

# Game and 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 2015

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August 2016





# Game and Fish Fund Budgetary Oversight Committee

—Authorized under Minnesota Statutes, section 97A.055, subd. 4b—

Jeff Johnson, BOC Chair

## *Fisheries Oversight Committee representatives*

John Lenczewski, Chair  
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Doug Odegard

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Chuck Kartak, Chair  
Mark Popovich  
Scott Springer  
Paul Spyhalski  
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**August 16, 2016**

Mr. Tom Landwehr, Commissioner, Minnesota Department of Natural Resources

Senator John Marty, Chair, Environment and Energy Committee

Senator David Tomassoni, Chair, Environment, Economic Development, and Agriculture Budget Division

Representative Denny McNamara, Chair, Environment and Natural Resources Policy and Finance Committee

Senator David Osmek, Ranking Minority Member, Environment and Energy Committee

Senator Bill Ingebrigtsen, Ranking Minority Member, Environment, Economic Development, and Agriculture Budget Division

Representative Rick Hansen, DFL Lead, Environment and Natural Resources Policy and Finance Committee

## **RE: Budgetary Oversight Committee Report on FY 2015**

Commissioner, Senators and Representatives:

I am pleased to present the Fiscal Year 2015 report of the Game and Fish Fund Budgetary Oversight Committee (BOC). The BOC and its two subcommittees determined that FY 2015 Game and Fish Fund expenditures complied with the overall requirements of the Game and Fish Fund.

The introduction lists our top recommendations. We ask the DNR to provide a written response to these items.

The detailed section of our report identifies some account-specific concerns and recommendations. We ask that fisheries and wildlife managers follow up on these items in future meetings and discussions with the Fisheries Oversight Committee (FOC) and Wildlife Oversight Committee (WOC). They do not require a written response.

Thank you for your continued support of healthy, abundant fish and wildlife populations and their habitats.

Yours truly,



John Lenczewski,  
Chair, Game and Fish Fund Budgetary Oversight Committee



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# Introduction

## Background

The Game and Fish Fund Budgetary Oversight Committee (BOC) consists of five members selected from the Wildlife Oversight Committee (WOC) and five members selected from the Fisheries Oversight Committee (FOC), plus a Chair appointed by the Commissioner of Natural Resources. The WOC and FOC are each made up of 12 members appointed by the Commissioner. Wildlife Chief Paul Telander is the DNR liaison with the WOC and Fisheries Chief Don Pereira is the DNR liaison with the FOC.

The format of the FY 2015 Game and Fish Fund Report is very different from that used in previous years. The new format combines Fisheries and Wildlife expenditures together. It also places the outcomes and accomplishments for the various “functions” in a separate section apart from the revenues, expenditures and fund balance sections. The reviews of the WOC, FOC and BOC required the examination of management activities and outcomes with related expenditures. Consequently, whenever possible, this BOC report will discuss expenditures and any policy issues by major function.

This report was approved by the BOC by an email vote completed on August 16, 2016.

## Top findings and recommendations

All FY 2015 expenditures from the game and fish fund reviewed appear to be in keeping with statutory requirements and sound management practices.

**The top priority recommendations of the BOC to the Department of Natural Resources (DNR) are listed below, in no particular order. The BOC requests that the DNR provide a written response on each of these recommendations:**

We recommend that the DNR:

- Complete a **deer management plan** by the end of 2017 to prioritize DNR resources, goals, and objectives for managing deer statewide. The plan should include an intensive public involvement process. Following the completion of the plan, the DNR should complete the goal setting process for all areas of the state.
- Implement the **Pheasant Action Plan** and all its objectives to reverse the trend of lost hunting opportunities and decreased water quality and grassland habitat across the pheasant range. A huge concern is the loss of 700,000 acres of land from participation in the Conservation Reserve Program (CRP) in the past five years, with another 400,000 acres expiring in the next four years.
- Complete **strategic plans for each large Wildlife Management Areas (WMAs)** across the state. The plans should detail desired future conditions and habitat objectives to maximize management of game and recreational hunting opportunities on those WMAs.
- The DNR should utilize the **dedicated funding from the trout and salmon management account**, especially the large balance being carried forward from the past few years, for trout stream

easements whenever opportunities for acquisitions in priority watersheds are available and might otherwise be delayed or lost due to interruptions in other funding sources. These dedicated funds should not be diverted to back fill a budget shortfall in the overall Fisheries Section budget, including via new cost coding practices.

- Develop and implement a marketing plan that encourages anglers to purchase **walleye stamps** and propose amendments to the relevant statutes to expand the statutorily allowed uses of walleye stamp proceeds to cover all aspects of walleye management.
- Determine all the costs of administering the **aquatic plant management program** and propose to the Legislature an increase in the fee charged to lakeshore owners for aquatic plant management that matches and offsets the actual costs of administering the program.
- Develop a **comprehensive package of funding**, including license fee increases for fishing, hunting, ice shelter, and the like, which will ensure the solvency of the Game and Fish Fund (GFF) for the next decade, without a reduction in the level of management effort. The funding plan should:
  - Consider all permit fees, stamps, ice shelter fees, dark house fees, etc.
  - Be submitted to the Governor's office and key Legislative leaders and committee chairs by January 2017 in order to give the proposal the best chance of being enacted before July 1, 2018 (the start of FY 2019).
  - Include a proposal for annual general fund appropriations to the GFF that reflects the tremendous economic impact that fishing and hunting, and fish and wildlife management activities, provide to the citizens and state treasury.

## **GFF and Game and Fish Operations Account**

### **Fund Sustainability**

The BOC is increasingly concerned with the long term health of the Game and Fish Fund ("GFF"). Based upon detailed information presented by DNR staff and discussions with them, it appears that the GFF has a structural deficit which will reach \$6.1 Million in 2016-17, with an additional shortfall of \$3.3 Million per year thereafter. This deficit appears to be due primarily to inflationary pressures and higher costs of doing business as an agency (MNIT, facility costs, vehicle fleet, radio equipment fleet, computer equipment fleet, etc.), as well as increased spending, including increased staff time and effort managing the Mille Lacs Lake walleye fishery.

The BOC finds that the current level of services provided by the DNR is the minimal amount necessary to adequately manage Minnesota's fish and game populations and their aquatic and terrestrial habitats. The current level of effort cannot be reduced without dire consequences for our natural resources and the millions of Minnesotans who rely upon them for recreation and economic livelihood. Since the level of expenditures cannot be significantly reduced from FY 2015 levels without unacceptably large negative impacts for anglers, hunters, rural economies and a host of other resource users, additional revenue is needed soon in order to prevent the GFF from "going negative." The operating balance of the GFF is declining at the rate of approximately \$3.3 Million per year and is projected to drop into negative



territory early in FY 2019. Since state law prevents the GFF from operating with a negative balance, services will begin to be cut before that time unless additional revenue can be timely secured.

The BOC recommends that the following measures be taken now to ensure a sustained increase in revenues into the Fund prior to the start of FY 2019:

- The DNR should develop a comprehensive package of license fee increases for fishing, hunting, ice shelter, and the like, which will ensure the solvency of the GFF for the next decade, without a reduction in the level of management effort. The DNR should strive to ensure that revenue from fishing and fishing related license fees is sufficient to cover projected expenditures for fisheries management. The package of fee changes should be developed and presented to the BOC by December 2016.
- To cover the costs of walleye management in Mille Lacs Lake and elsewhere, the DNR and the Legislature should take action to either (a) make the purchase of the walleye stamp mandatory for all anglers keeping walleyes and expand the permissible uses of stamp proceeds to cover all aspects of walleye management or (b) increase all annual fishing licenses by an amount which would raise an equivalent amount of revenue.
- The DNR should propose an increase in the fees for various permits, such as for aquatic plant management, fishing tournaments, and aquaculture, to ensure that the fees cover the DNR's actual expenses of managing these activities, and the Legislature should enact these fee increases.
- The Legislature should return to its former practice of making some general fund appropriations to the GFF.

### **Importance of fishing, hunting and related license fee increases**

At the urging of anglers, hunters, wildlife watchers, the BOC and the DNR, the Minnesota Legislature in 2012 enacted a number of license fee increases which went into effect in March 2013. Prior to those increases the price for annual fishing licenses had not been increased for 12 years and the GFF was on the verge of insolvency. Unfortunately, not all of the proposed fee increases were enacted at that time. As a result, an additional \$3 Million per year in revenue which would have been generated from fishing license fees has not been realized. We note that this amount would have come close to eliminating the structural deficit that currently exists in the GFF.

Inflationary pressures, especially in the areas of fleet charges and personnel costs, will continue to impact the operating budgets of the Fisheries Section, Wildlife Section, and DNR as a whole. We note that many of the activities funded by the GFF create myriad benefits for a host of other public users, beyond angling and hunting license buyers. Furthermore, fishing and hunting annually generate \$5.4 Billion in economic activity in the state, support 48,000 jobs and collect \$413 Million in state sales tax (2011 data). For these reasons the BOC believes that fishing and hunting license fee increases should not be the sole means for increasing GFF revenue to eliminate the structural deficit. Nevertheless, we conclude that it is time to enact at least the remainder of the fee increases which were not adopted in 2012 and to reexamine and adjust all other fishing, ice shelter, and hunting related fees as appropriate.

In addition to the measures recommended above, the BOC further recommends that the DNR:

- Consider all stamps as well as fees for day and night uses of fish shelters and dark houses when developing a comprehensive package of license fee increases.
- Strive to have fishing related revenues cover at least 90% of fisheries expenditures, and ideally 95% or more, while recognizing that the functions and benefits of management activities by fish and wildlife division staff are often intertwined and complete separation of the two is not efficient nor possible.
- Submit the package of proposed fee increases and other revenue streams to the Governor's office and to the Chairs and ranking members of the appropriate Legislative Committees by January 2017 in order to give the proposal the best chance of being enacted (in whole or in part) before July 1, 2018.
- Include a proposal for annual general fund appropriations to the GFF that reflects the level of benefits which flow to the general public from fishing and hunting activities and fish and wildlife management currently being funded by anglers and hunters.
- Continue and expand angler and hunter recruitment and retention efforts by the DNR and non-governmental organizations (NGOs) to ensure that the percentage of angling and hunting participants (and thus license revenues) remains steady or increases.

## **Fish Management**

### **Budget**

All FY 2015 expenditures from the game and fish fund for Fisheries management appear to be in keeping with statutory requirements and sound management practices.

### **Habitat Management - Aquatic Plant Management**

Landowners along lakes and rivers in Minnesota are allowed to control and remove aquatic vegetation from their shorelines, but only by permit issued to the landowner by the DNR. The DNR has been managing aquatic plant control since the 1940s. Starting in 1976, the DNR charges landowners a fee for a permit to do this activity. Regulations dictate what and how much vegetation can be removed per underwater square foot, and by what means.

Currently there are 8 specialists statewide that are involved in permitting and inspections. They are assisted by clerical staff at their offices. Permits are available on an individual basis for \$35, or on a multi-use basis, for which multiple landowners on the same body of water can buy in on the same permit, for a fee that is capped at \$2,500. The annual retention rate of permit applicants is 75%.

In calendar year 2015, permits for aquatic plant management generated \$253,000. Total cost to administer the aquatic plant management program in 2015 was \$700,000. This represents a loss of \$447,000. This shortfall had to be made up by the GFF, with funds that would otherwise have been used for fisheries management activities.

Aquatic plants provide fish habitat and shoreline stabilization. In most cases Fish and Wildlife Division funds should not be utilized to destroy this aquatic habitat. Fees generated by annual aquatic management permits should, at minimum, cover the actual costs of administering this program. Other GFF funding should not have to be tapped into to make up the difference. We recommend that the permit fees be increased to cover the actual cost of funding this program.

### **Fishing Tournaments**

Fishing tournaments provide another way to utilize the aquatic resource. They also have potential for increased aquatic invasive species (AIS) dispersal and impact fisheries' health. There are significant costs associated with managing the tournaments. Many tournaments are exempted from permit requirements. The actual costs of managing the program exceed the revenue from permit fees. We recommend that the DNR revise the fees and propose to the Legislature that it act to bring more tournaments under the permit umbrella.

### **Mille Lacs Lake Walleye Fishery**

While the FY 2015 GFF Report focuses on budget and management activities through June 30, 2015, the budgetary impacts of increased staff time and resources directed toward addressing the walleye fishery in Mille Lacs Lake is inescapable. The DNR has responded to changes in the structure of the walleye fishery and public pressure with increased studies, increased stocking rates and reduced bag limits. In August 2015 the DNR announced plans to open a new research and management facility near the lake. The Mille Lacs walleye situation has created significant, immediate pressure on the fisheries budget at a time when it was already extremely tight.

We recognize the importance of maintaining a world class walleye fishery on Mille Lacs. However, considering the substantial impact of the resort and fishing based economy in the area, we believe that general funds should also be utilized to address the situation and the costs should not fall entirely on anglers statewide, the majority of whom do not fish Mille Lacs.

## **Policy**

### **FiN Program**

Fishing in the Neighborhood ("FiN") program operates in the seven county metropolitan area. The goal of the program is to encourage youth to become anglers and licenses purchasers as they grow older. A number of lakes utilize put and take stocking efforts to encourage youth and parents to walk to the pier and catch a fish. Participation is very good and the costs are minimal.

We recommend that the DNR develop additional shore fishing areas in Wright County, since the population density of eastern Wright County is relatively high and this area would benefit from shore fishing areas. The DNR should also examine how various entities and NGO's could be encouraged to share the cost of such programs.

## Wildlife Management

The Wildlife Section manages 1,430 wildlife management areas (WMAs) totaling more than 1.3 million acres. Over 50 wildlife species are managed through regulated harvest. These efforts provide opportunities for 600,000 licensed hunters. Game expenditures relate to five core functions: habitat management, population management, education and outreach, planning and coordination, and division support.

The new report format combines Fish and Wildlife expenditures together. FY 2015 expenditures for Fish and Wildlife were \$71,711,000 for a 12% increase over \$63,126,000 in FY 2014. However, the total FY 2015 expenditures for Wildlife Section activities include dedicated funds and heritage enhancement. Outcomes and accomplishments are listed from all funding sources. Wetland enhancement work doubled from the previous year of 11,000 acres on 66 basins to 20,842 acres on 166 basins.

Over the past three years the committee has toured the three most heavily used large wildlife management areas across the state: Whitewater, Carlos Avery and Lac Qui Parle Wildlife Management Areas. From our perspective, these operations are accomplishing a tremendous amount of forest, grassland/prairie, and wetland habitat work with very few staff. They are effectively leveraging other assistance from area/roving crews to accomplish much needed work.

## Budget

### Habitat Management Expenditures

The new report format did not include expenditure information for specific management activities so we followed up with section of wildlife staff and received detailed information in order to compare FY 2014 to FY 2015.

- Grassland habitat management increased from \$5,592,770 to \$5,659,983
- Forest habitat management decreased from \$1,377,469 to \$1,375,708
- Wetland habitat management increased from \$2,520,715 to \$4,372,389

### Fund Sustainability

In addition to the BOC's recommendations above concerning fund sustainability, the WOC further recommends that the DNR take these additional steps to lessen the chance of adverse impacts to wildlife programs in the interim:

- Continue to make incremental adjustments to align wildlife generated license revenue more closely with wildlife expenditures. It is anticipated that there will be a decline in Pittman Robertson funding in the future which could create a significant disparity in revenue generated versus expenditures.
- Make the strongest possible case to the Legislature that it return to its former practice of supplementing fishing and hunting license revenues with other funding, such as annual general

fund transfers, as well as consider enacting user fees for WMAs and an endowment fund for WMA and AMA maintenance.

- Manage existing GFF funds to prevent drastic service level reductions if revenues are not substantially increased until after FY 2019.
- Evaluate the need to continue to license bear guides and the financial consequences of ceasing to do so. If such licensing is prudent, examine the need and fairness of licensing hunting guides for deer, moose, elk, and wild turkey. Our concern is limited to paid professional guides competing for public resources on public lands and is not meant to limit any mentoring, recruitment and retention events or activities.
- Ensure that area and unit wildlife management areas have sufficient operational staff to maximize productivity of game animals on WMAs. The Section of Wildlife reported the following staff in 2011: 14 Central Office, 21 Regional and 168 Area employees. Today, the Section of Wildlife reports staff of 18 Central Office, 25 Regional and 228 Area, showing an improvement over 2011 in the ratio of field staff to regional and central office leadership.
- Examine whether Lessard-Sams Outdoor Heritage funding is supplanting bonding for land acquisition and management.
- Resolve statutory conflict issues related to fish and game fines and restitution. The examination of revenue to the game and fish fund includes fines and restitution paid pursuant to Minnesota Statutes, section 97A.055, subdivision 2, paragraph (2), which directs that “[t]he commissioner of management and budget shall credit to the game and fish fund **all** money received under the game and fish laws..., including receipts from...(2) fines and forfeited bail....” (emphasis added.) In direct conflict with this statute, Minnesota Statutes, section 97A.065, subdivision 2, paragraph (a) directs that one half of fines and forfeited bail paid to the state and not retained by counties be deposited to the state general fund. The DNR should take action to address these conflicting statutes and ensure that all revenue due to the game and fish fund is appropriately credited thereto.

## Policy

### Prairie and Grassland Management

We recommend that the DNR:

- Implement the priority objectives of the Pheasant Summit Action Plan.
- Target habitat enhancement and protection in complexes at least nine square miles.
- Increase the rate of enrollment and retention in short-term conservation programs and enrollment of permanent conservation easements by private landowners.
- Increase the education and marketing of private lands conservation programs through the Farm Bill Assistance Partnership. This recommendation includes funding an additional \$100,000 per year over and above the traditional \$150,000 that has been contributed historically so that technical resource staff becomes available in 10 additional counties.

- Accelerate acquisition of public lands open to hunting across the pheasant range.
- Develop and implement a comprehensive riparian buffer program to protect a conduit to wetlands, lakes, rivers or streams. This includes continued work with agencies and stakeholders to determine appropriate protection measures to ensure private ditches don't negatively impact Minnesota's water quality or wildlife management standards and objectives.
- Improve roadside management to optimize habitat for grassland birds.
- Continue to secure federal funding to sustain the Walk-In Access program.
- Expand education about grassland and pheasant conservation issues.
- Support hunter recruitment and retention.
- Expand monitoring and research capacity for habitat and population studies of grassland wildlife and communicate the results to the public.

### **Walk in Access Program**

We recommend that the DNR:

- Prioritize existing lands to optimize the quality of hunting opportunities and ensure the compliance of all landowner contracts.
- Develop an implementation timeline to expand the program beyond the current number of counties to key areas in south central Minnesota that have good potential to increase bird populations per the pheasant plan.
- Provide requests to all eligible state and federal programs in concert with user fees to sustain increased program acreage in future years.
- Provide an avenue for voluntary landowner enrollments.

### **Habitat Assessment**

An error was discovered in the report where Shallow Lake Program assessments were not included as accomplishments for the past year. "Accomplishments" should be corrected to include:

- 7,696 acres of Wetland Habitat Maintenance – New Total = 121,105 acres
- 4,672 acres of Wetland Water Control Structure work – New Total = 16,104
- 10,080 acres of Wetland Enhancement – New Total = 30,892.

### **Strategic Unit Direction**

We recommend that the DNR:

- Evaluate the effectiveness of the Thief Lake and Whitewater unit plans when completed in June 2017, and then complete planning of all major WMA units. The plans should include operating standards and desired future conditions to optimize game management on year round habitat needs, winter cover, grasslands, and wetlands, and food plots where appropriate. These efforts would improve hunter experiences and management consistency of WMAs across landscape regions. This is especially important as many long time unit and area wildlife managers retire.
- Ensure that infrastructure, programming, and activities comply with all applicable accessibility requirements and provide additional opportunities for all individuals of varying mobility.

## **Facility Management**

We recommend that the DNR:

- Place a priority on upgrading WMAs: roads, access signing, mowing, and maintenance of camping where authorized, primitive access areas, boundary signing, gates, and other structures to improve the image of the units.
- Continue surveying ConCon land boundaries – project is 85% completed with an estimated 300 miles remaining. Define ADA initiatives regarding access management.

## **Wildlife Management Area Habitat**

We recommend that the DNR:

- Accelerate restoration efforts on prairie, oak savanna, wetland, and woodland landscape to enhance habitat for game animals if additional PR grants or other revenue is secured.
- Eliminate the use of all neonicotinoid pesticides on all state lands
- Evaluate existing ditch authority allowances, exemptions, or permits that are contributing to the acceleration of adjacent land drainage and impacting WMA habitat and develop a plan to mitigate those impacts.
- Complete a best management practice guide for food plots on public and private lands. On public lands overall pesticide use should be minimized to establish annual cover and food between the rows of any row crops.
- Eliminate the use of all lead shot on WMAs. This is necessary because of higher concentrated use and deposition of lead on public lands; the recognized toxicity of lead to all life forms; the compatibility and simplification of rules with existing federal requirements on often adjacent WPA's; the existence of readily available and cost effective alternative shot (steel); and doing so will foster a more positive image for hunters by minimizing lead poisoning in iconic species like bald eagles and trumpeter swans.

## **Small Game**

We recommend that the DNR:

- Continue actively monitoring squirrel and rabbit populations and adjust harvest levels as needed.
- Continue to provide grouse research, appropriate forest management, and hunter access, trails, and signing for nationally recognized ruffed grouse coverts and resultant populations.
- Complete a comprehensive statewide grouse management plan.

## **Quail Habitat Management**

While bobwhite quail were once found in the southeast corner of Minnesota, their re-introduction efforts have not been fruitful up to this point. Current land use patterns, including larger fields, fewer hedge rows and fence lines, weed free crops, and loss of grain crops, provide poor quail habitat.

Unless funding is available from private sources, we recommend that GFF funds not be diverted from pheasant, grouse and prairie chicken management for quail reintroduce efforts.

Forest management in southeastern Minnesota could consider benefits to bobwhite quail as long as resources are not taken away from other game animals.

## **Fish and Wildlife – Outreach**

This section within the division provides information, education, and public engagement with and through stakeholder organizations to deliver hunting and fishing skills programs, aquatic education, mentored hunting, and outreach to emerging immigrant populations. It also coordinates media, marketing, and communications activities including web content, news releases, hunting and angling participation campaigns, and support materials for division programs. Total expenditures within the Fish and Wildlife Division were \$1,710,000.

Outreach has a relatively limited budget but is very important to the overall mission of the DNR. It is up to the marketing and outreach section to develop and implement marketing campaigns and relationships. They have entered into a solid relationship with Explore Minnesota to encourage out of state residents to journey to Minnesota to hunt and fish. Surveys indicate that Minnesota has a reputation of being a better hunting and fishing destination than our neighboring states. This section is working very hard to realize solid benefits with a minimal amount of funding.

Specific accomplishments include:

- \$26,000 spent on regular fishing promotions
- \$15,000 on bass fishing only with a \$15,000 match from Explore Minnesota Tourism
- \$24,600 partnering with KARE11 on Catch with KARE
- Formal agreement with Explore Minnesota Tourism
- Utilizing multiple forms of social media with good results
- Targeted advertisements in numerous outdoor magazines with nationwide distribution
- Targeting specific species such as trout and smallmouth bass
- Targeting specific audiences in Iowa, South Dakota, North Dakota and Wisconsin

We find that marketing and outreach staff is doing an excellent job of leveraging other funds with its limited budget. The return on investment is estimated to be 1.67 dollars for every 1 dollar spent. The economic benefit of \$1,500 from each visiting angler benefits the entire population.

## **Budget**

We recommend that the DNR:

- Continue to develop a strong partnership with the office of Tourism.
- Research and secure additional funding through changes in Pittman-Robertson eligibility for hunting and angling recruitment, retention, and related outreach.
- Pursue all available state or federal funding to expand marketing and outreach activities



## Policy

We recommend that the DNR:

### **Public Relations and Social Media**

- Continue to provide additional information and education delivery to improve the image of the department for rank-and-file hunters, anglers, and all Minnesotans.
- Continue to use all available social media to provide stories of conservation and outdoor recreation.
- Consider development of a video/cable ready program or social media venues/activities to create a more positive image of land and water conservation and outdoor recreation initiatives.

### **Archery and Shooting Sports:**

- Continue promoting and assisting with the highly successful Archery-in-the-Schools program. More than 10,000 students participated in archery.
- Provide additional support for shooting sports (trap, etc.) with appropriate funding mechanisms to support or enhance expansion of the program.
- Provide a participation trend graph for shooting sports (high school trap and scholastic clays) in next year's report.

### **Recruitment and Retention**

- Implement strategies developed by the newly formed hunter recruitment and retention work group.
- Develop and support youth after school sporting clubs.
- Implement angler and hunter marketing campaigns targeted at adults.
- Deliver "learn-to" fish and hunt skills programs & workshops for adults.
- Provide family-oriented hunting and fishing sampler events.
- Create a web-based recruitment/retention clearinghouse.
- Promote a reverse mentoring program where young hunters and anglers take more experienced sportsmen and women under their wing and explain their reasons and desires for future hunting and fishing opportunities.
- Increase outreach to SE Asian populations and other new immigrant populations including Hispanic, Karin, and Somali.
- Continue efforts to reach audiences both internally and externally

### **Critical Habitat Plates**

- Expand marketing efforts for critical habitat license plates to attract new purchasers to expand the base over the existing 105,000 purchasers.

### **Wild Rice Heritage**

- Expand marketing efforts to promote wild rice management, participation, and harvest.
- Implement recommendations from the wild rice report to the legislature in 2008.

## **Game and Fish Dedicated Accounts**

### **Deer/Bear Management; Computerized Licensing; Emergency Deer Feeding and Wild Cervid Health Management Account (2201)**

This account is funded by \$1 from each deer and bear license and \$1 from each validated lifetime license to be used for deer and bear management. This account also includes funding for the computerized licensing system. Total expenditure was \$824,840. \$350,000 more was spent over FY2014, most in partnership with the Minnesota Deer Hunters Association for deer feeding.

#### **Budget**

We recommend that the DNR:

##### **Emergency Deer Feeding and Wild Cervid Health**

- Consider eliminating the deer feeding portion of the account with the revenue used for cervid health issues.
- Keep a balance of \$600,000 in the account as a reserve to deal with emergency cervid health issues.

##### **Account Focus and Transparency**

- Consider developing a separate cervid health management sub-account to better track costs of myriad disease and big game population limitations.
- Build licensing costs into the costs of establishing any new hunting seasons rather than maintaining a separate account tracking for licensing.

#### **Policy**

We strongly support the DNR's science-based efforts to manage big game populations and recommend that the DNR:

##### **Deer**

- Support the accelerated timetable to establish new deer population goals.
- Consider the best venue to expand information and education about deer management and goal setting. For example, provide a footnote in the hunter synopsis and/or permit area map directing people to the website for detailed information.
- Develop a deer management plan that sustains an annual harvest in line with updated population modeling for +/- 200,000 animals over time.
- Continue to seek diverse input on population goals and management strategies.

##### **Moose**

- Continue the moratorium on moose hunting seasons.
- Continue to research adult and calf mortality and survival rates.

## **Elk**

- Implement the elk management plan by providing opportunities to increase elk in Minnesota to the extent possible given social and economic limitations.

## **Bear**

- Examine the need to continue to require licenses for bear guides.
- Do not make any promises regarding bear licenses to any constituents, organizations or individual guides until a thorough study is completed.

## **Deer Habitat Improvement Account (2202)**

Revenue for this account is provided by \$2.00 from the sale of each annual deer license and \$2.00 from each validated lifetime deer license. Total expenditures were \$1,441,265. The geographical breakdown of the account is approximately: Region 1-\$400K; Region 2-315K; Region 3-\$125K; Region 4-220K; and Central Office-\$250K

## **Budget**

Revenue from each \$30 resident deer license is distributed as follows: \$24.29 deposited in Fish and Game Fund, \$2 dedicated to deer habitat, \$1 dedicated for deer or bear management, \$0.50 for cervid health, \$0.50 for wolf management and monitoring and \$1.71 for ELS license issuing fee.

We recommend that staff consistently code efforts for forest work, hunter access work, technical guidance, and nuisance animal control, and not use funds from this account for any wetland or grassland work unrelated to deer.

## **Policy**

### **Audit and Management Plan**

We recommend that the DNR:

- Respond to the 2015-16 legislative audit as needed to maximize fiscal integrity, population goals and management, and/or otherwise enhance the effectiveness of deer management while maintaining science based decisions and ensuring adequate engagement by the public.
- Complete a deer management plan followed up by finishing the population goal setting in the rest of the state.

## **Waterfowl Habitat Improvement Account (2203)**

This account is funded through a \$7.50 annual stamp that is required by all waterfowl hunters 18 years of age and older. Money from the account may be used for development of wetlands and lakes through habitat evaluation, construction of control structures, nest cover, rough fish barriers, and management of migratory waterfowl, restoration, maintenance, and preservation of waterfowl habitat. Total expenditures were \$764,555.

## Budget

We recommend that the DNR develop a plan for incremental increases in the state waterfowl stamp fee to keep pace with inflation while following existing statutory guidelines. The stamp fee has not been increased in 12 years.

## Policy

We recommend that the DNR:

### Changes and innovation

- Retain the recent expansion of hunting opportunities for open water layout shooting, maintain an earlier season within the federal framework for increased wood duck harvest opportunities, ½ hour before sunrise opener, and other expanded opportunities that enhance hunter recruitment and retention efforts.
- Continue the waterfowl youth opener for recruitment of the next generation of duck and goose hunters.

### Season Framework

- Refrain from adopting any additional special or early teal seasons. With the expansion of opportunities for harvesting Canada geese, snow geese, and an earlier start to the regular season, we find no need for such changes to the teal season. Concerns are potential interference with Youth Waterfowl Day, concerns over hunter-bird identification for a teal only season and the potential decrease in Pittman/Robertson dollars from non-hunters, and the costs associated with monitoring and enforcing the bag limits.

### Habitat

- Establish 14,000 acres of seasonal wetlands using moist soil management techniques. The department's conservation goal is 12,000 acres, with some stakeholders desiring a higher target.
- Accelerate enhancement of 1,800 shallow lakes for waterfowl migration habitat. Examine another model to speed up this lengthy process to manage lakes effectively.

## Trout and Salmon Management Account (2204)

### Fund Balance

The account is funded by a \$10 stamp required of all trout, steelhead and salmon anglers. The fund balance continued to grow in FY 2015, despite the BOC's recommendation last year that the account, "especially the large balance being carried forward over the past few years, be utilized for trout stream easements whenever opportunities for acquisitions in priority watersheds are available and might otherwise be delayed and/or lost due to interruptions in other funding sources." The account balance increased in FY 2015 by another \$177,449 to \$893,624. DNR has consistently stated that the amount needed for cash flow purposes is only \$75,000, yet the balance has steadily grown from \$403,000 (FY 2011) to \$894,000 (FY 2015). During this same period, area fisheries managers were told that no money

was available for purchasing trout stream easements, despite the fact that trout and salmon stamp funds are a traditional source for these acquisitions. The DNR has expended no trout stamp funds for trout stream easements over the past 4 fiscal years.

The BOC remains very concerned that the funds intended for trout stream easement acquisitions, among other uses, are not being spent for this purpose precisely when transient opportunities for purchasing these permanent protections might be lost due to needless funding delays. It appears that some opportunities to acquire trout stream easements are not being pursued in a timely fashion because of this unwillingness to expend available funds from the trout and salmon management account. Such lost opportunities are unacceptable.

### **Acquisition Plan Targets Going Unmet**

In 2007 the DNR convened a group of stakeholders to develop a thoughtful acquisition plan for Aquatic Management Areas, including trout stream easements. The plan, Minnesota's Aquatic Management Area Plan 2008–2033, was published in October 2007. The DNR endorsed this thoughtful, strategic plan, which calls for accelerated acquisition of new trout stream easements at the rate of 100 miles per year from 2008 to 2017. In November 2008 voters passed the Legacy Amendment dedicating additional funds to natural resource protection. Outdoor Heritage Fund (OHF) dollars must be used to supplement traditional sources and levels of resource protection. Between fiscal years 2002 and 2009, the DNR spent an average of approximately \$485,000 per year to acquire trout stream easements, including substantial trout stamp funds. In the six years since Outdoor Heritage Funds became available the DNR has spent an average of less than \$7,000 per year in trout stamp funds for easement acquisitions. OHF monies have been sought and used for easement acquisitions, but the Aquatic Management Area Plan calls for substantially higher rates of acquisition.

Given that easement acquisitions are far below the plan's target, the growing fund balance and missed opportunities to purchase more easements are especially concerning. We also note that implementation of the new riparian buffer law is likely to create a one-time increase in landowners willing to sell trout stream easements. The BOC renews its recommendation that the account, especially the large balance being carried forward over the past several years, be utilized to acquire trout stream easements whenever opportunities in priority watersheds are available and might be delayed or lost.

### **Diversion to backfill Fisheries Section budget shortfall not acceptable**

In the early 1980s trout anglers requested the Legislature establish the trout and salmon stamp (originally called the trout habitat stamp) for the purpose of providing additional monies on top of the usual level of resources expended on coldwater fisheries. The funds were to be used for additional habitat improvements, acquiring additional easements, etc. In 2016 staff informed FOC members that the Fisheries Section is considering using a large portion of the balance which it has allowed to build up in this dedicated account, not for the type of additional effort for which the stamp was created (new easement acquisitions, additional habitat improvement work, etc.), but to back fill a shortfall in the overall Fisheries Section budget. By failing to spend account funds on new easements, additional habitat work, special research, etc., the agency has created a bullseye on this dedicated account which it now appears poised to divert instead for activities which for decades have been paid for with general

Game & Fish Fund dollars. We strongly urge the DNR not to break faith with trout anglers/stamp purchasers in the way.

The Fisheries Section indicated that it is somewhat unexpectedly faced with a budget shortfall perhaps as much as large as \$1 Million dollars. The long term health of the resource, the Fisheries Section budget and the Game & Fish Fund require increased revenue via raising general fishing license and other fees. However, obscuring the budget shortfall by forcing only the purchasers of trout stamps to sacrifice programs to cover the Section shortfall will alienate one of the few growing segments of the anglers, and weaken the public case for the needed revenue increase.

Staff indicated that the Fisheries Section plans to free up \$300,000 or more in general Game & Fish Fund dollars for non-trout related management by suddenly changing cost coding practices so that dedicated stamp funds are used to cover existing activities long paid for with general Game & Fish Fund dollars. This two-step funding shift has the net effect of depleting the dedicated trout and salmon account without providing any additional benefit to coldwater fisheries or trout stamp purchasers. The BOC finds this proposed approach to the use of dedicated funding to be unacceptable and strongly cautions against it.

The BOC recommend that the DNR use the dedicated funding from the trout and salmon management account, especially the large balance being carried forward from the past few years, for trout stream easements whenever opportunities for acquisitions in priority watersheds are available and might otherwise be delayed or lost due to interruptions in other funding sources. These dedicated funds should not be diverted to back fill a budget shortfall in the overall Fisheries Section budget, including via new cost coding practices.

### **Pheasant Habitat Improvement Account (2205)**

This account is funded through a \$7.50 annual habitat stamp that is required by anyone 18 years and older who hunt pheasants to be used for the development, restoration and maintenance of suitable pheasant habitat. It includes the promotion of pheasant habitat development and maintenance of government farm programs and federal conservation reserve programs. Total expenditures were \$578,719. 90% of those funds were expended on restoration, maintenance, and development of pheasant habitat while \$129,943 was spent on promotion of pheasant habitat and Farm bill Partnership. We strongly support the pheasant plan.

The following are additional recommendations that may not have been mentioned previously in the Pheasant Summit Action Plan.

#### **Budget**

We recommend that the DNR maintain a surplus in this volatile account to offset a series of bad winters or other weather affecting brood production and hunting opportunities.

We further recommend that the DNR:

## **Land Acquisition**

- Expand land acquisition by increasing bonding to historical levels for areas of the state that have less than 5% public ownership.

## **Funding**

- Provide competitive compensation for conservation initiatives to increase enrollment in available programs.
- Increase the financial assistance for the partnership with BWSR and Pheasants Forever for farm bill biologists by an additional \$100,000 per year to expand technical support to landowners and their participation in federal Farm Bill Conservation Programs.
- Provide a sustainable funding source for the Walk-in or other innovative hunter access programs through a combination of user fees, the federal farm bill, or other funding opportunities.
- Increase the cost of the pheasant stamp incrementally to keep up with inflation. The stamp fee has not been increased for 12 years.

## **Policy**

We recommend that the DNR:

## **Habitat Management**

- Provide public and private grasslands, habitat management, and opportunities to support an annual harvest of 600,000 pheasants.
- Increase financial and technical support to maintain or enhance RIM, CRP, and other programs that provide habitat and hunter opportunities.

## **Food Plots**

- Create a best management practice guide for appropriate size and location of food plots on public and private land. The plan should be consistent with the pheasant habitat model that includes winter cover, grasslands, and food within a nine square mile block as well as enhancement of hunter opportunities and experiences.

## **Wild Rice Management Account (2206)**

This account is funded through a daily and annual wild rice harvesting license with the purpose of managing designated public waters to improve wild rice production. Total expenditures were \$30,000.

## **Budget**

## **Beaver Impacts**

We recommend that the DNR expand partnership with Ducks Unlimited to control negative impacts of beaver impounded wild rice areas and increase the number of lakes managed for wild rice from the current 300 by 10% over the next two biennium.

## Policy

We further recommend that the DNR:

### **Public Relations, Recruitment, and Retention**

- Significantly expand information and education about the cultural and natural resource values of this native grain to include increased efforts to recruit and retain wild rice harvesters.

### **Details on Lake Management**

- Provide additional report details of lakes that receive active wild rice management in next year's report.

## **Wildlife Acquisition Account (2207)**

This account is funded through a \$6.50 small game surcharge. At least 50% of the money from this account must be spent on price of land costs. The remainder of the fund can be used for development and maintenance of wildlife lands and developing, preserving, restoring, and maintaining waterfowl breeding grounds in Canada. Total expenditures were \$2,430,283. A healthy balance is kept in the account in order to take advantage of exceptional opportunities that might develop with a short timetable. The DNR purchased 6,014 acres in FY 2014 and 6147 acres in FY 2015.

## Budget

We recommend that the DNR:

### **Opportunities**

- Maintain sufficient balance in the account to capitalize on the best opportunities that become available consistent with the strategic land acquisition plan.
- Use \$15,000 from this account plus \$85,000 from the Heritage account to support Ducks Unlimited breeding ground efforts.
- Support the \$24,000 spent on the North American Waterfowl Plan.

### **Long Term Habitat Protection and Wild Land Opportunities for Citizens**

- Continue to acquire the highest priority WMA land to provide large enough to provide hunting and trapping opportunities at a rate of 8,000 acres per year utilizing a variety of funding sources and partnerships. The target is the same as the DNR's conservation agenda target with expected Lessard-Sams Outdoor Heritage funding and is critically important as more marginal land is converted to row crops.

### **Collaboration with partners**

- Continue to collaborate with conservation groups to maximize acquisition opportunities of key tracts in a timely manner, as the 8,000-acre goal is unattainable with the limited amount of funds available through this account annually.



## **Wild Turkey Management Account (2208)**

This account is funded through \$4.50 of each adult turkey license. Money from this account can be used for the development, restoration, and maintenance of suitable habitat for wild turkeys on public and private land. Some of the activities include timber stand improvement, establishment of nesting cover, winter roost areas, and stable food sources. Total expenditures were \$263,904. Most of these funds are distributed to southeast Minnesota.

### **Budget**

We recommend that the DNR:

- Increase the cost of a turkey license commensurate with inflation.
- Keep this dedicated account for protection and management of turkey habitat particularly in the agricultural zone.

### **Policy**

We further recommend that the DNR:

- Monitor, document, and provide information on the impacts of recent destruction and loss of woodland habitat for expansion of agricultural row crops and development.
- Report to the WOC on the results and outcomes of the hunter satisfaction surveys.

## **Heritage Enhancement Account (2209)**

Revenue for this account is generated from in-lieu-of-sales tax on the sale of lottery tickets. Funds from the Heritage Enhancement Account (“HEA”) may be spent only for activities that improve, enhance, or protect fish and wildlife resources.

We examined whether HEA funds were being spent for the activities specified in Minnesota Statutes 297A.94. Much of the monies of this account are involved with managing and maintaining the quality of natural resources for hunting and angling.

In FY 2016, \$375,000 from the HEA will be used for hunter and angler recruitment and retention activities. In 2014 there was a grant approved to Let’s Go Fishing, Minnesota. After approval and before expending funds the Let’s Go Fishing organization decided not to accept the grant and turned it back to DNR. The Legislature then appropriated these funds to DNR for outreach and educational funding of which \$25K was dedicated for Asian Outdoor Heritage for youth fishing recruitment efforts and outreach in the metropolitan area.

The remaining balance includes monies for archery equipment for state parks, the “(National Archery in the School Programs) NASP 3-D” program, “Explore Bow Hunting” program, fishing equipment for state parks, the Angler/Hunter Grants Program, R&R Marketing, and finally the “MinnAqua” Program.

## Budget

We request that the DNR provide documentation to show that 87% of the fund is spent on the field operations as required for this account and biennially report the data to the BOC. Page 84 of the Game and Fish Fund Report indicates that total expenditures for FY 2015 are 85% of total fund resources available.

## Policy

The Committee believes that this reapportionment to numerous grantees serves the entire recreational and educational needs of the state well.

The MinnAqua program is very valuable as it provides educational opportunities for youth regarding fishing, ecology and environmental conservation. We appreciate how the MinnAqua has aligned its programming to the Minnesota State Educational Standards, making it easy for educators to use in their curriculum requirements. The committee would like to see the program staff assignments be expanded to more than three sites (Duluth, St. Paul and New Ulm). While these locations are good choices, expansion to other areas of the state would encourage usage outside the existing areas.

We support funding for additional shallow lake specialists to accelerate this critical water quality initiative for waterfowl.

## **Lifetime Fish and Wildlife Trust Fund (2210)**

Revenue from the sales of lifetime licenses is deposited in a Trust Fund. Each year the DNR transfers from the lifetime Trust Fund the amount that otherwise would have been collected and deposited from the sale of annual hunting and fishing licenses. The Trust Fund balance is slightly over \$19,000,000.

Expenditures from the game and fish fund appeared to be in keeping with statutory requirements and sound management practices.

In accordance with statutory departmental obligations for managing the Lifetime Fish and Wildlife Trust Fund, the DNR:

- Records new license sales to the Trust Fund
- Records revenue as lifetime licensees activate their licenses during the year
- Report activations to Federal officials to receive the applicable federal funds for each license activated
- Monitors and records interest and investment income earned on the funds by the Minnesota State Board of Investment.

Through the years, sales of new licenses have ebbed and flowed as a result of planned and announced license fees increases, the economy and other factors. Annual activation rates have remained relatively constant year to year. An average 83% of license holders validate their license in a given year.

Investment and interest income earned by the Fund has gone up and down, with bad years such as 2008-2009, balanced out by some years earning 10% to 15%. It is likely, and the department expects,

that its 8% overall return assumed in original pricing models will be lower. They are currently forecasting 6.5 % for future projection purposes.

We find that DNR's revenue recognition procedures seem logical and the health of the fund should be safe into the future assuming periodic license fee increases are approved by the legislature.

## **Walleye Stamp Account (2202)**

This account is funded via the \$5.00 received from the sale of each walleye stamp. Purchase of the stamp is currently voluntary. Pursuant to Minnesota Statute 97A.075 Subdivision 6, revenue from walleye stamps must be credited to the walleye stamp account and is appropriated to the commissioner only for stocking walleyes purchased from the private sector in waters of the state. Total spending authorization for FY 2015 was approximately \$127,000.

### **Findings**

- In 2015 19,467 walleye stamps were purchased for \$97,335.
- Under the state contracting authority \$126,946 was spent to purchase walleyes from a private vendor for planting in lakes statewide.
- The requirements of the law are being met and no follow-up is necessary.

### **Budget**

This fund line item is budget neutral since it is dedicated to only one purpose and that is to purchase walleye for stocking from private sources.

### **Policy**

We recommended that consideration be given by the DNR and Legislature to modifying the statute to allow the stamp funds to be used for all walleye management activities, including other stocking efforts, habitat studies, habitat improvements, etc.

### **Management Plan**

We recommend that the DNR:

- Continue to expend funds in accordance with the legislative directives.
- Continue to reinforce the need for ELP sales persons to ask license buyers if they wish to purchase a walleye stamp.
- Actively promote the purchase of this stamp, including via leadership of the DNR and Executive Branch.
- Ask the Walleye Working Group and newly formed Mille Lacs Lake advisory group to encourage their constituents to purchase walleye stamps. If 100,000 additional walleye anglers purchase stamps it will bring in an additional \$500,000 for walleye management.

## **Peace Officer Training Account**

Money for this account was originally earmarked to increase diversity in Conservation Officers throughout the state. It can be used for any peace officer training. Total expenditures were \$64,905. This account supplements other funds necessary to complete required training.

It is disappointing that the retention rate is not better for candidates brought in to improve officer diversity. In spite of the COPREP initiative only two protected class were hired in 2015. Four will possibly be hired in 2016. A more cost effective program may be needed to have conservation officers mirror the diversity in society. The Fish and Game Fund should not bear the burden of the total costs of this worthwhile human resource program.

## **Wolf Management and Monitoring Account**

This account is funded by \$.50 per deer license. It can only be used for wolf management, research, damage control, enforcement, and education. Total expenditures were \$256,797.

### **Wolf Management**

- Until such time as the Legislature approves a structure to cover wolf management costs, we recommend that the DNR continue to fund the account with current sources to enable the DNR to meet its management obligations when restored to the state.
- The DNR should seek to restore management of wolf populations to the state.
- When state management is restored, the expenses of wolf management (enforcement, direct research, population census, administering regulated hunting and trapping) should be completely presented in the next report so we can better understand the resources needed to manage wolves in Minnesota.
- Once a more complete budget for all DNR led wolf activities is developed, the DNR should work with the legislature to develop a structure to better cover wolf management costs.

## **Functions, Outcomes & Accomplishments**

### **Fish and Wildlife – License Center Operations**

The License Center handles the distribution of licenses, stamps, and permits required by hunter, anglers, trappers and commercial game and fish operators. Agents for the Electronic Licensing System (ELS) process approximately 99% of all transactions. More than 2.4 million licenses, permits and various transactions were handled through ELS generating \$58 million in revenue for the year. The License Center also handles harvest registration with about 50% of turkey and deer hunters taking advantage of this convenience. Minnesota is one of eight states in a pilot program to sell federal duck stamps electronically. Total expenditures were \$4,241,000. \$64,600,000 was generated through the sale of licenses permits, stamps, and license validation in this reporting period.

#### **Budget**

##### **Expenditures and Revenues**

- We support the user-funded operation of the license center, such as 10% of stamp sale use for license center operations and enhancements to provide sustainable funding for that operation.
- The WOC was concerned that there was an additional cost of obtaining a license online versus obtaining a license from an ELS vendor. However, an ELS agent and on line agent both receive a \$1.00 transaction fee. In addition, by statute, any agent can charge a 3% transaction fee.

#### **Policy**

##### **Software and ELS System**

We recommend that the DNR:

- Continue to explore license center software changes to consolidate paper for users who purchase licenses at different times.
- Continue third party handling of the day to day operation of the ELS system
- Examine the disparity between the \$3.50 on line fee versus the ELS vendor fee of \$1.00 per license and 25 cents per deer registration.
- Consider incorporating email addresses for ELS sales so license buyers are captured for future marketing needs.
- Continue to explore marketing and data collection opportunities during the sale of licenses, stamps, and permits.
- Ensure that the ELS System requires the sales associate to answer the walleye stamp question posed to the customer before the final sale can be accomplished.

## **Ecological and Water Resources**

The Committee finds that all FY 2015 expenditures from the game and fish fund for work by the Ecological and Water Resources Division appear to be in keeping with statutory requirements and sound management practices. We recommended that the division's expenditures be more closely examined

next fiscal year, including an explanation of why the large difference exists between actual expenditures of 1.5 million in 2015 and previous years versus budgeted expenditures for 2016 and future years of \$2 million.

## **Enforcement**

The Enforcement Division provides more than 380,000 officer and staff hours per year devoted to the core functions of law enforcement, public safety, and education. Total expenditures were \$22,586,000.

## **Budget**

The BOC supports additional funding for Conservation Officers to:

- Protect fish and wildlife habitat including any new responsibilities related to buffer enforcement
- Deal with aquatic and terrestrial invasive issues
- Ensure sustainable harvest of resources
- Increase quality of life by ensuring safe and equitable outdoor experiences.
- Recruit and train youth and adults in outdoor activities.
- Ensure commercial activities are conducted in a sustainable manner.
- Respond to citizen calls for service, search and rescue, and natural disasters.

We recommend that the DNR:

- Ensure retirement benefits are commensurate with the sustainability of that obligation to minimize future loss of overall enforcement efforts and impact to the Game and Fish Fund.
- Fine tune fleet turnover of low mileage support equipment to save money.
- Provide the necessary funding so that the academy can provide officers to replace vacancies.

## **Policy**

We recommend that the DNR:

### **Records System**

- Include public information and enforcement contact measurements such as number and locations of license checks (anglers, ATV users, snowmobilers, hunters, and others) as well as outreach numbers such as firearms safety, snowmobile and ATV certifications, college class presentations, and other outreach efforts ).
- Research alternatives that can be used with the new records management system to help determine overall compliance rates for hunters and anglers to better target information, education, and enforcement efforts.

### **Strategic Plan**

- Continue to maximize use of officers for saturation activities such as Lake of the Woods or other areas of highly concentrated natural resource activities.
- Implement the strategic management plan.

- Schedule officers to cover specific times to reduce overhead (such as overtime) and provide adequate area coverage. This is important to consider as part of a more comprehensive package of delivering effective enforcement, allowing officers with more undisturbed personal time, and controlling long-term cost obligations.
- Explore and develop new strategies to make conservation officers more available to the public.
- Streamline safety education programs by standardizing course delivery options, fees, and requirements.

### **Firearms Safety Training**

- Monitor benchmark success between on-line and classroom course students via record keeping for pre-field day retesting.
- Maintain a firearms safety field day as an integral part of the training.
- Recruit additional firearms safety instructors to keep up with the student demand.
- Ensure firearm safety training is offered in a timely and geographically distributed manner.

## **Parks and Trails**

The Game and Fish Fund Report indicates that the mission of the Parks and Trails Division is to “create unforgettable outdoor recreation experiences in parks, on trails, and on water.” In 2015, the Game and Fish Fund provided \$2.6 million or 19% of the total funds expended on the water recreation programs.” Parks and Trails uses Game and Fish Funds in three areas: acquisition, development and fishing piers.

The main focus of the Water Rec account has been and remains on expanding and improving existing boating access sites benefiting not only anglers but also recreational boaters and hunters. There is only a secondary focus on adding new shore or pier fishing facilities, with only a small portion of the \$2.6 million used for maintenance and operation of 365 fishing piers and shore fishing areas.

### **Findings**

The Parks and Trails Division has done an admirable job in response to suggestions made in last year’s report this division strategically increased the funding level for piers from \$170,000 to \$316,000.

### **Budget**

The current budget has been expanded to \$316,300 which will be spent in 2016. The increase was the result of strategic use of the limited funds by Parks and Trails. The Division states that it would benefit from funding of \$750,000 per year in order to “... plan ahead for replacements and rehabilitation and to ensure all facilities meet the overall goals of the program ...”

### **Management Plan**

In order to provide fishing opportunities for those populations who may be underserved in our communities, we recommend that the DNR take these steps:

- Parks and Trails Division should continue to aggressively seek additional funding, including the utilization of bonding.

- A larger percentage of the overall GFF budgeted to Parks and Trails should be designated for additional shore fishing opportunities across the state.
- Goals should be expanded to allow for new acquisitions, as well as improvements to existing shore fishing and access sites.
- Whenever opportunities arise to acquire additional areas that will provide appropriate public benefit, DNR should act to initiate acquisition.
- Expand efforts to identify and improve angling information and access to riverine resources, particularly warm water streams.
- Promote stewardship and public access.
- Reach out to local communities with cost sharing opportunities.

## **Forestry**

The Forestry Division administers 4.2 million acres of forestlands. The majority of this land is open for hunting and serves as vital habitat as almost one-third of the state's "species in greatest need" inhabit forests or forestlands. Of the 4.2 million acres, however, only 40,000 acres were harvested in FY 2015. The Game and Fish Fund contributions to the division primarily support the Ecological Land Classification (ECS) Program and control of invasive species. Total expenditures were \$1,277,000.

### **Budget**

We recommend that the DNR:

#### **Revenues**

- Continue to seek Environment and Natural Resources Trust Fund (ENRTF) dollars additional funds from LCCMR to supplement game and fish fund allocations for the invasive species program that is critical for protecting forest habitat.
- Apply for P/R federal reimbursement grants for all forest management overhead and operational activities on WMAs to save the game and fish fund for other habitat management activities.

#### **Expenses**

- Analyze and seek to reduce the 16% department services charge from Game and Fish Expenditures for forestry. There was a 12% increase in Game and Fish expenditures this year.

### **Policy**

We further recommend that the DNR:

- Increase harvest on state owned land of an additional 10% from the current 40,000-acre effort to enhance habitat for forest wildlife, while preventing any impacts to aquatic resources.
- Continue to provide additional contract options so smaller logging operators can participate in greater forest management activities by conducting sales for a variety of cordages.



## **Lands and Minerals**

The Lands and Minerals Division manages real estate transactions on 5.7 million acres of state land and 12 million acres of state mineral rights. The division is responsible for land surveys and managing real estate transactions on game and fish lands. Expenditures for the Land Records System in FY 2015 were \$350,000. It is unfortunate that the Land Records System is a workflow system and does not appear to function well as a transaction system, especially given the cost of developing it.

The BOC recommends that the work flow and transaction systems be incorporated into one software program to better control future costs.

### **Conservation Easement Stewardship**

Previously only 50 of 900 easements had baseline data. A significant improvement has been made in development of an effective easement monitoring program:

- 1087 easements with 2500 separate land owners are being actively monitoring with 2000 visits completed.
- 25,000 photos are in the monitoring database
- Monitoring easements on trout streams is streamlined due to the number of easements as opposed to Wild and Scenic Rivers; which is a very labor-intensive process with 30 page documents per easement.
- Agency updating of land parcel ownership, which was needed due to county inability to keep land records up to date.

## **Budget**

We recommend that the DNR:

- Provide a longer term estimate (currently at \$326,000 per year) to maintain the new lands records system and examine how these costs can be effectively limited from the Game and Fish Fund.
- A project cost estimate from MN.IT @DNR is needed to rewrite the Microsoft Access software application for stewardship monitoring of easements into a web based application.
- Continue to explore funding options in addition to the stewardship endowment fees for ongoing monitoring of conservation easements.

## **Policy**

### **Game and Fish Report Outcomes**

We recommend that the DNR further evaluate the processes used in acquiring easements and fee title lands and make additional improvements to further expedite the process, and significantly reduce the length of transaction times. This should substantially increase the number of acquisitions accomplished.

## Other Issues

### Statewide Indirect Costs

Based on statute, each fund is required to provide support for services provided by MMB, Administration, and Office of Mediation Services, the Legislative Auditor and State Auditor. Total expenditures were \$1,151,000. This was a decline from the previous reporting period. Good job!

We find that the allocations, processes and timing appear reasonable.

### Operations Support

The Operations Support Division provides administrative support for budget management, infrastructure management such as fleet and engineering services, communications and outreach, and human resources. This division is funded through professional service type agreements that are made with the other divisions who receive a mix of funds from dedicated funds, general fund, bonding, and other sources of revenue to cover those expenses. Operations support also includes costs associated with the Commissioner's office and four regional offices.

### Budget

#### Transparency of Total Support Costs

Good improvement appears to have been made in containing overhead costs in the last year. Streamlining and efficiencies in the DNR's services resulted in a reduction of nearly \$836,000 from FY 2014. This reduction, however, may be associated with the new report format rather than actual savings. The extent of and reason for the reduction is still being researched as of the date of this report.

### Policy

While outcomes and accomplishments are listed for all agency divisions (pages 45-73) the Division of Operational Services is conspicuous by its absence. It would be helpful if expenditures to the Fish and Game Fund would be provided for fleet management, building repair and replacement, personnel management transactions, and related service level agreements.

### Emerging Issues

We recommend that the DNR consider the following emerging issues in the near future (in no particular order; bullet-lettered only for reference):

- A. There appears to be a growing number of instances where science-based management of our natural resources is being blocked or reversed by the legislature. Should the level of animosity toward science-based management continue to grow, the state should explore the creation of a separate fish and game commission to insulate adequate funding of the DNR from policy disagreements.

- B. Standards may need to be established for sustainable farming similar to the forest certification program in the forest products industry to help ensure long-term health of soil and water throughout the agricultural landscape.
- C. Collaboration between the DNR and the Minnesota Department of Agriculture should be considered to expand the Water Quality Certification Program in other watersheds (at least six watersheds per year).
- D. The DNR may want to examine soil and water conservation practices related to various agricultural exemptions to existing laws, rules, and policies that may be resulting in unsustainable and poor soil and water quality.
- E. The DNR should ensure strategic use of all funds and programs to maximize habitat benefits and avoid “random acts of conservation” across the landscape.
- F. The DNR may want to initiate discussions with stakeholders concerning fish limits. This is becoming more imperative as water quality declines, invasive species, and climate change cause impacts, and the use of fishing technology advances in such a way that angling harvest is more successful. The discussion should include the possibility of daily limits different from possession limits (e.g., four walleyes per day with a possession limit of six) and consideration should be given to reducing the panfish limits either throughout the year or during spawning season to protect large fish and ensure sustainability of the resource for the maximum number of participants.
- G. Fleet management expenses will need to be examined in the future to determine if the charges to the GFF are appropriate.