

Project Title	2006 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2006	Governor's Planning Estimate	
		2006	2008	2010	Total		2008	2010
Flood Hazard Mitigation Grants	1	\$12,000	\$20,000	\$20,000	\$52,000	\$0	\$0	\$0
Dam Repair/Reconstruction/Removal	2	2,000	2,000	2,000	6,000	0	0	0
Sesquicentennial Conservation Initiative	3	100,000	51,000	51,000	202,000	0	0	0
Statewide Asset Preservation	4	3,000	3,000	3,000	9,000	0	0	0
Buying Out Trust Fund Lands	5	5,000	5,000	5,000	15,000	0	0	0
Forest Roads and Bridges	6	2,000	2,000	2,000	6,000	0	0	0
Field Office Consolidation & Improvements	7	3,000	3,000	3,000	9,000	0	0	0
Off-Road Vehicle Recreation Area	8	1,500	0	0	1,500	0	0	0
Bell Museum of Natural History	9	0	10,000	0	10,000	0	0	0
<b>Total Project Requests</b>		\$128,500	\$96,000	\$86,000	\$310,500	\$0	\$0	\$0

**Flood Hazard Mitigation Grants**

**2006 STATE APPROPRIATION REQUEST:** \$12,000,000

**AGENCY PROJECT PRIORITY:** 1 of 9

**PROJECT LOCATION:** Statewide

**Project At A Glance**

- ◆ Reduces repetitive flood losses.
- ◆ Provides match funding for federal flood control projects.
- ◆ Protects property, reduces cost and danger of flood fighting.

**Project Description**

This request will provide for state cost-sharing grants to local government units under the Flood Hazard Mitigation Grant Assistance Program under M.S. section 103F.161. This program allows the Department of Natural Resources to make cost sharing grants of up to 50% of non-federal project costs to study and implement measures that will reduce or eliminate flood damage. These projects will reduce future flood damages and will be built in cooperation with federal, state, and local governments. Additional benefits include habitat improvements with the construction of impoundments and the creation of natural open space in the flood plain. Flood damage reduction is a performance indicator in the DNR's "A Strategic Conservation Agenda 2003-2007."

Major floods in 1997, 2001, 2002 and 2004 created significant awareness of the damage floods can cause. Damage costs from the 1997 Red and Minnesota River floods have exceeded \$1.5 billion. It is very cost effective to prevent flood damage instead of fighting floods and repairing and rehabilitating homes, business and infrastructure in communities after floods have occurred. Minnesota's repetitive flood damage is being significantly reduced by the implementation of flood hazard mitigation projects.

Potential projects include:

- ◆ purchase and removal of residential and commercial structures from the floodplain; relocation of businesses;
- ◆ construction of levees and floodwalls;
- ◆ construction of control structures and diversion channels; and
- ◆ construction of impoundments.

Funding on federal flood control projects is approximately 65% federal and 35% non-federal. Non-federal costs are split 50:50 between the state and the local project sponsor. Appropriation language in the 1999 and subsequent legislative sessions provided additional state funding for that portion of the local share of projects that exceeded 2% of median household income.

Demand for flood hazard mitigation projects exceeds this bonding request. Additional needs include acquisition/levee construction, flood-proofing homes and reengineering lake outlets.

**Impact on Agency Operating Budgets (Facilities Notes)**

Current agency staff funded with General Fund appropriations would administer flood hazard mitigation project bonding funds.

**Previous Appropriations for this Project**

	(\$ Millions)
Laws of 2005, Ch. 20, Art 1, Sec.7, Subd. 2	\$27.00
Laws of 2003, 1SS Ch. 20, Art 2, Sec. 3, Subd. 2	3.00
Laws of 2003, 1SS Ch. 20, Art 1, Sec. 5, Subd. 7	1.40
Laws of 2002, Ch. 393, Sec. 7, Subd. 20	30.00
Laws of 2001, 1SS Ch. 12, Sec. 3	2.00
Laws of 2000, Ch. 492, Art 1, Sec. 7, Subd's. 23 & 24	14.30
Laws of 1999, Ch. 240, Art 1, Sec. 4, Subd's. 2 & 3	18.97
Laws of 1998, Ch. 404, Sec. 7, Subd. 9	30.00

During the last eight years the legislature has provided \$126.67 million in state funds for flood hazard mitigation grants: \$96.37 from bonding and \$30.3 million from the General Fund.

## Flood Hazard Mitigation Grants

**Other Considerations**

Flood hazard mitigation projects significantly reduce the potential for damages to homes and businesses. Prevention is very cost effective. The consequences of taking no action would result in project delays and increased projects costs due to inflation. In addition, the current level of flood damage potential in these areas would continue unabated. Grant criteria identified in M.S. section 103F.161 provide for a 50:50 cost share. Local cost-share formulas should be evaluated for equity. A consistent level of funding is desirable so the DNR and local governments can plan for and schedule flood damage reduction projects.

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**Governor's Recommendations (To be completed by the Department of Finance at a later date)**

## Dam Repair/Reconstruction/Removal

**2006 STATE APPROPRIATION REQUEST:** \$2,000,000

**AGENCY PROJECT PRIORITY:** 2 of 9

**PROJECT LOCATION:** Statewide

#### Project At A Glance

- ◆ Respond to emergencies at public dams.
- ◆ Remove or modify unsafe or obsolete river dams.
- ◆ Repair or reconstruct deteriorating lake outlet dams.

#### Project Description

This request would provide for rehabilitation of an aging dam in the City of New London and for response to statewide dam safety emergencies. The New London Dam is classified as high hazard, meaning its failure would likely result in loss of life or major property damages. Making needed repairs limits the potential liability of the Department of Natural Resources and local government units that own dams, protects public safety, and saves money by maintaining existing infrastructure assets. Removal and modification of river dams is a performance indicator in the DNR's *"A Strategic Conservation Agenda 2003-2007."*

Potential projects include:

- ◆ Removal, rehabilitation, or modification of dams to improve safety and to restore fish passage
- ◆ Replacement of dams to improve safety and to restore fish passage
- ◆ Repairing dams to maintain lake levels

Minnesota's public dams infrastructure includes over 800 dams owned by the state, counties, cities, and watershed districts. Most of these public dams are over 50 years old and require ongoing repairs to maintain their structural integrity and prevent public safety hazards. Emergency repairs must be made when an imminent dam failure threatens public safety or an actual dam failure damages property. About ten percent of Dam Safety Program capital

budget appropriations are generally reserved for emergencies. Any emergency funds remaining at the end of the two-year bonding cycle are used on high priority projects.

M.S. Section 103G.511 provides for matching grants to local governments for dam repair or reconstruction. M.S. Section 103G.515 Subd. 5 allows the state to pay the entire cost of removing hazardous dams under certain circumstances. Funding would be used to address emergencies and implement the highest priority projects on the current statewide dam project priority list prepared pursuant to M.S. Section 103G.51, Subd. 12. Project priorities are subject to change based on results of dam safety inspections, readiness of local project sponsors and other factors.

#### Impact on Agency Operating Budgets (Facilities Notes)

None.

#### Previous Appropriations for this Project

Since 1998 the legislature has approved \$6.2 million in state funds: \$4.65 million from the bond fund and \$1.55 million from the general fund.

#### Other Considerations

This request is part of an ongoing Dam Safety Program to manage Minnesota's public dam infrastructure. Dams maintain water levels on most of our recreational lakes, providing significant recreation, tourism, and economic benefits. For example, Mille Lacs, Minnetonka, and Ottertail Lakes all depend on dams to maintain water levels and surrounding property values.

This program also includes the removal or modification of hazardous or obsolete dams that no longer provide significant public benefits and whose rehabilitation would not be cost effective or good for the environment. In many cases the removal of a dam returns the river or stream to a more natural condition. Low-head river dams, like the Cross Lake Dam in Pine County where a kayaker drowned in April 2005, need to be modified to eliminate dangerous currents.

## Dam Repair/Reconstruction/Removal

Consistent, long-term funding of about \$2 million per biennium is necessary to adequately maintain public dams and to remove dams that are obsolete or become safety hazards. The DNR's general operating budget does not include funding for dam safety projects

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**Governor's Recommendations**

## Sesquicentennial Conservation Initiative

**2006 STATE APPROPRIATION REQUEST:** \$100,000,000

**AGENCY PROJECT PRIORITY:** 3 of 9

**PROJECT LOCATION:** Statewide

#### Project At A Glance

- ◆ **Fish and Wildlife:** Meeting the Conservation Agenda's vision for great fishing, hunting, and wildlife viewing opportunities. (\$28 million)
- ◆ **Natural Lands and Waters:** Meeting the Conservation Agenda's vision for a healthy, sustainable network of natural lands in balance with agricultural, urban, and developed spaces. (\$11 million)
- ◆ **Forests:** Meeting the Conservation Agenda's vision for a healthy forest that is as big as, or bigger than, our forests today. (\$22 million)
- ◆ **Outdoor Recreation:** Meeting the Conservation Agenda's vision for sustaining a variety of high-quality outdoor recreation opportunities for the state's residents and visitors. (\$39 million)

#### Project Description

For nearly 150 years Minnesota has been recognized for its natural resource beauty and abundance. It is one reason citizens rate Minnesota's quality of life so high. The upcoming sesquicentennial affords an opportunity to celebrate what we have and continue our commitment to care for it.

Investing decisively and creatively in conservation and recreation is essential to ensure the long-term continuation of a healthy environment and sustainable outdoor opportunities, a legacy for future generations. The state would make a significant investment in habitat conservation and outdoor recreation facilities that include wildlife management areas, scientific and natural areas, aquatic management areas, state forests, state park and recreation areas, state trails, and scenic and natural areas.

#### Fish and Wildlife

**\$28 million**

*Fisheries.* To ensure that the aquatic habitat of significant fish communities is protected and areas of degradation are rehabilitated, DNR plans to accelerate its fisheries acquisition and habitat improvement and development programs. (\$6 million)

*Wildlife Management Areas.* To protect and manage habitats to benefit game species, improve water quality, and provide public hunting and other wildlife-related recreation, DNR plans to purchase 5,000 acres of WMA lands. Accelerated acquisition will benefit game populations, improve water quality, and provide public hunting and other wildlife-related recreation. (\$20 million)

*Waterfowl Habitat Structures.* To preserve waterfowl habitat, the DNR plans to upgrade or replace deteriorating water control structures. DNR manages over 325 dikes, dams, water control structures and fish barriers on shallow lakes and significant wetlands across Minnesota. These structures are part of the core of waterfowl habitat on public lands and waters and include the water control structures on designated wildlife lakes such as Bear Lake in Freeborn County, Lake Onamia in Mille Lacs County and on major WMAs like Roseau River WMA. Many of these large structures are deteriorating rapidly and are in need of upgrading, to include fish barriers or replacement. (\$1 million)

*Fish Hatcheries.* To ensure the department will be able to produce outdoor fishing recreation benefits through stocking over the long term, DNR needs to address failing hatchery and rearing facility infrastructures and inadequate storage space. This request includes warm water rearing and storage facilities for French River, Brainerd, and Lanesboro. (\$1 million)

#### Natural Lands and Waters

**\$11 million**

*Rare Habitats and Species in Jeopardy.* To help protect significant natural communities, rare species and geological features and to provide scientific, educational and nature observation opportunities, the DNR's priority is to accelerate Scientific and Natural Area acquisition and development (\$5 million).

## Sesquicentennial Conservation Initiative

*Stream Restoration.* To take advantage of growing awareness and expertise in stream restoration, enhance partnerships with local government units, and improve river ecological and recreational values, the DNR will accelerate stream restoration. This is critical to improve water quality and fish and wildlife habitat while reducing erosion and downstream flooding. (\$2 million)

*Native Prairie.* To protect the remaining acres of native prairie and increase efforts to work with private landowners to benefit conservation, the DNR's priority is to acquire native prairie bank easements. (\$1 million)

*Metro Greenways & Natural Areas.* To accelerate acquisition, restoration and development of key natural resource areas in the state's most rapidly growing region. This initiative will enhance water quality, protect habitat, and help preserve quality of life in the metropolitan area before opportunities are forever lost to development. Increased Metro Greenways & Natural Areas grants will leverage local funds. (\$1 million)

*Local Community Grants.* To provide local governments with the resources needed to acquire open space and natural habitats. Matching grants are provided through DNR's Natural and Scenic Areas and Regional Parks grant programs. (\$2 million)

**Forests****\$22 million**

*State Forest Land Acquisition.* To acquire private in-holdings in state forests, lands adjacent to state forests, and easements on private forest lands to reduce potential conflicts from competing land uses, to preserve access to state forest lands, and to protect forestlands from being developed, a DNR priority is state forest land acquisition and easements. (\$6 million)

*Forest Land Conservation Easements.* To acquire, through the Forest Legacy Program, large-scale forestland conservation easements. Funds will be used to match private and federal funding for large blocks of forestlands. (\$10 million)

*Reforestation of State Lands.* To ensure that harvested timberland is replanted with the ecologically best-suited tree species. (\$6 million)

**Outdoor Recreation****\$39 million**

*State Parks – Land Acquisition.* To protect habitat, view sheds, and decrease ecosystem fragmentation so that state park natural resources can be effectively and sustainably managed for the enjoyment of future generations, DNR plans to acquire land from willing sellers within existing state park statutory boundaries. (\$6 million)

*State Parks – Restoration and Repair.* To restore landscapes, improve habitat and enhance recreational opportunities, DNR would repair or replace failing water systems, sewer systems, roads, and bridges. (\$10 million)

*State Parks – Building Maintenance and Rehabilitation.* To preserve and rehabilitate the approximately 1600 buildings and structures in Minnesota State Parks, including the 620 buildings and structures on the National Historic Register and in National Historic Districts within state parks. (\$10 million)

*State Trails – Trail Rehabilitation and Acquisition.* To provide for user safety and complete trail systems, the DNR's priority is rehabilitation and repair of state trails, design and construction of trail overpasses / underpasses where state trails cross high volume highways, and land acquisition to complete priority trail systems. (\$5 million)

*Water Access.* To ensure the public has boat access to public waters, the DNR's priority is accelerated funding for the acquisition and development of water access sites on priority lakes and rivers (i.e. emphasis on lakes with no public access and large lakes). (\$5 million)

*Safe Harbors.* To design and construct safe harbors on Lake Superior. (\$3 million)

## Sesquicentennial Conservation Initiative

**Impact on Agency Operating Budgets (Facilities Notes)****Fish and Wildlife*****Fisheries***

The funds for this project will provide for the purchase of easement or fee title interest in properties where willing sellers are identified. It will provide angler access and protection of aquatic habitats. The funds will also be used to support habitat improvements that may be done in cooperation with local watershed efforts. There will be no or minimal impact on administrative or staffing budgets.

***Wildlife Management Areas***

Lands acquired as part of the WMA system present a future commitment for maintenance, development, and management costs. In the short-term, initial infrastructure costs (boundary survey, posting, parking lot and user facilities, building removal, well sealing, road approaches, etc.) are estimated to be \$13,000 to \$15,000 per parcel (an average of 10% of purchase value.) Payments in-lieu of taxes (PILT) would increase approximately \$135,000 per year if \$20 million in new lands were acquired.

***Waterfowl Habitat Structures***

There would be no major impacts on the agency's operating budget. The water control structures that would be improved with this request are important components for management of wetlands on state lands. Operating budgets have not and will not be adequate to fund the capital nature of these improvements.

***Fish Hatcheries***

There would be no major impacts on the agency's operating budget. Fisheries spends about 18% of its operating budget on fish culture and stocking.

**Natural Lands and Waters*****Rare Habitats and Species in Jeopardy***

As new SNAs are acquired, the annual operating budget will increase. Acquisition of lands adjacent to existing SNA sites can result in a decrease in

management costs when problems emanating from adjacent lands are eliminated (e.g. soil erosion and noxious weeds).

***Stream Restoration***

No impact on the operating budget.

***Native Prairie***

As new easements are acquired the annual operating budget will also increase. Administration responsibilities include monitoring landowner compliance with easement conditions and providing stewardship advice and assistance to landowners to maintain or improve the condition of their native prairie. Acquisition of easements adjacent to existing DNR lands often results in no increase or an actual decrease in long-term management costs, since problems emanating from adjacent lands are eliminated (e.g. soil erosion, noxious weeds, and trespass). The level of funding needed for program management will depend upon the number of new easements acquired as well as their location relative to other DNR lands.

***Metro Greenways & Natural Areas***

No impact on the operating budget.

***Local Community Grants***

No impact on the operating budget.

**Forests*****State Forest Land Acquisition***

The acquisition of state forestlands will increase the payment in-lieu-of taxes made under M.S. 477A.12.

***Forest Land Conservation Easements***

DNR will need to absorb the costs of maintaining and monitoring these easements on an annual basis.

***Reforestation of State Lands***

Forestry's operating budget cannot fund planting and seeding all sites that should be artificially regenerated, while at the same time providing adequate protection of newly planted areas. Capital investment will help meet reforestation goals and statutory requirements.



Sesquicentennial Conservation Initiative

**Outdoor Recreation**

***State Parks – Land Acquisition***

In most cases, acquisition of in-holdings has a neutral impact on the state park operating budget. This is due to increased efficiency gained by managing more continuous and contiguous natural and recreational areas that are already receiving services. In some cases, natural resource restoration projects may be necessary to restore forest, prairie, or wetland areas. This work would require additional project funding from either the State Park Working Capital Account (revenues derived from merchandise sales) or from other capital bonding funds earmarked for resource restoration.

***State Parks – Restoration and Repair***

These projects will not result in a reduction to the agency’s operating budget. However, there will be efficiencies gained throughout the system allowing staff to serve the public more effectively. Lifespan of historic buildings and structures will be extended; reliability and safety of utility systems, roads, and bridges will be greatly strengthened; and maintenance costs for buildings affected will be reduced. Clean, well-maintained facilities will increase user satisfaction in campgrounds, picnic areas, and swimming beaches, and will promote additional park usage and revenue growth.

***State Parks – Building Maintenance and Rehabilitation***

These projects will not result in a reduction to the agency’s operating budget. However, there will be efficiencies gained throughout the system allowing staff to serve the public more effectively. Lifespan of historic buildings will be extended; reliability and safety of utility systems, roads, and bridges will be greatly strengthened; and maintenance costs for buildings affected will be reduced. Clean, well-maintained facilities will increase user satisfaction in campgrounds, picnic areas, and swimming beaches, and will promote additional park usage and revenue growth.

***State Trails – Trail Rehabilitation and Acquisition***

Completion of rehabilitation projects will help decrease maintenance costs in the future. Projects that deal with bridge rehabilitation, erosion control, and stabilization of sub-grade will protect the initial investment and guard against total failure of the trail. Operational costs for additional acquisition are

minimal for signing and weed control. They can be covered within the existing operating budget.

***Water Access***

Maintenance funds are provided for access sites statewide through the Water Recreation Account. To reduce operating costs, the DNR attempts to utilize cooperative projects. Sites are developed with state capital funds, and local units of government operate and maintain the sites, especially for fishing piers.

***Safe Harbors***

All projects will be supported by user financing. Safe harbors (with marinas) will be operated and maintained by funds generated by operating leases, boat slip rentals, the sale of marine fuel and other services. Revenues that exceed operational costs will be dedicated to long-term improvements, maintenance, and operation of the entire system. Users also directly support these facilities with boat license fees and gasoline taxes that are dedicated to the Water Recreation Account.

**Previous Appropriations for this Project**

***Fisheries***

L2005, Chapt 20	Bond	1,050
L2003, Chapt 128	Env Trust	984
L2001, 1SS, Chapt 2	Env Trust	2,250

***WMA – Acquisition and Development***

L2005, Chapt 20	Bond	10,600
L2002, Chapt 393	Bond	600
L2000, Chapt 492	Bond	1,000

***Waterfowl Habitat Structures***

No prior appropriations.

***Fish Hatcheries***

L2005, Chapt 20	Bond	1,700
L2001, 1SS Chapt 2	Future Resources	145

**Sesquicentennial Conservation Initiative**

*Rare Habitats and Species (SNA Acquisition and Development)*

L2005, Chapt 20	Bond	300
L2003, Chapt 128	Env Trust	744
L2003, 1SS, Chapt 20	Bond	2,000
L2001, 1SS, Chapt 2	Env Trust	455
L2000, Chapt 492	Bond	500

*Stream Restoration*

L2005, Chapt 20	Bond	500
L2003, 1SS Chapt 20	Bond	500

*Native Prairie*

L2005, Chapt 20	Bond	1,000
L2003, 1SS Chapt 20	Bond	1,000
L2003, Chapt 128	Env Trust	200
L2001, 1SS Chapt 2	Env Trust	300
L2000, Chapt 492	Bond	1,000

*Metro Greenways & Natural Areas*

L2005, Chapt 20	Bond	500
L2003, Chapt 128	Env Trust	820
L2002, Chapt 374	Bond	2,000
L2001, 1SS Chapt 2	Env Trust	2,730
L2000, Chapt 492	Bond	1,500

*Local Community Grants*

L2000, Chapt 492	Bond	500
L2001, 1SS, Chapt 2	Env Trust	2,312
L2003, Chapt 128	Env Trust	2,215

*State Forest Land Acquisition*

L2005, Chapt 20	Bond	1,500
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*Forest Land Conservation Easements*

No prior appropriations.

*Reforestation of State Lands*

L2005, Chapt 20	Bond	2,000
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*State Parks – Acquisition*

L2005, Chapt 20	Bond	2,500
L2003, 1SS Chapt 20	Bond	1,000
L2003, Chapt 128	Env Trust	1,500
L2001, 1SS Chapt 2	Env Trust	1,110
L2001, 1SS Chapt 2	Future Resources	616
L2000, Chapt 492	Bond	500

*State Parks – Building Repair & Rehab; Infrastructure*

L2005, Chapt 20	Bond	1,800
L2003, Chapt 128	Future Resources	400
L2002, Chapt 374	Bond	1,000
L2002, Chapt 393	Bond	23,500
L2001, 1SS Chapt 2	Future Resources	745
L2000, Chapt 492	Bond	7,415

*State Trails*

L2005, Chapt 20	Bond	7,910
L2003, Chapt 128	Env Trust	1,300
L2003, 1SS Chapt 20	Bond	475
L2002, Chapt 393	Bond	900
L2001, 1SS Chapt 2	Future Resources	2,440
L2000, Chapt 492	Bond	3,400

*Water Access*

L2005, Chapt 20	Bond	2,000
L2003, Chapt 128	Env Trust	1,150
L2001, 1SS Chapt 2	Env Trust	1,760
L2001, 1SS Chapt 2	Future Resources	2,000
L2000, Chapt 492	Bond	4,000

*Safe Harbors*

L2005, Chapt 20	Bond	2,000
L2002, Chapt 374	Bond	3,220
L2001, 1SS Chapt 2	Future Resources	500

**Sesquicentennial Conservation Initiative**

L2000, Chapt 492

Bond 3,000

**Other Considerations****Project Contact Person**

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**Governor's Recommendations (To be completed by the Department of Finance at a later date)**

## Statewide Asset Preservation

**2006 STATE APPROPRIATION REQUEST:** \$3,000,000

**AGENCY PROJECT PRIORITY:** 4 of 9

**PROJECT LOCATION:** Statewide

#### Project At A Glance

- ◆ Begins to address a backlog of \$35 million in deferred maintenance.
- ◆ Addresses a wide range of safety and other code violations by reducing risk of illness and injury.
- ◆ Initiates maintenance and repair projects in existing Minnesota Department of Natural Resources facilities.

#### Fast Facts

- ◆ \$390 million in estimated building value
- ◆ The average age of DNR buildings (over 120 sq. ft.) is 45 years old
- ◆ Estimated \$35 million in deferred maintenance
- ◆ 745 buildings are in poor condition as rated by the Facility Condition Index
- ◆ \$7.8 million minimum spending for the biennium to meet M.S. 16A.11 which requires 1% of building replacement value to be spent on building maintenance and betterment each year
- ◆ \$3.2 million in building maintenance is funded in the current biennium from the operating budget

#### Project Description

This request is for \$3 million in bonding for DNR Asset Preservation.

The department has identified more than \$35 million in deferred asset preservation projects for agency facilities statewide. These facilities support the DNR Conservation Agenda by serving recreational, work place, and public interaction needs. These projects are focused on maintenance and repairs needed to maintain existing building values. Statewide, facility

maintenance programs have been under-funded. The result is a “capital iceberg” of deferred maintenance. This request represents the minimal level of funding necessary to check the growth of the DNR “capital iceberg” and to resolve the most urgent problems, particularly problems eroding the capital value of state owned buildings.

The project plan is to reduce risk of illness and injury, improve indoor air quality, enhance accessibility, and increase security. Funding this request will provide for all aspects of asset preservation, including roofing, plumbing and heating, electrical repair and upgrades, energy efficiency improvements, and structural upgrades. As opportunities arise, failed building systems will be updated using improved technologies.

The DNR continues to invest in human resources by supporting a trained, equipped, and productive work force. Facility condition significantly contributes to the DNR’s ability to achieve the state’s natural resources management mission. It is in the state’s best interest to maintain facilities in a fully functional condition to enhance employee productivity, reduce operating costs, and protect the long-term investment in buildings.

The Department of Administration’s Capital Asset Preservation and Replacement Account (CAPRA) request is proposed at a historically low level and is only to be used for emergency life safety projects. These projects do not duplicate any other DNR request. A detailed project list is available.

#### Impact on Agency Operating Budgets (Facilities Notes)

Funding this request will help the DNR to address the backlog of deferred asset preservation projects. The net result is to slow the erosion of our annual operating budgets. Installation of more efficient building systems and enhancing the energy conservation characteristics of buildings will net operating savings. Adequate funding for maintenance and repair, and betterment obligations will result in lower future obligations for more costly deferred repair and replacement.

#### Previous Appropriations for this Project

M.L. 1998, Chapter 404 \$2.2 million General and \$1.0 million in CAPRA for the same purposes

## Statewide Asset Preservation

M.L. 2000, Chapter 492 \$2.0 million Bonding and \$1.2 million in CAPRA for the same purposes

M.L. 2002, Chapter 393 \$2.6 million Bonding and \$1.9 million in CAPRA for the same purposes

M.L. 2005, Chapter 20 \$2.0 million Bonding. CAPRA changed by Admin. to emergency only.

**Other Considerations**

If this proposal is not funded more building maintenance will be deferred. Not maintaining buildings in a timely manner results in eroded capital values and high maintenance costs to address a higher than necessary rate of facility deterioration. No money is requested for public art as each of these projects falls below the \$500,000 construction cost level, thus making these projects exempt from the requirement.

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**Governor's Recommendations (To be completed by the Department of Finance at a later date)**

## Buying Out Trust Fund Lands

**2006 STATE APPROPRIATION REQUEST:** \$5,000,000

**AGENCY PROJECT PRIORITY:** 5 of 9

**PROJECT LOCATION:** Statewide

#### Project At A Glance

- ◆ Purchase school trust lands in state parks, peatland SNAs, WMAs and recreation areas. Maximizing revenue earnings on trust lands is inconsistent with the management objectives of the four management areas noted.

#### Project Description

This request starts the buy out of the remaining school trust lands located within the statutory boundaries of different management areas—state parks, peatland SNAs, wildlife management areas, and recreation areas. The cost to buy out the trust lands is currently estimated at \$73.5 million. This request for \$5 million is the first of a series of funding requests to complete the trust land buy out.

The operating guidelines, written in statute, for each of these management areas limits the department's ability to generate revenue on these trust lands. The condemnation and buy out process will enable the state to fulfill a fiduciary responsibility to the trust. The lands condemned will remain in state ownership, classified as acquired rather than trust lands, and the trust will be compensated for the value of the lands.

The priorities for condemnation will focus on the following:

- ◆ State park in-holdings of approximately 1,460 acres;
- ◆ Peatland SNA in-holdings of approximately 51,000 acres;
- ◆ Wildlife management areas, approximately 99,450 acres; and
- ◆ State recreation areas, approximately 400 acres.

#### Impact on Agency Operating Budgets (Facilities Notes)

There will be no impact on the agency's operating budget as the trust lands are reclassified as acquired lands and compensation paid to the trust fund.

#### Previous Appropriations for this Project

No previous appropriations have been authorized for this purpose.

#### Other Considerations

The act of condemning trust fund lands has been used in the past. The Office of the Legislative Auditor, in its February 1998 program evaluation report on school trust land, recommended condemnation as one of the methods used to compensate the permanent school trust for non-revenue generating uses of the trust lands.

During the 1980s and 1990s the DNR worked to address the issue of permanent school trust fund lands located within state parks. In 1992 about 5,357 acres of permanent school lands valued at \$1.2 million were exchanged for other DNR acquired lands of similar value. A land exchange completed in FY2004 removed 680 acres of trust lands from state parks. The DNR is currently working on transactions that will exchange an additional 3,170 acres of trust lands from within state parks.

After those transactions are complete about 1,460 acres, valued at \$3 to \$4 million, of school trust lands will remain within state parks.

In 1991 the legislature established and designated 18 peatland SNAs. M.S. Section 84.035 directs the DNR to acquire the 51,000 acres of school trust lands within the SNAs. The value of these trust lands is estimated to be \$20 to \$26 million.

The DNR estimates 99,450 acres of trust lands are located in WMAs. With the primary objective on WMA to manage for habitats and wildlife, maximizing the revenue potential on trust lands is often a conflicting objective. The value of these trust parcels is estimated just over \$43 million.

## Buying Out Trust Fund Lands

About 400 acres of trust lands are in state recreation areas. Again, the management strategy for recreation may not be consistent with the management approach on trust lands. The value of this category is about \$250,000.

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**Governor's Recommendations (To be completed by the Department of Finance at a later date)**

Forest Roads and Bridges

**2006 STATE APPROPRIATION REQUEST:** \$2,000,000

**AGENCY PROJECT PRIORITY:** 6 of 9

**PROJECT LOCATION:** Statewide

**Project At A Glance**

- ◆ Replace and upgrade bridges.
- ◆ Construct/reconstruct, gravel and regrade, and address safety concerns by constructing turnouts and widening corners for priority forest roads and trails.
- ◆ Gravel and regrade 32 miles.
- ◆ Address safety concerns by constructing 6 turnouts and widening corners.

**Project Description**

The focus of this bonding request is to replace aging and unsafe bridges. Engineering studies recommend replacing or upgrading 6 bridges. These bridges are used to access state forestlands for management, but the network of roads and bridges also provides access to forest lands for hunting and recreation.

The commissioner is directed in M.S. Section 89.002 to provide a system of forest roads and trails that provide access to state forestland and other forest land under the commissioner’s authority. The system must permit the commissioner to manage, protect and develop those lands and their forest resources consistent with forest resource policies, and the demands for forest resources. Funding at this level will help address the backlog of identified road and water crossing needs required to maintain the state forest road system to a standard appropriate for current use.

The Department of Natural Resources maintains in excess of 2,000 miles of roads that serve the 4.6 million acres of DNR administered lands. These roads also serve several million acres of county, federal, and private

forestlands. State forest roads provide a strategic link between our forest resources and the public road system. While state forest roads are used for resource management and hauling forest products, a significant percentage of their use is for recreation.

The existing state forest road system is a capital asset worth more than \$75 million. Regular maintenance and resurfacing reduces the need for costly reconstruction in the future. Capital funding is needed to supplement dedicated gas tax dollars and other annual appropriations for critical rehabilitation of portions of the state forest road system, and to repair and replace out-of-date water crossing structures to bring facilities up to required use and safety standards.

**Impact on Agency Operating Budgets (Facilities Notes)**

DNR currently receives approximately \$330,000 each year in dedicated state gas tax, dollars that are used for routine maintenance. At least \$500,000 is needed annually to address maintenance needs. This amount does not include reconstruction and major resurfacing needs. Currently, there are no general funds available for state forest road construction, reconstruction, major resurfacing or replacement of water crossing structures. Past bonding funds have provided for approximately 20% of construction, reconstruction, and water crossing structure replacement needs.

The increasing recreational use in our forests has placed increased pressure on the state forest road system. Recreational use is more than one-half of the total traffic on the system. Failure to meet the needs of our existing infrastructure will result in reduced recreational opportunities. The anticipated increased harvest, as a result of 2001 forestry legislation, will require an adequate road network able to transport additional timber harvest.

**Previous Appropriations for this Project**

	(\$ Thousands)
Laws 2000, Chaper 492	722
Laws 2002, Chapter 374	750
Laws 2002, Chapter 393	1,200
Laws 2005, Chapter 20	300



## Forest Roads and Bridges

**Other Considerations**

Alternatives to this request include the following:

- ⇒ Increase and extend restrictions on maximum weight. If this request is not funded, access for forest resource management will be increasingly limited to winter only. The volume and value of timber the DNR is able to sell may be reduced. Good summer access enhances the department's ability to use natural seeding techniques involving summer-logged shelterwood and all-age harvesting techniques.
- ⇒ Increased road closures to all-road vehicles to reduce wear and damage to forest roads and address public safety concerns. Closing roads during fall and spring seasons (or other wet soil periods) may be more common to protect the road structure. This would also impact hunting, boating, color tours, and other dispersed recreation.

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**Governor's Recommendations (To be completed by the Department of Finance at a later date)**

## Field Office Consolidation &amp; Improvements

**2006 STATE APPROPRIATION REQUEST:** \$3,000,000

**AGENCY PROJECT PRIORITY:** 7 of 9

**PROJECT LOCATION:** Statewide

#### Project At A Glance

- ◆ Redevelop Department of Natural Resources (DNR) facilities to support core programs.
- ◆ Initiate office, shop, and storage replacement, renovation and improvement projects at existing or new DNR work sites.
- ◆ Bring buildings to code to improve employee working conditions and improve public access.

#### Project Description

This request will provide \$3 million in state bond funds for acquisition, construction, renovation, and rehabilitation of field offices to improve and support efficient completion of natural resources work across the state. The proposed projects address conditions that cannot be resolved through common repair and maintenance activities such as overcrowded conditions, unsuitable occupancies, and missing functionality.

Much of the building inventory of DNR field offices is 50 years old and only a few have been updated to accommodate changes in natural resources management work requirements. Proper lighting, heating, air conditioning, ventilation, access, and egress need to be addressed. Existing facilities, need to be redeveloped to provide appropriate meeting space, sanitary facilities, shop spaces, storage facilities, or security systems.

The goal is to improve delivery of services to citizens. Development of up-to-date workplaces enhances the efficient and productive work of our employees and allows for high quality public service. Modifications to offices will allow us to ensure adequate public meeting space and to create space for needed educational and tourist information.

One of the specific business objectives of the DNR is to work collaboratively within common resource management areas and to manage natural resources in an integrated fashion. This requires a workplace that serves the functional requirements of natural resource management work. The workplace design should allow quick and inexpensive adjustments to maximize productivity and satisfaction. The workplace should also be efficient, technologically advanced, and allow people to accomplish their work in the most efficient way. Specific benefits should include: improved productivity, job satisfaction and health, along with better use of limited resources (people, space, time and money).

#### Projects

The DNR has a list of work sites needing improved conditions. Specific projects are not yet identified; the DNR is undertaking a thorough review of its work site needs through a facilities master planning process. This will ensure that funds are directed to sites where long-term investments are wise given current budgetary constraints. All opportunities for consolidation will be evaluated.

#### Impact on Agency Operating Budgets (Facilities Notes)

This project may result in small increases in square footage of office and service facilities, which are incidental to specific project requirements.

#### Previous Appropriations for this Project

Previous state capital budget appropriations include:

Field Office Renovation and Improvement:  
M.L. 2002 Chapter 393 \$1.0 million Bonding  
M.L. 2005 Chapter 20 \$0.3 million Bonding

Field Office Development:  
M.L. 1998 Chapter 240 \$7.391 million Bonding/General  
M.L. 2000 Chapter 492 \$3.25 million Bonding  
M.L. 2002 Chapter 393 \$1.5 million Bonding

**Field Office Consolidation & Improvements****Other Considerations**

Improved facility conditions and workplace utility will enhance collaborative work and productivity. These same improvements will reduce the state's exposure to risks associated with current facility conditions.

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**Governor's Recommendations (To be completed by the Department of Finance at a later date)**

## Off-Road Vehicle Recreation Area

**2006 STATE APPROPRIATION REQUEST:** \$1,500,000

**AGENCY PROJECT PRIORITY:** 8 of 9

**PROJECT LOCATION:**

**Project At A Glance**

- ◆ \$1.5 million for acquisition of site(s) for Off-Road Vehicles (ORV) use.
- ◆ Project site(s) in southern MN where majority of lands are privately owned.

**Project Description**

This request is for \$1.5 million to acquire a public off-road vehicle (ORV) recreation area in southern Minnesota. This effort is identified in the DNR's "A Strategic Conservation Agenda 2003-2007". This proposal is for user financing from the Off-Road Vehicle Account; debt service will be paid by user fees.

M.S. Section 84.803, Subd. 2, (2) states that the purpose of the ORV fund is for "acquisition, maintenance, and development of off-road vehicle trails and use areas". Despite efforts to date, only eleven miles of ORV trails have been established outside of the Iron Range OHV Recreation Area. Many miles of forest roads exist for ORV touring, but technically challenging trails have proven difficult to locate. These specialized technical opportunities are more easily provided in state-owned OHV Recreation Areas, like the Iron Range Off Highway Vehicle Recreation Area at Gilbert, Minnesota.

Although a number of sites have been identified by ORV enthusiasts and their supporters, it remains uncertain which or how many of these sites would actually be purchased. Legislation in 1996, and again in 1999 authorized an OHV State Recreation Area in northeastern Minnesota. Likewise, demand exists in southern Minnesota, except there are far fewer acres of public land to work with.

**Impact on Agency Operating Budgets (Facilities Notes)**

The state will own the newly acquired ORV only riding site. The state will seek to partner with local trail clubs or local units of government to operate the site.

**Previous Appropriations for this Project**

No previous appropriations have been requested for this project.

**Other Considerations**

It is anticipated that the completion of an ORV-only site in Minnesota would reduce the impact on other public lands. It would provide specialized technical riding opportunities in southern Minnesota. Such activity could then be restricted or eliminated on nearby public lands less suited to such use.

These OHV State Recreation Areas have a significant potential for return on state funds invested, especially for local communities. With the official opening of the Iron Range OHV Recreation Area at Gilbert in the fall of 2002, ORV registrations jumped and the community began to see an influx of visitors and their dollars. A boom in area restaurants, OHV rentals, motel and campground expansions, are largely attributable to visitors to the OHV Recreation Area. This has helped mitigate the effects of a general mining industry slowdown in recent years.

Increased vehicle registrations increases the ORV account balance and makes more funding available for ORV trail opportunities. A similar positive economic impact can be anticipated in southern Minnesota as occurred in and around Gilbert.

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**Governor's Recommendations (To be completed by the Department of Finance at a later date)**