

Game & Fish Fund Budgetary Oversight Committee

—Authorized under Minnesota Statutes Section 97A.055 Subd. 4b—

CITIZEN OVERSIGHT REPORT ON GAME AND FISH FUND EXPENDITURES FISCAL YEAR 2005

August 2006

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This report was approved by the Game & Fish Fund Budgetary Oversight Committee (BOC) as of August 15, 2006.

BOC MEMBERS

Joe Duggan
Budgetary Oversight Committee Chair

Dave Thompson
Fisheries Operations Subcommittee Chair

Dave Bennett
Trout & Salmon Stamp Subcommittee Chair

Dennis Neilson
Wildlife Operations Subcommittee Chair

Scott Nagel
Big Game Subcommittee Chair

Brad Cobb
Pheasant Stamp Subcommittee Chair

Tom Glines
Turkey Stamp Subcommittee Chair

Phil Zins
Waterfowl Stamp Subcommittee Chair

John Curry
Ecological Services Subcommittee Chair

Fred Boethin
Enforcement, Support Services, and Administration Subcommittee Chair

Game & Fish Fund Budgetary Oversight Committee

—Authorized under Minnesota Statutes Section 97A.055 Subd. 4b—

Rick Horton, Chair

Subcommittee Chairs

Dave Thompson — Fisheries Operations

Dave Bennett — Trout & Salmon Stamp

John Curry — Ecological Services

Dennis Neilson — Wildlife Operations

Scott Nagel — Big Game

Fred Boethin — Enforcement/Ops Support

Phil Zins — Waterfowl Stamp

Brad Cobb — Pheasant Stamp

Tom Glines — Turkey Stamp

August 15, 2006

Commissioner Gene Merriam
Minnesota Department of Natural Resources

Rep. Dennis Ozment
Chair, House Agriculture, Environment & Natural Resources Finance Committee

Sen. Dallas Sams
Chair, Senate Environment, Agriculture & Economic Development Budget Division

Rep. Tom Hackbarth
Chair, House Environment & Natural Resources Committee

Sen. John Marty
Chair, Senate Environment & Natural Resources Committee

Gentlemen:

Enclosed you will find the Game and Fish Fund Budgetary Oversight Committee (BOC) report for fiscal year 2005. As interim chair for the BOC I would like to thank the previous chair Rick Horton and the entire BOC for their work. The report was prepared by the BOC while Rick Horton was chair as well as much of this cover letter. The BOC would like to once again express our appreciation to the Department of Natural Resources' (Department) staff for their assistance in this effort. They are indispensable in providing information and assistance in understanding the Game and Fish Fund budget expenditure reports and supporting documents; tracking legislation; and coordinating and facilitating the BOC meetings.

In general, the BOC found that expenditures complied with the overall requirements and intention of the Game and Fish Fund (GFF). The BOC Report provides the sub-committees' recommendations for improving accounting and activities pertinent to their respective accounts.

Several times this session we have weighed in on legislation of great importance to the sportsmen and women of Minnesota, both pertaining to our deer herd. **We support a ban on cervid shooting preserves in Minnesota.** This is a new activity that exploits a loophole created when deer and elk game farms transferred from the Department to the Board of Animal Health. Canned hunts tarnish the image of sportsmen in the eyes of the general public. The activity will create an economic incentive to move even more deer and elk to Minnesota and around the state, greatly increasing the risk of introducing diseases (e.g., CWD, bovine tuberculosis) to our wild herd. If those diseases are

found, the cost of controlling them comes from the Game and Fish Fund – the hunters – NOT those that put the herd at risk. Please protect the desires of the many from the economic gains of the few.

We also oppose using Game & Fish Funds for fencing deer away from stored farm forage. While this activity is necessary to control the spread of bovine tuberculosis, we do not think the state's sportsmen and women should pay for it. This disease was introduced to deer from cattle. The agricultural community should take responsibility for it and pay for the control measures. We are disappointed that legislators propose to use the Game and Fish Fund in manners like this without first consulting the BOC. That is our charge.

The BOC formed an ad hoc group to investigate the degree to which Departmental spending on fish and wildlife management is proportionate to the income generated from respective fishing and hunting activities. We are not opposed to discretionary flexibility in GFF spending, but we do not want to see long-term patterns of hunters subsidizing sport fishing, and vice versa. Our findings have been distributed in the report, "*Relative Distributions of Game and Fish Funds Between Fish and Wildlife Operations.*" We discovered that **over the past eight years, wildlife spending did not keep pace with income from new hunting opportunities, while fisheries spending greatly exceeded income from fisherman. The accumulated discrepancy amounts to \$11.8 million.** We ask that this be considered during the development of the FY 2008-09 budget and the legislature and department take steps to balance the difference, bring spending back in line with income.

The Trout and Salmon Stamp Subcommittee has expressed its concerns about the proposal to allow ATV use of the North Shore Trail. This snowmobile trail crosses numerous high-quality trout and salmon rivers and streams that are critical for breeding. Given the dire impacts that disturbance to the riverbeds could have on these fragile fisheries, and the proven inability of the agencies to prevent ATV abuse, **we support the TSS Subcommittee's recommendation to not allow ATVs on the North Shore Trail.**

The Turkey Stamp Oversight Committee would like to applaud the work to date of the Turkey Management Action Plan. The discussion, science, and analysis that has gone into determining the "northern line" of the turkey range and the remaining habitat available for translocation of wild turkeys has been exceptional.

The Waterfowl Stamp and Pheasant Stamp oversight subcommittees agree that landowners in Minnesota's prairie pothole region must get a fair shake in the 2007 Federal Farm Bill. They support allocating additional monies from the waterfowl and pheasant accounts to educate and increase awareness among decision makers regarding the critical importance to Minnesota's fish, wildlife, and environment of federal farm bill programs such as the Conservation Reserve Program, Wetlands Reserve Program, Swampbuster, and Sodsaver and others.

The Enforcement, Support Services, and Administration Subcommittee continues to support full funding for conservation officers and special investigations.

We thank the legislature for the \$14 million provided in the Capital Investment (bonding) bill for Wildlife Management Area (WMA) acquisition this legislative session. It is imperative that we continue to appropriate funds for this important effort so land can be purchased at today's prices and managed for future generations of Minnesotans. The challenge at hand is to quickly and effectively locate and purchase those lands that will best meet the classification of a wildlife management area.

Minnesota has a long history of providing funding for protecting and enhancing our bountiful natural resources. Historically, most of these efforts started as good ideas, but ultimately their potential effectiveness was diluted due to lack of appropriation or fund diversion. The Committee has long been calling for the State to **develop additional new sources of long-term dedicated funding to**

maintain Minnesota's critically important fish and wildlife resources. We feel that constitutionally-dedicated funding may be the only way we can assure future generations will have clean air, clean water, abundant fish and wildlife, and open lands for outdoor-related recreation. Furthermore, we applaud efforts to expand citizen involvement in the decision making for the expenditure of the Minnesota Environment and Natural Resources Trust Fund.

A coalition of conservation and environmental organizations made a strong showing at the Capitol this spring in support of efforts to improve Minnesota's wetlands. Those citizens represented the interests of hundreds of thousands of concerned Minnesotans. We urge both the Department and legislators to **protect and restore our wetlands, not only for ducks, but also for the health and well being of future generations.**

Conclusion

We members of the BOC strive to ensure that funds from the Game and Fish Fund (hunting, angling, and gathering license and permit fees and fine proceeds), Heritage Enhancement Fund and other moneys generated from recreational hunting and angling are spent according to the legislation governing their use. Minnesota's hunting and angling community wants assurances that the Department of Natural Resources and Minnesota Legislature spend the often self-imposed fees on activities that maintain and increase game and fish habitat and populations, while providing the public adequate access to these resources.

Over the past several years the Department has stepped up planning efforts. A Conservation Agenda has been developed that provides over-arching direction for the DNR. There is a WMA Acquisition plan in place. Numerous plans on Great Lakes, stream and lake fisheries have been recently finalized. The Long-Range Pheasant Plan and Duck Plan are completed. There are draft deer, ruffed grouse and turkey plans in process. **What is urgently needed at this point is adequate funding to implement all of these grand schemes.** Without sufficient financial resources these plans, the results of countless hours of agency and public collaboration, are doomed to languish on office shelves until such a time as they are deemed out-dated and the planning process begins anew. **We cannot stress enough that the Department of Natural Resources and the Minnesota Legislature need to work together to develop new sources of dedicated natural resource funding, to efficiently channel existing funds into priority efforts, and to work effectively internally as well as with concerned citizen groups to make these long-term goals into realities.**

We are fully prepared to provide further input and clarification on these recommendations to decision makers. Feel free to call on us to discuss any issue pertaining to hunting and angling funding or policy.

Sincerely,



Joe Duggan
Chair, Game and Fish Fund Budgetary Oversight Committee

FISHERIES OPERATIONS SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Dave Thompson; Fisherman's Village Resort; Legislative Chair, Congress of Minnesota Resorts, (Battle Lake, MN)
Dr. John Schneider; Ph.D. Biology Professor, Metropolitan State University; and Minnesota Sportfishing Foundation (Roseville, MN)
Jeff Bergeron; (Andover, MN)
Jeff Byrne; Cabin Fever Sports (Victoria, MN)
Terry Peltier; Women Anglers of Minnesota (Forest Lake, MN)

INTRODUCTION

The Committee members met frequently to discuss and review the fisheries budget and documents. We met with Fisheries, Waters, and Trails and Waterways staff to review GFF budget and policy issues. We respectfully offered some preliminary findings and thoughts.

FINDINGS AND RECOMMENDATIONS

FY05 Game and Fish Fund Report

The committee reviewed the entire budget and was satisfied. We took a closer look at several key issues. Some of these issues were recommendations and findings in the FY04 report; however DNR response or action was not sufficient to fully address these issues.

PREVIOUSLY REPORTED ISSUES

Fiscal Issues

Fishing Tournament Costs

Current Situation: The cost of managing fishing tournaments is completely subsidized by the Game and Fish Fund. The Committee proposed in FY04 subcommittee report that costs should be born by tournament organizers.

Problem: In the DNR Response to Citizen Oversight Report for FY04, DNR stated by Minn. Stat. Sec. 97A.081 these permits are to be issued at no charge.

Proposed Solution: *The Committee now recommends that DNR seek legislative change to Minnesota Statutes to create a tournament fee structure for small, medium and large tournament.*

Treaty Management Costs

Current Situation: Treaty management costs continue to rise. The Game and Fish Fund portion of these expenses have risen sharply and unfairly.

Problem: The Committee recommended in the FY04 report to DNR these activities audited and justified. We further recommended the Legislature fund from General Fund dollars 50% of these costs.

Proposed Solution: *DNR has stabilized costs and shown the committee that population and hooking mortality estimates for Northern pike and walleye are important not only for Mille Lacs, but to management efforts on other waters. The Committee still strongly urges the Legislature to fund from General Fund dollars all the costs directly related to negotiations on treaty issues with native tribes each year.*

Policy Issues

Continued Loss of Shoreline and littoral habitat

Current Situation: The committee proposed this issue in the FY04 report. We applaud this year's efforts to create a new set of shoreline rules for the North Central Lakes Pilot Project.

Problem: The committee is disappointed in the DNR position to only recommend these new standards as Alternate Shoreline Rules to be given to Local Units of Government to pick and choose from.

Proposed Solution: *The committee recommends that DNR make an effort to work with stakeholder groups to make these rules statewide standards. Key Stakeholder groups participated in the process to create what is now called the Alternate Shoreline Standards. The reason for this plan is to have a goal of "not losing more emergent vegetation." The stakeholder groups have endorsed these rules, and these rules will be in compliance of the Governor's Clean Water Initiative. The Subcommittee's research shows that the Division of Waters' plan for the statewide implementation of the new Shoreline Standards are not in line with Division of Fisheries' agenda to reduce shoreline loss and littoral habitat. We would like to see a detailed plan of how DNR will work internally and legislatively toward this goal.*

NEW ISSUES

Aquatic Plant Management for DNR Fishing Piers to provide shore fishing all summer

Current Situation: DNR fishing piers are designed to provide shore fishing opportunities for the fishing population that does not have access to watercraft.

Problem: By early summer aquatic vegetation chokes and blocks pier user's ability to cast or retrieve fish from the piers. This makes the piers un-usable for fishing after the first few weeks of the fishing season.

Proposed Solution: *The committee recommends DNR use some aquatic plant management techniques utilizing DNR personnel to maintain fishing piers so there are some open areas mixed in the aquatic plants so pier users can fish and enjoy the piers for their intended purpose, and still maintain aquatics for water quality and fish and wildlife habitat.*

Game and Fish Fund report to change to biennial cycle

Current Situation: GFF reports are currently done annually to comply with state statutes.

Problem: Subcommittee reports are done each year, DNR personnel spend staff time to support this activity, analyze and respond to the report. DNR works on a biennial budget system. The agency in many cases under spends in the first year, carries over a balance and spends that balance down in the second year. Analyzing this spending process is difficult.

Proposed Solution: *Fisheries Subcommittee members support a plan to seek legislative changes to Minnesota Statutes to provide for biennial reporting to match up with budget cycles. This would drastically reduce DNR expenses and would make it much easier for subcommittee work to focus on budget analysis in even numbered years and policy issues in*

odd numbered years. We further support the plan to maintain COC and BOC continuity and meet every year. We believe this would allow us to focus on policy issues in years where no budget report is required. A better understanding of policies and their effectiveness could be studied.

Trails and Waterways, report to committee on boat license increase dedicated to public water access.

Current Situation: During the 2005 Minnesota Legislative Session, Fisheries Subcommittee members testified to support legislation to increase boat registration fees. These fees were required to be dedicated to the public water access program. The Fisheries Subcommittee felt that the Trails and Waterways Division should report to stakeholders on how the increased funding will be implemented.

Problem: Many of Minnesota's Public Water Accesses are damaged and sometimes unusable due to power loading of watercraft. Due to the depth of the water at accesses, repairing and upgrading access ramps with blast shields was impossible with present DNR equipment. Due to the cost of purchasing a new bladder system an access could not be pumped out and worked on with conventional heavy equipment. Most public water accesses are not equipped with handicapped accessible toilets. Canoe and boating river routes are not maintained, marked or consistently maintained.

Proposed Solution: *Trails and Waterways staff presented a comprehensive plan for acquisition, development, repairs, maintenance, and operations for FY06 and 07:*

Total Funding for FY06, \$1,600,000. Projects to include:

- Completing 15 large ramp repairs, 25 ramp rehabs, 69 new docks for accesses, \$300,000 will be spent on fleet/equipment.
- Convert 25% of toilets at accesses to handicap accessible and a goal of all toilets by 2010.
- Provide increased maintenance/service of 5 new canoe and boat access on river routes; provide river level gauges and maps.

Total Funding for FY07, \$1,900,000. Projects to include:

- Completing 15 large ramp repair projects, 55 ramp rehab projects, 30 new docks
- 25% more handicap toilets
- Provide increased maintenance/service of canoe and boat access on river routes, provide river level gauges and maps for 5 new projects.

CONCLUDING REMARKS AND LONG TERM GOALS

Fisheries Subcommittee members have recommended several key issues for reporting and action by the DNR. Our subcommittee has set several items as very high priority items for DNR action:

1. Game and Fish Fund report to change to biennial cycle.
2. Fisheries Subcommittee strongly urges the Commissioner to create a new COC subcommittee or assign a present subcommittee the responsibility of reporting and oversight of the Trails and Waterways Division. For FY05, direct stakeholder contribution to the T&W budget amounted to approximately 25% of the total \$20,288,073 available. T&W budget contains funds from the same sources as all the other funds presently under COC and BOC oversight.

T&W budget contains funds from:

- License and registration fees and surcharges
- Some federal funds
- Fines

In 2001 2 new oversight groups were created, Ecological Services and Enforcement and Operations under Minn. Stat. Sec. 97A.055 Subd.4b from the original 7 separate committees created in 1994. Trails and Waterways staff planning was greatly improved with this year's subcommittee involvement.

TROUT & SALMON STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Dave Bennett, Lake Superior Steelhead Association (Burnsville, MN)
John Connelly, Arrowhead Fly Fisheries (Cloquet, MN)
John Eaton (Two Harbors, MN)
Tom Helgeson, Midwest Fly Fishing (Minneapolis, MN)
Duke Hust, Trout Unlimited (Wayzata, MN)
Chuck Prokop, MN Trout Association (White Bear Lake, MN)
Sue Rousseau, Fly Fishing Women of Minnesota (Golden Valley, MN)

INTRODUCTION

The Trout and Salmon Stamp Committee wishes to thank the Minnesota Department of Natural Resources staff for providing their assistance to the committee in completing its charged duties. A special thanks to Mark Ebbers, Trout Program Coordinator, for attending all of our meetings and providing the committee with requested information, documents and reports.

PREVIOUSLY REPORTED ISSUES

Satisfactorily Addressed Issues

Thermal Impacts of Storm Water

\$15,000 was allocated to purchase of equipment and \$30,000 allocated towards developing a storm water manual. Financial and technical resources need be continued towards this effort.

Ongoing Issues

Lake Superior Cormorant Control

The DNR has effectively deferred to Lake County on this issue, and Lake County officials appear unwilling to take responsibility for the decision. The result is an impasse. Cormorants continue to decimate the vegetation on Knife Island, and have a negative impact on the fishery, as indicated by initial cormorant stomach sampling in 2005. Knife Island, although the legal property of Lake County, is a resource of all the citizens, and it's future as one of the few wooded islands on Lake Superior's North Shore appears dismal.

ATV Use of the North Shore Trail

DNR completed a Feasibility Study of ATV use of the North Shore Trail. TSSC believes inadequate financial resources are available to construct such a trail and enforce its use, and, ATV usage of the North Shore Trail is commercial use of natural resources that destroys a sustainable quality of life. TSSC remains very strongly opposed to any use of the North Shore Trail by ATV's under any circumstances.

NEW AND ONGOING ISSUES

FY 05 Game and Fish Report

The Trout and Salmon Stamp Subcommittee has reviewed the following accounts and expenditures of the FY 05 Trout and Salmon Stamp Fund:

Habitat Improvement	\$252,862
Fish Culture and Stocking	461,780
Easement Acquisition and Identification	253,467
Lake Superior Research and Special Projects	146,737
Unspent Funds	6,983
Total	\$1,121,289

The Trout and Salmon Stamp Committee has found the expenditures to be compliant with the legislative intent of Minn. Stat. Sec. 97A.075, subd. 3.

The FY 05 Game and Fish Report was acceptable to the Trout and Salmon Stamp Committee.

Policy Recommendations

The Trout and Salmon Stamp Committee would like to recommend the following related to the policies governing the Trout and Salmon Stamp Account program.

ATV Use on the North Shore Trail

Current Situation: House File 2897 proposes \$300,000 to be appropriated from the bond proceeds fund to the commissioner of natural resources for development allowing all-terrain vehicles along the North Shore Trail between Normana Road and the Moosewalk Trail.

Problem: The Trout and Salmon Stamp Committee remains very concerned that ATV use on this trail will pose a great threat to the numerous rivers and streams tributary to Lake Superior. Soil erosion and water carried silt from ATV crossings will greatly impact prime fish spawning and nursery habitat.

Proposed Solution: *Prohibit ATV use of the North Shore Trail. (consistent with last year's TSSC recommendation).*

Lake Superior Endorsement

Current Situation: The Western Lake Superior Trollers Association has proposed a license endorsement that would replace the need for a Trout and Salmon Stamp to fish the waters and tributaries of Lake Superior and the St. Louis River.

Problem: The Trout and Salmon Stamp committee does not see any financial benefit in the endorsement and does not believe current regulations would allow the endorsement to be applicable to the St. Louis River.

Proposed Solution: *The TSSC does not favor the language of the Lake Superior Endorsement, as written, and does not feel any increase in Trout and Salmon stamp cost, or issuance of additional cold water angling stamps is appropriate, at this time.*

Minntac Discharge to the waters of the St. Louis River

Current Situation: US Steel's Minntac operations are drafting a plan to pump 7.2 million gallons of water every day out of its taconite tailings basin into the St. Louis River.

Problem: The discharge proposed by Minntac can no longer be recycled because it is choked with solids and corrosive chlorides.

Proposed Solution: *Minntac should not be allowed to discharge this water to the St. Louis River, which flows into the trout waters of Lake Superior (North America's largest potable water reservoir).*

MEASURABLE OBJECTIVES

- **Long Term Goal:** A less politicized and a more defined and futuristic decision-making process within the Department of Natural Resources, especially regarding the administering and longevity of special regulations to protect various fish species and unique habitats.
 - **Short Term Goal:** More effectively communicate the future (vision, demographics, etc.) of Minnesota sport fishing and fisheries to various angling constituencies.
 - **Short Term Goal:** Clarify and broadcast the purpose of special regulations and stocking philosophies on state waters as they fit into the DNR's overall mission of protection and enhancement of fish populations and habitat.
 - **Short Term Goal:** Meet with angling groups formally and informally to clarify the DNR's role in the management of Minnesota's waters to begin dealing with a prevailing and disturbing notion that the DNR buckles easily to special-interest groups and pressure tactics and in some cases acts to appease these "irritants" rather than promote "good biology" and solid management practices.

SUMMATION

To affirm the primacy of the Department's Mission Statement and the best interests of all Minnesotans in matters involving the state's natural resources.

DNR Mission Statement: Our mission is to work with citizens 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.

WILDLIFE OPERATIONS SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Dennis Neilson (Long Lake, MN)
Michael Hunziker (Lakeville, MN)
Terry Johnson (New Brighton, MN)
Rob Theobald (Waseca, MN)

INTRODUCTION

The Wildlife Operations Subcommittee reviewed the FY 2005 Game and Fish Fund Report and the appropriations, budgets and expenditures for the Wildlife Operations and Maintenance, Wild Rice Management, Small Game License Surcharge and Heritage Enhancement Accounts. We also reviewed the Game and Fish Fund expenditures of the Forestry and Land and Minerals Divisions.

PREVIOUSLY REPORTED ISSUE

Heritage Enhancement Reporting

In 2005 we recommended treating Heritage Enhancement receipts as a transfer from the General Fund. The DNR response was that Heritage Enhancement receipts are reported pursuant to MS 2974.94.

The statute referenced above discusses the deposit of Heritage Enhancement receipts but is silent on accounting treatment and financial reporting.

We again recommend that the DNR treat Heritage Enhancement receipts as a transfer from the General Fund consistent with treatment in the State's audited financial statements.

NEW ISSUES

FY05 Game and Fish Fund Report

Wildlife Management Areas

Current Situation: In 2002 the DNR adopted a citizen recommendation to acquire 210,000 acres of new Wildlife Management Areas in the next 10 years. Currently the Game and Fish Fund Report provides no way to evaluate WMA acquisition performance relative to the adopted long-term goal.

Recommendation: *Adapt WMA acquisition figures to include total for year, total since plan adoption, and a table/graph indicating progress since plan adoption toward goal. Anecdotal information regarding acreage in process and expected acquisition dates should also be included.*

Appendix B

Current Situation: Appendix B (Game and Fish Fund Allocation to Hunting and Fishing Activity) was added in 2005. Appendix B includes much detailed analysis based on actual

revenues and expenditures thru FY 2004 and estimated future amounts based on information available in June 2005.

Recommendation: In future years we recommend that the analysis be updated thru the date of the Game and Fish Fund Report and that only summary information on hunting and fishing revenues and expenditures be reported in the Game and Fish Fund Report.

Heritage Enhancement

Current Situation: Heritage Enhancement expenditures totaling \$570,000 were double-counted in both FY 2004 and FY 2005 as a result of classification as a prior period adjustment.

Recommendation: *Heritage Enhancement accounting needs to be simplified (see Prior Year Matter above) to enable the public to understand the sources and uses of Heritage Enhancement monies. Prior period adjustments should be eliminated; all material adjustments should be fully explained in the Game and Fish Fund Report.*

Fiscal/Policy Issues

Wildlife Underspending

Current Situation: Wildlife underspending of \$17.7 million is detailed in the Report on Relative Distribution of Game and Fish Fund Between Hunting and Fishing. Based on actual 2005 activities, budget actions by the 2005 legislature and new revenue forecasts the amount of underspending thru FY 2008 has increased by \$4.2 million and is now estimated at \$21.9 million.

Problem: Over \$10 million of the Wildlife underspending has been consumed by Fisheries Section overspending and is no longer available in the Game and Fish Fund. Minnesota hunters are aware of many conservation and access issues which could have been meaningfully addressed by these unspent revenues.

Recommendation: *We repeat the recommendations in the above referenced report and request that the DNR immediately disclose the information to the legislature and the public, work to achieve full disclosure and make the legislative and funding changes necessary to correct this inequity.*

“No Net Gain” Resolutions

Current Situation: Over the past few years 13 county boards have passed “No Net Gain” resolutions and this number is increasing.

Problem: If this trend continues we expect that the DNR will be prevented from acquiring land for WMAs in designated high-priority areas since Minnesota statutes mandate that the DNR obtain County approval before acquiring WMAs.

Recommendation: *Prepare a plan to address county board concerns so that land acquisition in these counties can continue.*

Development Funds for Future WMAs

Problem: We are concerned about the capacity of the DNR to successfully develop parcels of land into high quality wetland and wildlife complexes.

Recommendation: *Increased funding for accelerated land purchases will necessarily require increased funding for development costs. The DNR must ensure that funding for WMA acquisition includes appropriate development funds to bring these newly acquired land parcels “on-line” as soon as possible.*

Appropriation to Division of Land and Minerals

Current Situation: The Division of Land and Minerals (LAM) received \$938,000 as a direct appropriation from the Game and Fish Fund in FY 2005. These funds are to cover the cost of LAM recurring services to the Division of Fish and Wildlife (primarily land work on behalf of the Wildlife Section).

Problem: The Wildlife Section receives no specifics about uses of the direct appropriation because LAM does not separately account for time charged to recurring Division of Fish and Wildlife activities.

Recommendation: *Require LAM to bill the Division of Fish and Wildlife for all professional services. Reduce the direct appropriation to the amount necessary for LAM support staff functions only.*

BIG GAME SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Scott Nagel, Minnesota Deer Hunter Association (Little Falls, MN)
Doug Strecker, Pope and Young (Hackensack, MN)
Chris Kolbert, Bluffton White Tail Association (St. Charles, MN)
Darwin Vicker, Minnesota Deer Hunter Association (Austin, MN)
Carrie Mellesmoen, North American Bear Foundation (Inver Grove Heights, MN)

INTRODUCTION

We wish to thank Lou Cornicelli for all his assistance and information provided to the subcommittee for this year's review.

A special thank you to Dan Splittstoser and Brian Bachman for their subcommittee participation. We welcome the new subcommittee members: Darwin Vicker, and Carrie Mellesmoen. We look forward to their insight for the years to come.

PREVIOUSLY REPORTED ISSUES

Satisfactorily Addressed Issues

In 2005 we recommended clarification for the Deer Feeding/Wild Cervid Health Account. Through added Legislation, this feat was accomplished.

Ongoing Issues

The MN DNR should be encouraged to continue their efforts to:

1. Improve WMA maintenance.
2. Increase opportunities for adult hunter education.
3. Determine and maintain goals for big game population densities by permit area.
4. Improve upon population models for big game populations.
5. Determine assumptions and objectives for harvest ratios, wildlife sex ratios and age structures.

Previously the subcommittee had requested expanded information in the report format. For the 2006 report we requested a detailed breakdown for the Deer Management account and the Deer Bear Management/licensing account to follow the 2005 CWD expenditure report. This is located on page 46 of the fiscal year 2005 ending report. We also request performance measures to be listed for each and every account.

NEW ISSUES

FY05 Game and Fish Fund Report

After review of the FY05 expenditures, we find that all monies appropriated for deer habitat improvement, deer and bear management, and emergency deer feeding/wild cervid health management have been used for their intended purposes.

Fiscal Issues

Farm Cervid Regulations

Current Situation: Since CWD was first found on a farm cervid operation in 2002, over one million dollars per year has been spent to maintain a CWD free wild deer herd. A large part of this testing cost has been born from deer hunting license fees.

Problem: Deer hunter should not be funding the bill for problems caused by farm cervid operations. The farm cervid operations are the largest threat to wild cervid that the state of Minnesota has ever viewed. Without change in farm cervid regulations, this small business could change sport hunting forever.

Proposed Solution: *Restrictions would include the following: double fencing, mandatory testing of all deceased animals, large fines to operators not completing the required paperwork, no imported cervids, per animal fee for testing of positive farms and responsibility of all costs for follow-up treatment to all testing or any positive test to be the total responsibility of the farm cervid operation.*

Policy Issues

None at this time.

CONCLUDING REMARKS

We applaud the DNR CWD testing teams for their ability to save the fantastic amount of \$390,000.00 for this endeavor in the past year. It truly is an honor to work with an organization that also looks at protecting and promoting hunting while spending our dollars wisely.

Hats off to the DNR CWD testing team.

PHEASANT STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Brad Cobb, Stearns County Pheasants Forever (St. Joseph, MN)
Mark Matuska, District Director for Congressman Mark Kennedy (Waverly, MN)
Eran Sandquist, Pheasants Forever Regional Biologist, (South Haven MN)
Brian Smith, President, Private Capital Management, Inc. (Eagan, MN)
Kyle Thompson, Owner & CEO Prairie Land Management (Glenwood, MN)

INTRODUCTION

In 2005-06 the PSOC turned-over one (1) subcommittee appointment Aaron Kuehl and welcomed one new PSOC member, Eran Sandquist.

Eran Sandquist is the North Regional Biologist of Pheasants Forever Inc. Eran brings a wealth of knowledge about upland game management, is familiar with the MN DNR and their pheasant management goals and objectives and is an avid outdoors person who loves to hunt waterfowl and pheasants.

The PSOC wants to recognize departing subcommittee member Aaron Kuehl. His leadership and dedication to wildlife conservation and pheasant management will be greatly missed and we wish him well in all that he does.

The Minnesota Pheasant Season was extended to January 1, 2006. With the favorable August 2005 Road Counts and hunting conditions across the Minnesota pheasant range, we anticipate an increase in harvest totals from last year. Final harvest totals will not be known until later this summer. We did sell 117,297 pheasant stamps this past year with 1,516 sold from mid-December 2005 to January 1, 2006.

NEW AND ONGOING ISSUES

FY05 Game and Fish Report

The Fiscal Year (FY) 2005 Pheasant Habitat Stamp Improvement Program (PHIP) report to the PSOC was reviewed in January & March 2006. The PSOC has reviewed the FY 2005 expenditures for the PHIP account and found them to be compliant with the language in Minn. Stat. Sec. 97A.075 Subd.4. This action was completed and voted on by the PSOC on March 9, 2006.

The PSOC again noted that the PHIP account had a substantial carry over balance from current and prior fiscal years. Bill Penning informed the PSOC that future budgets will draw down larger portions of the carry over balance over the course of the next 4 years. The PSOC will continue to monitor this draw down process.

Policy Recommendations

Expenditures on best practices

Current Situation: The PSOC **strongly** recommends that the DNR develop short and intermediate term tactics and strategies that ensure progress toward achieving the Long-Range Pheasant Plan's strategic vision: "a Minnesota pheasant harvest averaging 750,000 roosters per season."

Problem: The PSOC believes that the key to accomplishing this vision is the creation of additional pheasant habitat. The PHIP account budget should be aligned to support those tactics and strategies that have the greatest impact on the success of the long-range pheasant plan.

Proposed Solution: *The PSOC is recommending that the DNR submit a comprehensive review of the PHIP's account to ensure monies are spent on "best practices" according to the long-range plan by all area/regional DNR managers.*

License fee increase

Current Situation: The PSOC continues to believe that pheasant hunters are a significant and willing potential source of additional revenue.

Problem: To meet the objectives for the Long Range Pheasant Plan additional funding is required to support the short and long-range tactics and strategies. Increased pheasant stamp revenues can provide a portion of needed revenue to meet the goals and objectives of the Long Range Pheasant Plan.

Proposed Solution: *The PSOC recommends that the DNR continue to study the idea of another license fee increase and begin the process of educating the public on the need for additional funds to achieve the goals of the long-range pheasant plan through the use of the DNR Hunters Handbook. The PSOC also recognizes that the possibility of "dedicated funding for conservation" and how this may or may not affect the need for additional stamp fee increases.*

In addition to the above recommendations, the PSOC would like the DNR to consider the following tactics and strategies:

- Continue to study data on roadside wildlife management and improvements and determine best practices. It has been reported that there are a half million acres of roadsides in the Minnesota pheasant range. Continue or increase funding of roadside habitat management and increase public relations efforts through media and signs. Make available to roadside managers specific data on roadside ownership and easements. The PSOC also wants to showcase several roadside projects because in some areas of Minnesota pheasant range the only habitat structures are those that are found in the roadsides. **And finally identify outcomes the DNR wishes to obtain from the roadside wildlife management program.**
- The 2007 Farm Bill is a key opportunity to increasing nest habitat in the Minnesota pheasant range. The PSOC also recommends using an appropriate amount of PHIP funds for lobbying efforts and grass roots tools to influence a positive outcome of the 2007 Farm Bill.
- The PSOC recommends that the DNR meet with the members of the PSOC to discuss how the PHIP carry over funds are going to be spent.
- Some portion of the current account balance should be made available for habitat projects. We recommend that a portion of the fund balance be used as a "block" grant for CREP II Initiatives, which overlap in the pheasant range of Minnesota. This Initiative would "piggy-back" PF's current efforts in those areas.
- Persuade landowners to utilize currently available programs (more or new programs might focus to much energy away from current programs) through public awareness and marketing programs.

- Identify and promote habitat designs that will increase more pheasants per acre of habitat and identify those "negative habitats" which should be discouraged. We need to plan for the worst and hope for the best when it comes to habitat designs. The PSOC recognizes that nesting habitat and winter habitat are vital to pheasant success.
- Begin to develop an application process for use of PHIPs monies (private groups/individuals/Block Grants) that would score applicants based on best practices. Dollar allocation would also be based on regions determined to be most productive in meeting the goals of the Pheasant Plan. An emphasis should also be made on making the application and review process as simple as possible. The PSOC recognizes that many grassland structures are degraded and could be producing more pheasants. We need to address sort of management practices to improve these grasslands both on public and private lands.
- Increase (as a one time request) our federal farm program lobbying and promotion efforts from the current \$12,500 (used by PF) annual budget to a more appropriate figure annually for the next 2 years or until 2007- beginning now. We should also look at supporting other group's lobbying efforts – like the TNC.
- WMA acquisitions should always be a priority and an appropriate amount of the surplus should be earmarked for acquisitions. We encourage the DNR to acquire a WMA and formally dedicate it to identify the significant role the MN Pheasant Habitat Stamp funds have played since 1983 – the first year of the stamp. This Public Relations -WMA dedication in 2008, the 25th Anniversary of the Pheasant Stamp will be a part of our educational efforts for continued support of the pheasant stamp fee, in addition to a public showcase to market how these funds are used.
- The PSOC notes that a meaningful portion of PHIP proceeds are used by the DNR to fund food plots. The PSOC questions whether this practice is helpful in achieving the long-range objective of the Pheasant Plan.

MEASURABLE OBJECTIVES

- **Long Term Goal:** Continue to monitor the suitability of the established Pheasant Stamp Fee and make the appropriate increases at the first opportunity based on the objectives of the Long Range Pheasant Plan.
 - o **Short Term Goal:** Increasing the number of acres of pheasant habitat in the State of MN in fiscal 2006/07 with the goal of increasing brood success or density.
 - o **Short Term Goal:** Developing a list of short and intermediate term tactics for the Long Range Pheasant Plan that can be effectively monitored to ensure success. The PSOC would like to see this list of tactics by December of 2006.
 - o **Short Term Goal:** Align the annual PHIP budget with tactics and strategies of the long-range Pheasant Plan.

SUMMATION

The MN DNR on March 8, 2005, approved the “Long Range Plan for the Ring-neck Pheasant in Minnesota.” The vision of the Plan is to have an annual harvest of 750,000 roosters by the year 2025. To accomplish this vision, there must be a sufficient habitat base to support an average fall population of 3 million birds. To achieve the habitat base to support such populations we need an additional 1.56 million acres of habitat in the 63 counties of the Minnesota pheasant range. It’s assumed that a majority of these additional acres will need to come from federal land conservation programs like the “Conservation Reserve Program.”

The PSOC approves of the long-range plan and asks the MN DNR to use this document to develop tactics, strategies, and recommendations on how to best use the dedicated pheasant stamp account to meet the objectives of the long-range plan. Certain programs currently funded by the PHIPs account (like food plots) may have to change to best utilize the PHIP funds to meet the objectives of the long-range plan.

The PSOC also recognizes that 1.1 million acres currently enrolled in CRP in Minnesota are due to expire by the year 2007. The 2007 Federal Farm Program and associated conservation programs like the Conservation Reserve Program (CRP) are scheduled to be reviewed and implemented. The PSOC believes that it is in the best interest of the Minnesota pheasant hunters to aggressively promote and lobby for significant increases in the total number of acres accepted in the Minnesota pheasant range under the 2007 Federal Farm Program.

TURKEY STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Tom Glines, National Wild Turkey Federation (Coon Rapids, MN)
Tom Kalahar, Renville SWCD (Olivia, MN)
Dave Mahlke, National Wild Turkey Federation (Winona, MN)
David Maier (Royalton, MN)
Dennis Fuchs, Stearns Co. Soil and Water Conservation District (St. Cloud, MN)

INTRODUCTION

We wish to thank Bill Penning, DNR Farmland Wildlife Program Leader, for his assistance with our review of spending in this account. We would also like to welcome Dennis Fuchs and David Maier to our committee this year. The committee size grew from 3 to 5 members.

The Department of Natural Resources has done a great job of taking our previous recommendations and considering them in regards to the wild turkey resource and its management.

- In January – March 2005, the DNR continued to trap and relocate 255 turkeys (with an additional \$35,000 from the National Wild Turkey Federation). Wild turkeys were released into northwestern Minnesota for the first time in this same time period.
- There is a focused effort to acquire important turkey tracts of land in the southeast.
- For the spring season of 2005, there was a 15% increase in permits available.

FINDINGS AND RECOMMENDATIONS

The Turkey Stamp Subcommittee has reviewed FY05 expenditures from the Turkey Stamp Fund and found them to be compliant with the language of Minn. Stat. Sec. 97A.055 Subd. 4b (9).

FISCAL ISSUES

The \$121,000 appropriated for FY05 was the same as FY04. There was an additional \$81,731.35 that was rolled forward from FY04. However, \$30,000 was cancelled back to the account

PREVIOUSLY REPORTED ISSUES

Satisfactorily Addressed Issues

The DNR Section of Wildlife has developed a “nuisance turkey action plan.”

The DNR released turkeys in NW Minnesota in January-March of 2006 and is conducting a study of bird movements and survival.

Ongoing Issues

The Turkey Stamp Subcommittee would like to recommend the following changes to the policies governing the Turkey Stamp Account:

Turkey Action Plan

Current Situation: The Long – Range Turkey Action Plan is about 90% written, with considerable work done on the “northern line”. This will have a bearing on how determining long it will take to “fill” suitable habitat with wild turkeys.

Problem: In process

Proposed Solution: *Complete the plan and get it approved.*

Trap & Transplant Program

Current Situation: Complete Trap & Transplant Program

Problem: Develop the criteria to determine what IS turkey habitat and develop a plan to stock it with sufficient releases. The goal here is to completely stock the remaining habitat. The goal *is not* to stop trap and transplant program

Proposed Solution: *Using DNR GIS mapping of land cover, snowfall depths and databases of information determine what the priority range of wild turkeys should be. Look at what the unstocked area is, and determine how many releases it will take to stock. Trap at least 200 birds a year until the unfilled area is stocked. And, as geographic relocation priorities move further from the traditional SE turkey range, we would like to explore options of changing trapping locations and/or methods to maximize transplant opportunities & cost/benefit ratios.*

Turkey Habitat

Current Situation: Little effort to increase turkey habitat in South Central, Southwestern, and West Central Minnesota.

Problem: During the last several years DNR has primarily focused on grassland and wetland habitat work. The TSOC would like to see some shift in emphasis to raise the level of commitment to forest habitat work through the turkey range.

Proposed Solution: *A cooperative partnership with the DNR and the NWTf for a wild turkey biologist.*

Proposed Solution: *Promote hardwood restoration & management on private, state, and federal lands along river/stream corridors, riparian areas, and historically wooded areas to compliment grassland and wetland management to provide additional turkey habitat. Possibly look towards the Farm Bill for additional staff in the field to help promote. Promote Conservation Easements (habitat protection) on private lands. Key concern is protection of Oak Savannah and Big Woods habitats that existed in pre-settlement times.*

Opportunities for Youth and Physically Challenged Hunters

Current Situation: Expand youth turkey/physically challenged turkey hunt opportunities

Problem: Unclear guidelines on hosting these events still needs to be worked out

Proposed Solution: *To open up the opportunities in this area, clear expectations and guidelines should be developed to use the volunteer resource that is available for these types of hunts.*

Solutions: *Get a Memorandum of Understanding signed with the NWTf for promotion of the Physically Challenged Turkey Hunts and other outdoor activities.*

NEW ISSUES

Hunter Education

Current Situation: There is increasing need to inform and educate the general public, landowners, and hunters about the status and requirements of the Wild Turkey, especially in the new areas of the State where turkeys are being released.

Problem: A major success story and the results of this success story are waiting to be told to all who are interested.

Proposed Solution: *Increase the number of landowner workshops/land owner appreciation days. Continue to hold hunter education classes and provide wild turkey information to press and other media aimed at the general public. And update on wild turkey related brochures.*

MEASUREABLE OBJECTIVES

- Long Term Goal – 50,000 Turkey Hunter Opportunities for Spring Hunting (for now)
 - o Short Term Goal – continue to tweak permit levels and model for increase in tags, currently we are at 32,856 regular tags & 2200 archery tags in spring of 2006
 - o Short Term Goal – look at allowing unlimited tags for the last two weeks for gun or bow, if that is their choice by the application deadline
- Long Term Goal – More WMAs that have turkeys on them
 - o Short Term Goal – purchase lands that have turkey habitat (mature forest stands)
 - o Short Team Goal – continue to use turkey stamp monies to improve and create hardwood stands on existing WMAs throughout the stands
- Long Term Goal – Private lands management program
 - o Short Term Goal – help facilitate Landowner workshops that work with private landowners to instruct them on how to enhance their properties for wild turkeys, which includes government programs of cost sharing. In FY05 we had 2 landowner workshops and it is estimated it impacted roughly 200 landowners. We would like to see this effort expanded in the future to at least 10 throughout the turkey range.
 - o Short Term Goal – more technicians to work in the field for help in enrolling in more of these programs. Farm Bill assistance
 - o Short Term Goal – Cost Share Biologist with the NWTF
- Long Term Goal – Raise more funds to continue and expand important turkey management and habitat work
 - o Short Term Goal – increase the Turkey Stamp to \$10

SUMMATION

We believe the wild turkey stamp is an important resource to continue to grow the sport of wild turkey hunting in Minnesota. Much can be done to continue to see the increase in recreational opportunities into the future.

Expanding the range has been the easiest and quickest way to continue that growth, but the day is coming that turkeys will have been stocked in all the available habitat.

Two areas that will be critical in the future are enhancing the land to hold more turkeys and providing places for Minnesota's sportsmen and women to hunt and recreate. Public and private lands need to be managed for turkey habitat which includes mature roost trees, fruit and nut bearing trees and shrubs for natural food sources, sufficient nesting cover, and brood rearing habitat. The agency, along with its conservation partners, needs to continue to purchase lands that hold turkeys for WMAs, as well as foster a positive attitude with private landowners to allow access to their lands for the turkey hunters

WATERFOWL STAMP SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: Phil Zins, Nicollet Conservation Club (Golden Valley, MN)
Tom Cooper, Minnesota Waterfowl Association (Waconia, MN)
Jon Schneider, Minnesota Ducks Unlimited (Alexandria, MN)

INTRODUCTION

The Chair of the Waterfowl Stamp Subcommittee (WSS) would like to recognize the subcommittee members listed above and thank them for their many hours of work, the result of which is this report with recommendations concerning the Game and Fish Fund (GFF) Report for FY 2005. The WSS welcomes Mr. Ryan Heiniger, the newest member of the WSS and also notes that WSS members Mr. Cooper and Mr. Zins are completing the last year of their terms with the WSS.

More importantly, the WSS would like to recognize and thank Mr. Ray Norrgard, Wetland Wildlife Program Consultant, with the Department of Natural Resources (DNR) for his generous contribution of time and technical assistance to the Subcommittee. Mr. Norrgard has served the WSS very well for many years. In addition to being a very knowledgeable professional wildlife manager, he is a very patient educator.

The WSS has reviewed the GFF Report for FY 2005 and the DNR's January 2006 response to the WSS's recommendations contained in the "Citizen Oversight Report on Game & Fish Fund Expenditures for FY 2004." The following are the WSS findings and recommendations based on that review.

PREVIOUSLY REPORTED ISSUES:

Satisfactorily Addressed Issues

1. Expenditure Priorities

In the June 2005 Report for FY 2004 expenditures, the WSS recommended the establishment of a minimum target level of expenditures for wetland habitat management of 60% of total expenditures. The WSS also recommended that emphasis be placed on expenditures for development or management of waterfowl migration habitat (such as large wetlands and shallow lakes).

The DNR's response pointed out that: (1) The vast majority of funding for wetland habitat development comes from sources other than the state waterfowl stamp funds which make up only about 16% of the total; (2) The governing statutory language allows stamp expenditures for activities other than strict wetland habitat management and that these other activities are also critical to waterfowl and that alternate funding sources may not be available for them and; (3) In FY 2004, approximately 65.5% of the waterfowl stamp expenditures were spent on the specific category of wetland habitat management or other directly related activities.

Upon further review, the WSS found that during FY 2005, 73% of waterfowl stamp expenditures were in fact spent on wetland habitat management, which exceeded the 60% recommended by the

WSS in the previous report. The WSS recommends that waterfowl stamps funds continue to be spent with emphasis placed on wetland habitat management consistent with the recently released long-range duck recovery plan.

2. Report Content—Nine vs. Five Cost Reporting Categories

In the June 2005 BOC Report on FY 2004, the WSS recommended that the nine (9) cost reporting categories provided to the subcommittee members should be substituted for the five (5) now reported in the GFF report. These revised cost reporting categories would provide the Subcommittee and other interested parties, with a better understanding of expenditures than is provided by the broad categories that are currently listed in the GFF.

The DNR's response indicated that the current five categories directly reflect the statutory language describing appropriate expenditures from the fund but that the DNR would provide a summary of the nine cost code categories within the framework of the five specified categories.

The WSS understands this to mean that the DNR can include in future GFF reports additional sub-category breakdown of the five statutory categories, such that the nine categories breakdown will be evident.

3. Report Content—Provide Project List For Wetland Habitat Management

In the June 2005 BOC Report on FY 2004, the WSS indicated that it would like to have made available to it a list of the specific projects and the location of each project, for each subcategory of Wetland Habitat Management.

The DNR's response indicated that activity-level cost-code information is generally not available by specific project or location, except for large projects that are funded as statewide priorities. The Department also indicated that it would continue to provide the subcommittee with a summary of these larger projects that have specific information available, and a list of other completed waterfowl habitat development projects and the shallow lakes that have been surveyed or proposed for management.

The WSS is satisfied with this response.

4. Report Content—Provide Work Activities For Each FTE

In the June 2005 BOC Report on FY 2004, the WSS recommended that it be provided with a high-level one-page summary of the previous FY work activities for each of these positions that references specific wetland project locations and accomplishments (such as WMA or shallow lakes which were assessed, restored, or enhanced and indicate the name and location of each).

The DNR's response indicated that a one-page staff activity summary was provided for FY04 but that beginning July 1, 2005, activity summaries tied to individual positions would no longer be possible due to changes made in the DNR cost reporting system.

The WSS understands that data, which would summarize activities by staff position, is no longer available.

5. Policy Issue—Long-Range Planning

In the June 2005 BOC Report on FY 2004, the WSS recommended that the DNR finalize a comprehensive plan that included measurable habitat objectives. Such a plan could then be compared with results and be evaluated by stakeholders, including this subcommittee.

The DNR's response indicated that this recommendation was consistent with its current approach to link long-range planning with biennial operations. The DNR also indicate that the schedule for completion of the new long-range duck plan is December 2005 and that it expected the new plan to foster development of two-year operational plans that would highlight priorities and work accomplishments.

The WSS has reviewed the March 31, 2006 draft of the long-range duck plan and is encouraged that it will provide a sound basis for future management of waterfowl management.

NEW ISSUES

FY05 Game and Fish Fund Report

The WSS has reviewed the GFF Report for FY 2005 and found that the expenditures from the Waterfowl Habitat Improvement Account 233 are compliant with the governing Minn. Stat. Sec. 97A.075.

Policy Issues

Federal Farm Program

The WSS has identified one potential new policy issue. That issue is the need for the State of Minnesota to support the conservation provisions of the federal farm program including the Conservation Reserve Program (CRP) and Wetlands Reserve Program (WRP).

Current Situation: The design and continued funding for the conservation provisions of the federal farm program by Congress is anything but certain.

Problem: These conservation provisions are critical elements in State efforts to maintain and enhance wildlife habitat and critical to successful completion of the DNR's new long-range duck recovery plan.

Proposed Solution: *To the extent permitted by Minn. Stat. Sec. 97A.075, which governs the allowable expenditures of Waterfowl Stamp funds, an appropriate amount should be used to encourage well-designed and adequately funded provisions of the federal farm program.*

MEASURABLE OBJECTIVES

The DNR has recently released a long-range duck recovery plan. Included in the plan are biennial targets for habitat protection and management in FY 2006-07. The WSS recommends that duck stamp receipts be used to help achieve the biennial goals outlined in the recovery plan.

CONCLUDING REMARKS

The WSS recognizes and congratulates the Minnesota DNR and other partners for completing the development of the long-range duck recovery plan for Minnesota. The plan provides a good foundation for protecting and restoring valuable waterfowl habitat with measurable goals.

ECOLOGICAL SERVICES SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

CHAIR: John Curry (St. Paul, MN)
Char Brooker (Maplewood, MN)
John Hunt (Big Lake, MN)
Paula West (Brainerd, MN)
Erik Wrede (Minneapolis, MN)

INTRODUCTION

The subcommittee wishes to thank the Minnesota Department of Natural Resources staff, Lee Pfannmuller and Steve Hirsch, for their assistance in arranging meetings and providing background data and information as the committee prepared its FY05 expenditures report.

The subcommittee would also like to thank departing subcommittee member Allison Wolf for her participation in 2005.

PREVIOUSLY REPORTED ISSUES

Satisfactorily Addressed Issues

We would like to note several items that were implemented following previous subcommittee recommendations:

- 1) The 2005 legislature implemented the DNR budget proposal to transfer costs of the aquatic plant management (APM) permit program from the Game and Fish Fund to the Water Recreation Account and also provided for revenues from APM permits to be deposited in the Water Recreation Account (instead of the Game and Fish Fund).
- 2) The DNR made reporting of Division support costs more consistent in the FY05 Game and Fish Fund Report.
- 3) The DNR added a historical comparison of annual expenditures to annual lottery revenues to the FY05 Game and Fish Fund Report.

Ongoing Issues

Project Wild Funding

Current Situation: This is a wildlife education program that includes material on hunting and trapping.

Problem: Game and Fish Fund dollars do not contribute to funding this program.

Proposed Solution: *Use Game and Fish Fund dollars to help fund this program. (This was recommended in last year's subcommittee report. It is repeated in this report because the DNR responded that they would consider this change during the process of developing the fiscal year 2008-2009 biennial budget.)*

FINDINGS AND RECOMMENDATIONS

FY05 Game and Fish Fund Report

The format for the Game and Fish Fund report for Ecological Services was acceptable.

Fiscal Issues

The Ecological Services Subcommittee has reviewed the Division's FY05 Game and Fish Fund expenditures and has found the expenditures to be compliant with legislative intent (M.S. 97A.057, subd. 2). Specifically, the dollars have been appropriately spent on activities that support game and fish activities. As noted in earlier reports, the Division has been conservative in its management of Game and Fish Fund dollars.

The Subcommittee wished to continue to include several figures and a table to illustrate the Division's expenditures of license revenues:

- 1) Ecological Services' Game and Fish fund expenditures represent only 2.3% of the total expenditures made from the Game and Fish Operations Account (\$72,178,077) during the fiscal year. The Game and Fish Fund provided 12% (\$1,993,814) of the total expenditures (\$16,505,436) for the Division of Ecological Services in FY05 (Figure 1).
- 2) The Division spent an additional \$1,688,839 from the Heritage Enhancement Account in FY05. This expenditure represents 10% of the Division's FY05 total expenditures and 15% of the total expenditures made from the Heritage Enhancement Account.
- 3) Figure 2 depicts how both the Game and Fish Operating dollars and the Heritage Enhancement dollars were expended within the Division by major program area.
- 4) Table 1 illustrates the FY05 expenditures by program from the Game and Fish operating and Heritage Enhancement dollars and the percent supported by the Game and Fish Fund Operating dollars.

Policy Issues

Identifying Sensitive Shoreland Area

Current Situation: Sensitive shoreland areas provide critical fish and wildlife habitat, but are increasingly threatened by development.

Problem: The DNR does not have a standard definition or systematic program to identify and protect sensitive shoreland areas.

Proposed Solution: *The DNR, Division of Ecological Services should fund this effort with Game and Fish Fund dollars. This would allow local governments to establish sensitive shoreline districts that would provide additional protection from the impacts of shoreland development.*

Terrestrial Invasive Species Management

Current Situation: Terrestrial invasive species are a growing problem on DNR-managed lands.

Problem: There is no dedicated funding source for terrestrial invasive species management.

Proposed Solution: The DNR should identify a funding source to address terrestrial invasive species issues, particularly on DNR-managed land.

MEASURABLE OBJECTIVES

1. River and Stream Protection and Restoration

Long-term Goal: To insure healthy and ecologically sustainable river and stream resources that provide healthy fish and aquatic invertebrate populations and recreational opportunities

Short-term Goals:

- 1) Establish protected flows in targeted areas to insure adequate flow at critical times of the year to maintain fish and other aquatic life
- 2) Successfully restore river channels to: reconnect rivers with their floodplains while minimizing property damage and reconnect fish to their headwater streams to provide quality spawning habitat
- 3) Protect native mussel populations from zebra mussel infestations
- 4) Establish fish-based biocriteria for Minnesota's major watersheds
- 5) Protect water quality conditions in Minnesota's major rivers by insuring that new water treatment facilities incorporate the latest technology to meet water quality standards for desired fisheries

Activities:

- 1) Collect hydrological and biological data from streams and rivers
- 2) Design river channel and pool restoration efforts to enhance fish and wildlife populations
- 3) Participate in work to relocate native mussel populations to safe refuges
- 4) Collect fish community data from major watersheds
- 5) Review EAWs and NPDES permits for wastewater treatment facilities

2. Aquatic Plant Management

Long-term Goal: a) No net loss of emergent or floating leaf vegetation on any given lake; and b) Reduce the amount of near-shore submersed aquatic vegetation that is treated with herbicides

Short-term Goals:

- 1) Assess the status of aquatic plant communities and provide a better basis for detecting long-term changes
- 2) Educate lakeshore owners about the value of aquatic vegetation and the permit requirements for removing vegetation
- 3) Insure that aquatic plant herbicide treatments are done safely and according to state and federal regulations

Activities:

- 1) Increase distribution of educational materials about the value of aquatic plants
- 2) Work with individual lakeshore homeowners to minimize the amount of aquatic vegetation that is destroyed to gain access to the lake
- 3) Work with lake associations to develop and implement lake wide aquatic plant management plans
- 4) Work with commercial harvesters and applicators who treat individual properties
- 5) Monitor the application of herbicides to lakes and streams
- 6) Collect data on aquatic plants and aquatic plant communities

3. Pathology Services

Long-term Goal: To insure healthy fish and wildlife populations

- Short-term Goals:
- 1) Insure that fish maintained in state and private facilities are healthy
 - 2) Insure that fish imported to or exported from Minnesota are healthy and disease-free
 - 3) Monitor the health of Minnesota's wild fish populations
 - 4) Assist with monitoring the health of Minnesota's wildlife populations

- Activities:
- 1) Conduct regular inspections of state fish hatcheries
 - 2) Conduct regular inspections of private aquaculture facilities
 - 3) Investigate reported mortality in fish and wildlife

4. Natural Resources Inventory and Mapping

Long-term Goal: Ensure that unique/critical/sensitive/significant aquatic, riparian, and upland natural resources on both public and private lands are identified and protected.

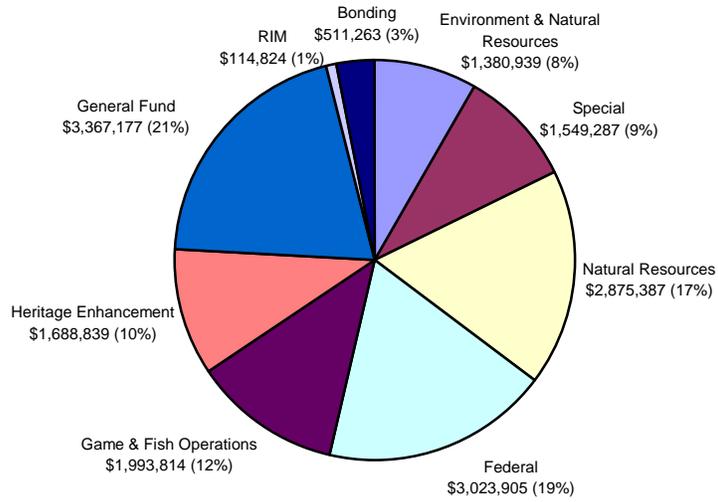
- Short-term Goal:
- 1) Create and maintain GIS-based database of statewide unique/critical/sensitive/significant aquatic, riparian, and upland natural resources on public lands (and private lands as made available for survey).
 - 2) Make the GIS-based database of these resources available to federal, tribal, state, and local units of government for their use in the environmental review and permitting process.
 - 3) Work with federal, state, tribal, and local units of government to ensure that consistent best-management practices are being developed and used in the management and/or development of lands containing unique/critical/sensitive/significant aquatic, riparian, and upland natural resources.

- Activities:
- 1) Complete County Biological Survey.
 - 2) Inventory and map critical lakeshore and riparian habitats for use by local units of government in their oversight of land use management and development.
 - 3) Review and update (as needed for GIS purposes) lake and river bathymetry data for 5% of state lakes and stream each year (i.e. 20 year rotation for entire state).

SUMMATION

The Ecological Services Subcommittee has found the FY05 Game and Fish Fund expenditures in the Division of Ecological Services appropriate and justified within the context of the Game and Fish Fund.

**Figure 1. Ecological Services
FY05 Total Expenditures by Fund
\$16,505,436**



**Figure 2. Ecological Services
FY05 Expenditure of Game & Fish Fund Dollars
(Includes Game & Fish and Heritage Enhancement Dollars)
\$3,682,653**

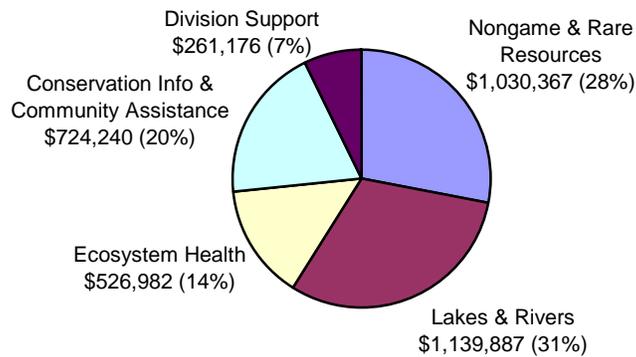


Table 1. Division of Ecological Services breakdown of FY05 Game & Fish Fund Operations and Heritage Enhancement Expenditures and the percentage of the total expenditures that was Game and Fish operating funds.

Program	Game & Fish Operating Funds	Heritage Enhancement	Percent Game & Fish Operating Funds
Lakes & Rivers			
Aquatic Plants	202,497	95,558	53%
Lake Assessments	28,745	0	23%
Aquatic Invertebrates	51,166	0	45%
Stream Protection	539,166	87,694	66%
Mississippi River Mgmt	95,902	0	19%
Lake Habitat Protection	39,159	0	21%
Total	956,635	183,252	45%
Ecosystem Health			
Fish Contaminants	5,615	0	4%
Pathology Lab	338,339	0	97%
Natural Resource Damages	45,107	0	6%
Invasive Species	0	137,920	
Total	389,062	137,920	32%
Conservation Info & Ass't			
Education & Info Delivery	4,133	143,306	1%
Environmental Review	236,655	79,286	16%
Planning & Coordination	80,154	33,632	19%
Information Systems (non-program)	36,702	110,372	21%
Total	357,644	366,596	14%
Nongame & Rare Resources			
Natural Heritage	0	44,807	0%
Nongame Wildlife	0	208,170	0%
Scientific & Natural Areas	50,000	76,437	2%
County Biological Survey	0	650,953	0%
Total	50,000	980,367	1%
Division Support			
Administration (includes hdqtrs ops)	215,943	9,363	20%
Training (non-program)	140	0	4%
Equipment (non-program)	24,389	12,302	55%
Total	240,472	20,704	21%
GRAND TOTAL	1,993,813	1,688,839	12%

ENFORCEMENT, SUPPORT SERVICES, AND ADMINISTRATION SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

Chair: Fredric Boethin (Coon Rapids, MN)
Lee Borash (Minneapolis, MN)
Joe Corcoran (Washkish, MN)
Sven Lindquist (Spring Lake Park, MN)
Tom Neustrom (Grand Rapids, MN)
Dan Ross (Deer River, MN)

INTRODUCTION

This subcommittee wishes to thank the assistance of Denise Anderson, DNR Management and Budget Services; Col. Michael R. Hamm, DNR Enforcement; and Beth Carlson, DNR Management and Budget Services for their assistance to our committee in assisting us in meeting arrangements and providing information for our analysis and report writing.

PREVIOUSLY REPORTED ISSUES

Satisfactorily Addressed Issues

Statewide Indirect Costs

Current Situation: The subcommittee found after review and discussions with DNR staff, a review OMB CIRCULAR A-87 REVISED and the requirements of the OMB "Yellow Book" the application of indirect costs, such as human resources, finance, audit, central administration, legal advice and MIS, to the Game and Fish Fund by other State Departments is fair and reasonable. The method uses either FTE counts or number of financial transactions applied on a consistent basis or other methods approved within CIRCULAR A- 87. The Indirect Cost Allocation Plan for the State is reviewed annually and accepted by the Federal Government in compliance with these expected guidelines and procedures.

Recommendation: We accept this method and intend to rely on the methodology.

Ongoing Issues

Allocation of operations support costs to programs

Current Situation: Last year the DNR received legislative authority to redirect the direct appropriations of its Management Resources and Human Resources bureaus from Operations Support to the individual Divisions.

Recommendation: *This subcommittee wishes to be presented with the allocation method and associated costs applied to the other Divisions.*

NEW ISSUES

Restitution values

Current Situation: Minn. Stat. §§ 97A.015 and 97A.341 deals with restitution of wild animals and fish and also refers to Minnesota Rule 6133.0010. Basically, violators of the game & fish laws can be required to pay the State restitution for what was taken illegally and the values are set in the rules. These values were effective March 1, 2003, and may need to be updated. This restitution is placed into the Game & Fish Fund. The DNR Commissioner reports every year on the amount of money and how it was spent.

Recommendation: *The committee asks how much restitution was collected and spent this year. Also, there is an interest in increasing the penalties associated with gross over-limits and the illegal sale of walleyes related to the opening of Red Lake to walleye fishing, so our committee is interested in reviewing this matter and any possible legislation.*