



Economic Opportunities for Minnesota

We have an opportunity today to create a better future for Minnesota by conserving our natural resources while targeting investments that enhance Minnesota's economic recovery by creating jobs and supporting local economies. The Department of Natural Resources (DNR) has assembled a capital budget request that strives to optimize the state's triple bottom line – a strong economy, a healthy environment, and vibrant communities.

Making Critical Steps Forward in the State

Reducing flood damages in Minnesota communities – protecting people, homes, and businesses – is a chief priority for the state. Investing in flood hazard mitigation **reduces future costs** – FEMA estimates every \$1 spent on mitigation saves an average of \$4 in damages prevented.

Flood Hazard Mitigation (\$50.0 million)

Since 1988, the Flood Hazard Mitigation Program has provided technical and financial assistance to local units of government to implement projects that reduce flood damages in the state. There are 50-60 grant contracts active at any given time.

The goal of flood hazard mitigation is **public safety** and the **long-term protection of local economies**. The economic impact from flooding has been significant in Minnesota. FEMA estimated the 1997 Upper Minnesota River and Red River flooding caused public infrastructure damages of approximately \$300 million – with total flood damages and associated economic impacts estimated as high as \$2 billion. Since 1988, nearly \$278 million in state funds have been awarded to local governments for flood hazard mitigation including acquisition and removal or relocation of flood prone structures, levees, diversions, floodwalls, flood warning systems, floodplain mapping and studies, farmstead ring dikes, impoundments, and other measures. More than 2,200 homes and businesses have been acquired and removed from the floodplain since 1988.

Flood prevention is cost-effective. For example, the city of Oslo in the Red River Valley has a federally constructed levee that cost approximately \$2 million to build in 1984,

but has since prevented an estimated \$51 million in damages. Despite major strides in reducing repetitive and catastrophic flood losses in the state, considerable needs remain for additional flood protection – as demonstrated by the damages caused by major floods in 1993, 1997, 2001, 2002, 2004, 2006, 2007, and 2009.

DNR continues to succeed at **getting money out the door** to local communities – of the \$53.8 million for flood hazard mitigation appropriated in 2009, more than \$50 million already has been awarded to local units of government. An estimated need of more than \$100 million exists for flood hazard mitigation.

Maintaining Strong Infrastructure

Maintaining strong infrastructure **ensures the health and safety of Minnesota's citizens** by removing public hazards, **reduces costs** by taking care of the state's capital assets and increasing the energy efficiency of facilities, **creates and supports jobs**, and provides conservation benefits.

Natural Resources Asset Preservation (\$7.5 million)

DNR is one of the state's largest agencies, with many work locations, multiple work sites, and capital assets worth \$1 billion. Natural Resources Asset Preservation and Replacement (NRAPR) **protects the state's investment** and reduces operating costs; increases energy efficiency in its buildings; improves service to the public by enhancing accessibility and maintaining the safe and productive use of facilities; and improves recreational infrastructure by repairing state trails, fishing piers, and campgrounds. This request supports high-priority renewal and replacement projects – such as roofing, plumbing and heating, energy, septic, sewer, and water treatment systems, and bridges. NRAPR projects (such as roofing, window replacement, and bridge repair) are **project-ready**; if bid quickly, people could be working on these projects within 45 days of the Governor's signature. This request would also **create a significant number of jobs** – an estimated 100,000 hours of construction work is supported by this request, equivalent to 48 full-time jobs for one year.



Economic Opportunities for Minnesota

Facility Consolidation (\$2.5 million)

DNR spends more than \$20 million annually to own and operate nearly 3 million square feet of space in 2,700 buildings. These buildings, located at over 200 sites around the state, are often very near each other and often close to other government buildings. Within this context, DNR believes there are opportunities for facility consolidation that could provide for **long-term cost control** while meeting DNR management objectives – including integrated resource management and increased energy efficiency of its buildings.

Dam Repair, Reconstruction, and Removal (\$4.0 million)

There are more than 800 public dams in Minnesota (more than 500 are state-owned), most of which are more than 50 years old and require ongoing or emergency repairs and reconstruction to maintain their structural integrity. An estimated \$114 million is needed over the next 20 years to make public dams safe. Dam safety projects involve the repair, reconstruction, modification, or removal of dams, protecting the life and safety of Minnesotans and limiting the potential liability of hazardous dams. Dam safety projects also **create jobs** to support both the design and construction phases of projects. Funds are directed at the highest-priority **projects ready to proceed** with design and construction.

Ground Water Monitoring (\$1.0 million)

At least 75% of the state's population depends on groundwater for drinking water supplies. Economic development depends on having adequate supplies of water to support community growth and development. This request for an improved ground water monitoring network **promotes economic recovery** by providing information needed to guide growth and development and by **creating jobs** for licensed well drillers – with approximately 90% of this request directed to contracts.

Enhancing Minnesota's Economic Future

Healthy natural lands and waters are the foundation on which Minnesota's natural resource-based economies

depend. DNR protects and manages more than 3.1 million acres of forest in 58 state forests, more than 1.3 million acres of wildlife management areas (WMAs), approximately 42,000 acres of aquatic management areas (AMAs), 148 state scientific and natural areas (SNAs), 21 developed state trails with more than 1,260 miles of multi-use trail, and the second oldest state park system in the U.S. These initiatives support a robust and sustainable forest products industry, a vibrant outdoor recreational tourism industry, and community partnerships.

Minnesota Forests Initiative. Minnesota's native forests played a critical role in our state's development, and continue to serve as a **cornerstone of the state's economy**. Minnesota's forest products industry is the 4th largest manufacturing sector in the state by employment, generating 11% of all manufacturing shipments. The estimated value-added impact of timber harvest is \$41.60 per dollar of timber sold. Minnesota's forests are natural assets that will depreciate if they are not carefully managed. Four requests enhance forest health, productivity, and diversity and contribute to a healthy and competitive economy.

State Land Reforestation (\$3.5 million): Reforestation of all state-administered forested lands **provides jobs**. Site preparation, tree planting, seed application, and application of protection measures for newly planted trees on approximately 10,000-15,000 acres each year over the next two years will provide approximately 30 contracts of reforestation crew work.

Forest Stand Improvement (\$2.0 million): This request provides for the treatment of tree stands on state forest lands to improve the quality and value of Minnesota's forest assets and provides grants to local communities to implement fuel load reduction projects. Nearly 100% of this request **supports jobs** by providing contracts to loggers to accomplish the work. It is estimated that for every \$1 million spent, approximately 100 contracts are created to improve 4,000 acres of forest lands. These are **shovel-ready opportunities** that create jobs.



Economic Opportunities for Minnesota

Roads and Bridges (\$2.0 million): DNR maintains more than 2,000 miles of state forest roads. The Governor's Task Force on the Competitiveness of Minnesota's Primary Forest Products Industry (July 2007) found the transportation infrastructure on state forest lands to be **critical to the competitiveness of the forest products industry**. Maintaining this infrastructure is also crucial to ensuring safe, public access to state forest lands. These road and bridge projects are **shovel-ready** – and all work will be completed by **private contractors** through a competitive bid process, such as the dilapidated Mucky Creek bridge crossing in Badoura State Forest that was replaced within two weeks by a local company.

Minnesota Forests for the Future (\$0.5 million): Working forest conservation easements are a core tool to address the economic goals of **sustaining regional timber based economies** by protecting the forested land base on which they depend. Securing public recreational access to private lands and securing permanent trail corridors, also benefits the outdoor recreation tourism industry. This appropriation would be added to existing appropriations to **leverage nearly \$10 million in federal funds** for forest conservation.

Great Outdoor Recreation Investments. Increasing the connections Minnesotans have with the outdoors is critical to addressing changes in outdoor recreation participation and **supports a strong outdoor recreation tourism industry**. Given their accessibility throughout Minnesota, state parks, state trails, and the state's water recreation infrastructure serve as a vital gateway to introduce new or inexperienced participants to Minnesota's first-rate outdoor recreation system and the diverse opportunities it provides.

Minnesota boasts 74 state parks and recreation areas; 8 state waysides; 21 developed state trails encompassing more than 1,260 miles of multi-use state trails; more than 1,500 miles of cross country ski trails; nearly 2,000 miles of off-highway vehicle trails; 23,500 miles of snowmobile trails; nearly 1,600 state water accesses; 340 fishing piers and shore fishing sites; and 4,350 miles of water trails.

This system of state parks, state trails, and water recreation infrastructure **generates significant economic benefits to local communities**. Three initiatives address principal needs within the state's system of parks, trails, and water recreation infrastructure while also creating and supporting jobs and enhancing local economies.

State Park System Acquisition and Development (\$3.0 million): This request would increase recreational access through the acquisition of land within state park boundaries and enhance public outdoor recreation opportunities through the development of campgrounds, group camps, lodging, and day use facilities. **State parks play an important role in Minnesota's outdoor recreation tourism industry**. For example, state park visitors spend an average of \$25-29 per person per day on visits, and the state park system generates more than \$200 million in annual spending statewide. This request would also **create jobs** – an estimated 83,500 hours of construction work would be generated through this request.

State Trail System Acquisition (\$2.0 million): This request supports the acquisition of high-priority trail corridors on authorized state trails, enhancing public recreational access and providing key trail connections between communities and public recreational facilities. Trails provide recreation opportunities and also **support vibrant communities**. Approximately 31,000 jobs are supported annually by spending associated with statewide trail-related activities (including non-state trail use).

State Water Recreation Rehabilitation (\$1.0 million): This request provides for the rehabilitation or improvement of existing boat access sites. Boating is a popular Minnesota pastime – Minnesota ranks 3rd in the nation for number of licensed boats and 1st per capita in boat ownership. Rehabilitating boat access sites is critical to maintaining public access to high-quality water recreation opportunities. This request would provide jobs for contractors (an estimated 83,500 hours of construction work) and also **leverages significant federal funds** – this program earns approximately \$2.2 million per year in federal funds under the Wallop-Breaux Act.



Economic Opportunities for Minnesota

Minnesota's Critical Lands and Waters. Making strategic investments at the landscape scale – by utilizing successful, proven programs – is critical to accomplishing conservation outcomes. Three essential department programs build on the success of past efforts to better target limited resources to conserve the state's most precious lands and waters. With these strategic investments, DNR can continue to ensure a vibrant natural resource base supports high-quality outdoor recreation opportunities and a **vibrant tourism industry**.

WMA/AMA Acquisition and Development (\$4.0 million): This request provides for acquisition and development of WMAs and AMAs, ensuring a high-quality network of natural lands and waters continue to sustain Minnesota's fish and wildlife populations for current and future generations of outdoor recreation enthusiasts.

SNA/Native Prairie Acquisition and Development (\$1.0 million): This request provides for the acquisition and development of SNAs and Native Prairie Bank (NPB) conservation easements – key programs working to preserve Minnesota's unique habitat and rare species.

Reinvest in Minnesota (RIM) Critical Habitat Match (\$2.0 million): This request provides for the acquisition and improvement of critical fish, wildlife, and native plant habitat through public and private partnerships. This program **leverages state funds with private donations** of land or cash – since 1986, approximately \$44.5 million has been leveraged in private donations, resulting in the acquisition of 79,400 acres of public land or easements and habitat enhancement on more than 45,600 acres.

These programs are fundamental to the department's mission of protecting critical natural resources and creating a first-rate outdoor recreation system that supports high-quality hunting, fishing, and wildlife-watching opportunities. These initiatives also support a **critical contributor to the state's economy** – outdoor recreation tourism. According to the 2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation (USFWS), hunting, fishing and wildlife watching

generate \$4.3 billion each year in Minnesota. Spending by hunters and anglers supports 55,000 jobs, providing \$1.6 billion to working residents across the state.

These initiatives also **create jobs** and **support local economies**. Funding for development (e.g., restoration and enhancement) directly employs state and non-state natural resource professionals and field crews and involves the purchase from local businesses of supplies needed to accomplish on-the-ground site improvements. Funding for land acquisitions provides work for skilled professionals such as appraisers (for example, approximately \$450,000 per year supports private appraisers), negotiators, project managers, engineers, title reviewers, closers and title insurers, surveyors, and others. Furthermore, land acquisitions inject cash into local economies. Acquisition payments made to private landowners are often critical to sustain them financially and support their ongoing part in the local and state economy, such as the financial support provided to farmers through the Native Prairie Bank Program.

Community Partnerships. Addressing today's challenges and anticipating tomorrow's needs is key to ensuring the long-term health of Minnesota's natural assets. By providing the **financial and technical assistance needed by communities**, DNR can work through partnerships to better meet local resource needs and address emerging natural resource issues. Two requests focus on delivery of grants to local units of government to conserve natural resources and support economic growth.

Diseased Shade Tree Removal and Replacement (\$2.0 million): This request would provide assistance to communities to treat isolated infestations of emerald ash borer (EAB), remove and replace trees, and develop response plans for EAB and other invasive species.

Community Conservation Assistance (\$0.5 million): This request would provide matching grants to communities to conserve natural areas through acquisition or easement, **leveraging significant resources** in the protection of high-quality habitat in the fastest growing areas of the state.