

990023



Minnesota Department of Natural Resources

OFFICE OF THE COMMISSIONER

500 Lafayette Road
St. Paul, Minnesota 55155-4037

October 21, 1998

The Honorable Richard Cohen, Chair
Senate Finance Committee
317 State Capitol
St. Paul, Minnesota 55155

The Honorable Loren Solberg, Chair
House Ways and Means Committee
445 State Office Building
St. Paul, Minnesota 55155

The Honorable Steven Morse, Chair
Environment and Natural Resources
Finance Committee
G-24 State Capitol
St. Paul, Minnesota 55155

The Honorable Tom Ostoff, Chair
Environment and Natural Resources
Committee
585 State Office Building
St. Paul, Minnesota 55155

Dear Senators and Representatives:

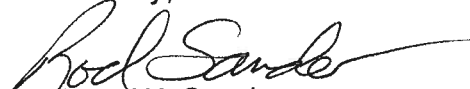
Enclosed please find the first State Forest Nursery Program (SFNP) Report mandated under 1997 MN Laws Chapter 119, Section 3, subdivision 1a. This statutory change also directed the SFNP to implement a maximum production goal of ten (10) million units of native regeneration materials. Additional regeneration material needs for conservation programs would be refocused to private growers or other public nurseries. Since this production goal shift was initiated by the SFNP in 1996 prior to the legislation, full transition to this goal will be completed in F.Y. 99.

The enclosed packet contains manager's financial reports that summarize the Nursery account balance forward from F.Y. 97 (page 4), expenditures for F.Y. 98 (pages 5 and 6), and balances entering F.Y. 99 (page 7). Also included are a sales report for the Spring '98 shipping season (pages 8 and 9), an accounts receivable status report sheet (page 10), and a copy of the State Forest Nursery Plan 1998 to 2002. The SFNP is looking to the future.

If you have questions regarding this material, staff from the Division of Forestry or Office of Management and Budget Services can provide assistance.

Thank you for your attention to this matter.

Yours truly,


Rodney W. Sando
Commissioner

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State Forest Nursery Program Report : (see attached State Forest Nursery Plan)

LEGISLATIVE REFERENCE LIBRARY

STATE OFFICE BUILDING

ST. PAUL, MN 55155

Organization:

The State Forest Nursery Program (SFNP) is managed out of the DNR St. Paul office as part of the Division of Forestry's Fire, Forest Health, Urban Forestry and Nursery Section. The program maintains two operational seedling production and distribution facilities: the General Andrews State Forest Nursery north of Willow River in Pine County and the Badoura State Forest Nursery south of Akeley in Hubbard County.

Financial Tracking:

In the State's Government Financial System the SFNP Revolving Fund Appropriation is named the Forest Nursery Account. Manager's Financial Reports are available for Badoura, General Andrews and the Federal Nursery Tree and Seed account. Aside from the federal dollars in this tree and seed account (approximately \$15,000 annually) the SFNP is self funded from the sale of seed, seedlings, transplants and cuttings. A collection agency is under contract for late bills.

Sales Information:

In FY97 the SFNP distributed 4,395,720 plants to private lands and 4,256,030 plants for public lands totaling 8,651,750 plants.

In FY 98 the SFNP distributed a total of 11,903,617 plants of which 610,300 were purchased from other producers and 212,000 were purchased by the Division of Forestry and distributed for educational projects associated with Arbor Day. Of the remaining 11,081,317 available for general sales, 4,534,055 went on public lands with 6,547,262 to private (see page 3).

Seedling prices are established through an annual market pricing exercise completed each year with DNR's Forestry and Information & Education staff involved. Production costs and competition are considered.

SFNP marketing and sales brochures are updated annually.

Each year the Division solicits and purchases stock from private producers for distribution through its sales programs to provide additional conservation planting alternatives.

Program Highlights FY98:

The first sales increase in eight years came as a result of increased state and federal cost share dollars for conservation plantings.

Additional staffing cuts were made in the clerical and repairman classifications as a result of implementing the legislatively mandated 10 million production cap.

The tree improvement specialist position was refilled after a one year absence: funded 50% by Forestry General Fund dollars and 50% by the Nursery Account.

Research and development work continued with the US Forest Service and University of Minnesota.

Highlights continued:

Memberships were continued in the NE Area Nursery Association, the Minnesota Tree Improvement Cooperative, the Minnesota Crop Improvement Association (MCIA) and the Minnesota Nursery and Landscape Association.

Ergonomic evaluations were conducted to identify risk factors for field workers and implement preventative actions.

Over 42 different vegetative products were distributed for conservation plantings in the state.

White pine bareroot seedlings and transplants numbering 1,418,700 were distributed for the State's white pine restoration initiative.

The SFNP continued to emphasize the use of native and improved seed sources; while phasing out the production of exotics.

The SFNP cooperated with the MCIA to complete the test pilot for certification of forest reproductive materials.

Spending Notes: (see pages 4 to 10)

The SFNP entered FY 98 with a balance forward of \$751,863 and accounts receivables of \$385,848 and ended the year with a balance forward of \$717,898 and accounts receivables of \$542,092. Accounts receivable for the program remain high and carry over into the next fiscal year due to payments received in July, August and September from cost share programs.

The initial budget for FY 98 was established on the estimate of 8.5 million seedlings to be sold. As increased sales were verified, additional monies were added to each nursery sites' budget.

Looking to FY 99

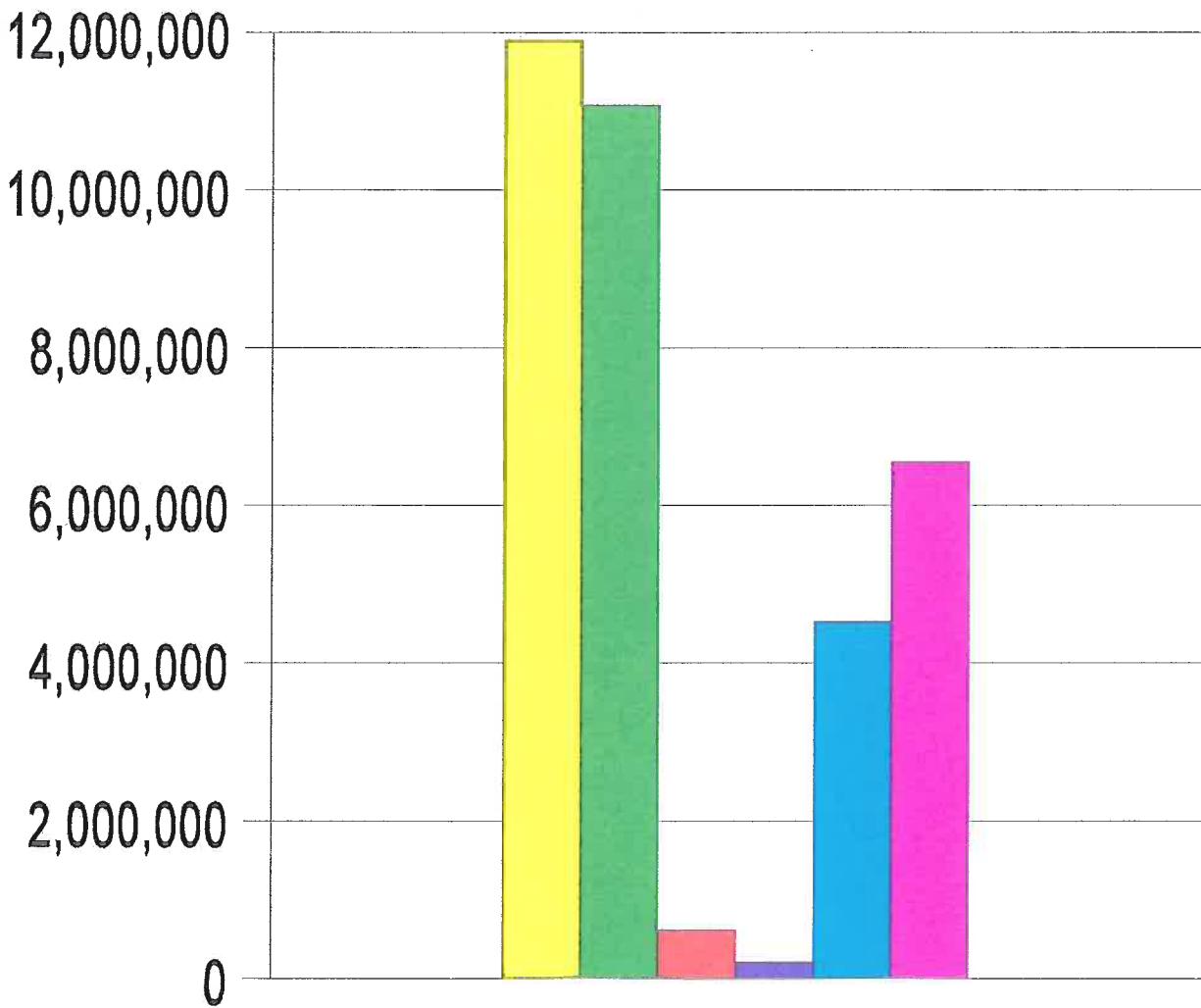
The SFNP has a strong fund balance entering FY 99 and will begin reinvesting in buildings and equipment.

Strong markets from public land managers and private landowners with cost share dollars are expected to continue for the next three to five years.

The Spring of 1999 is the last year for the SFNP to sell stock seeded before the 1997 law change was enacted.

Production, automation and marketing analyses will continue in the program.

SALES SUMMARY - SPRING 1998



- TOTAL SALES - 11,903,617
- SALES OF STATE PRODUCED TREES - 11,081,317
- TREES PURCHASED ELSEWHERE - 610,300
- ARBOR DAY TREES - 212,000
- STATE TREES TO PUBLIC LANDS - 4,534,055
- STATE TREES TO PRIVATE LANDOWNERS - 6,547,262

Appropriation Inquiry

Budget FY **97** Fund **203** Agency **R29** Organization **0000** Appropriation unit **300**
 Appropriation name **FORESTRY NURSERIES ACCOUNT** Short name **FOR NURSER**
 Appropriation type **Special** Appropriation end date **06 / 30 / 97** Multi-year

Appropriation Amounts

Appropriated amounts		Receipts	
Original	0.00	Original estimate	1,530,000.00
Current	0.00	Current estimate	1,530,000.00
Reductions	0.00	Actual	1,704,351.69
Cancellations	0.00	Dedicated receipts cap	0.00

	In	Out
Balance forward	541,002.14	751,863.53
Anticipated transfer	0.00	0.00
Actual transfer	0.00	0.00

Budget/Encumbrance authority **1,493,490.30** Spending authority **1,493,490.30**
 Total allotments **1,509,133.00**

Current amounts			
Pre-encumbered	0.00	Uncommitted	0.00 / 0.00 %
Encumbered	0.00	Unexp auth	0.00 / 0.00 %
Expended	1,493,490.30		

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Key Point: The Forestry Nurseries Account came into FY 97 with a balance of \$ 541,002 and out with a balance of \$ 751,863.

Minnesota Department of Natural Resources Managers Financial Report

Account Balances As Of: 9/11/1998 (Including Salary Expenditures for Pay Periods Ending On or Before: 9/ 1/1998)

FY: 98 - 98 Program: 03 - 03 BACT: 10 - 10 MACT: 101 - 101 Fund: 203 - 203 Allmt Status: A - A

Obligated Amounts for Object Classes 1A0 and 1B0 are Current Modified Payroll Obligation Amounts from SEMA4

FY 98 FOREST MANAGEMENT

101 - FOREST MANAGEMENT

Allotment	Object Class	Allotted	Salary Obligation	Encumbered	Expended	Balance	% Bal
98 203 3737 300	- FOREST NURSERY ACCOUNT (Status = A)						
	1A0 FULL TIME	0.00		0.00	0.00	0.00	0.0 %
	1B0 PART-TIME, SEASONAL, LABOR SER	0.00		0.00	0.00	0.00	0.0 %
	1E0 OTHER BENEFITS	0.00		0.00	0.00	0.00	0.0 %
	Totals for Allotment: 98 203 3737 300	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0 %
98 203 3738 300	- FORESTRY GEN ANDREWS NURSERY (Status = A)						
	1A0 FULL TIME	199,958.48	\$ 60.08	0.00	199,896.92	61.56	0.0 %
	1B0 PART-TIME, SEASONAL, LABOR SER	400,094.20	\$ (2.20)	0.00	400,094.20	0.00	0.0 %
	1C0 OVERTIME PAY	2,000.00		0.00	1,106.75	893.25	44.7 %
	1D0 PREMIUM PAY	500.00		0.00	36.92	463.08	92.6 %
	1E0 OTHER BENEFITS	2,947.32		0.00	1,114.37	1,832.95	62.2 %
	2A0 SPACE RENTAL, MAINT, & UTILITY	10,000.00		0.00	9,485.64	514.36	5.1 %
	2B0 REPAIRS, ALTERATIONS, & MAINT	5,000.00		0.00	1,521.00	3,479.00	69.6 %
	2C0 PRINTING AND ADVERTISING	10,000.00		0.00	90.96	9,909.04	99.1 %
	2D0 PROF/TECH SERVICES OUTSIDE VEN	12,500.00		0.00	8,792.50	3,707.50	29.7 %
	2E0 COMPUTER & SYSTEMS SERVICES	5,000.00		0.00	0.00	5,000.00	100.0 %
	2F0 COMMUNICATIONS	25,000.00		0.00	34,396.69	(9,396.69)	(37.6)%
	2G0 TRAVEL & SUBSISTANCE -INSTATE	1,000.00		0.00	1,084.68	(84.68)	(8.5)%
	2J0 SUPPLIES	70,000.00		0.00	57,221.43	12,778.57	18.3 %
	2K0 EQUIPMENT	10,000.00		0.00	12,888.88	(2,888.88)	(28.9)%
	2L0 EMPLOYEE DEVELOPMENT	1,000.00		0.00	299.00	701.00	70.1 %
	2M0 OTHER OPERATING COSTS	7,000.00		0.00	3,740.46	3,259.54	46.6 %
	2P0 STATEWIDE INDIRECT COSTS	5,000.00		0.00	0.00	5,000.00	100.0 %
	2S0 AGENCY PROVIDED PROF/TECH SERV	1,000.00		0.00	0.00	1,000.00	100.0 %
	3C0 BUILDINGS & LAND IMPROVEMENTS	5,000.00		0.00	0.00	5,000.00	100.0 %
	5G0 AID TO NON-GOVT ORGANIZATIONS	0.00		0.00	27.50	(27.50)	0.0 %
	Totals for Allotment: 98 203 3738 300	\$773,000.00	\$57.88	\$0.00	\$731,797.90	\$41,202.10	5.3 %
98 203 3739 300	- FORESTRY BADOURA NURSERY (Status = A)						
	1A0 FULL TIME	157,874.51	\$ (2.51)	0.00	157,874.51	0.00	0.0 %
	1B0 PART-TIME, SEASONAL, LABOR SER	372,125.49	\$ (0.16)	0.00	361,377.16	10,748.33	2.9 %
	1C0 OVERTIME PAY	2,000.00		0.00	855.98	1,144.02	57.2 %
	1D0 PREMIUM PAY	500.00		0.00	0.00	500.00	100.0 %
	1E0 OTHER BENEFITS	113,500.00		0.00	142,009.85	(28,509.85)	(25.1)%
	2A0 SPACE RENTAL, MAINT, & UTILITY	43,000.00		0.00	14,779.24	28,220.76	65.6 %
	2B0 REPAIRS, ALTERATIONS, & MAINT	5,000.00		0.00	6,251.04	(1,251.04)	(25.0)%
	2C0 PRINTING AND ADVERTISING	5,000.00		0.00	6,431.02	(1,431.02)	(28.6)%
	2D0 PROF/TECH SERVICES OUTSIDE VEN	2,000.00		0.00	0.00	2,000.00	100.0 %

Minnesota Department of Natural Resources Managers Financial Report

Account Balances As Of: 9/11/1998 (Including Salary Expenditures for Pay Periods Ending On or Before: 9/1/1998)

FY: 98 - 98 Program: 03 - 03 BACT: 10 - 10 MACT: 101 - 101 Fund: 203 - 203 Allmt Status: A - A
Obligated Amounts for Object Classes 1A0 and 1B0 are Current Modified Payroll Obligation Amounts from SEMA4

FY 98 FOREST MANAGEMENT

101 - FOREST MANAGEMENT

<u>Allotment</u>	<u>Object Class</u>	<u>Allotted</u>	<u>Salary Obligation</u>	<u>Encumbered</u>	<u>Expended</u>	<u>Balance</u>	<u>% Bal</u>
2E0	COMPUTER & SYSTEMS SERVICES	5,000.00		0.00	0.00	5,000.00	100.0 %
2F0	COMMUNICATIONS	5,000.00		0.00	9,199.90	(4,199.90)	(84.0)%
2G0	TRAVEL & SUBSISTANCE -INSTATE	1,000.00		0.00	384.02	615.98	61.6 %
2J0	SUPPLIES	190,000.00		0.00	144,317.19	45,682.81	24.0 %
2K0	EQUIPMENT	10,000.00		0.00	2,523.22	7,476.78	74.8 %
2L0	EMPLOYEE DEVELOPMENT	1,000.00		0.00	280.00	720.00	72.0 %
2M0	OTHER OPERATING COSTS	5,000.00		0.00	3,663.88	1,336.12	26.7 %
2P0	STATEWIDE INDIRECT COSTS	5,000.00		0.00	42,852.00	(37,852.00)	(757.0)%
2S0	AGENCY PROVIDED PROF/TECH SERV	1,000.00		0.00	0.00	1,000.00	100.0 %
3C0	BUILDINGS & LAND IMPROVEMENTS	5,000.00		0.00	1,052.00	3,948.00	79.0 %
Totals for Allotment: 98 203 3739 300		\$929,000.00	\$(2.67)	\$0.00	\$893,851.01	\$35,148.99	3.8 %
Totals for Appropriation Unit: 300		\$ 1,702,000.00	\$ 55.21	\$ 0.00	\$ 1,625,648.91	\$ 76,351.09	
Totals for Fund: 203		\$ 1,702,000.00	\$ 55.21	\$ 0.00	\$ 1,625,648.91	\$ 76,351.09	
Totals for MACT: 101		\$ 1,702,000.00	\$ 55.21	\$ 0.00	\$ 1,625,648.91	\$ 76,351.09	
Totals for BACT: 10		\$ 1,702,000.00	\$ 55.21	\$ 0.00	\$ 1,625,648.91	\$ 76,351.09	
Totals for Program: 03		\$ 1,702,000.00	\$ 55.21	\$ 0.00	\$ 1,625,648.91	\$ 76,351.09	
Totals for FY: 1998		\$ 1,702,000.00	\$ 55.21	\$ 0.00	\$ 1,625,648.91	\$ 76,351.09	

Appropriation Inquiry

Budget FY **98** Fund **0000** Agency **R29** Organization **0000** Appropriation unit **300**
 Appropriation name **FORESTRY NURSERIES ACCOUNT** Short name **FOR NURSER**
 Appropriation type **Special** Appropriation end date **06 / 30 / 98** Multi-year

Appropriation Amounts

Appropriated amounts		Receipts	
Original	0.00	Original estimate	1,530,000.00
Current	0.00	Current estimate	1,532,403.77
Reductions	0.00	Actual	1,591,683.41
Cancellations	0.00	Dedicated receipts cap	0.00

	In	Out
Balance forward	751,863.53	717,898.03
Anticipated transfer	0.00	0.00
Actual transfer	0.00	0.00

Budget/Encumbrance authority **1,625,648.91** Spending authority **1,625,648.91**
 Total allotments **1,625,648.91**

Current amounts			
Unencumbered	0.00	Uncommitted	0.00 / 0.00 %
Encumbered	0.00	Unexp auth	0.00 / 0.00 %
Expended	1,625,648.91		

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Key Point: The Forestry Nurseries Account came into FY 98 with a balance of \$ 751,863 and out with a balance of \$ 717,898.

Species Summary by Ownership - Statewide

Species	State	County	Federal	St. JI	Non-Profit	Private	Municipal	Other Ind.	Total
31 Red Oak	0	0	30,500	0	0	0	0	0	30,500
51 White Pine - Small	80,900	0	0	0	0	1,000	0	0	81,900
52 Norway Pine - Small	195,500	1,000	0	0	500	57,000	0	200	254,200
61 White Spruce - Small	2,000	0	0	0	0	0	0	0	2,000
101 Black Ash	2,000	250	0	100	500	51,700	0	0	54,550
103 Silver Maple	0	0	1,000	13,150	2,100	109,800	100	0	126,150
104 Red Elm	500	0	0	0	850	1,500	0	0	2,850
113 Paper Birch	1,600	0	0	525	200	39,400	500	0	42,225
115 Siouland Poplar	0	0	0	0	500	45,600	0	0	46,100
117 Hybrid Poplar	0	0	0	50	200	58,600	0	0	58,850
124 Yellow Birch	13,400	0	2,000	1,425	200	20,800	0	100	37,925
125 Black Walnut	4,200	0	100	0	1,750	138,900	0	100	145,050
126 Butternut	200	0	0	0	0	800	0	0	1,000
130 Pin Oak	0	0	0	0	0	4,000	0	0	4,000
131 Red Oak	52,500	5,000	3,000	19,800	12,900	556,150	1,500	300	651,150
134 White Oak	7,100	0	0	0	0	9,700	100	0	16,900
135 Bur Oak	9,700	0	0	100	2,000	348,400	1,600	0	361,800
137 Mixed Oak	500	0	0	200	1,100	64,400	0	0	66,200
138 White Ash	2,600	0	0	0	0	0	0	0	2,600
139 Green Ash	5,100	1,000	0	100	3,500	422,837	2,100	500	435,137
151 White Pine	537,750	168,000	2,000	500	3,500	380,300	800	138,250	1,231,100
152 Norway Pine	701,600	472,450	3,000	61,680	18,000	2,086,750	6,500	95,000	3,444,980
153 Jack Pine	20,000	70,000	0	0	0	1,700	0	0	91,700
154 Scots Pine	0	0	0	0	500	16,200	0	0	16,700
161 White Spruce	164,600	308,250	1,000	32,300	16,000	783,240	2,550	1,500	1,309,440
162 Balsam Fir	45,300	34,600	1,000	850	5,000	164,500	0	600	251,850
163 Colorado Spruce	0	500	0	300	12,200	178,700	300	100	192,100
164 Norway Spruce	2,600	4,000	0	11,150	8,200	85,220	200	100	111,470
165 Black Hills Spruce	2,500	100	0	16,800	12,300	159,920	300	7,600	199,520
171 Black Spruce	1,000	17,600	0	900	100	43,700	0	0	63,300
172 Tamarack	24,500	2,000	0	0	0	9,000	0	200	35,700
173 White Cedar	11,800	0	5,000	625	600	113,810	100	100	132,035
181 Red Cedar	1,500	0	0	0	6,100	61,300	700	2,000	71,600
251 White Pine - Tr	25,500	0	0	0	1,300	76,900	2,000	0	105,700
252 Norway Pine - Tr	5,200	0	0	1,500	2,500	167,100	0	0	176,300
261 White Spruce - Tr	5,800	0	0	100	1,700	155,700	1,700	400	165,400
263 Colorado Spruce - Tr	3,000	0	0	0	4,500	118,525	100	0	126,125
273 White Cedar - Tr	1,000	0	0	200	600	33,100	0	0	34,900

Species Summary by Ownership - Statewide

Specie.	State	County	Federal	School	Non-Profit	Private	Municipal	Other Ind.	Total
353 Jack Pine Imp.	499,500	201,000	0	10,350	900	168,500	1,000	700	881,950
361 White Spruce - Imp	295,350	0	0	0	0	0	0	2,000	297,350
371 Black Spruce - Imp	18,100	0	0	0	4,100	40,050	0	200	62,450
421 Ginnala Maple	700	0	0	850	3,800	18,000	200	0	23,550
427 Wild Plum	0	0	0	0	0	0	100	0	100
433 Hibush Cranberry	500	0	0	0	0	5,800	0	0	6,300
438 Red Osier Dogwood	700	100	0	450	1,300	22,300	200	0	25,050
440 Staghorn Sumac	400	0	0	500	200	14,710	0	0	15,810
443 Caragana	0	0	0	450	2,000	12,500	400	0	15,350
444 Crab Apple	0	0	0	0	0	2,700	0	0	2,700
447 Nannyberry	0	0	0	0	0	2,000	0	0	2,000
449 4 Seas. Wildlife Pkt	4,500	0	0	0	4,500	180,500	2,000	3,500	195,000
454 Mixed Hardwood	0	0	0	0	1,600	54,900	100	0	56,600
561 Wht Spruce Imp 2-0	109,000	0	0	0	0	0	0	0	109,000
601 Hybrid Poplar Sticks	0	0	0	0	0	70,500	0	17,500	88,000
Totals	2,860,200	1,285,850	48,600	174,955	137,800	7,158,712	25,150	270,950	11,962,217

Note: Wildlife packets have been converted to tree counts.

Note: The Total of 11,962,217 reflects 1998 sales of 11,903,617 and year end adjustments of 58,600 for replacement and holdover trees from FY 97 and late sales.

**ACCOUNTS RECEIVABLE
REPORT FY97 & FY98(FY END)**

ACCOUNTS RECEIVABLE

FY97 PRIVATE	258,734.23
DIVISION	0.00
COUNTY	59,788.00
SEED	4,904.55
STICKS	9,305.00
ARBOR DAY	29,457.41

TOTAL \$362,189.19

FY96 \$ 9,728.42

FY95 \$ 4,331.10

FY94 \$ 3,178.75

FY93 \$ 6,420.18

TOTAL ACCOUNTS RECEIVABLE 06/30/97

\$385,847.64

ACCOUNTS RECEIVABLE

FY98 PRIVATE	\$504,003.73	Seedlings
DIVISION	0.00	Seedlings
COUNTY	20,902.50	Seedlings
ARBOR DAY	0.00	Seedlings
SEED	970.90	
EQUIP. RENT	636.24	
MISC.	210.00	

TOTAL \$526,723.37

**Key Point: Accounts Receivable
Increased Entering FY 98**

FY97 \$ 8,279.91

FY96 \$ 2,313.87

FY95 \$ 769.79

FY94 \$ 2,662.05

FY93 \$ 1,343.18

TOTAL ACCOUNTS RECEIVABLE 06/30/98

\$542,092.17