



Land Acquisition Account Annual Report

Fiscal Year 2020

10/1/2020

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Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.6 million acres of land within state forests, state parks (SPK), wildlife management areas (WMA), scientific and natural areas, aquatic management areas (AMA), and other recreation and access sites. The Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the “Account”). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land or the exchange of state-owned property administered by the Commissioner of Natural Resources. The Account helps the DNR reach the following goals:

- Consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat;
- Acquiring privately-owned “in-holdings” within state parks;
- Acquiring recreation access; and
- Acquiring lands with significant natural resource characteristics.

Financial Review

FY2020 Beginning fund balance	\$1,654,698
Prior year adjustment	\$14,977
Revenues	
Sale of land	\$248,767
One-time compensation for Great Northern Transmission Line	\$1,675,000
Land sale costs	\$40,882
Damage costs (sale of standing timber)	\$34,451
Other receipts ¹	<u>\$15,000</u>
Total revenues	\$2,014,100
Expenditures	
Parks and Trails Management	\$22,158
Forest Management	\$141,624
Fish and Wildlife	\$242,592
Ecological and Water Resources Management	<u>\$0</u>
Total expenditures	<u>\$406,375</u>
FY2020 Ending fund balance	<u>\$3,277,400</u>
Net change for FY2020	+ \$1,622,702.00

FY2020 Accomplishments

Receipts to the Account

Receipts to the Land Acquisition Account during FY20 included a one-time payment made to the State by Allete, Inc., as compensation for construction of the Great Northern Transmission Line through Roseau, Lake of the Woods, Koochiching and Itasca counties. The project will permanently convert lowland conifer forest lands into lowland sedge/grass wetlands, and the Army Corps of Engineers requires mitigation for such a conversion. The

¹ Loan interest and sale of land per laws

compensation award the State received in this contract will be used pay for the condemnation of certain school trust lands that will become parts of WMAs for deer management.

The remaining receipts to the account comes from parcels sold determined to be no longer needed for conservation purposes. They include:

For the Division of Forestry:

- A parcel in Becker County sold to the US Fish and Wildlife Service in a direct sale.
- Two parcels in Carlton County. One parcel was a direct sale to resolve a trespass issue. The other parcel was land adjacent to the trespass that was surplus by the Division of Forestry, and sold at public auction.
- One parcel in Itasca County, which had first been placed for auction in 2018 but did not sell. The offering price was reduced in June 2019, and the parcel was placed for sale on an over-the-counter basis, where it was purchased by a private party.
- One parcel in Pine County, sold by direct sale to resolve a trespass issue.
- One parcel in Wabasha County authorized for sale by MN Session Laws 2019, 1st Special Session, Chapter 4, Article 4, Section 20. The 10-acre parcel includes frontage on the Zumbro River, which required legislation to surplus.
- Three parcels in Wadena County no longer needed for conservation purposes, all sold to private parties at public auction.

For the Division of Parks and Trails:

- A one-acre parcel in Chisago County which fell outside of the Wild River SPK boundary, sold to the adjoining landowner.
- A parcel in St. Louis County used for the Taconite TRA. The State retained easement rights to the trail corridor as part of the sale.

For the Division of Fish and Wildlife:

- The former “Joseph O’Brien WMA” parcel, which was vacated and made surplus by the Division of Fish and Wildlife. The unit had originally been a gift to the DNR, but had limited use and low management potential. When replacement property is purchased, the “Joseph O’Brien” name will be added to the signage.

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account and other accounts to pay for appraisals and professional services for land sales.

Expenditures from the Account

While the Land Acquisition Account funds can be used as consideration for the purchase of land, DNR’s land managing divisions more commonly use the Land Acquisition Account to pay expenses related to land acquisitions, sales and exchanges of state owned lands (e.g., appraisals, recording fees, legal notifications, and professional/technical services). Examples of projects that used the Land Acquisition Account during FY20 include, but are not limited to

By the Division of Forestry:

- Land acquired in Hubbard County for addition to Badoura State Forest. The land shared a common boundary with the existing forest and had good timber and recreational value.
- Land acquired in Becker County for addition to Smoky Hills State Forest. This parcel was acquired via a transfer of custodial control from MnDOT, and provides the only legal access to 640 acres of DNR land in the state forest. The parcel contains timber nearing rotational age for harvest.

By the Division of Parks and Trails:

- Land acquired in St. Louis County for addition to the Lake Vermillion/Soudan Underground Mine SPK. The parcel was acquired via a transfer of custodial control from MnDOT, and was previously used as a wayside rest. The parcel features access to US Highway 169, an existing driveway, and close proximity to the Jasper Peak Fire Tower trail.

By the Division of Fish and Wildlife:

- Land acquired in Blue Earth County for the Blue Earth River AMA. The purchase of this parcel resolves historical trespass issues and provides a shore fishing location below the Rapidan Dam on the Blue Earth River.
- Land acquired in Fillmore County for Choice WMA. Acquiring this tract improves emergency personnel access, and improves maintenance, personnel and equipment access for Wildlife and Fisheries management.

Financial Summary FY2014 to FY2023

Apart from the one-time compensation received for the Great Northern Transmission Line project, revenue to the Account in FY 2020 was driven by land sales created, at least in part, by DNR's Strategic Land Asset Management (SLAM) process, which uses localized teams to analyze the land base to find appropriate parcels. Several more were parcels sold to resolve trespass issues, and in some cases additional acreage contiguous to the trespass was also made available for sale. Expenditures from the account appear to have remained steady during FY 2020, reflecting costs that are recuperated when lands are sold.

**Land Acquisition Account
Actual FY2014-2020, Projected FY2021-2023**

