

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

- Appointments ... Appt
-
- Clearinghouse Rules ... CRule
-
- Committee Hearings ... CH
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- Committee Reports ... CR
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- Executive Sessions ... ES
-
- Hearing Records ... HR
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- Miscellaneous ... Misc
- 97hr_JC-Fi_Misc_Sept 24,1998_pt11
- Record of Comm. Proceedings ... RCP
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Sept. 24 1998

13.10 mty.



JOHN RYBA
STATE REPRESENTATIVE
90th Assembly District

SEP 23 1998

203, 1 E. Main

September 21, 1998

TO: MEMBERS OF THE JOINT FINANCE COMMITTEE

Rep. John Gard, Co-Chair	✓ Sen. Timothy Weeden, Co-Chair
Rep. Thomas Ourada	Sen. Margaret Farrow
Rep. Sheila Harsdorf	Sen. Robert Cowles
Rep. Sheryl Albers	Sen. Mary Panzer
Rep. Cloyd Porter	Sen. Dale Schultz
Rep. Dean Kaufert	Sen. Peggy Rosenzweig
Rep. Spencer Coggs	Sen. Brian Burke
Rep. Gregory Huber	Sen. Russell Decker

FROM: REP. JOHN RYBA, 90TH ASSEMBLY DISTRICT

One of the issues on your agenda for Thursday's 13.10 Meeting is Agenda Item XI, which would increase the expenditure authority of the Department of Veterans Affairs (DVA) to fund additional veterans health care aid grants costs, primarily for denture grants.

I have served on the Assembly Veterans and Military Affairs Committee for all three terms that I have served in the Legislature and as the ranking minority member for the past four years. As a committee member and as a veteran, I feel that allowing additional funding for dentures would be money very well spent. Most people would agree about the importance of dentures in the ability to eat properly and in helping to maintain one's overall health.

Health care aid grants are only available when a veteran has exhausted all other financial resources. It is my understanding that the money is available but cannot be used because of a \$50,000 cap on expenditures for dentures. These veterans have nowhere else to turn and need these services now.

Please support the DVA's request to increase the denture cap to 25 percent of the expenditure authority appropriated for the program. Your consideration will be greatly appreciated by me and the many, needy veterans throughout Wisconsin.

John J. Ryba

SEP 21 1998



203 East Main

September 21, 1998

Rep. John Gard, Co-Chair
Rep. Tom Ourada, Vice-Chair
Rep. Sheila Harsdorf
Rep. Sheryl Albers
Rep. Cloyd Porter
Rep. Dean Kaufert
Rep. Spencer Coggs
Rep. Greg Huber

Sen. Tim Weeden, Co-Chair
Sen. Margaret Farrow
Sen. Robert Cowles
Sen. Mary Panzer
Sen. Dale Schultz
Sen. Peggy Rosenzweig
Sen. Brian Burke
Sen. Russ Decker

Dear Members of the Joint Finance Committee:

I am writing to urge your support of the Department of Veterans Affairs request on expenditure authority for the Health Care Aid Grants (HCAG). In 1993, a cap on dental expenditures under HCAG was put into effect by the department.

The department now finds that the needs of veterans for dental care exceed the available funds under the cap. While an emergency rule is being prepared changing the dental cap under HCAG to 25%, it's necessary for your committee to approve the department's 13.10 Request authorizing increased expenditure authority.

I know the Joint Finance Committee has strongly supported the health care needs of veterans in the past and will determine this new request a worthy expenditure of state funds.

Sincerely,

Stephen L. Nass
State Representative
31st Assembly District

SLN/mrm

cc: Raymond Boland, Secretary, Department of Veterans Affairs

Tommy G. Thompson
Governor

Linda Stewart
Secretary

Melvin Story
Chair



State Rehabilitation Planning and Advisory Council

2917 International Lane, Ste. 300
P.O. Box 7852
Madison WI 53707-7852
(608) 243-5600
TTY# (608) 243-5601
FAX# (608) 243-5681

SEP 23 1998

State of Wisconsin
Department of Workforce Development

September 21, 1998

The Honorable Tim Weeden
Senate Chair, Joint Committee on Finance
1 East Main Street, Room 203
Madison, WI 53702

The Honorable John Gard
Assembly Chair, Joint Committee on Finance
315 North State Capitol
Madison, WI 53702

Dear Senator Weeden and Representative Gard,

The State Rehabilitation Planning and Advisory Council (SRPAC), the federally mandated and Governor appointed advisory body to the Division of Vocational Rehabilitation, fully supports the request of the Secretary of the Department of Workforce Development to make a permanent adjustment of \$422,100 in GPR to the base budget for the delivery of vocational rehabilitation services.

We agree with Secretary Stewart that the transfer of funds is necessary to capture Wisconsin's full allotment of federal dollars and to adequately delivery services to the 23,000 individuals with disabilities who have expressed their desire to secure employment. The SRPAC has been actively advising the Division, the Department, the Governor and the Joint Finance Committee for the past two years to provide sufficient GPR to the DVR case aids budget.

The SRPAC is charged with monitoring the Division's performance, and we have expressed serious concerns about the Division's ability to deliver services without an adequate base of discretionary case aids funding. Unfortunately, the facts regarding employment for persons with severe disabilities are simple, shameful and startling. Recent census figures show a 74% national unemployment rate among persons with severe disabilities. There are more than 100,000 residents of working age in Wisconsin who have a severe work disability. 23% of these folks are actively seeking assistance with job readiness and employment through our state's Division of Vocational Rehabilitation (DVR). These motivated individuals constitute one of our greatest untapped pools of potential talent. GPR support for vocational rehabilitation services provides one of the highest returns for our tax dollar investment.

We urge you to grant Secretary Stewart's request for the GPR transfer. It is a wise and necessary move.

Thank you,

A handwritten signature in cursive script that reads "Mel Story".

Mel Story, SRPAC Chair

cc: Linda Stewart, DWD Secretary
Judy Norman Nunnery, DVR Administrator
Fred Greasby, SILC Chair
Linda Vegoe, CAP Director
Bob Stuva, RFW Executive Director
Judy FELL, Chair CAP Advisory Council
Tom Fell, Governor's Advisory Committee
Jennifer Ondrejka, WCDD Executive Director
Joel Rodney, COPD Chair
Martha Cranley, WCILC
Tom Hlavacek, ABLE Coalition
Deb Wisniewski, Survival Coalition
SRPAC Members



Carol Kelso

Wisconsin State Legislature
88th Assembly District Representative

September 21, 1998

SEP 21 1998

Representative John Gard, Co-Chair
Senator Timothy Weeden, Co-Chair
Joint Committee on Finance

RE: WDVA 13.10 Request

Dear John and Tim:

I fully support the request from the WI Department of Veterans Affairs for approval of 13.10 expenditure authority within the Health Care Aid Grants (HCAG) appropriation.

The HCAG program helps pay for veterans' medical treatment and hospitalization if they are unable to pay. It is based on financial need after all the other financial resources have been exhausted.

The Department's request will make sufficient funds from that program available for denture-related care, without a negative impact on the Veterans Trust Fund. It would make 25% of the HCAG funds available for dentures, instead of the current 5-percent. The current cap was set for FY 93, and the number of veterans requiring dentures is increasing as the group ages.

I urge you to approve this increase in expenditure authority to the Department of Veterans Affairs at the Committee's September 24, 1998, meeting.

Thank you.

Sincerely,

Carol Kelso
State Representative
88th Assembly District

September 22, 1998

SEP 22 1998

1-800/362-1290 Toll Free (Voice/TTY)
608/267-7422 Madison Area (Voice/TTY)
608/267-5016 Madison Area (Voice/TTY)

The Honorable Tim Weeden
Senate Chair, Joint Committee on Finance
1 East Main Street, Room 203
Madison WI 53702

The Honorable John Gard
Assembly Chair, Joint Committee on Finance
315 North State Capitol
Madison WI 53702

Dear Senator Weeden and Representative Gard:

The Client Assistance Program (CAP) supports the \$13.10 request from the Department of Workforce Development to restore some of the GPR funds that provide employment services for people with disabilities in Wisconsin.

These funds are needed to capture federal funds for DVR services. The Division of Vocational Rehabilitation tried to substitute 3rd party agreements (specific services for specific groups) to preserve state funds. These agreements brought new referrals to DVR, which put a greater strain on local DVR office budgets. We believe the results clearly indicate that GPR match is the most efficient mechanism for the funding of employment services for people with disabilities.

Given the wide variety of disabilities and the wide range of employment goals, the task of matching services to the client's home community and disability related needs is best done on the local level. GPR match brings in 78 cents on the dollar to be used in local DVR offices, by staff who know their community and know their client. We hope you will support their request.

Sincerely,



Linda Vegoe
CAP Coordinator

LV:cc

cc: Linda Stewart
Judy Norman-Nunnery

SEP 22 1998



Carol Roessler
STATE SENATOR

September 22, 1998

Senator Tim Weeden
Co-chair of the Joint Committee on Finance

I am writing to strongly urge your approval of the 13.10 request from the Commissioner of Railroads for \$500,000 in one-time SEG funding for railroad crossing improvements. These funds are badly needed to address the growing backlog statewide of crossing improvements

As you know, I authored Senate Bill 489 last session to seek more funding to address the backlog of needed safety improvements. I also proposed a study from the department to address a methodology to prioritize railroad crossing safety projects. This legislation did not advance this session and I continue my efforts to make this transportation safety issue a top priority. Rail operations in the state have increased dramatically in recent years. Between 1991 and 1994, the four major railroads increased train-miles by 17.3 percent, ton-miles by 26.3 percent and revenues by 26.4 percent. Currently, the Office of the Commissioner of Railroad has identified a backlog of at least 35 railroad crossings with orders for improvements.

This is not only a railroad issue, but a vehicle passenger safety issue. Railroad crossings are intersections of roads and train tracks. With the increasing railroad traffic in the Fox Valley and statewide, the chances of accidents grows each day. It is the state responsibility to make these safety improvements and the backlog will only grow if further funding delays occur. I hope the finance committee can endorse this modest funding change and consider additional changes in the next transportation budget. Please contact me if you have any questions on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Carol".

CAROL ROESSLER
18th District
State Senator

CR/gr/JFCrail.ltr

SEP 23 1998



722 Williamson Street
P.O. Box 7851
Madison, WI 53707-7851

Council on Developmental Disabilities

VOICE (608) 266-7826
TDD (608) 266-6660
FAX (608) 267-3906

Date: September 22, 1998

To: Senator Tim Weeden, Co-Chairperson
Representative John Gard, Co-Chairperson, and Members
Joint Committee on Finance

From: Judith A. Fell, Chairperson

Re: Support for s. 13.10 request for funds for the Division of Vocational Rehabilitation,
Department of Workforce Development

The Wisconsin Council on Developmental Disabilities strongly supports the request for \$422,100 in funds for the base budget of the Division of Vocational Rehabilitation. The Council has been extremely concerned about the reduction of \$1 million GPR in each year of the 1997-99 biennium in the discretionary case aids allocation to provide services to consumers. The Council greatly appreciates the Department seeking additional funding as a partial restoration of the \$1 million reduction.

Though the Council supports the s. 13.10 request for \$422,100, the Council strongly supports restoration of the total \$1 million reduced in the budget for 1998-99. The Council is aware of testimony from consumers unable to obtain appropriate services because of the reduction in the GPR allocation. It is the belief of the Council that third-party match cannot provide basic case services which meet federal criteria under the Rehabilitation Act on a statewide basis. Third-party match should be used as originally intended, to develop innovative and creative services, rather than to provide base services.

The Council ultimately supports a complete and permanent restoration of the \$1 million in GPR or the closing of additional categories of individuals served by the Division of Vocational Rehabilitation. The Division cannot adequately and appropriately serve individuals in the current categories unless GPR funding is increased.

Thank you for your consideration of this letter. If you have any questions, please contact Jennifer Ondrejka, Executive Director, at the above address and telephone number.



SEP 23 1998

Mailing Address:
600 Williamson Street
P.O. BOX 7851
Madison WI 53707-7851
(608) 266-9667
FAX (608) 267-3906

State of Wisconsin Council on Physical Disabilities

Date: September 22, 1998

To: Senator Tim Weeden, Co-Chairperson
Representative John Gard, Co-Chairperson, and Members
Joint Committee on Finance

From:  Joel Rodney, Ph.D.
Chairperson

Re: Support for s. 13.10 request for funds for the Division of Vocational Rehabilitation,
Department of Workforce Development

The Wisconsin Council on Physical Disabilities strongly supports the request for \$422,100 in funds for the base budget of the Division of Vocational Rehabilitation. The Council has alerted the Division of Vocational Rehabilitation of its concerns about the reduction of \$1 million GPR in each year of the 1997-99 biennium. The Council greatly appreciates the Department seeking additional funding to provide additional services to consumers as a partial restoration of the \$1 million reduction.

Though the Council supports the s. 13.10 request for \$422,100, the Council strongly supports restoration of the total \$1 million reduced in the budget for 1998-99. The Council is aware of testimony from consumers unable to obtain appropriate services because of the reduction in the GPR allocation. It is the belief of the Council that third-party match cannot provide basic case services which meet federal criteria under the Rehabilitation Act on a statewide basis. Third-party match should be used as originally intended, to develop innovative and creative services, rather than to provide base services.

The Council ultimately supports a complete and permanent restoration of the \$1 million in GPR, or the implementation of Order of Selection to target services to individuals with the most severe disabilities. The Division cannot adequately and appropriately serve individuals in the current categories unless GPR funding is increased.

Thank you for your consideration of this letter. If you have any questions, please contact Jennifer Ondrejka, Executive Director, at the above address and telephone number.

P.O. Box 7851
Madison, WI 53707-7851
608/261-8397 (voice)
888/947-7452 (toll free in WI)
608/261-8396 (TTY)
608/264-7742 (fax)

September 23, 1998

Senator Tim Weeden
Joint Committee on Finance
1 East Main St Room 203
Madison WI 53702

Dear Senator Weeden:

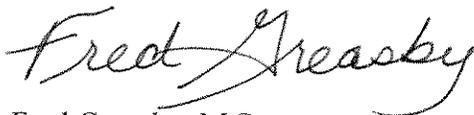
The State Independent Living Council, which is a governor-appointed Council that represents people with severe disabilities, supports Secretary Linda Stewart's s13.10 request for \$422,100 in GPR for the Division of Vocational Rehabilitation. Over the last two biennia, GPR funding for DVR has been reduced by \$1 million. DVR's intent was to replace this funding through third party match. Our understanding was that, if DVR could not obtain the required match, a request could be made to replace the GPR dollars.

It is now clear that third party match is not a viable alternative for the delivery of vocational rehabilitation services for people with severe disabilities. GPR dollars are necessary in order to capture Wisconsin's full allotment of federal dollars and to enable DVR to provide the necessary vocational rehabilitation services. It is through these services that persons with severe disabilities can access employment opportunities that would not otherwise be available.

We realize that this s13.10 request is a temporary stop-gap measure. We therefore support both this request at this time, and a permanent budget change in DVR's budget which would enable DVR to capture all its federal dollars utilizing GPR. This is an excellent investment for Wisconsin with a high return for our tax dollar.

We thank you for the restoration of \$422,100 to the Division. This will definitely help people with disabilities return to successful employment.

Sincerely,



Fred Greasby, M.S.
Chair

c Judy Norman-Nunnery
Linda Stewart, DWD Secretary
Mel Story, SRPAC Chair
Bob Stuva, RFW Executive Director
Linda Vegoe, CaP Director

ROGER BRESKE

SEP 23 1998

STATE SENATOR

12th District

Capitol Address:
State Capitol
P.O. Box 7882
Madison, WI 53707-7882
(608) 266-2509

Legislative Hotline:
1 (800) 362-9472

Home Address:
8800 Hwy. 29
Eland, WI 54427
(715) 454-6575



September 23, 1998

Senator Tim Weeden, Co-Chair
Representative John Gard, Co-Chair
Joint Committee on Finance
HAND DELIVERED

Dear Senator Weeden and Representative Gard:

It is without hesitation and with extraordinary support that I write on behalf of Department of Veterans Affairs (DAV) and Wisconsin veterans to endorse a DVA proposal to increase the current cap on denture expenditures to twenty-five percent of the expenditure authority under the Health Care Aide Grant (HCAG) program.

As you know, the HCAG program offers needy veterans and their families grants to assist them in obtaining necessary medical care. Current statutory requirements restrict the program to a maximum expenditure of \$50,000 for dentures. The maximum grant per individual under this program is \$5,000. Both HCAG funding and demand have increased substantially since the program was first established. Current demand for dentures now exceeds \$300,000 annually. I am certain that this proposal would greatly increase the availability of dentures to state veterans who need them.

This proposal has the support of the County Veterans Service Officers and the veteran community. I urge you to support this proposal and grant the necessary expenditure authority at your next 13.10 meeting.

Thank you for your consideration of this matter. As always, please feel free to give me a call if you have any questions or concerns with regard to this issue.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Roger Breske".

ROGER BRESKE
State Senator

cc: Secretary Ray Boland

Tommy G. Thompson
Governor

Linda Stewart
Secretary

Orlando J. Canto
Division Administrator



State of Wisconsin
Department of Workforce Development

ADMINISTRATIVE SERVICES
201 East Washington Avenue
P.O. Box 7948
Madison, WI 53707-7948
<http://www.dwd.state.wi.us/>

September 23, 1998

Elaine Richmond, President
Wisconsin Child Support Enforcement Association
Jefferson County Courthouse, Room 219
320 South Main Street
Jefferson, WI 53549

Dear Elaine:

As you know, the Department of Development has submitted a request to the Joint Committee on Finance to use \$338,000 GPR currently in the Committee's appropriation to fund a shortfall in matching funds in the Division of Vocational Rehabilitation. The \$338,000 GPR was originally intended to be used for the KIDS system operations in FY98. When the Department requested KIDS funding for FY99, it was not able to justify spending all of the GPR match that the Committee had placed in unallotted reserve from the previous year. The Department was granted all of the money it requested from the Committee in June, 1998, and KIDS is fully funded for FY99. As a result, the Committee is still holding the unreleased \$338,000.

The first question that arises vis-a-vis this money is, why wasn't it spent in FY98, i.e. before the end of June, 1998? There are a variety of reasons for this. First, the Bureau had budgeted for FY98 under the assumption that the PRWORA legislation would be passed, and implementation activities could begin. As you know, that bill was not signed into law until May 1, 1998. This was too late to spend any FY98 funds on PRWORA implementation. In addition in the fall of 1997, the Bureau had entered into an agreement with IBM Global under which IBM would increase its staff to 40. Because of marketplace factors, it was more difficult than had been anticipated for IBM Global to hire and train qualified technology staff. As a result, IBM Global was not able to bring its staff up to 40 until this summer, so those contracting costs were never realized.

Also, in the Spring of 1998, the Department was notified by the Division of Information Technology Services in the Department of Administration, that the mainframe operating rates which affect KIDS costs were lower than had been anticipated. This enabled the Department to realize additional savings in FY98. All of these factors combined to prevent the Department from requesting the \$338,000 GPR funding for either FY98 or FY99.

The second question that arises is, why can't the Department of Workforce Development ask for the money now for KIDS and use it to fund requested system changes? The response is that even if the money were released now, it could not be spent on KIDS during this fiscal year. The Department already has a high level of funding budgeted for FY98 and cannot use more funds. Even fully staffed, IBM Global is only able to maintain a certain level of system



change work because of the interrelated nature of many of the changes, so the release of these funds to the Bureau would not result in accelerated system work. The Department has also been working closely with DOA to put system efficiencies into effect that will further reduce mainframe operating costs.

In summary, before approving this request, Secretary Stewart determined that the Department can only justify using these funds for a purpose other than KIDS. If the DVR expenditure request is denied by the Joint Finance Committee, the funds will lapse at the end of FY99. Therefore, we hope that the WCSEA will support the release of these funds for another program need within the Department of Development.

Sincerely,



Ann Wiley

Special Assistant to the Secretary

FAX

Date 09/24/98

Number of pages including cover sheet 3

TO: Senator Weeden

Phone 266-2253

Fax Phone 267-5171

FROM: DVR

State of Wisconsin - DWD

2917 International Lane,
Suite 300

Madison, WI 53707-7852

Phone 608-243-5603

Fax Phone 608-243-5680

CC:

REMARKS: Urgent For your review Reply ASAP Please Comment

I want to share this information that the DWD sent to the Wisconsin Child Support Enforcement Association on the use of KIDS funding for DVR. I hope it is helpful since it addresses concerns similar to the ones you raised during our briefing on the DVR 13.10 request. If you have any questions, please feel free to call me at 243-5603.

Judy R. Norman-Nunnery
Administrator
DVR



September 23, 1998

KENNETH KUEHNL, JR.
LEGISLATIVE DIRECTOR
3326 GREEN MEADOWS LANE
RACINE, WI 53405-4707
(414) 664-0365
Fax (414) 554-0177
E-Mail: cadwell@execpc.com

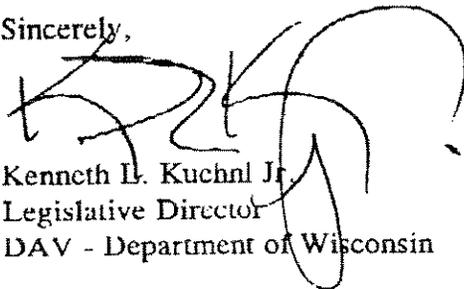
Senator Timothy Weeden, Co-Chair
Representative John Gard, Co-Chair
Joint Committee on Finance

Dear Senator Weeden and Representative Gard;

The Disabled American Veterans Department of Wisconsin concurs with the Wisconsin Department of Veteran Affairs, that there is a need for increased funding for dentures. This program would help a substantial number of veterans and their families. This is a financial needs base program where an applicant must have exhausted all of his/her financial resources in order to qualify for a grant.

The Disabled American Veterans Department of Wisconsin asks for consideration on increased funding for WDVA. DAV is dedicated to providing better lives for veterans and their families. This additional funding would provide a better quality of life for needy veterans.

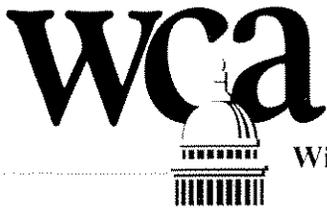
Sincerely,



Kenneth L. Kuchnl Jr.
Legislative Director
DAV - Department of Wisconsin



Chartered by an act
of Congress in 1932.
NATIONAL HEADQUARTERS
P.O. BOX 14501
CINCINNATI, OH 45210-0501
(AREA) 441-7500



Wisconsin Counties Association

MEMORANDUM

TO: Honorable Members of the Joint Committee on Finance

FROM: Sarah Diedrick-Kasdorf, Legislative Associate 

DATE: September 24, 1998

SUBJECT: DWD Section 13.10 request to Transfer Funding to the Division of Vocational Rehabilitation Client Services Appropriation

The Wisconsin Counties Association (WCA) would like to express its concern for the funding source associated with the Section 13.10 request presented to you by the Department of Workforce Development which transfers \$338,500 GPR to the Division of Vocational Rehabilitation's purchased services for clients appropriation.

According to the Legislative Fiscal Bureau, "the \$338,500 GPR in the Committee's appropriation was part of a larger amount of the 1997-98 funding that was placed in the appropriation in 1997 Wisconsin ACT 27 (the 1997-99 budget) to fund the KIDS computer system... The Committee voted to maintain the \$338,500 as a reserve at the June 1998, s.13.101 meeting." Previous actions by the Joint Committee on Finance have transferred monies set aside for the KIDS computer system to fund other initiatives, such as adult corrections.

The audit released in December 1997 by the Legislative Audit Bureau identified several concerns with the development and operation of the KIDS computer system. WCA questions the rationale for transferring additional monies set aside for the KIDS computer system at a time when all county change order requests have not been met.

Additionally, the counties and state recently entered into a new child support contract that includes a new reimbursement system. There is concern by several counties regarding the availability of state funds to fully comply with the terms of the new contract. The \$338,500 remaining in the Committee's appropriation would go a long way in ensuring counties of the state's commitment to fully fund its obligations under the new contract.

We strongly recommend that the Joint Committee on Finance find an alternative revenue source to fund the Department's request.

Thank you for your consideration.

100 River Place, Suite 101 ♦ Monona, Wisconsin 53716-4016
608/224-5330 ♦ 800/922-1993 ♦ Fax: 608/224-5325

Mark M. Rogacki, Executive Director
Darla M. Hium, Deputy Director

Mark D. O'Connell, Legislative Director
Lynda L. Bradstreet, Administrative Director

WCSEA

Wisconsin Child Support Enforcement Association

320 S. Main Street • Room 219

Jefferson, WI 53549

920-674-7377

SEP 24 1998

September 24, 1998

To: Sen. Timothy Weeden, Co-Chr., Rep. John Gard, Co-Chr., and Senators Brian Burke, Robert Cowles, Russell Decker, Margaret Farrow, Mary Panzer, Peggy Rosenzweig, Dale Schultz, and Representatives Sheryl Albers, Spencer G. Coggs, Sheila Marsdorf, Gregory Huber, Dean Kaufert, Thomas Ourada, Cloyd Porter.

Re: Transfer of \$338,500 GPR in 1998-99 from the Committee's GPR appropriation (20.865(4) (a)) to DVR's client service appropriation (20.445(5) (bm)).

Inasmuch as, the Committee voted to maintain \$338,500 as a reserve of the funds for the KIDS computer system at the June, 1998, s.13.101 meeting, and,

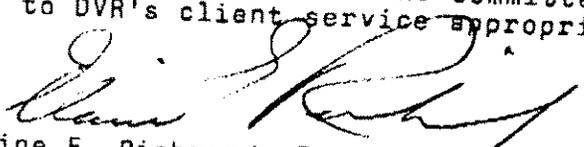
Inasmuch as, the recent KIDS system Audit by the Legislature identified numerous modifications and improvements necessary to the KIDS system to enhance program functioning and highlighted the need to address the priority of these modifications and improvements as they affect county programs rather than solely DWD concerns, and,

Inasmuch as, the counties have ongoing and special one-time activities related to the KIDS system and data clean up which will improve Wisconsin's overall performance and the counties are willing to immediately work in partnership with the Department of Workforce Development to dedicate funds from the \$338,500 reserve for these purposes, and,

Inasmuch as, there are critical functions of the KIDS program which are not now available for use by the counties and are not scheduled for design and programming by the vendor, IBM Global for longer than another year, and the counties believe that these critical functions could be performed by a subcontract vendor or other resource using the \$338,500 reserve funds, and,

Inasmuch as, there are counties with extraordinary needs to make their caseloads able to meet the standards required to enable them to receive their performance-based monies in 1999 which could be accomplished by use of the \$338,500 reserve funds,

The Officers and Board of Directors, along with the membership at large of the Wisconsin Child Support Enforcement Association strongly opposes the transfer of \$338,500 GPR in 1998-99 from the Committee's GPR appropriation (20.865(4)(a)) to DVR's client service appropriation (20.445(5) (bm)).


Elaine E. Richmond, President, WCSEA

We strongly oppose the transfer of \$338, 500 from appropriations
for the KIDS Fund to the DVR

Name	County
Sue Crossan	Marquette
Nellie Gussick	Marquette
Julie Beck	Marquette
June O'Neil	Manitowish
Kuani Wilk	Kewaunee
Billy Kuchel	Kewaunee
Dei Steensward	Sheboygan
Rebecca Persch	sheboygan
James O'Neil	"
Janet A. Gentry	marathon
Angela W. Perist-Jones	Marathon
Blayne	Dauy WI
Lynda Holmquist	Winnebago
John Boyson	Douglas
Pat Johnson	Douglas
Pat Fleming	Dodge
Mary Saunders	Columbia
Debra W. Wick	Columbia
Bob Comstock	Columbia
Maureen Peterson-Bulgin	Columbia
Donald Lacey	Dane
Valerie Edwards	Dane
Kenneth Woodford	DANE
John Woodford	DANE
Janet Wood	Winnebago
Lynne Reuschberger	Winnebago
Kathleen Gruber	Winnebago
Jennifer Johnson	Orshinga
Jeanne Clark	Rock
Richard Parnon	Rock
Deb McPhail	Grant
Verda Kemer	Grant
Margaret Whitely	Wood
Theresa W. Wray	Wood
Blaine Rife	WOOD
Debra Schmidt	Sauk
Kay Kistler	Sauk
Lori Rife	Juneau
Mary McHowan	Juneau



WISCONSIN CHAPTER
633 West Main Street
Madison, Wisconsin 53703

608/251-8140
608/251-8535 FAX

SEP 24 1998

September 24, 1998

Senator Tim Weeden, Co –Chair
Joint Committee on Finance
1 East Main, Room 203

Dear Chairman Weeden,

At your 13.10 meeting this afternoon, you will be considering approval of two important conservation properties using the state's Stewardship Fund. Although the Nature Conservancy encourages you to approve both of these important conservation purchases, we will limit our comments here to support the purchase of the Augustine property for the Bailey's Harbor Boreal Forest and Wetlands Natural Area. When the numbers are added up, the Augustine property is a low cost, very high value purchase for the citizens of our state.

The Nature Conservancy is a non-profit conservation group with nearly 25,000 members in Wisconsin. In the 40 years since the Wisconsin Chapter was founded, we have protected more than 50,000 acres throughout the state, including several projects on the Door County peninsula. We have been strong supporters of the Warren Knowles – Gaylord Nelson Stewardship Fund since it was created with the support of the Legislature and Governor in 1989. The purchase of the Augustine property (Spikehorn Campground) is a great example of using the Stewardship Fund to work with partners and protect Wisconsin's important natural resources.

The purchase of the Augustine property for the Bailey's Harbor State Natural Area is a conservation bargain that the state should embrace. Because of the \$869,000 grant from U.S. Fish and Wildlife service for this project and the future sale of part of this parcel that lies outside of the natural area boundary, this transaction will add an important property to an established natural area at virtually no cost to the state. This is a bargain that should not be refused! At your meeting, Department staff will clearly present more detailed information to the members on the breakdown of the costs for this purchase.

This transaction is a great example of how the Department is creatively using the Stewardship Fund to protect important resources while leveraging state dollars. In addition to the federal grant, the Nature Conservancy has also made a \$6000 donation to help defray the state costs associated with this purchase. We have worked with the Department on several other occasions to help protect other conservation properties in the Bailey's Harbor Boreal Forest and Wetlands

Natural Area, including our donation to the state of a lakefront property that was appraised at \$350,000. The Augustine purchase also will use a conservation easement/deed restriction to protect this high quality natural area and reduce the costs of the state owning this entire property. The DNR's creativity and demonstrated ability to stretch state Stewardship dollars to complete their mission of protecting the Bailey's Harbor Boreal Forest and Wetlands natural area should be supported and encouraged.

This is an important natural area that protects many plants, animals and natural communities that are rare in our state. This includes 48 species of rare plants, 15 of which are listed on Wisconsin's endangered or threatened list. The dwarf lake iris, a plant threatened with extinction, is found within the boundaries of the Boreal Forest and Wetlands natural area. The natural area harbors 5 species of rare birds, 5 species of rare dragonflies and protects rare natural communities ranging from cobble and bedrock beaches on the Lake Michigan shoreline to boreal forest dominated by white spruce and balsam fir and northern wet-mesic forest dominated by white cedar.

This natural area provides many other benefits to the Door County environment. Duck hunters at the natural area and at nearby Mud Lake State Wildlife Area will be pleased that this natural area protects the coastal wetlands and shorelines that are heavily used by migratory waterfowl and shorebirds. This natural area also protects significant spawning habitat for the Lake Michigan Whitefish population that is important to the remaining Lake Michigan commercial fishery.

The Nature Conservancy strongly supports the purchase of the Augustine property for the Bailey's Harbor Boreal Forest Natural Area. We encourage the Joint Finance Committee to approve this purchase. Please feel free to contact me if you have any additional questions about our position on this purchase, our projects in Door County or our work in other parts of the state.

Sincerely,



Harald E. Jordahl
Director of Governmental Relations
The Nature Conservancy – Wisconsin Chapter



Legislative Fiscal Bureau

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: PECFA Program Report Submitted by the Departments of Administration, Commerce and Natural Resources – Agenda Item R-3

1997 Act 237 (the 1997-99 biennial budget adjustment act) directs the Secretaries of the Departments of Administration (DOA), Commerce and Natural Resources (DNR) to submit reports to the Joint Committee on Finance for consideration at the Committee's September, 1998, and March, 1999, s. 13.10 meetings that document the progress of DNR and Commerce towards meeting the requirements of the memorandum of understanding (MOU) related to administration of the petroleum environmental cleanup fund award (PECFA) program and high, medium and low priority petroleum contaminated sites. Act 237 requires that the report contain at least certain specified information. On September 9, 1998, the Committee received a report from the three agencies in response to the Act 237 directive.

This memorandum provides background about the MOU and summarizes how the report responds to the information required by Act 237. Act 237 does not require the Committee to take specific actions related to the reports. However, the Committee could choose to review the reports with the Secretaries of the three agencies or direct the agencies to provide additional information as necessary.

BACKGROUND

DNR is responsible for administration of remedial action at high priority petroleum contaminated sites, sites that are contaminated with petroleum and non-petroleum hazardous substances and sites that are contaminated solely with hazardous substances other than petroleum. 1995 Act 27 (the 1995-97 biennial budget act) transferred from DNR to Commerce the administration of remedial action at medium and low priority petroleum contaminated sites based on the threat that the discharge poses to public health, safety and welfare and to the environment.

1995 Act 27 directed DNR and Commerce to enter into a memorandum of understanding (MOU) that establishes: (a) the respective functions of the two agencies in the administration of cleanup of petroleum storage tank discharges and the PECFA program; (b) procedures to ensure that cleanups at Commerce-administered sites are consistent with the hazardous substances spills law; and (c) procedures, standards and schedules for determining which sites are classified as high, medium or low priority. Both agencies were required to agree to the MOU. The two agencies were required to submit the MOU to the Secretary of the Department of Administration (DOA) for review and approval before the agreement took effect. The statutory requirements related to the division of authority for cleanup at petroleum-contaminated sites between Commerce and DNR and the development and implementation of the MOU are contained in sections 101.144(2) and (3m) of the statutes.

Commerce and DNR entered into an initial MOU on December 6, 1995. The Secretary of DOA sent a January 3, 1996, letter to the two Secretaries in which he accepted submittal of the MOU but did not specifically approve it. (DOA officials indicate that the letter represented approval of the MOU). DNR and Commerce revised the MOU effective May 8, 1998. The May, 1998, MOU had an approval line (which was not included in the 1995 MOU) which the Secretary of DOA signed on May 11, 1998. The Secretary of DOA transmitted the MOU to the Governor in a May 8, 1998, letter. (There was no similar transmittal letter to the Governor in 1995).

THE DOA, COMMERCE AND DNR REPORT

1997 Act 237 directs that the report submitted to the Committee by DOA, Commerce and DNR include specific information. The following sections show the information required to be included in the report and summaries of the responses of the agencies to each topic.

(a) The progress toward determining the classification of petroleum discharge sites as high, medium or low priority.

The report states that DNR reviewed all sites with an unassigned priority and prepared a report on June 12, 1998. In late July, DNR discovered that the June report was based on outdated information. Therefore, at this time, the number of sites actually transferred to Commerce as a result of this review is not known. DNR will supply a new list after the Commerce and DNR databases are correlated. The priority ranking of sites will be updated as the databases are reconciled. The agencies implemented a pilot process in July, 1998, which directs consultants to send site investigation reports to the appropriate agency, instead of the prior practice of consultants sending the site investigation report to DNR and DNR determining the site priority.

(b) The number of petroleum discharge sites under the jurisdiction of DNR and Commerce.

The report identifies 10,916 petroleum tank sites that are included in the databases of both agencies. The agencies have matched the Commerce "occurrence" to the DNR "activity." DNR administers 80% (8,758) of the sites and Commerce administers the remaining 20% (2,158). Of the total, 55% (5,970) are open (active) sites. DNR administers 85% (5,082) of the open sites and Commerce administers the remaining 15% (888). Of the open sites, 63% (3,753 of 5,970) are high priority sites and 3,700 of the 3,753 high priority sites are administered by DNR.

In addition to the 10,916 sites that have been reconciled in the databases of both agencies, 5,571 sites are included in the DNR database but have not yet been matched to a site in the Commerce database. The report also indicates that the Commerce database includes 12,600 occurrences but only about 11,000 of them have been matched to sites in the DNR database, meaning 1,600 Commerce occurrences have not been reconciled with DNR data. The two agencies continue to reconcile this data. It is possible that the agencies will determine that some of the 5,571 sites that are only in the DNR database and some of the 1,600 occurrences that are only in the Commerce databases are the same sites. Further, many of the DNR sites may contain contaminants other than petroleum that would not be included in the Commerce database.

The report states that the data model used to reconcile site information between the two agencies was implemented in late August. The report indicates that reconciliation of the data will continue and will be more accurate in the December, 1998, agency report to the Governor. Further, many of the DNR sites may be non-PECFA eligible or contain non-petroleum based contaminants that wouldn't be included in the Commerce database.

(c) The number of petroleum discharge sites closed by DNR and Commerce.

The report states that 45% (4,946) of the 10,916 sites that have been reconciled in both agencies are closed. Of this total, 23% (1,134) are high priority sites. By contrast, 63% of the open sites are high priority. In addition to the reconciled sites, 62% (3,439) of the 5,571 sites that are included in the DNR database (but not the Commerce database) are closed sites.

(d) The time that it takes to close petroleum discharge sites after the discharges are reported to the state.

The DOA cover letter to the Committee indicates that over 75% of the sites closed under DNR jurisdiction and 70% of sites closed under Commerce jurisdiction were completed within four years. While the report text does not discuss this topic, it contains tables showing how long it took to close sites (Chapter 4, third and fourth unnumbered tables) and a 10 page list of cases closed by DNR during April through June, 1998. The report states that of the 4,946 closed sites that have been reconciled by both agencies, 51% (1,876) of the 3,676 closed sites under DNR jurisdiction were closed in less than two years, and 46% (582) of the 1,270 closed sites under Commerce

jurisdiction were closed in less than two years. Commerce has had jurisdiction over medium and low priority sites since July 1, 1996, so some of the 1,270 sites closed under Commerce jurisdiction since that date may have been active for several years before they were transferred from DNR to Commerce.

The report does not compare the length of time it takes to close high priority sites as compared to medium and low priority sites. In addition, it does not describe the length of time it has taken the two agencies to close sites during the two years that Commerce has had jurisdiction over medium and low priority as compared with the length of time it took DNR to close sites prior to the July 1, 1996, transfer of medium and low priority sites from DNR to Commerce.

(e) The progress made by Commerce in using the authority under the PECFA statute in requiring the use of specified service providers in order to reduce costs of cleanups and in requiring owners of petroleum discharge sites to use a public bidding process in order to reduce the costs of cleanups.

Since the emergency PECFA rule COMM 47, went into effect on April 21, 1998, Commerce has identified 29 sites that are candidates for bidding of the proposed remedial strategy to determine the lowest cost strategy. The original remedial action proposals for these sites totaled \$7,846,200. Commerce will compare bids to this amount to determine if savings can be achieved through the competitive bidding process.

Commerce has identified six potential remedial "bundles," each of which contains three to four properties that will be incorporated into one coordinated remedial effort in an effort to reduce the total site cleanup cost. The report indicates that while bundling is in the early stages of implementation, one bundle has resulted in savings of \$213,000 on excavation of contaminated soil, disposal and backfilling costs.

The report also indicates that another provision in COMM 47 may reduce costs. The rule would exempt sites where cleanup can be completed for \$80,000 or less from a number of bidding requirements and would allow these claimants to receive priority claim review. During approximately four months since the emergency rule went into effect, 31% (128) of 409 remedial alternatives received by Commerce for review have been requests for the \$80,000 or less capped cost cleanup. In comparison, in the approximately four month period before the emergency rule went into effect, 17% (65) of 390 remedial alternatives received by Commerce for review were expected to cost \$120,000 or less.

(f) A summary of the definitions in the MOU of high, medium and low priority sites and the reasons for those definitions.

The report includes the following definitions of high, medium and low priority sites as listed in the MOU.

- (1) High priority sites (the responsibility of DNR) include any site which meets one or more of the following criteria: (a) has confirmed groundwater contamination where any compound detected is equal to or greater than an established preventive action limit in administrative code NR 140; (b) a hazardous substance is present other than petroleum from a petroleum product storage tank system; and (c) there is contamination to an area of exceptional environmental value where the discharge would pose a greater than normal threat.
- (2) Medium priority sites (the responsibility of Commerce) include sites where: (a) any confirmed groundwater impacts are less than an established preventive action limit in NR 140; and (b) there is no evidence that the site is contaminated with a hazardous substance other than the petroleum product that was discharged from a petroleum product storage tank system.
- (3) Low priority sites (the responsibility of Commerce) include sites where there is only petroleum contamination in the soils, no threat to groundwater and no evidence that the site is contaminated by a hazardous substance other than the petroleum product that was discharged from the petroleum storage tank system.

(g) If more than 30% of the total known active petroleum discharge sites are classified as high priority, a description of the causes for that number of high priority sites.

The report states that the percent of active sites that are high priority can not yet be precisely calculated until the Commerce and DNR databases have been fully reconciled. However, the report states that 60% to 70% of all active sites, including unknown priority sites, are classified as high priority. When only active sites that have been classified as high, medium or low priority are considered, 70% to 80% are classified as high priority. While 63% (3,753) of the 5,970 open sites that have been reconciled by both agencies are high priority, the percentage increases to 83% (4,984) when unknown priority sites are included. Of the 5,571 sites that are included in the DNR but not the Commerce database, 46% of the 2,132 open sites are high priority, but when unknown sites are also included, the percentage increases to 86% of open sites.

The report states that roughly 80% of the high priority sites are classified as high priority solely because of groundwater contamination that exceeds one or more groundwater standard, 5% solely because of contamination by a hazardous substance in addition to the petroleum product that was discharged from the petroleum storage tank system. Approximately 15% of the high priority sites have both groundwater contamination and contamination from non-petroleum hazardous substances and less than 1% are classified as high priority due to contamination to an area of exceptional environmental value.

To date, high priority rankings have primarily been based on: (a) numerical exceedances of groundwater contaminant standards; and (b) the presence of multiple types of contaminants at the site. Some have raised concerns relating to whether: (a) a system that ranks perhaps 60% to 80% of

sites as "high" priority is reasonable; and (b) a different definition of the actual threat to public health, safety or welfare and the environment could reduce the percentage of high priority sites.

SUMMARY

The report provides information that generally responds to the requirements of 1997 Act 237. The agencies have made progress in linking the site databases of each agency in order to reconcile the number and classification of sites. It can be expected that the agencies' December, 1998, report to the Governor and the March, 1999, report to the Committee will provide a clearer understanding of how many sites are administered and closed by each agency, classification of sites, effectiveness of the pilot process for site ranking by consultants and potential methods of closing sites more quickly where groundwater contamination exceeds preventative action limits but is less than enforcement standards.

Prepared by: Kendra Bonderud



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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Baileys Harbor Boreal Forest Natural Area (Door County) and Loew Lake-Kettle Moraine (Washington County) Stewardship Purchases – Agenda Item XV

REQUEST

The Department of Natural Resources (DNR) requests approval to make the following purchases using funding from the Warren Knowles-Gaylord Nelson stewardship program:

- 94.94 acres in the Baileys Harbor Boreal Forest Natural Area in Door County from Edward and Marian Augustine for \$1,120,000 (\$251,000 in stewardship bonding and \$869,000 in federal funding); and,
- 80 acres in the Loew Lake Unit of the Kettle Moraine State Forest in Washington County from Mark and Susan Landt for \$485,000.

BACKGROUND

Warren Knowles-Gaylord Nelson Stewardship Program

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending in fiscal year 1999-2000. The law allocates funding among twelve categories of land acquisition and development programs.

The stewardship program currently authorizes \$6.7 million annually for the Department's general land acquisition program. This bonding is used to purchase land for a number of Department functions, including fisheries management, forests, parks, wildlife management, wild rivers and resource areas. When a DNR project is planned, a map showing the desired borders for the whole project is drawn. Usually, not all of the land proposed for the project is for sale at that time. Under this program, DNR purchases property that is available within the mapped boundaries and then buys additional parcels as they come on the market to fill out the project borders.

In addition, \$1.5 million is authorized annually for the natural areas acquisition program, which existed prior to the stewardship initiative. Under this program, the Department purchases land that has educational or scientific value or is important to the state's genetic or biological diversity. These natural areas also frequently provide habitat for endangered or threatened species, and may include areas with significant geological or archaeological features.

It is also expected that DNR will allocate \$1.9 million annually of land acquisition funds from the federal government from such sources as the Land and Water Conservation Act, the Sport Fish Restoration Act and the Wildlife Restoration Act. Therefore, a total of \$250 million (\$25 million annually) is available under the stewardship program.

Baileys Harbor Purchase

Baileys Harbor Boreal Forest Natural Area was officially established in 1995 to protect natural communities and populations of rare species along portions of the Lake Michigan shoreline in Door County. As of July 1, 1998, DNR controlled 257 acres within the project boundaries of the natural area, which is about 22 percent of the overall acreage goal of 1,180 acres. Over \$1.1 million has been expended on the acquisition of property in the unit.

The Augustine parcel is located two miles northeast of the village of Baileys Harbor in northeastern Door County. Wooded upland covers about 92 acres of the property, and a building site with a residence, garage and sheds covers the remaining 2.94 acres. Approximately 1,720 feet of frontage along Lake Michigan is also part of the property. The land is currently used as a personal residence and private 49-site campground. The proposed use, if purchased by the Department, would be for natural area protection, public recreation and natural history research and education. DNR currently owns land on the northeastern boundary of the property.

The property is currently zoned estate district, which is intended to provide for low density single family residential and planned residential developments on lots of at least five acres so as to provide some space for vegetation and open areas. The assessed value of the property for tax purposes in 1995 was \$908,500. A total of \$12,175 in property taxes was paid on the land that year.

Two private appraisals were done on the Augustine property. The first, done on December 21, 1995, identified the highest and best use of the property as residential. This appraisal utilized two separate approaches to value the property:

- the direct sales comparison approach, in which the subject property is compared to recent sales of similar properties, with adjustments made for differences which are commonly recognized in the real estate market. The comparable sales, when adjusted, provide some indication of a probable sales price of the subject property; and
- the developmental approach, in which the retail selling price of subdivided lots and other future developmental costs are estimated.

The direct sales comparison approach ~~set~~ the value of the property at \$1,056,000, while the developmental approach ~~placed~~ it at \$1,058,000. The appraisers ultimately estimated the value of the property to be \$1,050,000.

A second appraisal, done on December 28, 1995, identified the highest and best use of the property as either single family residential development or campground with excess land. For the purposed of valuing the property, the appraisal split it into three parts, valued as follows: \$688,000 for the water frontage, \$272,000 for the campground and \$160,000 for the backland. Thus, the combined value of the entire Augustine property was estimated to be \$1,120,000.

The Augustine purchase would be completed in two phases. In the first phase, DNR would pay \$500,000 (approximately \$300,000 in federal funds and \$200,000 in state funds) for about 77 acres that is within the Department's property boundary and an additional 1.25 acres (including approximately 200 feet of lake frontage) outside the boundary that includes the main residence. The \$500,000 will be paid out in three installments: \$433,000 upon closing; \$33,000 on or about January 31, 1999; and \$34,000 on or about January 31, 2000. In addition, 5 percent interest would be paid on the amounts after closing (an estimated \$5,050).

The Augustines would then rent the residence from the Department for \$500 per month for a minimum of three years after the closing date for the purchase. They would also continue to operate the campground during this time and gradually cease its operation as customers find other places to camp. The Nature Conservancy has offered to donate \$6,000 for future relocation costs. The Department intends to resell the residence after the Augustines have relocated. The December 21, 1995, appraisal placed the value of the residence on a two-acre parcel with 215 feet of lake frontage at \$220,000.

The second phase would begin upon the death of one of the Augustines. The remainder of the property outside the property boundary (approximately 17 acres, including 1,500 feet of lake frontage) would be purchased by the Department for \$620,000 (approximately \$569,000 in federal funds and \$51,000 in state funds). DNR intends to place some development-related deed restrictions on the remainder of the property outside the property boundary and resell it. The

why would
N.C. pay
relocation
if DNR is
going to
turn around +
sell it
to somebody
else?

Department indicates that the disposition of the remainder of the lakefront property would depend in part on the amount received for the existing residence and the level of restrictions placed on the property to preserve the lakefront in a relatively natural state. One to three parcels are being considered, with a single family home allowance on each. The appraisals would place the value if sold as two parcels at roughly \$700,000. DNR indicates that the agency may also explore the option of trading the land for other property within the Baileys Harbor Natural Area boundary.

Any funds accruing to the Department from the resale of any property or improvements would be deposited into an appropriation in the conservation fund, which can then be used for land acquisition, development and improvement related to the general conservation functions of the Department (such as fish and game refuges, forests, parks, trails, recreational areas, natural areas and habitat areas). All moneys received by DNR from rental of property owned by the Department are also deposited in the conservation fund and used for the maintenance of those properties.

The Augustine purchase was approved by the Natural Resources Board at its August, 1998, meeting on a vote of 7 to 0.

Loew Lake Purchase

The Loew Lake Unit of the Kettle Moraine State Forest was officially established in 1996 to provide recreational opportunities in the southeastern portion of the state and to protect the natural and scenic value of the kettle moraine landscape. As of July 1, 1998, the Department controlled 1,086 acres within the project boundaries of the unit, which is about 51 percent of the overall acreage goal of 2,133 acres. Over \$2.2 million has been expended on the acquisition of property in the unit.

The Landt parcel is located on the western boundary of the Loew Lake Unit in the town of Erin in southwestern Washington County, approximately six miles southeast of Hartford. The property consists of 52 acres of woodland, a 25-acre tree nursery and a three-acre building site with an older residential two-story farmhouse and a detached three-car garage. The parcel is bordered on three sides by state-owned land. The present use of the property is rural residential, with portions of agricultural and lowland conservancy use. The proposed use of the land, if purchased by DNR, would be public recreation, forestry management and the Ice Age Trail.

The assessed value of the Landt property for tax purposes in 1997 was \$96,300. A total of \$2,253 in property taxes was paid on the land that year. Of the 80 acres, 76 are enrolled in the managed forest land program and thus exempt from local property taxes. The property is primarily zoned agricultural district, which is intended to hold agricultural land until rezoning is approved, with non-farm residential development being prohibited until rezoned as such. Portions of the land are also zoned floodland district (intended to preserve in open space and natural use land unsuited to development due to poor soil conditions and periodic flood inundation) and shoreland overlay (intended to provide protection of those lands with shoreland areas, including all land within 1,000 feet of a lake).

Two private appraisals using the direct sales comparison approach were done on the Landt property. The first appraisal, completed on May 5, 1998, identified single family residential and recreational development as the highest and best use, and estimated the overall value of the property to be \$496,000. A second appraisal, completed on May 18, 1998, identified low density rural residential development as the highest and best use, and estimated the value of the property to be \$440,000.

The house and approximately two acres of land will be leased back to its current owners for a period of up to three years for \$200 per month. At the end of the lease, DNR intends to sell the house for removal or salvage and return the site to a natural condition. The public would have access to the entire property except for the area being leased. The present owners would also retain the right to remove nursery stock for a three-year period.

The Landt purchase was approved by the Natural Resources Board at its August, 1998, meeting on a vote of 4 to 3.

Joint Finance Review

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed encumbrance or expenditure. If the Co-chairpersons do not notify DNR within 14 working days after the Department's notification that a meeting has been scheduled to review the request, DNR may make the encumbrance or expenditure. If an objection to the project is made, then the Co-chairpersons must schedule a meeting to consider the request. DNR may make the proposed expenditure only with Committee approval.

DNR notification of these purchases was received by the Co-chairpersons on August 28, 1998. On September 17, 1998, the Co-chairpersons notified the Department that a meeting would be scheduled to review the request.

ANALYSIS

The funding for the Augustine purchase in Baileys Harbor would come from two sources: (a) \$251,000 from the natural areas acquisition component of stewardship; and (b) \$869,000 coming from federal Coastal Wetlands Planning, Protection and Restoration Act grant funding. As of August 31, 1998, the natural areas acquisition category of stewardship had an unobligated balance of nearly \$3.0 million. The Department indicates that the federal funding from the Coastal Wetlands Act is reserved for purchases in the Baileys Harbor Boreal Forest Natural Area. If the federal funding is not used to purchase the Augustine property, it would be available for future purchases within the project boundaries.

The funding for the Landt purchase in Loew Lake would come from the general land acquisition component of stewardship. As of September 18, 1998, the general land acquisition category had an unobligated balance of approximately \$3.1 million. Any stewardship funding that is not approved for either the Landt or the Augustine purchase would remain in the overall balance of the stewardship program and would be available for future purchases from the respective categories.

Given that both purchases are within high-growth areas, the per acre cost of each (\$11,800 for the Augustine purchase, \$6,100 for the Landt purchase) could be considered high compared to potential purchases in most other areas of the state. It could be argued that the Department could better use stewardship funding to purchase larger areas of land in less-developed areas of the state. In this way, the buying power of stewardship in terms of acres acquired and landscape preserved could be better maximized. This would then maintain relatively larger areas of land under state control as development spreads into new areas of the state.

On the other hand, under administrative rule, DNR places principal emphasis on the acquisition of lands in the more heavily populated areas of the state and in places readily accessible to such areas. It could be argued that stewardship funding is best leveraged when used to purchase land that is under more immediate threat of being developed, rather than land in more slowly urbanizing areas that is more likely to remain in a less-developed state. In addition, the Committee has recently approved purchases in Dane, Waukesha and Sauk Counties, for example, that meet or exceed the per acre cost of the proposed purchases in Door and Washington Counties.

If, however, land that could be preserved is likely to otherwise be developed, it is often within the power of localities to zone the land in such a way as to maintain it in a relatively undeveloped state, if that is the preferred local option. Rather than spending limited state stewardship money to purchase land with a relatively high per acre cost, the state could instead rely more heavily on localities to preserve appropriate green space through zoning and other land use planning.

The proposed purchases would both be part of state properties. Thus, it could be argued that if the state wants the land preserved, the state should pay the market value in order to do so. Also, the power of zoning as a tool for land preservation is limited by the willingness of the locality to maintain land in an undeveloped state. Further, zoning ordinances must allow a reasonable use of the property by the owner to avoid a taking of private property for public use. If a parcel is not purchased by the state, a change in the zoning of that parcel at any time could result in the development of land that could otherwise have been preserved.

It could also be argued that by setting project boundaries and purchasing land within those boundaries, the state is adding value to certain parcels of land that they otherwise would not have. Regarding the Loew Lake purchase, for example, the landowners have a property that is bounded on three sides by state-owned land. The value of that privately-owned land is increased because it becomes more important to completing and achieving the goals of the project than it would be if

there was no state land around it. Thus, it could be argued that DNR is paying an increased price for these and similar parcels of land because of its previous purchases.

However, such conditions can be seen as an inevitable consequence of setting boundaries for project planning in the first place. As with any entity, public or private, that attempts to secure land held by many different owners, that entity might have to pay a higher price to the last landowners within a project boundary than they would if that owner were among the first to sell. Further, under administrative rule, consolidation and completion of existing projects is given higher priority than new acquisitions. Also, in addition to the presence of a state property, the general development pattern in the area, location and other features of the property contribute to its per acre value.

ALTERNATIVES

1. Approve the DNR requests to purchase 94.94 acres in the Baileys Harbor Boreal Forest Natural Area in Door County from Edward and Marian Augustine for \$1,120,000 (\$251,000 in natural areas acquisition bonding and \$869,000 in federal funds) and 80 acres in the Loew Lake Unit of the Kettle Moraine State Forest in Washington County from Mark and Susan Landt for \$485,000 in general land acquisition bonding from the Warren Knowles-Gaylord Nelson stewardship program.

2. Approve the request to purchase the Baileys Harbor parcel from the Augustines.

3. Approve the request to purchase the Loew Lake parcel from the Landts.

4. Take no action. (Neither purchase would be approved.)

Prepared by: Russ Kava