

New Funding Structure Q&A

HOW WERE SNOWMOBILE GRANTS-IN-AID FUNDED PREVIOUSLY?

Historically, individual snowmobile grant-in-aid funding amounts were determined on a case-by-case basis. Grant awards were a function of on-going costs, specific grant requests, and quality of trail maintenance. While all these considerations were and still are instrumental in continuing Minnesota's snowmobile trail system, there were inequities within regions and across the state. Some snowmobile trail funding varied by as much as \$500/mile when many trail conditions were the same for each. The case-by-case funding nature was difficult to explain and defend, as there was no formal rationale.

WHY CHANGE THE FUNDING STRUCTURE?

In 2003 the Office of the Legislative Auditor completed a Program Evaluation Report titled "State-Funded Trails for Motorized Recreation." This report suggested improvements for the Snowmobile GIA Program. These suggested improvements and DNR broad program goals regarding funding structure changes include the following:

- Greater transparency, specifically in grant funding amount determination
- Increased accountability
- Stable and sustainable funding for maintenance and grooming
- Equitable regional funding levels
- Increase in Simplicity and Efficiency

WHAT WAS THE PROCESS FOR DETERMINING THE NEW FUNDING STRUCTURE?

The DNR asked the Minnesota Snowmobile Advisory Committee (MSAC) for assistance in determining the new rate structure. MSAC membership consists of nine regional representatives of the Minnesota United Snowmobile Association (MnUSA). This committee met in July, October, November, and December 2006 to evaluate funding structure options. In October, MSAC presented three funding options to the MnUSA general membership. MSAC met in November and considered the concerns brought forward from the MnUSA meeting, and consequently made some revisions. In December, MSAC recommended a specific option for funding to the DNR. The DNR accepted MSAC's recommendation and made a final decision on funding in February 2007.

WHAT IS THE NEW FUNDING STRUCTURE?

The new funding structure is based on a rate per mile zone map, where trail sponsors receive a fixed rate per mile of snowmobile grant-in-aid trails. This means that if a sponsor has a grant for 100 miles of snowmobile trails and is in a rate zone of \$400/mile, their total grant award would be \$40,000. Trails that cross a rate zone line would not be affected, and would receive the same rate for their entire trail. The rate zone that sponsors are in determines their funding rates.



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WHAT FACTORS DETERMINED THE NEW FUNDING STRUCTURE?

The main factors that went into the new funding structure, and specifically the rate zone map, include the following:

- Length of snow season
- Amount of snowfall
- Historical grant amounts based on established costs
- Level of usage
- Quality of trails
- Tourism
- Average grooming trips per week

Many of the above factors are interrelated, and cannot be individually separated. For example, historical costs on a regional average are directly correlated with each of the other variables. All of these variables went into the consideration of the new funding structure.

An easy way to understand the zone map lines and rates is to examine the mean annual snowfall map from 1971-2000 and the historical average rates per mile by county. Both the snowfall map and the historical average rates demonstrate the rationale for the zone lines and the rates in each zone.

WHEN WOULD THE NEW FUNDING STRUCTURE TAKE EFFECT?

The new funding structure is going into effect at the start of state fiscal year 2008 or July 1, 2007. Contracted miles as identified in fiscal year 2007 will be used for all grants, as GPS mileage verification will not be complete by July 1, 2007. Once all snowmobile trail miles have been GPS verified, these miles will be incorporated into the funding structure.

HOW HAS THE NEW TRAIL PASS AFFECTED TRAIL GRANT FUNDING?

In state fiscal year 2006 a new trail pass was implemented. Funds from the sale of the trail pass are dedicated to the Snowmobile Grant-in-Aid Program. In fiscal year 2006 each snowmobile trail grant received a 20 percent increase as a result of the new trail pass revenue, and this increase was continued into fiscal year 2007. Snowmobile grant-in-aid funding will have increased by \$2,200,000 by fiscal year 2008 due to the new funding from the trail pass.¹

¹ Snowmobile GIA funding in FY05 was \$5,000,000; FY06 and FY07 was \$6,600,000; and FY08 is anticipated to be \$7,200,000.

