natural resources	<p>Potential acquisition would protect existing, high-quality significant or rare natural resources that fall into at least one of the following categories:</p> <ul style="list-style-type: none"> • Designated shallow lakes • Wetlands • Threatened, endangered, and special concern species • Native prairie • Certain native plant communities • Certain sites with high or outstanding biodiversity significance • Large blocks of productive forestlands
3. Protect and restore water resources	<p>Potential acquisition meets one of the following criteria:</p> <ul style="list-style-type: none"> • Would protect and restore critical lakes, streams, wetlands, and springs • Would protect lakes and streams at highest risk of becoming impaired • Would protect a public water supply, particularly in high demand areas
4. Mitigate and adapt to climate change	<p>Potential acquisition meets one of the following criteria:</p> <ul style="list-style-type: none"> • Would maintain or increase carbon storage, carbon sequestration, and/or landscape resiliency • Would create significantly larger blocks of habitat or natural intact communities; improve riverbank or land connectivity; or maintain ecosystem through protection of climate-resilient, high-biodiversity areas
5. Expand access to existing land holdings	<p>Potential acquisition would provide new or additional access to existing DNR-managed land, through easement or fee title transaction, to accomplish one of the following:</p> <ul style="list-style-type: none"> • Expand the public's ability to access existing public land • Improve DNR's ability to manage existing landholdings
6. Consolidate land ownership, creating larger, contiguous blocks of DNR land	<p>Potential acquisition meets one of the following criteria:</p> <ul style="list-style-type: none"> • Located within the statutory or management boundary of existing DNR-managed units • Would complete critical trail corridor connections between existing holdings • Would share a boundary with existing DNR-managed land • Would reduce the length of the boundary that a DNR-managed unit shares with other landowners

Source: DNR, "Current SLAM Acquisition Goals" (St. Paul).

As discussed in Chapter 1, DNR applies these SLAM goals when determining whether to acquire a specific property. For example, if a landowner offers to sell their land to DNR, and staff from a particular acquiring division think it may be a good fit for one of the division's programs, the staff gather information about the property and enter that information into DNR's SLAM database. Once division leadership approves the

potential acquisition, a review team made up of staff from multiple divisions decides whether to pursue the potential acquisition, based in part on the extent to which the property meets SLAM goals.



Relevant DNR Strategic Plan Goals

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

Goal 2: Minnesota's outdoor recreation opportunities meet the needs of new and existing participants so all benefit from nature.

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

— DNR, *Department of Natural Resources Strategic Plan 2023-2027* (St. Paul, 2022), 19-20

DNR's current SLAM goals align well with the department's strategic plan and with statutes.

DNR has created strong alignment between the SLAM goals and both its departmentwide strategic plan and particular direction in statute. Notably, each SLAM goal aligns with at least one of the goals in DNR's strategic plan (shown at left) and/or direction laid out in statute, as Exhibit 3.2 shows. For example, the second SLAM goal, which is to protect significant and/or rare natural resources, aligns with two of DNR's strategic plan goals and various sections of statute.

Exhibit 3.2

Alignment of SLAM Goals with State Objectives

SLAM Goal	Alignment with Strategic Plan	Alignment with Statutes
1. Increase close-to-home outdoor recreation opportunities	Goal 2: Outdoor recreation system	"The legislature finds that the unique natural, cultural, and historical resources of Minnesota provide abundant opportunities for outdoor recreation and education, and finds that these opportunities should be made available to all citizens of Minnesota now and in the future."
2. Protect significant and/or rare natural resources, including: <ul style="list-style-type: none"> • Designated shallow lakes • Wetlands • Threatened, endangered, and special concern species • Native prairie • Certain native plant communities • Certain sites with high or outstanding biodiversity significance • Large blocks of productive forestlands^a 	Goal 1: Conservation Goal 3: Strong economies	<p>Statutes give DNR authority to acquire land for recreational units that support conservation, such as Scientific and Natural Areas, and Wildlife Management Areas.</p> <p>Statutes also give DNR specific authority to acquire land to protect "private, working forest lands for their timber, scenic, recreational, fish and wildlife habitat, threatened and endangered species, and other cultural and environmental values."</p>

Continued on next page

Exhibit 3.2

Alignment of SLAM Goals with State Objectives (continued)

SLAM Goal	Alignment with Strategic Plan	Alignment with Statutes
3. Protect and restore water resources	Goal 1: Conservation Goal 3: Strong economies ^b	Statutes give DNR the authority to “acquire wetlands and bordering areas, including marshes, ponds, small lakes, and stream bottoms for water conservation related to wildlife development;” further, statutes allow for the establishment of aquatic management areas to “protect, develop, and manage” water resources.
4. Mitigate and adapt to climate change	Goal 1: Conservation ^c	N/A ^d
5. Expand access to existing land holdings	N/A	Among other related authority, statutes allow DNR to acquire “land for trails...where necessary to complete trails established primarily in [S]tate [F]orests, [S]tate [P]arks, or other public land” under DNR’s jurisdiction, in certain circumstances.
6. Consolidate land ownership, creating larger, contiguous blocks of DNR land	N/A	“Consolidation of public land reduces management costs and aids in the reduction of forest fragmentation.”

Notes: The exhibit lists goals from DNR’s strategic plan that explicitly align with the corresponding SLAM goal. DNR staff explained that because DNR’s strategic goals are interrelated, many of the SLAM goals functionally align with strategic goals beyond those listed in the exhibit.

^a “Productive forestlands” refers to land with, for example, harvestable timber, which aligns with Goal 3 from DNR’s strategic plan. Among the plan’s strategies for meeting this goal is to “manage for healthy, productive forests.”

^b DNR’s strategic plan lists “sustain healthy watersheds and groundwater supplies” as a strategy for Goal 3. The plan says DNR will “manage for clean, abundant water and flood protection as essential foundations of industry, agriculture, community growth and development, as well as recreation.”

^c DNR’s strategic plan lists “mitigate and adapt to the changing climate” as a strategy for Goal 1. The plan says DNR will “identify and implement policies and practices that enhance climate change resiliency,” and “ensure climate strategies are informed by best available science and engagement with communities and conservation partners.”

^d Statutes do not mention climate change in the context of DNR land acquisition. However, various statutes authorize other state agencies—such as the Board of Water and Soil Resources and the Minnesota Pollution Control Agency—to administer programs meant to mitigate climate change. See for example, *Minnesota Statutes* 2024, 103F.05; and 116.391.

Source: Office of the Legislative Auditor, based on *Minnesota Statutes* 2024, 84.029; 84.66; 86A.02; 86A.05; 89.032; 94.3495; and 97A.145; and DNR, “Current SLAM Acquisition Goals” (St. Paul), and *Department of Natural Resources Strategic Plan 2023-2027* (St. Paul, 2023), 18-22.

Stakeholder Perspectives on Land Selection

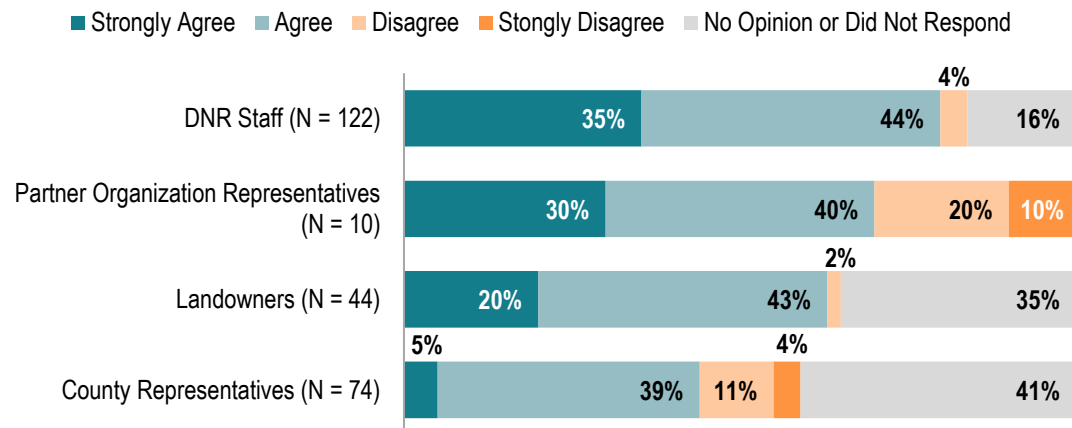
We surveyed DNR staff, partner organizations, landowners, and counties about DNR land acquisition and asked about DNR's process for selecting land to acquire.²

Stakeholders expressed generally favorable opinions of DNR's process for selecting land to acquire.

Eighty percent of DNR staff, 70 percent of staff representing partner organizations, and 64 percent of landowners who responded to our survey agreed or strongly agreed that DNR does a good job selecting land to acquire, as shown in Exhibit 3.3.

Exhibit 3.3

Survey Results: DNR does a good job of selecting/determining land to acquire.

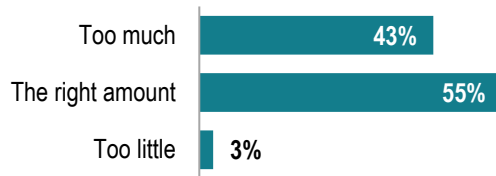


Notes: One landowner who responded to our survey offered land to DNR, but was declined; we did not ask that landowner certain questions about the acquisition process. Due to rounding, percentages do not always sum to 100 percent.

Source: Office of the Legislative Auditor, based on surveys of DNR staff, partner organizations, landowners, and county representatives, 2024.

While 45 percent of county representatives agreed or strongly agreed that DNR does a good job determining what land to acquire, a similar percentage (41 percent) did not express an opinion. This means that of those who expressed an opinion, three-quarters agreed or strongly agreed that DNR does a good job determining what land to acquire.

² We surveyed stakeholders involved in DNR's land acquisition process. We received responses from at least 92 percent (122) of DNR staff involved with land acquisition and 91 percent of partner organizations that had recently been involved in the land acquisition process (10 of 11). We also surveyed landowners who had recently sold or donated (or attempted to sell or donate) land to DNR and for whom DNR had e-mail addresses. "Landowners" include individuals who own land or their representatives, as well as corporations, local units of government, and other entities that have offered, sold, or donated land to DNR, or had started the process to sell or donate land. We received responses from 34 percent (45 of 133) of these landowners. We separately surveyed the staff most knowledgeable about land acquisition from each county and received responses from 85 percent of counties (74 of 87).

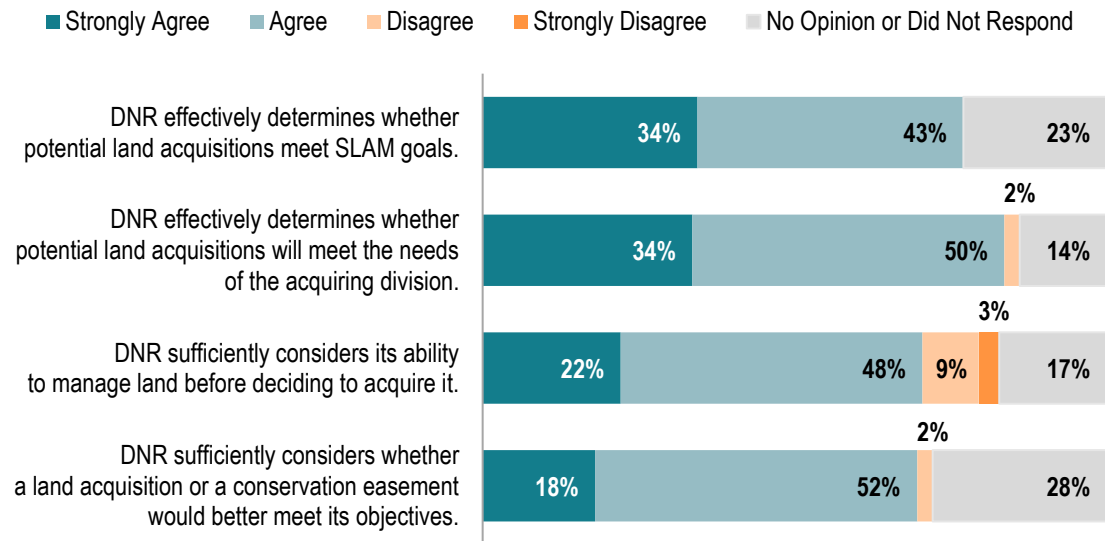
Exhibit 3.4**County Survey Results: The amount of land DNR is trying to acquire in my county is...**

Note: This exhibit reflects responses from 40 county representatives and excludes those who did not express an opinion on this question.

Source: Office of the Legislative Auditor, based on survey of county representatives, 2024.

Some county representatives, however, were critical of the *amount* of land DNR tries to acquire. When asked whether the amount of land DNR is trying to acquire in their county was too much, the right amount, or too little, nearly one-half of county respondents did not express an opinion. Of those respondents who expressed an opinion, however, 43 percent indicated that DNR was trying to acquire too much land in their county, as shown in Exhibit 3.4. At the same time, counties generally acknowledged the benefits of state-owned land; 70 percent of all county respondents agreed or strongly agreed that DNR land acquisitions improve outdoor recreation opportunities in their county and 78 percent agreed or strongly agreed that DNR land acquisitions protect natural resources in their county.

Additionally, high percentages of DNR staff agreed or strongly agreed that when choosing land to acquire, DNR sufficiently considers several key aspects of the potential acquisition, as Exhibit 3.5 shows. For example, 70 percent of DNR staff who responded to our survey agreed or strongly agreed that “DNR sufficiently considers its ability to manage land before deciding to acquire it.”

Exhibit 3.5**DNR Staff Perspectives on Land Selection Process**

Notes: This exhibit includes responses from 122 DNR staff. Due to rounding, percentages do not always sum to 100 percent.

Source: Office of the Legislative Auditor, based on survey of DNR staff, 2024.

Further, dozens of DNR staff survey respondents volunteered comments about DNR’s land selection process or SLAM goals, most of which were positive. For example, one DNR survey respondent wrote that “The SLAM process helps guide the DNR in selecting land that fits well within the system.”

Groups of DNR staff we interviewed from each of DNR’s four acquiring divisions echoed these sentiments. For example, one DNR staff person working for the Fish and Wildlife Division said the SLAM process is beneficial because it ensures the division is strategic in what it acquires and is not simply acquiring land offered to it for below appraised value. Similarly, a DNR staff person working for the Forestry Division said the introduction of SLAM had been key to helping staff across all divisions take an objective look at the potential land acquisitions under consideration.



SLAM has made [the] acquisition process more consistent and ensures the lands DNR is purchasing meet the SLAM goals; it has been great to have conversations about each acquisition between divisions.

— DNR Staff Person

SLAM Goals in Practice

As a way to ensure that the department acquires land that meets its SLAM goals, DNR set a target of having 80 percent of acquisition projects meet three or more SLAM goals. We evaluated DNR’s performance in meeting this target by reviewing data the department collects on the extent to which acquisition projects meet SLAM goals.³ Our analysis focused on 131 fee title acquisition projects that DNR reviewed and approved using its current SLAM goals during fiscal years 2022 through 2024.⁴

Based on available data, nearly all of DNR’s acquisition projects in the period we reviewed met three or more SLAM goals.

We found that 98 percent of DNR’s fee title acquisition projects from fiscal years 2022 to 2024 met three or more SLAM goals, while 87 percent met at least five goals. This is unsurprising because, as a DNR staff person told us, acquiring divisions generally propose acquisitions that meet multiple goals due to their consideration of the SLAM framework when assessing available land and reviewing potential acquisitions.

³ As discussed in Chapter 1, we use the term “acquisition project” to refer to land DNR has decided to acquire after the SLAM review process. This is different from “potential acquisitions,” which represent land DNR is considering acquiring prior to the SLAM review process. We use the term “completed acquisition” to refer to successful acquisition projects through which DNR has acquired land.

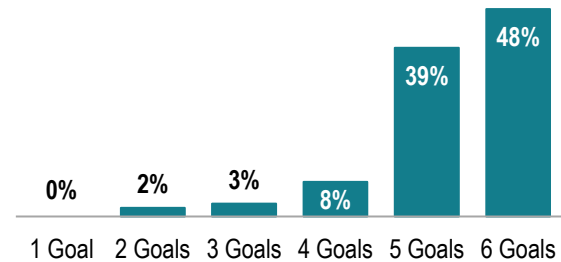
⁴ There are several limitations with DNR’s SLAM data that may impact the accuracy of our analysis. For example, DNR staff told us that DNR does not always update the SLAM database after it reviews potential acquisitions using SLAM goals. Additionally, the fact that DNR approved the acquisition project through the SLAM review process does not necessarily mean that DNR took additional steps to acquire the land after the SLAM approval. DNR staff explained that the department may stop pursuing an approved acquisition project if, for example, the landowner is no longer interested in selling the land to DNR, a partner organization is no longer interested in acquiring the land, or the county does not support the acquisition.

Exhibit 3.6 shows the percentage of acquisition projects by the number of SLAM goals they met.

DNR also set a target of having 80 percent of *completed land acquisitions* meet three or more SLAM goals. We compared DNR's data on completed acquisitions to data related to SLAM goals to determine the extent to which the completed acquisitions met those goals. We found that of the 45 matched completed acquisitions in fiscal years 2022 through 2024, 44 acquisitions (98 percent) met three or more SLAM goals.⁵ Further, 34 of the matched completed acquisitions (80 percent) met five or more goals.

Exhibit 3.6

Percentage of Approved Acquisition Projects, by Number of SLAM Goals Met, Fiscal Years 2022-2024



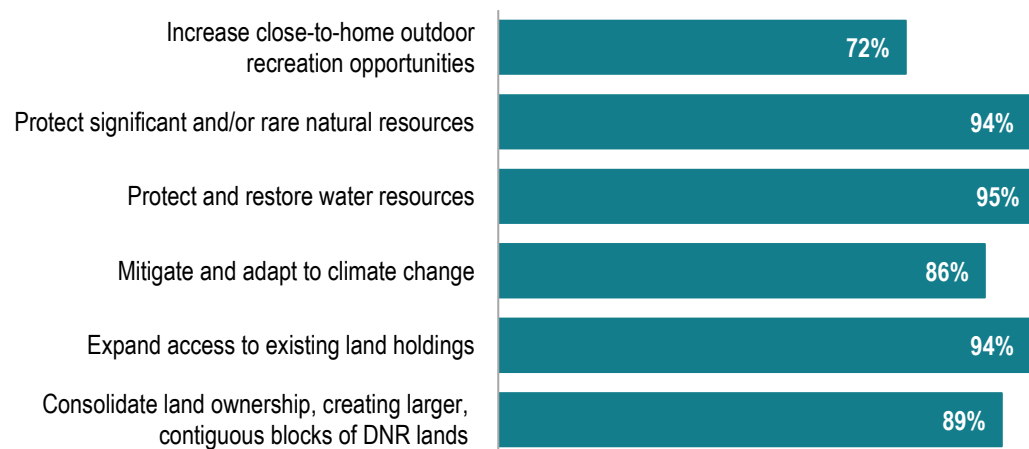
Note: This chart reflects 131 acquisition projects that DNR chose to pursue after reviewing them using SLAM goals between fiscal years 2022 and 2024.

Source: Office of the Legislative Auditor, based on DNR's SLAM database, fiscal years 2022-2024.

Not only did most individual projects meet several SLAM goals, but each SLAM goal was reflected in numerous projects. Some goals—such as protect and restore water resources—applied to more than 90 percent of acquisition projects. As shown in Exhibit 3.7, each SLAM goal was reflected in more than 70 percent of projects.

Exhibit 3.7

Percentage of Acquisition Projects Meeting Each of DNR's Six SLAM Goals, Fiscal Years 2022-2024



Note: This chart reflects 131 acquisition projects that DNR chose to pursue after reviewing them using SLAM goals between fiscal years 2022 and 2024.

Source: Office of the Legislative Auditor, based on DNR's SLAM database, fiscal years 2022-2024.

⁵ Not all acquisitions in DNR's database of land acquisition projects can be easily linked to their records in the SLAM database. We identified 54 completed acquisitions that were created in DNR's database of land acquisition projects during the same time period as the SLAM data we reviewed. Of those 54 completed acquisitions, we could match 45 (83 percent) with projects in the SLAM database.

Chapter 4: Land Acquisition Performance

The success of Department of Natural Resources' (DNR's) land acquisitions depends in part on how well the department collaborates with the many stakeholders that participate in the process. For this reason, we evaluated stakeholders' perspectives on DNR's performance.

In this chapter, we first discuss stakeholder perspectives on DNR's overall performance in the land acquisition process. We then discuss the issue of acquisition timeliness and the department's efforts to reduce the time it takes to complete acquisitions.

Key Findings in This Chapter

- DNR staff and landowners reported generally positive impressions of the department's land acquisition performance, while partner organization and county representatives had mixed views.
- In recent years, the median DNR land acquisition took 21 months to close.
- Many DNR staff and partner organization representatives expressed concern with the length of the land acquisition process.

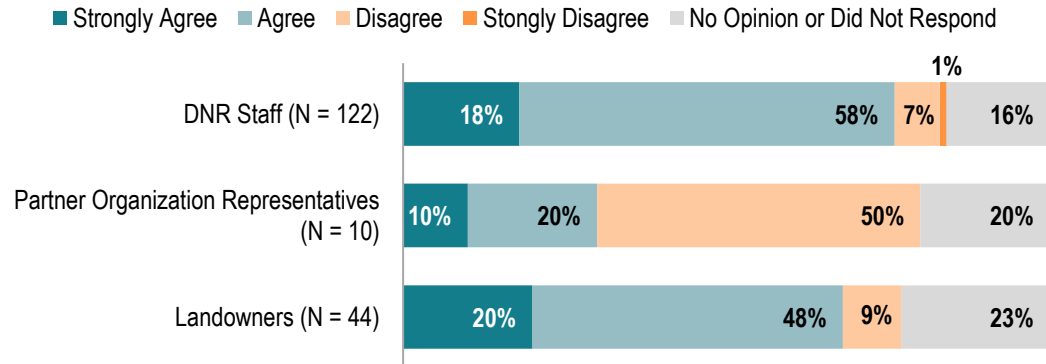
Overall Performance

In the previous chapter, we discussed stakeholder perspectives on DNR's process for selecting land to acquire. We now examine stakeholder perspectives on how DNR performs the land acquisition process.¹

DNR staff and landowners reported generally positive impressions of DNR's land acquisition performance, while partner organization and county representatives had mixed views.

As shown in Exhibit 4.1, in response to our survey, slightly more than three-quarters of DNR staff and almost 70 percent of landowners who had started or completed the process to sell or donate land agreed or strongly agreed that overall, DNR does a good job of acquiring the land it selects for acquisition. In contrast, one-half of partner organization representatives disagreed with the same statement.

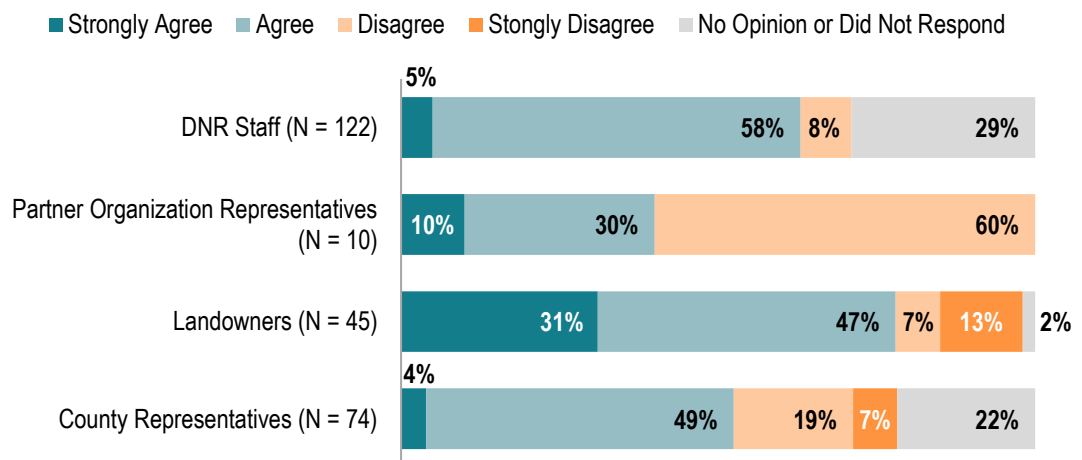
¹ We surveyed stakeholders involved in DNR's land acquisition process. We received responses from at least 92 percent (122) of DNR staff involved with land acquisition and 91 percent of partner organizations that had recently been involved in the land acquisition process (10 of 11). We also surveyed landowners who had recently sold or donated (or attempted to sell or donate) land to DNR and for whom DNR had e-mail addresses. "Landowners" include individuals or their representatives, as well as corporations, local units of government, and other entities that have offered, sold, or donated land to DNR, or had started the process to sell or donate land. We received responses from 34 percent (45 of 133) of these landowners. We separately surveyed the staff most knowledgeable about land acquisition from each county and received responses from 85 percent of counties (74 of 87). Finally, we sent a brief questionnaire to representatives of six Tribal governments, of whom 50 percent (3 of 6) responded.

Exhibit 4.1**Survey Results: Overall, DNR does a good job of acquiring the land it selects for acquisition.**

Notes: We did not ask county respondents this question because counties are not involved in most aspects of the acquisition process. One landowner who responded to our survey offered land to DNR, but was declined; we did not ask that landowner certain questions about the acquisition process.

Source: Office of the Legislative Auditor, based on survey of DNR staff, partner organizations, and landowners, 2024.

Communication is a key aspect of DNR's performance in the land acquisition process. More than one-half of DNR staff, landowners, and county representatives who responded to our survey had generally positive views on DNR's communication throughout or about the process, while partner organization representatives were less positive, as shown in Exhibit 4.2.

Exhibit 4.2**Survey Results: DNR communicates effectively with stakeholders throughout/about the land acquisition process.**

Note: Due to rounding, percentages do not always sum to 100 percent.

Source: Office of the Legislative Auditor, based on surveys of DNR staff, partner organizations, landowners, and county representatives, 2024.

In their responses to open-ended survey questions, stakeholders provided mixed perspectives on DNR's communication. Quotes from landowners in the box at the right demonstrate these different perspectives. Similarly, one county representative said "DNR has not engaged county leadership on their plan, vision or goals for land acquisitions," whereas another representative said DNR has "[g]ood communication with County staff and elected officials."²



[DNR] did a good job of communicating with me and my family.

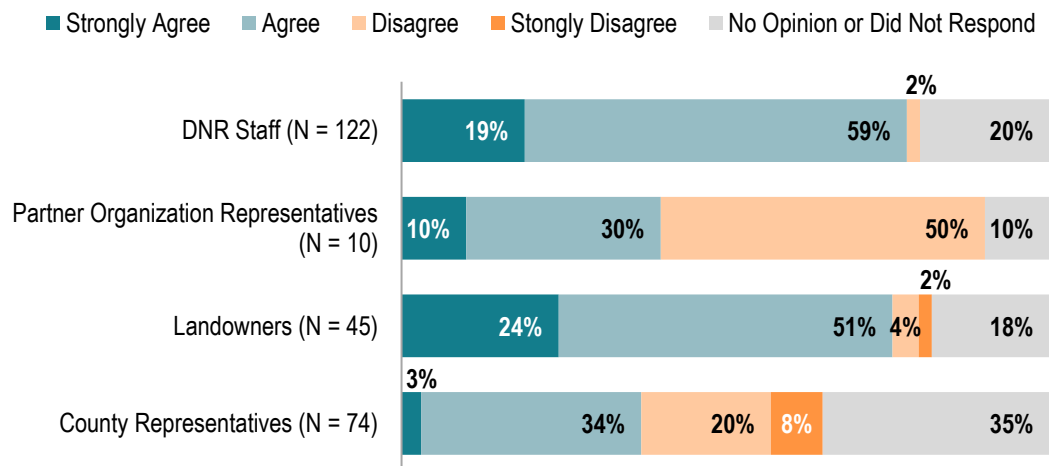
Communication [with DNR] was sporadic and inconsistent. Not having updates made me consider opting out of the land transfer.

— Landowners

Minnesota statutes require DNR to deal "fairly and openly" with landowners.³ Further, the extent to which landowners and other stakeholders feel that DNR's land acquisition process is fair may impact their perception of how well DNR has performed in the process overall. For these reasons, our stakeholder surveys included a question about fairness. In their survey responses, DNR staff and landowners generally indicated that the department's process was fair; however, partner organization and county representatives had more mixed views, as shown in Exhibit 4.3.⁴

Exhibit 4.3

Survey Results: DNR's land acquisition process is fair to stakeholders.



Note: Due to rounding, percentages do not always sum to 100 percent.

Source: Office of the Legislative Auditor, based on surveys of DNR staff, partner organizations, landowners, and county representatives, 2024.

² The representatives of Minnesota Tribes who responded to our e-mail questionnaire generally reported a lack of communication from DNR regarding the department's land acquisition process, and indicated that increased education and outreach to Tribes would be helpful.

³ *Minnesota Statutes* 2024, 84.0274, subd. 6(1).

⁴ More than one-third of county respondents did not have an opinion on DNR's fairness to stakeholders, but among those who expressed an opinion, more than one-half agreed or strongly agreed that the land acquisition process is fair to stakeholders.

Our surveys also gave respondents the opportunity to explain their assessment of the fairness of the land acquisition process.⁵ Although some landowner comments were positive, such as the one shown at right, some focused more on DNR’s timeliness. County representatives tended to address fairness indirectly, but raised issues with, for example, land selection (which we discussed in Chapter 3) and the impact of DNR land acquisitions on the county’s tax base.⁶ Partner organization representatives’ comments focused on DNR’s timeliness and risk management, which we discuss in the next section.



[DNR a]cted fairly and professionally.

— Landowner

Timeliness

The length of time it takes DNR to acquire land is an important measure of the department’s land acquisition performance. A lengthy process could have negative consequences, such as deterring landowners from selling to DNR. Similarly, if a land acquisition project took too long, the funding DNR planned to use to acquire the land could expire. If either of these situations occurred after DNR had already spent time and money on the acquisition project, those resources would go to waste.

Length of DNR Acquisition Process

When it comes to real estate transactions, people may be most familiar with the process of buying a home or, in some instances, completing a commercial real estate transaction. These experiences could shape peoples’ expectations for how long real estate transactions should generally take. For example, according to one source, selling a home in the U.S. typically takes about 60 days from the date the home is listed to the date the sale closes.⁷ Another source indicates that commercial real estate transactions typically take between 75 and 90 days.⁸

However, DNR land acquisitions are generally more complex than home-buying or commercial real estate transactions. They involve spending state funds and making commitments on behalf of the state, which requires DNR to ensure taxpayer dollars are

⁵ DNR staff did not receive a specific open-ended question about their assessment of fairness. However, in response to other open-ended questions, DNR staff identified a variety of things the department has done well with its land acquisition process, such as having “a process that has strong risk controls, [and] ensur[ing] parity...to ensure everyone has a consistent and transparent method that produces a fair result for acquisitions....”

⁶ When DNR land acquisitions reduce a county’s tax base, the county generally receives “payment in lieu of taxes” (PILT) to compensate for that reduction. *Minnesota Statutes* 2024, 477A.10(1). While nearly 70 percent of county respondents agreed or strongly agreed that land acquisitions decrease their county’s tax base, the Office of the Legislative Auditor concluded in 2010 that the PILT payment rate was generally higher than overall county-town property tax rates. Office of the Legislative Auditor, Program Evaluation Division, *Natural Resource Land* (St. Paul, 2010), 68.

⁷ Josephine Nesbit, “How Long Does It Take to Sell a House?,” *U.S. News and World Report*, June 2024, <https://realestate.usnews.com/real-estate/articles/how-long-does-it-take-to-sell-a-house>, accessed January 31, 2025.

⁸ Harkins Commercial, Inc., “How Long Does it Take to Own Commercial Real Estate?,” August 2017, <https://harkinscommercial.com/long-take-commercial-real-estate/>, accessed January 31, 2025.

spent appropriately. Statutes appear to acknowledge this complexity to some extent. As discussed in Chapter 2, for certain land acquisition projects, statutes limit the amount of time between the landowner’s commitment to sell and DNR’s election to purchase a piece of property. This deadline is either two months or nine months depending on whether DNR must complete certain steps that affect project complexity.⁹ Even for acquisition projects that have the shorter two-month time limit, this one step in the process could take as long as the entirety of the average home-buying real estate transaction.

In recent years, the median DNR land acquisition took 21 months to close.

We analyzed data from DNR’s Land Records System (LRS) to determine how long it took DNR to close on fee title acquisitions (thus converting them to state-owned land) once they were entered into that system.¹⁰ Among all fee title acquisitions completed from fiscal years 2020 to 2024, the median length was 638 days, or 21 months. DNR-led acquisitions took a median of 20.6 months to complete. In contrast, partner-led acquisitions took a median of 21.7 months to complete, as Exhibit 4.4 shows.¹¹

Exhibit 4.4
Project Length in Months for Acquisitions Closed in Fiscal Years 2020 Through 2024

Project Type	Minimum	Median	Maximum
DNR-Led Projects	3.2	20.6	110.9
Partner-Led Projects	5.2	21.7	88.5
All Projects	3.2	21.0	110.9

Note: We measured project length as the time between the project being entered in LRS (generally after DNR reviews and approves the acquisition project) to the date that DNR completed the closing step of the acquisition process, meaning the land became state owned.

Source: Office of the Legislative Auditor, based on DNR LRS data.

While the data above suggest that the lengths of DNR- and partner-led acquisition projects are similar, it is important to keep in mind that they reflect somewhat different processes. One key difference, as shown in Exhibit 4.5, is that partner-led acquisitions involve two changes in land ownership. First, the partner organization acquires the land from the landowner. Then, DNR acquires the land from the partner organization. Additional steps, such as DNR’s title review, must occur between these two acquisitions.¹² When stakeholders suggest that the partner-led acquisition process takes less time than the DNR-led process, they are likely considering how long it takes partner organizations to acquire land *from the landowner*.¹³

⁹ *Minnesota Statutes* 2024, 84.0274, subd. 6(4). There is no time limit if the acquisition requires county board approval.

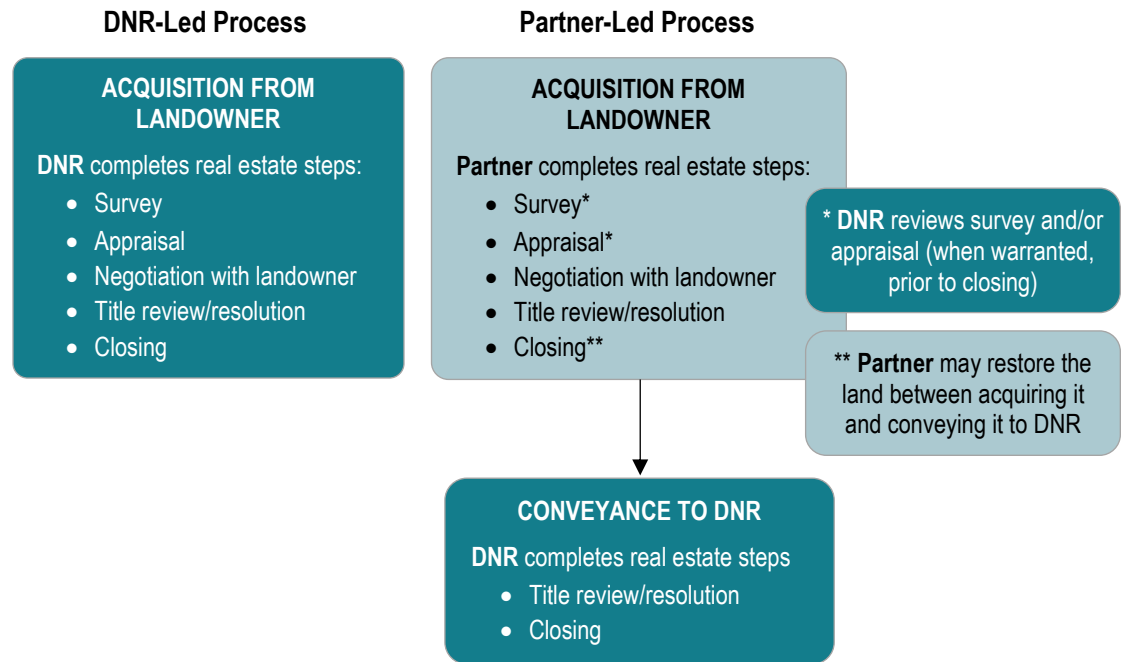
¹⁰ DNR staff generally enter acquisition projects into LRS after they have been approved through the strategic land asset management (SLAM) review process, which we describe in Chapter 3. Given this, our analysis does not include the time it takes for DNR to determine whether it should acquire the land by considering division-specific criteria and departmentwide goals.

¹¹ One limitation to this analysis is that it does not account for projects that did not close during the years included in this analysis.

¹² Additionally, for some acquisitions, the partner organization first works to restore the acquired land—such as grassland—to its natural state before conveying the land to DNR.

¹³ Due to limitations with the data DNR collects, we were unable to analyze how long the process takes from when a project is entered in LRS to when the partner acquires the land from the landowner. Additionally, there are inconsistencies with when partner-led acquisitions are entered into DNR’s LRS database, with some partner-led projects being entered into LRS later in the process than other partner-led acquisitions and later than DNR-led acquisitions.

Exhibit 4.5
Comparison of Land Acquisition Processes



Notes: This simplified exhibit presents only key steps of the DNR- and partner-led acquisition processes, beginning after DNR has approved land for acquisition. For more detail, please refer to Exhibit 1.6.

Source: Office of the Legislative Auditor.

Stakeholder Perspectives on Timeliness

Many DNR staff and partner organization representatives expressed concern with the length of the land acquisition process.

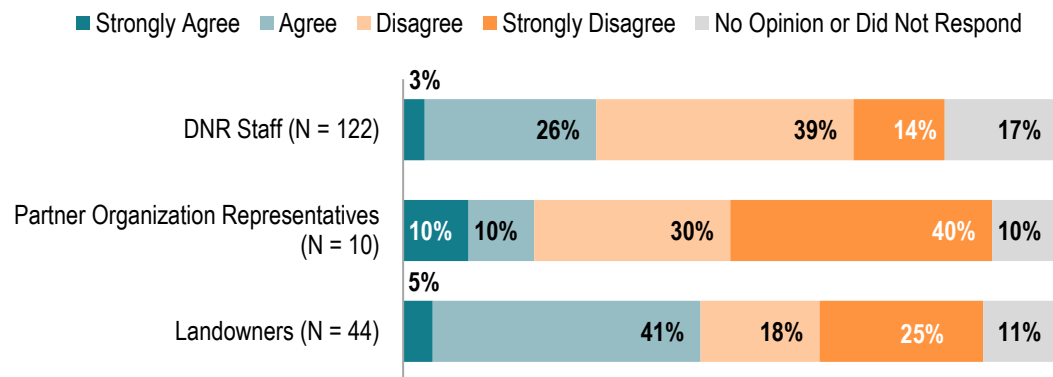
During our interviews with DNR staff, representatives from each of DNR's land-acquiring divisions identified the timeliness of the land acquisition process as an area for improvement. For example, one DNR staff person said that DNR has sometimes been unable to acquire property because the process took too long. Representatives of some of these divisions attributed the length of the process to factors like understaffing in DNR's Lands and Minerals Division and limited availability of contractors able to perform appraisals. One DNR staff person said the role DNR's partner organizations play is important because they are able to acquire land from landowners more quickly than DNR.

We interviewed representatives from three of DNR's partner organizations, and each expressed concern about how long DNR's land acquisition process takes. For example, one representative told us that most landowners are not willing to accommodate DNR's timeline by waiting to sell land.

Survey respondents also indicated concern about timelines, as Exhibit 4.6 shows. For example, more than 50 percent of DNR staff and partner organization representatives who responded to our survey disagreed or strongly disagreed that DNR's process for acquiring land concludes within a reasonable time frame. A smaller percentage (43 percent) of landowners who responded to our survey disagreed or strongly disagreed with the statement.

Exhibit 4.6

Survey Results: DNR's process for acquiring land concludes within a reasonable time frame.



Notes: One landowner who responded to our survey offered land to DNR, but was declined; we did not ask that landowner certain questions about the acquisition process. Due to rounding, percentages do not always sum to 100 percent.

Source: Office of the Legislative Auditor, based on survey of DNR staff, partner organizations, and landowners, 2024.

Timeliness was among the most prominent themes in responses to open-ended survey questions for DNR staff, partner organization representatives, and landowners. Many of their comments were critical of how long the process takes. For example, a representative from one partner organization said “It seems DNR can act fairly quickly and efficiently when something is a high priority. But an average acquisition moves very slowly.” Similarly, a DNR staff person said “The speed of the process usually results in the interested seller giving up and selling it to someone else or changing their mind. Unless they are patient and passionate, most people do not want the hassles of waiting two years for it to complete.”



DNR is well meaning in the work we do to acquire lands. Some aspects of due diligence seem overly burdensome and cause delays that are almost comical. Rhetorically, who would want to wait for the DNR process [to] play out to sell land to the State when NGOs (take your pick of any one of them) can do so in less than half the time.

— DNR Staff Person

The only major “con” to the entire process was that it all took insanely long to close from the time the offer possibility was made known. It truly should not have taken that long. In a traditional sale (to a NON-DNR buyer) the process from offer to closing most commonly spans 45-90 days max (60 day avg).

— Landowner

Additionally, a landowner wrote:

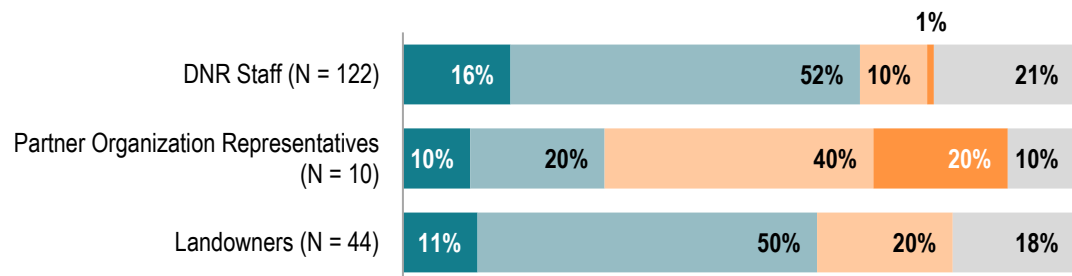
The sale hasn't concluded but the process doesn't have a hard ending/end timeline. The process of transferring ownership to the DNR has taken several years at this point with sporadic communication so that we're left wondering when the transfer will conclude. We are confident it will work as agreed, but the process has been slow.

We also asked survey respondents about steps and requirements in DNR's land acquisition process, as both could impact timelines. Representatives of partner organizations generally had different views than DNR staff and landowners on this topic, as Exhibit 4.7 shows. For example, 60 percent of representatives from partner organizations disagreed or strongly disagreed with the statement "The steps in DNR's process for acquiring land are all necessary." In contrast, only 11 percent of DNR staff and 20 percent of landowners disagreed or strongly disagreed with this statement. With respect to whether DNR's requirements are reasonable, partners also diverged from other stakeholders, but respondents were less negative overall.

Exhibit 4.7

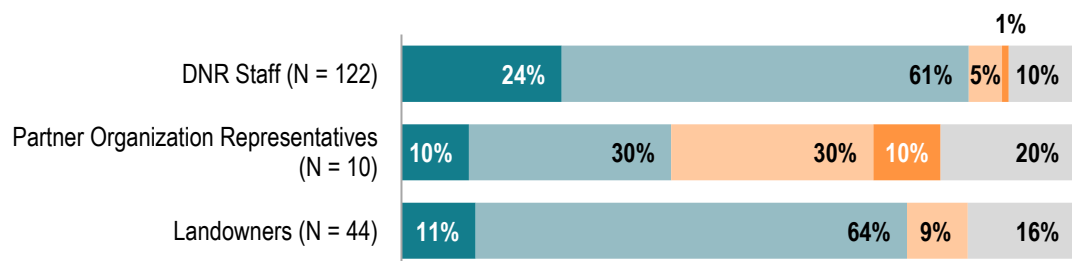
Survey Results: The steps in DNR's process for acquiring land are all necessary.

■ Strongly Agree ■ Agree ■ Disagree ■ Strongly Disagree ■ No Opinion or Did Not Respond



Survey Results: DNR's requirements for land acquisitions are reasonable.

■ Strongly Agree ■ Agree ■ Disagree ■ Strongly Disagree ■ No Opinion or Did Not Respond



Notes: One landowner who responded to our survey offered land to DNR, but was declined; we did not ask that landowner certain questions about the acquisition process. Due to rounding, percentages do not always sum to 100 percent.

Source: Office of the Legislative Auditor, based on survey of DNR staff, partner organizations, and landowners, 2024.

Some survey comments linked extended timelines with what the respondent perceived to be DNR’s risk-averse approach to acquiring land. Some of these comments identified the appraisal process and the title review process as particularly lengthy. For example, one DNR staff person wrote “The appraisal process could be improved. It is expensive and takes a long time.”¹⁴ A representative from a partner organization wrote that DNR should “Have additional staff in the appraisal department to have technical reviews turned around faster.”¹⁵ A landowner who responded to our survey wrote that DNR should “Establish a timeline and hold the survey and legal teams accountable for meeting milestones.”

Exhibit 4.8 further illustrates stakeholder concerns that DNR is risk-averse; it also provides information about legal requirements that help explain why DNR is unable to take risks that other land buyers might find acceptable.

Exhibit 4.8
Risk Management: Examples of Partner Organization Perspectives and DNR Legal Restrictions

Partner Organization Perspectives	DNR Legal Restrictions
<p>[T]here is an overriding desire among DNR staff in [Lands and Minerals] and Grants [Unit] to ensure everything is perfect with all aspects of land acquisition in an imperfect world, which has increasingly become problematic. A good example of this is DNR [Lands and Minerals] Legal review concerns about super minor title and survey details that are common in real estate transactions but which they require correction that no one else doing real estate transactions would waste time and money to address in the real world. This has delayed and jeopardized several land acquisition projects unnecessarily, and caused [partner organizations] to be uncertain and uncomfortable with minor risk when purchasing lands for DNR that DNR legal may question later during transfer process, despite title insurance.</p> <p>[Lands and Minerals staff] consistently take [the] position that DNR can accept as close to no risk from any land conveyance as possible, while expecting [partner organizations] to assume all potential risk in the process.</p> <p>— Partner Organization Representatives</p>	<p>State law prohibits DNR land acquisition transactions from incurring future financial obligations for the state.^a For example, the purchase of some properties includes an agreement to contribute to the future maintenance of a shared resource, such as a drain tile system. To avoid financial obligations, DNR and the partner organization or landowner must work to resolve this type of issue, for example by removing the landowner from the agreement, before DNR can acquire that property.</p> <p>Similarly, DNR procedures require that the department avoid acquiring properties on which utility companies have placed blanket easements. These easements could restrict how DNR could manage the land in the future. Private owners have the ability to request “utility easement confinements,” which require the utility to produce a specific, narrowed description of the land it needs to access for utility maintenance. However, public entities cannot request such confinements, so DNR works with landowners to address blanket easements before closing on a property.^b</p>

^a *Minnesota Statutes* 2024, 16A.138, says that it is “unlawful for any state board or official to incur any indebtedness [o]n behalf of the board, the official, or the state of any nature until after an appropriation therefor has been made by the Legislature.”

^b *Minnesota Statutes* 2024, 301B.03.

Source: Office of the Legislative Auditor, based on partner organization survey, 2024; and *Minnesota Statutes* 2024, 16.138, and 301B.03.

¹⁴ We analyzed data on the length of time from when an appraisal was assigned to a contracted appraiser to when it was completed. We found that for fiscal years 2020 through 2024, appraisals for DNR-led acquisitions took a median of 35 days to complete. This analysis does not reflect the time it takes for DNR to submit a request for proposal for appraisals before entering into an agreement with an appraiser to complete the appraisal.

¹⁵ For partner-led acquisitions for which DNR conducted or contracted for the technical review of the appraisal in fiscal years 2020 through 2024, the review took a median of 21 days to complete.

Continuous Improvement Project

DNR has taken steps to improve the timeliness of partner-led acquisitions as part of its continuous improvement project.

DNR conducted a continuous improvement project in 2023 focused on improving the timeliness of partner-led acquisitions.¹⁶ As part of this project, DNR staff, staff from some of DNR's partner organizations, and a staff person from the Lessard-Sams Outdoor Heritage Council met to identify ways to reduce the average time it takes to complete partner-led acquisitions.¹⁷ During these meetings, participants chose to focus on the appraisal and title review processes.

As part of the continuous improvement project, participants identified solutions that could help improve the timeliness of the partner-led acquisition process. The group produced a report describing the process and detailing solutions in December 2023.¹⁸

One concern that project participants identified was that having DNR staff complete the "property information packet" resulted in delays because (1) DNR staff did not always have easy access to information needed for the property information packet and (2) omissions in the property information packet resulted in DNR staff not having enough information to properly bid out the appraisal review.¹⁹ As a result, DNR is piloting replacing the property information packet with a new property information form in which partner organizations provide all necessary information.

Another concern of project participants was that DNR did not have sufficient resources to fulfill its responsibilities in a timely manner.²⁰ As a result, the participants recommended that DNR develop a resource and staffing plan to address capacity for Lands and Minerals Division project managers and attorneys.

¹⁶ DNR staff explained that the first phase of its continuous improvement project focused on partner-led acquisitions in part because partner organizations wanted to work with DNR on strategies to shorten the process for these acquisitions. They explained that the second phase will involve adapting strategies to DNR-led acquisitions.

¹⁷ As we discussed in Chapter 1, the Lessard-Sams Outdoor Heritage Council makes recommendations to the Legislature regarding use of the Outdoor Heritage Fund, which has funded all recent partner-led acquisitions.

¹⁸ Department of Natural Resources, *Land Acquisition CI Project Results and Proposed Implementation Plan* (St. Paul, 2023).

¹⁹ The property information packet is meant to provide DNR with the information it needs to order or review an appraisal and to begin title work.

²⁰ Similarly, in response to the survey statement, "Land acquisitions are rarely delayed due to high staff workloads," 57 percent of DNR survey respondents disagreed or strongly disagreed.

For the five solutions it classified as “quick wins,” DNR staff told us that the department has either implemented the solution, decided the solution was not a quick win, or determined the solution was no longer necessary, as Exhibit 4.9 shows. For example, DNR took steps to make it easier for partner organization attorneys to speak with DNR attorneys by implementing an “early attorney review” form. As another example, DNR determined that it was no longer necessary for DNR to receive all appraisals because DNR’s new property information form resolved the issue that the quick win solution was meant to address.



Quick Wins: Solutions that would have a high impact on the root causes they are meant to address, and would take low effort to implement.

Big Bets: Solutions worth doing because they would have a high impact, but which require significant effort to implement.

Incremental Projects: Solutions that would have lower impact, but require lower effort, so DNR could implement them as time allows.

— DNR, *Land Acquisition CI Project Results and Proposed Implementation Plan, 2023*

Exhibit 4.9

DNR Progress on Continuous Improvement Project Quick Win Solutions

Quick Win Solution	Status
Enable partner organization attorneys to speak to DNR attorneys more easily	Complete
Develop a form for partner organizations to use when requesting attorney review early in a project	Complete
Streamline the survey review process to reduce the number of times surveys need to be revisited during an acquisition project	Complete
Reduce the number of points in the process where documents need to be approved	DNR determined not a quick win ^a
For projects over \$1 million, enable Land and Minerals Division project managers to receive most appraisals directly from the partner organization	DNR determined no longer needed ^b

^a A DNR staff person told us that this potential solution was determined not to be a quick win because it would be a time-consuming process. Additionally, the Lands and Minerals division has sought other strategies to streamline appraisal contracting, such as working with designated signatories to prioritize document approval.

^b A DNR staff person told us that having partner organizations use DNR’s new property information form has eliminated the need for Lands and Mineral project managers to review appraisals for projects over \$1 million. Instead, partner organizations complete the new property information form and submit it, along with the appraisals, directly to DNR’s Appraisal Management Unit.

Source: DNR, *Land Acquisition CI Project Results and Proposed Implementation Plan, 8-9*.

DNR has started to implement four of the six “big bet” solutions that project participants identified, as Exhibit 4.10 shows. For example, DNR’s process, as shown in Exhibit 4.5, is generally to conduct its final title review only after the partner organization has purchased the property from the landowner. For two partner organizations, DNR is currently testing the practice of completing its title review earlier in the process. In 2025, it plans to evaluate the results of this solution and determine whether it will continue this approach and, if so, whether it will expand its use.

Exhibit 4.10**DNR Progress on Continuous Improvement Project Big Bet Solutions**

Big Bet Solution	Status
Use quality threshold for appraisal reviews instead of a dollar threshold; once partner organizations demonstrate a track record of submitting adequate appraisal and appraisal reviews, they would no longer need to go through DNR's appraisal review process	In process
Develop a resource/staffing plan that addresses capacity for Lands and Minerals Division project managers and attorneys	In process
Update the property information packet and ask partner organizations to complete it early in the acquisition process	In process
Pilot test conducting title review earlier in the process	In process
Increase training for partner organizations and provide them with technical assistance	Not started ^a
Develop benchmarks and expectations for the average amount of time associated with each step of the acquisition process	Not started ^a

^a DNR staff explained that the department has delayed the implementation of these items as they depend on other solutions still in progress.

Source: DNR, *Land Acquisition CI Project Results and Proposed Implementation Plan*, 7-8.

As might be expected for solutions deemed a lower priority, DNR has made less progress in implementing solutions that continuous improvement project participants identified as “incremental projects.” The department is in the process of increasing the threshold at which the commissioner must review certain appraisal documents, which is currently set at \$3 million. It has not started implementing either of the two remaining “incremental project” solutions, as shown in Exhibit 4.11.

Exhibit 4.11**DNR Progress on Continuous Improvement Project Incremental Project Solutions**

Incremental Project Solution	Status
Increase the appraised value (currently \$3 million) at which the commissioner must review certain appraisal documents	In process
Provide partner organizations with examples of agreements or contracts so that they can see DNR-approved documents	Not started
Inform appraisers that a percentage of appraisal and appraisal reviews are audited	Not started

Source: DNR, *Land Acquisition CI Project Results and Proposed Implementation Plan*, 9-10.

Recommendation

While they had differing perspectives on DNR's land acquisition process overall, DNR staff, partner organization representatives, and landowners all indicated concern with how long the process takes. DNR is aware of these concerns and has initiated steps to streamline partner-led acquisitions through its continuous improvement project.

When considering the effectiveness of the project's solutions, it will be important to keep in mind that DNR needs to meet specific requirements when acquiring land that are different from the requirements for private parties. Besides the process requirements we discussed in Chapter 2, DNR must rigorously review land acquisitions to ensure that the department does not incur future financial obligations for the state. As DNR moves forward with streamlining its land acquisition process, it will be important for the department to balance improving timeliness with legal compliance.

The solutions identified through the continuous improvement project were proposed by people who are knowledgeable about and involved in the land acquisition process. As such, DNR should continue to implement in-progress solutions and start to implement the remaining solutions. The department should also continue to communicate with partner organizations to determine which solutions are working, which solutions could be improved, and which are not working (and adjust accordingly). Some of the solutions proposed by the continuous improvement project team are not directly relevant to DNR-led acquisitions. However, other proposed solutions are relevant regardless of who leads an acquisition.

RECOMMENDATION

To the extent that proposed solutions identified through the continuous improvement project could also apply to DNR-led acquisitions, the department should implement them to reduce the length of these acquisitions.

One example of a proposed solution that is applicable to DNR-led acquisitions is to develop a resource/staffing plan that addresses capacity for land acquisition project managers and attorneys. Similarly, the proposed solution to develop benchmarks or expectations for how long certain parts of the acquisition process should take could be helpful if translated to the DNR-led acquisition process. Department staff told us that DNR plans to make changes to the DNR-led acquisition process as part of the second phase of the continuous improvement project. We agree that DNR should do so, and further believe that the department should evaluate the impact these solutions have on the timeliness of DNR-led acquisitions.



OLA

List of Recommendations

- The Legislature should consider whether statutes should require partner organizations conveying land to the state to meet the same land acquisition standards required of the Department of Natural Resources (DNR). (p. 27)
- DNR should regularly produce reports identifying (1) its inventory of DNR-managed land and (2) transactions from the Land Acquisition Account, as required by law. (p. 29)
- DNR should maintain data on landholdings and acquisitions in a manner that facilitates accurate reporting. (p. 30)
- To the extent that proposed solutions identified through the continuous improvement project could also apply to DNR-led acquisitions, the department should implement them to reduce the length of these acquisitions. (p. 51)



OLA



April 23, 2025

Judy Randall, Legislative Auditor
Office of the Legislative Auditor
Room 140 Centennial Office Building
658 Cedar Street
Saint Paul, MN 55155-1603

Dear Legislative Auditor Randall:

Thank you for the opportunity to review and respond to the Office of the Legislative Auditor's (OLA's) program evaluation report on *Department of Natural Resources Land Acquisition*. The Minnesota Department of Natural Resources (DNR) appreciates your office's thorough analysis of our land acquisition work. We are pleased that OLA generally found DNR's approach to land acquisition to align with statutory requirements and best practices. We also value your recommendations and the perspectives you gathered from others involved in land acquisition with DNR.

We fully understand the importance of having a robust land acquisition program that appropriately balances process efficiency and timeliness with adherence to state statute and foundational principles of risk management. To that end, DNR has been working to identify areas where we can add capacity, streamline process steps, manage risks, and address timeliness while also ensuring that we uphold the standards necessary to protect the State's interests. We appreciate the OLA's acknowledgement in the program evaluation report of these continuous improvement efforts and look forward to continuing to see benefits from their implementation.

Below please find DNR's perspectives regarding the report's major findings and recommendations.

Report Finding: While all land DNR acquires must generally meet the same standards, some requirements for partner-led acquisitions are not established in statutes.

Report Recommendation: The Legislature should consider whether statutes should require partner organizations conveying land to the state to meet the same land acquisition standards required of DNR.

DNR Response: The Legislature has not previously chosen to apply the same acquisition standards and process requirements to partner organizations as it requires of DNR. Should the Legislature decide to revisit this issue, DNR will provide its perspectives on the relevant consideration.

Report Finding: DNR has not reported an inventory of DNR-managed land to the Legislature, as required by law.

Report Recommendation: DNR should regularly produce reports identifying its inventory of DNR-managed land, as required by law.

DNR Response: DNR agrees that information on the inventory of DNR-managed lands should be easily accessible, and we believe we accomplish that goal. However, DNR recognizes that we have not produced the specific report required by law.

The DNR will take the following corrective action:

DNR has included a repealer for the statutory language requiring this report in the agency's 2025 policy bill. We believe that this legislative report requirement is largely redundant of other reporting and that the inventory information is far more accessible through DNR's extensive online resources and through customized reports. If DNR's proposed repealer is not enacted, we will work with the chairs of the relevant committees to find an efficient and effective way to meet this legislative reporting requirement.

Report Finding: DNR's Land Acquisition Account reports for the past two years are overdue, and prior reports do not identify all purchases and sales from the account, as required by law.

Report Recommendation: DNR should regularly produce reports identifying transactions from the Land Acquisition Account, as required by law.

DNR Response: We appreciate the OLA's attention to the legislative requirement to report annually on activity in the Land Acquisition Account. DNR acknowledges we have not produced the FY 2023 and FY 2024 reports. This lapse was due to staff transitions, and DNR is currently finalizing the FY2023 and FY2024 reports.

The DNR's Lands and Minerals Director will ensure that we take the following corrective actions:

The DNR will produce and transmit the FY 2023 and FY 2024 reports. Given that both the FY 2023 and FY 2024 reports are in process, we will complete them using our previous reporting format. Transmission of these reports to the Legislature will occur no later than October 1, 2025.

DNR will ensure report content better aligns with the statutory requirement. Beginning with FY 2025, we will revise the report format to ensure its contents align more closely with the statutory requirement. Specifically, we will include, for each purchase or sale listed, the price of the land and other transaction costs, respectively. We will revise report content to better align with the statutory requirement and transmit the FY2025 report to the Legislature by October 1, 2025.

Report Finding: The manner in which DNR maintains data on acquired land gives rise to questions about accuracy and consistency of data.

Report Recommendation: DNR should maintain data on landholdings and acquisitions in a manner that facilitates consistent and accurate reporting.

DNR response: Ideally, DNR would have the centralized ability to quickly and easily report on the designated units of our outdoor recreation system. However, this is one of many areas in which IT investment needs far exceed agency resources. As a result, DNR uses offline systems to respond to requests for information that are not supported in the Land Records System (LRS).

We also want to emphasize that the limitations of LRS data are understood and managed within DNR to avoid providing inaccurate information. In addition, depending on the purpose and the audience, we may provide more general or more detailed information. That does not mean one type of information is more or less correct. For example, OLA's report cites a difference between the 4.3 million acres of land in state forests reported in the governor's 2024-2025 budget versus the 3.8 million acres included in LRS as land within state forests. This difference is not attributable to any limitation in our records systems. Rather, in preparing information for general audience documents like the governor's budget, DNR always seeks to use plain language to convey accurate information at an appropriate level of detail. In this case, the 4.3 million acres are all managed in much the same way, for the same purpose, according to the same set of statutes, although 3.8 million of those 4.3 million acres are within the formal boundaries of state forests. For that particular document, it was appropriate to describe those acres together, instead of presenting them as distinct groups, given that all 4.3 million acres are managed as state forest acres.

Report Finding: DNR has taken steps to improve the timeliness of partner-led acquisitions as part of its continuous improvement project.

Report Recommendation: To the extent that proposed solutions identified through the continuous improvement project could also apply to DNR-led acquisitions, the department should implement them to reduce the length of these acquisitions.

DNR Response: We appreciate the time the OLA took to reach out to landowners, counties and partner organizations to understand and document their perspectives. We further appreciate the OLA's recognition of DNR's continuous improvement efforts to address internal and external concerns about communication and timeliness, coupled with its recognition that DNR's process and risk management requirements are necessarily different than those of private parties.

We conduct our land acquisition work in a complex environment that includes unique constraints and expectations. As such, we will not be able to address all of the concerns raised by landowners, counties, partner organizations, or our own staff. However, we are committed to continuous improvement (CI) and deeply value the partnership of others in these efforts. Since completion of the OLA survey in 2024, we have initiated several changes that are already addressing some of the concerns raised. Initial results from these efforts are encouraging. For example, in the first six months of use of a new property information form, we have reduced the time it takes to get a project ready for appraisal review by 90%. Similarly, changes to the appraisal review process have reduced that process by 17 days in 2025, or 55%.

We will certainly consider the applicability of insights from our CI efforts with partners to our DNR-led acquisitions, and will also seek to identify CI opportunities that may be uniquely applicable to DNR-led acquisitions.

Once again, we appreciate the opportunity to respond to your recommendations and the opportunity to work with your office and staff throughout this evaluation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sarah Strommen", with a long horizontal flourish extending to the right.

Sarah Strommen
Commissioner

CC: Jodi Munson Rodriguez, Deputy Legislative Auditor
Barb Naramore, Deputy Commissioner

Recent OLA Evaluations

Agriculture

Pesticide Regulation, March 2020
Agricultural Utilization Research Institute (AURI),
May 2016

Criminal Justice, Public Safety, and Judiciary

Guardianship of Adults, April 2025
Driver Examination Stations, March 2021
Safety in State Correctional Facilities, February 2020
Guardian ad Litem Program, March 2018
Mental Health Services in County Jails, March 2016

Economic Development

*Department of Employment and Economic Development
Grants Management*, March 2025
Minnesota Investment Fund, February 2018
Minnesota Research Tax Credit, February 2017
Iron Range Resources and Rehabilitation Board (IRRRB),
March 2016

Education (Preschool, K-12, and Postsecondary)

*Minnesota Department of Education's Role in Addressing
the Achievement Gap*, March 2022
*Collaborative Urban and Greater Minnesota Educators
of Color (CUGMEC) Grant Program*, March 2021
Compensatory Education Revenue, March 2020
Debt Service Equalization for School Facilities,
March 2019
Early Childhood Programs, April 2018
Perpich Center for Arts Education, January 2017
Standardized Student Testing, March 2017
Minnesota State High School League, April 2017
Minnesota Teacher Licensure, March 2016

Environment and Natural Resources

Department of Natural Resources Land Acquisition,
April 2025
Aggregate Resources, January 2025
Petroleum Remediation Program, February 2022
*Public Facilities Authority: Wastewater Infrastructure
Programs*, January 2019
Clean Water Fund Outcomes, March 2017
*Department of Natural Resources: Deer Population
Management*, May 2016

Financial Institutions, Insurance, and Regulated Industries

*Department of Commerce's Civil Insurance Complaint
Investigations*, February 2022

Government Operations

Grant Award Processes, April 2024
*Oversight of State-Funded Grants to Nonprofit
Organizations*, February 2023
Sustainable Building Guidelines, February 2023
*Office of Minnesota Information Technology Services
(MNIT)*, February 2019

Health

Community Benefit Expenditures at Nonprofit Hospitals,
February 2025
*Minnesota Department of Health: Human Resources
Complaint Management*, January 2025
Emergency Ambulance Services, February 2022
Office of Health Facility Complaints, March 2018
*Minnesota Department of Health Oversight of HMO
Complaint Resolution*, February 2016

Human Services

*Department of Human Services Licensing Division:
Support to Counties*, February 2024
Child Protection Removals and Reunifications, June 2022
DHS Oversight of Personal Care Assistance, March 2020
*Home- and Community-Based Services: Financial
Oversight*, February 2017

Jobs, Training, and Labor

Worker Misclassification, March 2024
*Unemployment Insurance Program: Efforts to Prevent
and Detect the Use of Stolen Identities*, March 2022

Miscellaneous

*Minnesota Housing Finance Agency: Down Payment
Assistance*, March 2024
RentHelpMN, April 2023
*State Programs That Support Minnesotans on the Basis
of Racial, Ethnic, or American Indian Identity*,
February 2023
Board of Cosmetology Licensing, May 2021
*Minnesota Department of Human Rights: Complaint
Resolution Process*, February 2020
*Public Utilities Commission's Public Participation
Processes*, July 2020
Economic Development and Housing Challenge Program,
February 2019
Minnesota State Arts Board Grant Administration,
February 2019
*Board of Animal Health's Oversight of Deer and
Elk Farms*, April 2018
Voter Registration, March 2018

Transportation

Metro Mobility, April 2024
*Southwest Light Rail Transit Construction: Metropolitan
Council Decision Making*, March 2023
*Southwest Light Rail Transit Construction: Metropolitan
Council Oversight of Contractors*, June 2023
MnDOT Workforce and Contracting Goals, May 2021
MnDOT Measures of Financial Effectiveness,
March 2019
MnDOT Highway Project Selection, March 2016

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