

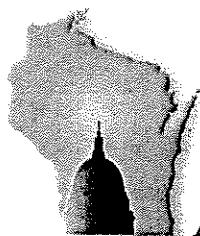
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XII. Department of Administration – Linda Seemeyer, Deputy Secretary

The department requests a supplement of \$500,000 PR from the Committee's appropriation under s. 20.865(4)(g) to the department's management assistance grants to counties appropriation under s. 20.505(1)(ku) for the purpose of providing a grant to Menominee County as required under 1999 Wisconsin Act 9.

Governor's Recommendation

Approve the request, placing the escrow funds for the County Highway building in unallotted reserve for release upon the submittal to DOA of the needs assessment plan.

**WISCONSIN DEPARTMENT OF
ADMINISTRATION**SCOTT McCALLUM
GOVERNORGEORGE LIGHTBOURN
SECRETARYOffice of the Secretary
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Date: April 20, 2001

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration *George Lightbourn*

Subject: Section 13.10 Request from the Department of Administration for assistance grants to Menominee County.

Request

The department requests a supplement of \$500,000 PR from the Committee's appropriation under s. 20.865(4)(g) to the department's management assistance grants to counties appropriation under s. 20.505(1)(ku) for the purpose of providing a grant to Menominee County as required under 1999 Wisconsin Act 9.

Background

1999 Wisconsin Act 9 created a management assistance program attached administratively to DOA to provide financial assistance to counties in order to fund public safety, public health, public infrastructure, public employe training and economic development.

Grants can be awarded to counties who meet the following criteria: a) do not contain any incorporated municipalities, b) have a geographic area of less than 400 square miles, c) submit a detailed expenditure plan that identifies how funds are to be expended and how the proposed expenditures will enable the county to meet its goals outlined above, and d) maintain fiscal records in accordance with the accounting procedures established by the Department of Revenue.

The amount of \$500,000 PR annually was placed into the Committee's appropriation under 865(4)(g) to be released upon submittal of a detailed expenditure plan to a county which meets all of the criteria for the program.

Analysis

Currently only Menominee County meets the geographic and demographic criteria outlined in 1999 Act 9, the 1999-01 budget. The county has submitted a reasonably detailed expenditure plan for the funds, including rationale for the

intended use of the funds. A letter from the Department of Revenue (DOR) to the Secretary of DOA certifies that the county maintains its financial record keeping in accordance with DOR requirements.

The county has identified five major areas in which to utilize grant money: (1) Public Administration; (2) Public Safety; (3) Human Services Administration; (4) Highway Administration and Maintenance; and (5) County/Town road Improvement Program.

- **Public Administration:** To serve its approximate 2,000 voters, the county requests funds to obtain two electronic voting machines. The machines will serve two polling places around the county (\$10,000).
- **Public Safety:** A 1998 Legislative Audit Bureau report on Menominee County indicated that the primary concern to residents and tax payers is law enforcement. The county is cited with the highest adult and juvenile arrest rates of any county in Wisconsin, according to the report. In response, the county's grant request for last year included amounts for two squad cars as well as communications equipment.

The current request proposes funding for an additional deputy sheriff to attempt to meet the county's law enforcement need. Total costs for the new position, including salary (\$31,200), fringe benefits (\$12,300) and equipment/training (\$6,500) is \$50,000. On-going support of this position will be required. However, the grant funding does not continue beyond 2000-2001. As a result, the on-going support beyond first year costs will need to be provided by the county.

- **Health and Human Services:** Grant funding would be used to replace two aging mini-vans used for general transportation. The vehicles identified for replacement have an average of 117,000 miles. The replacement cost is estimated at \$20,000 each which is consistent with DOA acquisition of similar types of vehicles. A total of \$40,000 will be used to replace the vehicles.
- **Highway Administration and Maintenance:** The 1998 LAB report indicated that the county did not have adequate facilities or equipment to provide appropriate road maintenance. As a result, the county requests funding to replace a general service truck with 210,000 miles (\$25,000) as well as a tractor-mower which is 25 years old (\$50,000).

The county also requests to establish an account for \$135,500 as a future down payment for the replacement of the county Highway Shop. Total future replacement cost is estimated to be \$2.5 million. The county is currently completing a needs assessment for space, plans and design. DOA has requested that these funds be released but placed into unallotted reserve in the

appropriation under 20.505(1)(ku) to be released by the State Budget Office upon the submittal of the needs assessment report to the Division of Facilities Development for review and second opinion.

- **County and Town Road Improvement Project:** The grant funding will also be used to provide continued support for the county's road improvements. As the 1998 LAB report pointed out, many of the county's roads in densely populated areas are not paved. This grant would provide \$150,000 for town road improvements and \$35,000 for county road improvement to combine with local and tribal match to provide county road improvements. The total amount committed to road improvement is broken down as such:

Grant Funding - town roads	\$150,000
Grant Funding - county roads	35,000
Tribal Funds - county roads	35,000
CHIPS - county roads	70,000
Total grant with match	\$290,000

The county has also proposed the use of \$6,500 to acquire a file server that would link existing stand-alone devices in the highway offices.

Table 1 represents the grant request with detailed amounts per item.

<u>Public Administration</u>	<u>Amount</u>	<u>Total</u>
◆ Voting Machine for county clerk use	\$10,000	\$10,000
<u>Public Safety</u>		
◆ New full-time deputy sheriff	\$50,000	\$50,000
<u>Highway Administration and Maintenance</u>		
◆ Replace 4-wheel drive truck	\$ 25,000	
◆ Replace mower/tractor	50,000	
◆ Network file server	6,500	
◆ Escrow funds for new County Highway Shop	133,000	\$215,000
<u>County/Town Road Improvements</u>		
◆ County road paving and repairs	\$35,000	
◆ Town Road paving and repair	150,000	<u>\$185,000</u>
<u>Total Grant Requested:</u>		<u>\$500,000</u>

Members, Joint Committee on Finance
Page 4
April 20, 2001

Recommendation

Approve the request, placing the escrow funds for the County Highway building in unallotted reserve for release upon the submittal to DOA of the needs assessment plan.

Prepared by: Cynthia Dombrowski
266-5878



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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XII

Date: March 16, 2001

To: Senator Brian Burke, Co-Chair
Representative John Gard, Co-Chair
Joint Committee on Finance
Room 315-N Capitol
Madison, WI 53708-8952

From: George Lightbourn, Secretary
Department of Administration

Request

Under the provisions of 1999 Wisconsin Act 9 (section 1v), the department requests release of \$500,000 program revenue expenditure authority from the committee appropriation under s.20.865(4)(g) to the under s.20.505(1)(ku) [*management assistance grants for counties*] for the purpose of making a management assistance grant to Menominee County.

Background

1999 Wisconsin Act 9 -- the 1999-2001 biennial budget -- created a management assistance grant program under s.16.18, administered by DOA, to provide financial assistance to counties to fund public safety, public health, public infrastructure, public employee training and economic development. Further criteria provide that grants will be made to counties that (1) do not contain any incorporated municipalities; (2) have a geographic area of less than 400 square miles; (3) submit a detailed expenditure plan that identifies how the funds are to be expended and how the expenditures will meet goals for the functions above; and (4) maintain financial records in accordance with accounting procedures established by the Department of Revenue.

Funds in the amount of \$500,000 PR annually were established for the program and placed within the PR appropriation of the Joint Committee on Finance to be transferred under s.13.10 upon request by DOA and a finding that a county has met the eligibility criteria of the grant program. (Per Act 9, no finding of an emergency is required under this s.13.10 action by the Committee.)

Basis for the Grant

DOA is requesting release of funds for FY2001 in the amount of \$500,000 PR for Menominee County based on the following:

- Menominee County is the only county eligible under criteria 1 and 2 above.
- Menominee County has submitted a reasonably detailed expenditure plan for the funds, including rationale for use of the funds (criterion 3)

- The Department of Revenue has previously certified in a letter to the Secretary of DOA that the county maintains its financial records in accord with DOR requirements, and in a timely manner with acceptable accuracy (criterion 4)

Criteria 1, 2 and 4 require no further elaboration. With respect to criterion 3--the detailed expenditure plan and program justification--the following table and explanation summarizes the grant request as received from the Office of the County Coordinator and reviewed by the department:

Table - Detailed Grant Request

<u>Public Administration</u>	<u>Amount</u>	<u>Program Total</u>
Voting machines for county clerk use	\$ 10,000	\$ 10,000
▪ <u>Public Safety</u>		
Add new full-time deputy sheriff	50,000	50,000
• <u>Human Services Administration</u>		
Replacement of 2 minivans	\$ 40,000	40,000
• <u>Highway Administration and Maintenance</u>		
Replace 4-wheel drive pickup	\$ 25,000	
Replace mower tractor	50,000	
Network file server for highway office	6,500	
Escrow funds for building County Highway shop	<u>133,500</u>	215,000
▪ <u>County/Town Road Improvement Program</u>		
County road paving and repair (match)	35,000	
Town road paving and repair	<u>150,000</u>	<u>185,000</u>
<u>Total Grant Requested:</u>		<u>\$500,000</u>

Supporting Program Narrative

Public Administration

To improve voter access and strengthen voting administration, the county request \$10,000 for acquisition of two electronic voting machines to serve the county's approximate 2,000 voter base. Two machines are requested to serve two polling places across the county.

Public Safety

The 1998 LAB report summary notes that "the service of most pressing concern to taxpayers is law enforcement. Menominee County has had the highest adult and juvenile arrest rates of any county in the state." (ibid.). Last year's approved grant included funds for two squad cars and communications equipment. This year the county proposes the funding of an additional deputy sheriff position to the

current 7 full-time deputies, for a first-year cost of \$50,000 based on:

Salary	\$31,200
Fringe benefits	12,300
Equipment/training	6,500

The salary is based on the current salary level paid to other county deputies. Fringe benefits are estimated at 39.5% of salary. This is well within the department's experience with positions in protective services. (Capitol Police fringe costs run approximately 43%. Other state agencies protective positions run 3-11% above average fringe costs of about 35%.) The initial outlay for training and equipment is also typical of the department's experience with initial officer hires. It should be pointed out that retention of a new sheriff's position will require future year funding by the county if the management assistance grant does not continue in 2001-2003.

Health and Human Services

The grant would replace 2 aging mini-vans used for general transportation. Estimates of cost at \$20,000 each are within experience of the department in acquiring similar types of vehicles. The vehicles to be replaced have average 117,000 miles. At this level of use and age, safety and maintenance become a major concern.

Highway Administration and Maintenance

The county requests a total of \$215,000 under this grant for highway administration and maintenance. (Last year's grant approved by the Committee included \$324,000 for this category of costs.)

This request would replace a general service truck that has 210,000 miles, plus a tractor-mower that is 25 years old. The request appears consistent with the County's plan to replace and upgrade highway services. In its supporting documentation for last year's grant, the county provided a listing of its current vehicle inventory. That general inventory showed 46 vehicles in the overall fleet, approximately half being pre-1990 manufactured vehicles or equipment pieces. Within the highway department itself, half the vehicles were manufactured in 1986 or earlier. This funding request is consistent with the 1998 LAB report which states that the county "has inadequate facilities and equipment to provide road maintenance..."(page 2, summary). Quotes will be obtained for all equipment.

This grant continues also continues a focus on road improvements. The provision of funds for road pavement is consistent with the 1998 LAB report observation that "many of the town roads in the densely developed lakes area are not paved." The grant proposes \$150,000 to combine with local funds for town roads, as well as \$35,000 (combined with \$35,000 in tribal funds) to match CHIPS funding of \$70,000 for county road improvements. In total the grant request supports road funding as follows:

Grant funds-town roads	\$150,000
Grant funds-county roads	35,000
Tribal funds-county roads	35,000
<u>CHIPS-county road program</u>	<u>70,000</u>
Total grant and leveraged funds:	\$290,000

Finally, two other items are included in the grant proposal with respect to more effective highway administration. One is \$6,500 for acquisition of a file server (computer) to link existing stand-alone devices in the highway offices. This appears consistent with technology trends. Office computers need the ability to share electronic files and data more dynamically.

The remaining item is a request to establish an account in the amount of \$133,500 as a future down payment for replacement of the county Highway Shop. Total future replacement cost is estimated at \$2.5 million. The county is completing a needs assessment for space, site plans and design.

Two questions might be raised with respect to this part of the grant request. The first is does the shop need to be replaced? Replacement is supported based on the Town of Menominee Building Inspector's report. While I respect the recommendation for replacement, I suggest that the Committee release this amount of funding with the restriction that it be placed in unallotted reserve under 20.505(1)(ku). I would then direct the State Division of Facilities Development to review the recommendation and provide a second opinion to me. Assuming that opinion concurs, I would then ask the State Budget Office to release the funds.

Second, does the escrowing of funds make sense at this time given the overall cost of the project and the fact that final financing is under discussion? Given the limitation under 13.101(15) that joint committee on finance may provide not more than \$500,000 in any fiscal year in this program, deferring current budgeted dollars to a future grant cycle may require a statutory change. As an alternative, then, it may make sense to award and escrow the funds. The county can then proceed to negotiate a financing plan for the facility knowing that base revenues of \$133,500 are available for the start of the project.

Summary

The department requests release of \$500,000 PR expenditure authority for FY2001 to enable it to award a management assistance grant to Menominee County consistent with the purposes detailed in the county's application. The department expects the county to fulfill the terms of the grant by acquiring, installing and implementing the improvements within a reasonable period of time (12 months) from the date of the grant award. Should the Joint Committee on Finance release the funds to the department to make the grant to the county with any other conditions, those terms would of course be included in the grant award letter.

On behalf of Menominee County, I look forward to your favorable review of this request. Representatives from Menominee County and the department will be present at the next 13.10 meeting to address any questions you may have. I ask that you notify the Office of the County Coordinator as soon as the meeting date is scheduled.

attachments

cc: Rick Chandler, State Budget Director
Bob Lang, Legislative Fiscal Bureau
Ron Corn, Menominee County Coordinator

13.10 Meeting
April 24, 2001
Agenda Item XII

Issue: Administration - Request for the Release of \$500,000 PR to the Management Assistance Grant Program (Menominee County)

Staff Recommendation: Alternative 1

Comments:

Menominee County is requesting \$500,000 PR in management assistance grant funding. LFB says the request is reasonable and that the County expenditure plan meets the program's goals. Alternative 1 gives them the whole amount and seems like the way to go.

LFB also makes a case for Alternative 2 which would place a portion of the funding (\$133,500) in unallotted reserve for release upon the approval of DOA. The money is to be used to construct a new maintenance facility for the County highway department. Apparently, DOA thinks there could be some cost savings realized here and want to conduct an independent review of the condition of the current facility. Seems overly burdensome to the County to me. I think it is reasonable to give them all the money up front.

Prepared by: Julie



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 24, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Section 13.10 Request for the Release of \$500,000 PR to the Management Assistance Grant Program -- Agenda Item XII

REQUEST

The Department of Administration (DOA) requests release of \$500,000 PR from the Joint Committee on Finance appropriation under s. 20.865(4)(g) to the management assistance grant program under s. 20.505(1)(ku) for distribution to Menominee County.

BACKGROUND

Since its creation in 1961, Menominee County has had difficulty meeting its financial needs due to a limited property tax base. In response to this concern, the Legislative Audit Bureau (LAB) evaluated the County's financial condition in 1998 and a statutorily authorized task force reviewed the County's management practices in 1999. Later that year, the Legislature created the management assistance grant program as part of 1999 Act 9, the biennial budget. For 2000, Menominee County received a \$500,000 grant under the program.

LAB Evaluation. In 1997, the Joint Legislative Audit Committee requested the LAB to examine Menominee County's financial practices. The LAB's 1998 evaluation highlighted a series of financial problems faced by Menominee County, which included:

- an operating deficit caused by expenditures in excess of revenues;
- high property tax bills;
- low service levels;
- demand for improved road and fire protection services;

- high human services caseloads;
- uncertainty regarding the adequacy of law enforcement services;
- limited potential for tax base growth; and
- loss of state aid under the shared revenue program.

The LAB presented four options for addressing these problems. One option involved providing additional state assistance and included alternatives such as a series of grants for equipment and other capital needs in the highway and sheriff's departments, special grants for road improvements, a grant to offset the 5% annual reduction in the County's shared revenue payment, and additional state assistance to enhance the County's human services and law enforcement functions. However, the LAB cautioned that additional state assistance should be preceded by the County addressing certain problems and thereby ensuring that any forthcoming state funds are well managed. Among the management problems in need of improvement, the LAB urged the County to improve its financial reporting, comply with open meeting laws and improve its budgeting practices. Subsequently, the LAB found that Menominee County had "taken a number of positive steps to improve their management and fiscal accountability to taxpayers."

Task Force Review. A seven-member task force was created by 1997 Act 237 to review the actions taken by the Menominee County Board in response to the management problems raised by the LAB. In addition, the task force was directed to report its findings to the Joint Committee on Finance and to make recommendations regarding additional state aid for Menominee County. A preliminary draft of the report was issued in April, 1999, and a final report was transmitted in June, 1999. In addition to finding that the County had made "significant progress ... in addressing each of the concerns" raised by the LAB, the task force recommended creating a management assistance grant program and providing \$500,000 annually for five years to be used in the areas of public safety, health, infrastructure, employee training and economic development.

Grant Program. The recommendations of the task force were incorporated into provisions in 1999 Act 9 (the biennial budget), which created the management assistance grant program. At its meeting on May 3, 2000, under s. 13.10 of the state statutes, the Joint Committee on Finance released \$500,000 from its appropriation under s. 20.865(4)(g) to the management assistance grant program for distribution to Menominee County. The funds were to be used for computer-related expenses and the purchase of equipment for the highway and sheriff's departments. DOA staff indicate that the funds have been expended in a manner that is consistent with the County's initial request.

DESCRIPTION

The management assistance grant program was created to provide financial assistance to counties to fund public security (public safety), public health, public infrastructure, public employee training and economic development. Grants are to be provided to any county that does not contain any incorporated municipalities and has a geographic area of less than 400 square miles. In

addition, the county must maintain its financial records in accordance with accounting procedures established by the Department of Revenue (DOR). Finally, the county must submit a detailed expenditure plan that identifies how the funds are proposed to be expended and how those expenditures meet the program's goals. DOA administers the program.

Eligible counties may receive grants of up to \$500,000 annually. Grants are limited to Menominee County, because it is the only county that does not contain any incorporated municipalities and has a geographic area of less than 400 square miles. To receive a grant, the Joint Committee on Finance must first transfer the grant amount from its PR appropriation to DOA's management assistance grant appropriation under the s. 13.10 process. State law provides that the transfer be based on the Committee's finding that the County is eligible to receive a grant.

ANALYSIS

For 2001, Menominee County proposes to spend the \$500,000 in grant proceeds for the following items:

<u>Highway Department</u>	
Replace four-wheel drive pickup	\$25,000
Replace mower tractor	50,000
Network file server	6,500
Road paving and repair	185,000
Escrow funds for county highway shop	<u>133,500</u>
Subtotal	\$400,000
 <u>Sheriff's Department</u>	
Add new full-time deputy sheriff	\$50,000
 <u>Human Services Department</u>	
Replacement of two minivans	\$40,000
 <u>County Clerk</u>	
Purchase of two voting machines	<u>\$10,000</u>
 Grand Total	 \$500,000

State law restricts management assistance grants to counties that identify how the proceeds will be used relative to the five enumerated functions. These functions are sufficiently broad to be construed to include the designated expenditures.

Relative to the request, 80% of the assistance would be expended for highway and road-related purposes. The largest item is for repair and repaving of county and town roads (\$185,000). The funds would be leveraged to match town, tribal and state funds to support \$290,000 in total expenditures. An additional \$75,000 would be used to replace aging highway department equipment. The 1998 LAB evaluation highlighted "inadequate" road maintenance and a substantial percentage of unpaved town roads as some of the most serious taxpayer concerns about the county. In raising concerns about maintenance, some taxpayers questioned if the county's equipment performs reliably due to its age. One of the pieces of equipment that would be replaced is 25 years old, and the other is a 1990 model year vehicle that has recorded 210,000 miles. Replacement of aging highway equipment was the largest expenditure item included in the County's grant last year.

The second largest proposed expenditure would be to escrow \$133,500 related to the future construction of an office and maintenance facility of the highway department. Total construction costs were initially estimated at \$2.5 million. The County submitted a review by its building inspector of a mobile home and three existing buildings, which are used by the highway department as its offices and shop area. The review questioned the integrity of electrical wiring in the shop and cited structural deficiencies in foundation, wall and roof areas.

Although the County has submitted information regarding the condition of the highway department's office and maintenance shop, DOA has raised two questions related to this portion of the request. First, DOA offers to have its Division of Facilities Development make an independent evaluation of the condition of the existing buildings. The DOA Secretary suggests that the \$133,500 could be placed in unallotted reserve and released upon DOA's finding that replacement of the facilities is warranted. Second, DOA questions if the release of the \$133,500 makes sense at this time, since the County has not finalized its plans with regard to the scope or cost of the construction project. However, due to the current law limit of \$500,000 on the amount of the transfer from the Committee's supplemental appropriation in any fiscal year, DOA concludes that it may make sense to award the \$133,500 at this time and allow the County to escrow the funds. If the Committee decides not to release the \$133,500 at this time, the funds could be released in a future fiscal year. However, if the Legislature decides to provide additional funding in the 2001-03 biennial budget, an amendment to the annual limit may be needed, depending on the amount provided.

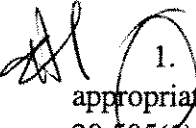
Menominee County has obtained the services of an engineering consultant to evaluate the needs of its highway department. Although the consultant did not evaluate the structural condition of the existing facilities, the consultant found that the existing physical plant should be expanded from 10,000 square feet to 40,000 square feet. This recommendation was based, in part, on an examination of recently constructed facilities in Peshtigo and Forest County. Based on construction costs of \$56 per square foot, the facility would have an estimated cost of \$2.2 million. The County indicates that equipment for the facility would increase the total cost to about \$3 million. DOA was not made aware of the consultant's report prior to making the Department's suggestions about the \$133,500.

The next largest expenditure proposed by the County is \$50,000 to add an additional full-time deputy sheriff. "Public security" is one of the enumerated functions for which grant proceeds must be used, and the LAB evaluation cited law enforcement as "perhaps the area of most pressing concern to taxpayers." Also, the LAB reported that the 1998 county budget reduced staffing from eight to four full-time deputies and cut the number of around-the-clock patrols from two to one. The Sheriff maintained that this was below the minimum safe staffing level since patrols would not have on-duty backup. Staffing was increased to six deputies in 2000, and an additional deputy has been authorized for 2001. A position funded through the management assistance grant program would return staffing to its 1997 level. The requested funding level is based on that required for the County's existing deputies, and is reasonable in comparison to the funding requirements associated with the State Patrol. The Governor's budget proposal does not include funding for the management assistance grant program in the 2001-03 biennium. Menominee County has indicated that if funding is not restored, the County would attempt to fund the position through other grant programs.

The County requests \$40,000 to replace two minivans used by the human services department. "Public health" is one of the enumerated functions for which grant proceeds must be used. State law requires counties to provide eligible residents with certain services, such as mental health, alcohol and drug treatment. The vans are used to provide residents with transportation to the programs. The existing vans have recorded 129,000 and 106,000 miles, respectively, and are of the 1995 model year. DOA notes that it has experienced comparable costs when purchasing similar equipment.

Finally, the County would use \$10,000 to purchase two electronic voting machines. Such an expenditure could fall within the "public infrastructure" function for which funds must be expended. Currently, the Menominee Tribe provides voting machines to the County through a contractual arrangement.

ALTERNATIVES

 1. Approve the request to release \$500,000 PR from the Joint Committee on Finance appropriation under s. 20.865(4)(g) to the management assistance grant program under s. 20.505(1)(ku) for distribution to Menominee County.

2. Approve the request to release \$500,000 PR from the Joint Committee on Finance appropriation under s. 20.865(4)(g) to the management assistance grant program under s. 20.505(1)(ku) for distribution to Menominee County, but place \$133,500 of that amount in unallotted reserve. Instruct DOA to conduct an independent evaluation of the condition of the office and maintenance facility of the County's highway department, and require DOA to release the \$133,500 if the Department finds that the condition of the buildings warrants their replacement.

3. Modify the request to release \$366,500 PR from the Joint Committee on Finance appropriation under s. 20.865(4)(g) to the management assistance grant program under s. 20.505(1)(ku) for distribution to Menominee County. Instruct DOA to limit the funds to the purposes enumerated in Menominee County's grant request, but specify that no funds be placed in escrow for future building construction.

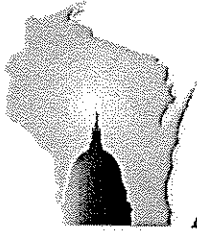
4. Deny the request.

Prepared by: Rick Olin

MO# Alt 2

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
MOORE	<input checked="" type="checkbox"/>	N	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
PLACHE	<input checked="" type="checkbox"/>	N	A
WIRCH	<input checked="" type="checkbox"/>	N	A
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DUFF	<input checked="" type="checkbox"/>	N	A
WARD	<input checked="" type="checkbox"/>	N	A
HUEBSCH	<input checked="" type="checkbox"/>	N	A
HUBER	<input checked="" type="checkbox"/>	N	A
RILEY	<input checked="" type="checkbox"/>	N	A

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**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

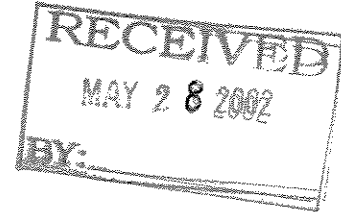
GEORGE LIGHTBOURN
SECRETARY

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Date: May 23, 2002

To: Senator Brian Burke, Co-Chair
Representative John Gard, Co-Chair
Joint Committee on Finance
Room 315-N Capitol
Madison, WI 53708-8952

From: George Lightbourn, Secretary
Department of Administration



Request

Under the provisions of 1999 Wisconsin Act 9 (section 1v), the department requests release of \$500,000 program revenue expenditure authority from the committee appropriation under s.20.865(4)(g) to the appropriation under s.20.505(1)(ku) [*management assistance grants for counties*] for the purpose of making a FY2 management assistance grant to Menominee County.

Background

1999 Wisconsin Act 9 created a management assistance grant program under s.16.18, administered by DOA, to provide financial assistance to counties to fund public safety, public health, public infrastructure, public employee training and economic development.

Further statutory criteria provide that grants will be made to counties that (1) do not contain any incorporated municipalities; (2) have a geographic area of less than 400 square miles; (3) submit a detailed expenditure plan that identifies how the funds are to be expended and how the expenditures will meet goals for the functions above; and (4) maintain financial records in accordance with accounting procedures established by the Department of Revenue.

Expenditures up to \$500,000 PR annually may be authorized by the Committee to supplement the amounts in the schedule under appropriation 20.505(1)(ku). Funds for the latter are actually from Indian Gaming revenues transferred under 20.505(8)(hm)18h of the statutes. The supplement process requires a s.13.10 request by DOA and a finding that a county has met the eligibility criteria of the grant program. (Per Act 9, no finding of an emergency is required under this s.13.10 procedure.)

Attachment 1 provides a summary of the two annual grants made since creation of Act 9.

FY2 Grant Request and Basis

The county has submitted a FY2 grant request to the department (*Attachment 2*) seeking funding of \$500,000 to replace a highway garage facility. (The FY01 grant included approval by the Committee permitting the county to escrow \$133,500 as an initial step in this project.) The county has submitted initial planning documents supporting a facility construction cost estimate of \$3,000,000. Upon approval

of the Committee and release of funds, ground-breaking would be scheduled for this coming August-September, with completion within one year.

According to the request, the county has obtained financing in the form of bond anticipation notes (\$1,020,000) and county general obligation bonds (\$1,875,000) for this project. In order to finance the debt service payments, the county states it will need to commit two years of eligible state grant funding, as well as most of its levy of available debt service over the next twenty years.

Facility Discussion

In May 2001, in reviewing the county's last grant request, the department conducted its own on-site inspection of the current highway maintenance facility. The Division of State Facilities Development (DFD) concurred with the county that the existing facility was substandard and the life of the facility exhausted. (See *Attachment 3* for May 2001 inspection memo.) In addition, DFD also reviewed the preliminary planning documents submitted by the county under its current FY2 request. The department considers the estimates of cost and assigned square footage to be within the normal range for a building of the type proposed by the county. With respect to siting, the county has secured a long-term land lease by referendum of the Menominee Nation. The new building site will be away from the Wolf River flood plain, a problem with the current site.

The projected time line for the project is:

- March 2002 preliminary facility design and site plan
- April 2002 final A&E drawings
- June 2002 grant approval by Joint Finance Committee
- June 2002 submit plans to State plan and review board
- July-Aug 2002 advertise, bid and award contract
- August 2002 construction begins
- Summer 2003 construction completed

Financing Discussion

The project application states that the county financing structure for the \$3 million facility is a combination of \$1.02 million in Bond Anticipation Notes, and \$1.875 million in General Obligation Bonds. Financing has been secured, "but is dependent on the [management assistance grant] for pay back." The debt retirement depends on approval of the current FY2 grant, plus anticipated FY3 grant dollars. In total the FY2 and FY3 grants of \$1,000,000 will be used to retire the bond anticipation notes (BAN) of \$1,020,000 (see *Attachment 4*). The notes are callable starting in August 2004.

Basis for the Grant

DOA recommends release of funds for FY202 in the amount of \$500,000 PR for Menominee County based on the following conclusions (see background for criteria):

- Menominee County is the only county eligible under criteria 1 and 2 above.
- Menominee County has submitted a reasonably detailed expenditure plan for the funds, including rationale for use of the funds (criterion 3)
- The Department of Revenue has previously certified in a letter to the Secretary of DOA that the county maintains its financial records in accord with DOR requirements, and in a timely manner with acceptable accuracy (criterion 4)

- The request meets a qualifying requirement for a grant (public infrastructure) as cited under s.16.18(2)(c).
- The amount of the request is within the maximum annual amount of a grant (\$500,000) provided under s. 16.18(5).

Approval Alternatives

Due to the fact that the bond anticipation notes (BAN) are not callable until August 2004, there appear to be alternative methods of approving the grant request that would allow the county to proceed with construction.

1. Approve and disburse the grant in full (\$500,000) to the county. Require that the county escrow funds in an interest-bearing county account to be applied to reduction of the BAN principal starting in August 2004; *or*
2. Approve the grant in full but have the department escrow (encumber) and hold the funds until August 2004 to retire the BAN at that time. *In addition:*
3. Approve an additional annual grant for FY3 to be escrowed (encumbered) by the department until August 2004, when it would be disbursed to the county to complete full retirement of the BAN. This would guarantee the county that funds are sufficiently pledged to cover the BAN for this project.

Summary

The department recommends release of \$500,000 PR expenditure authority by the Committee for FY2 to award a management assistance grant to Menominee County consistent for the purposes detailed in the county's request. The recommended release and payment of funds to the county is alternative 2 plus alternative 3. These approvals will enable the county to proceed with construction under the time line in the request.

Should the Joint Committee on Finance release the grant funds to the department with any additional conditions, those terms will be included in the grant award letter.

On behalf of Menominee County, I look forward to your favorable review of this request. Representatives from Menominee County and the department will be present at the 13.10 meeting to address any questions you may have. I ask that you notify the Office of the County Coordinator as soon as a meeting date and agenda is scheduled.

attachments

cc: David Schmiedicke, State Budget Director
Bob Lang, Legislative Fiscal Bureau
Ron Corn, Menominee County Coordinator

Attachment 1

FY 2000 Grant

<u>Public Administration software</u>	<u>Amount</u>	<u>Program Total</u>
Standard financial management package	\$ 30,000	
Payroll software	20,000	
Property tax	31,200	
Project/grant accounting	<u>5,000</u>	\$86,200
<u>Internet Access</u>		
Install T1 (high speed data line)	\$ 2,500	
Router and firewall (file/data protection s/w)	<u>2,000</u>	4,500
<u>Highway Department Equipment</u>		
Tandem truck, fully equipped	\$125,000	
Truck, fully equipped	95,000	
Plows for trucks	10,000	
Pre-mix storage shed	30,000	
Keyed gasoline system	25,000	
Matching funds for town road paving	<u>39,300</u>	324,300
<u>Sheriff Department Equipment</u>		
Two fully-equipped squad cars	\$ 60,000	
Grant for new communications system	<u>25,000</u>	<u>85,000</u>
<u>Total Grant Request/Release:</u>		<u>\$500,000</u>

Fiscal 2001 Grant

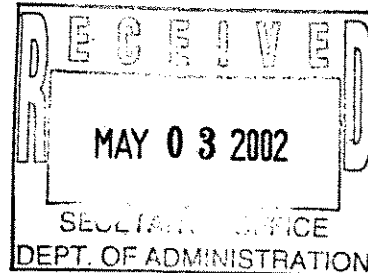
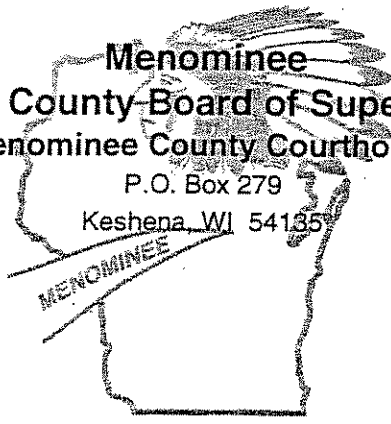
<u>Public Administration</u>	<u>Amount</u>	<u>Program Total</u>
Voting machines for county clerk use	\$ 10,000	\$ 10,000
<u>Public Safety</u>		
Add new full-time deputy sheriff	50,000	50,000
<u>Human Services Administration</u>		
Replacement of 2 minivans	\$ 40,000	40,000
<u>Highway Administration and Maintenance</u>		
Replace 4-wheel drive pickup	\$ 25,000	
Replace mower tractor	50,000	
Network file server for highway office	6,500	
Escrow funds for building County Highway shop	<u>133,500</u>	215,000
<u>County/Town Road Improvement Program</u>		
County road paving and repair (match)	35,000	
Town road paving and repair	<u>150,000</u>	<u>185,000</u>
<u>Total Grant Request/Release:</u>		<u>\$500,000</u>

Attachment 2
County grant application

Menominee
Town / County Board of Supervisors
Menominee County Courthouse

P.O. Box 279

Keshena, WI 54135



Date: April 1, 2002

To: George Lightbourn, Secretary
Wisconsin Department of Administration
P.O. Box 7864
Madison, WI 53707

From: Randy Reiter, Chairman Menominee County Board

Subject: FY02 Management Assistance Grant Request

Request

Under the provisions of Wisconsin Act 9 (section 1v) Wisconsin Biennial budget, Menominee County seeks funding of \$500,000 under the management assistance grant s.16.18 for FY2002. Menominee County meets grant eligibility requirements and seeks Department Of Administration (DOA) approval of the following expenditure plan. Upon approval of the plan by DOA a written request is to be forwarded by the department to the Joint Committee on Finance for PR funds to be transferred under s.13.10 for release to Menominee County.

Program Area of Request

Menominee County requests funding in the amount of \$500,000.00 based in the following program: **Replacement of Highway Facility**. The County has initiated a plan to construct a new 34,500 square foot modern highway facility. The cost of the project is approximately three million dollars. The County has obtained financing in the form of municipal bonds and has committed the next two years of eligible state grant funding to retire this debt (schedule enclosed). Also, most of its levy of available debt service over the next twenty years.

The highway shop program is a culmination of past years approved programs which includes a needs study, site study and replacement of dilapidated highway buildings. The assessment determined the need for a new site, minimum square foot needs and estimated cost of the program. The County has obtained land for the project by referendum vote of the Menominee Nation for a long-term land lease. Archeological

and environmental impact studies as well as topographic and land surveys are complete. An architect has been selected and the design phase of the project is nearing completion. Meetings with the local utility providers have been held and extensions to the site are planned for the summer of 2002. DOA approval of the request is critical to keeping the time-line for the project.

As you are aware the county as well as Wisconsin DOA have conducted independent inspections of the current facility. Both have concurred with the county plan to replace the highway facility "Funk Letter" "Raymond Letter". Without DOA approval of the request the County will have to stop the program and payback the municipal bonds.

Justification

Menominee County has identified the replacement of its highway facility as the number one issue facing local government. Financing for the project has been obtained but is dependant on the State Management Assistance Grant for pay back. The County is unable to finance the project on its own due to a lack of assessed value \$171,000,000.00 and the debt service limitation \$150,000.00 imposed by state government. The financing structure is 1.2 million in Bond Anticipation Notes and 1.875 million in General Obligation Bonds.

The current facilities have aged beyond repair and no longer meet the space needs of the department. The administrative offices are a converted old trailer home that was hauled onto the site with no available plumbing. The maintenance bay and stock room area heating and electrical systems are old and need replacement and repair. There is no heated storage for expensive highway equipment, which is exposed to the elements year round.

The department has out grown the current site and environmental issues are a concern due to facilities being located within the flood plain of the Wolf River. Of the available seven acres approximately 4 acres are located within the annual flood plain limiting any type of growth on the site. The County has completed an environmental clean up of the site and is in the process of obtaining closure form the DNR and submitting a claim for reimbursement to PECFA program.

Enclosed please find: Inspection Letters, Space Needs Assessment, Principal and Interest Payment Schedules, Program Budget, Program Time Line.

Background

Since the creation of the State Management Assistance Grant Program in 1999, Menominee County Board has replacement of its highway shop as the top need facing county government. The Legislative Audit Bureau Report reaffirms this decision "financial assistance for infrastructure is needed".

The County has initiated a comprehensive plan to initiate the program and has completed many significant tasks. Identified the size of facility needed and worked back into an affordable budget, obtained land through a successful referendum vote of the Menominee Nation to relocate the facility out of the flood plain, created partnerships with the Menominee Nation to share in the cost of extending the utilities to the site, secured financing at an extremely low interest rate and selected a top architect in designing maintenance facilities to ensure success.

Summary

Menominee County requests approval of the \$500,000.00 expenditure plan as submitted. Menominee County believes that the expenditure plan is consistent with 1998 LAB recommendations for improvements. The county looks forward to your favorable review of this expenditure plan. Representatives from the County are available to address any questions you may have. I ask that you notify the office of the County Administrative Coordinator as soon as approval has been attained. Also, the County would like to be notified as to when the request will be on the agenda of Joint Finance Committee.

Cc: Administrative Coordinator Ron Corn, Menominee County

Attachment 3

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
DIVISION OF FACILITIES DEVELOPMENT

Date: May 14, 2001

To: George Lightbourn, DOA Secretary

From: Gil Funk, DFD Section Chief *GF*
Construction Quality Control Section

Subject: Memo from LFB to Joint Committee on Finance dated 4/24/01
Administration: Section 13.10 Request for the release of \$500,000 PR to Management Assistance Grant Program (only the portion related to the county highway shop - \$133,500)
Paul McMahan memo dated 4/25/01 - Inspection of Menominee County Building(s)

I scheduled a visit with Ron Corn, Menominee County Coordinator, on site Wednesday 5/9/01 to review and evaluate the building(s) referenced in the request.

Present at the meeting were Ron Corn and Menominee County Highway Commissioner, Ben Warrington. We reviewed the request as well as the Building Inspector's report of 3/10/01. Additionally, I reviewed the preliminary building replacement program as developed by Barrientos Design Consultants, of Milwaukee. After review and discussion, we toured the existing facilities.

The following is a report of the tour:

The buildings in question are the office and maintenance shops.

Office Building

The office is a mobile home converted into an office. The facility has no structural foundation other than the concrete block placed on a previously paved area. One side of the trailer is sagging over its concrete block support as it sinks into the pavement. Vertical structural pressure has been increased by the addition of a pitched roof atop the trailer. Evidence of the stress load on the structure can be seen by the distortion of the aluminum siding and the aluminum skirting at the base of the trailer. There is significant ceiling damage that appears to have been caused by a leaking roof. The original roof structural was never repaired but rather covered over. There are no "Exit" signs since this was designed as a mobile home not an office. There are several electrical code violations that range from permanent lighting fixtures connected with a cord/romex and plug and cords strung over the floor for office equipment to a main service panel with inadequate circuit breakers. Further, there is no plumbing system in the facility requiring the employees to use a toilet in another building.

Maintenance Shops

There are actually three building in one, all combined at one time or another. The original wood structure has been expanded by the three buildings by the use of steel retrieved from the demolition of an old bridge. It does not appear to have been structurally analyzed or designed into the building expansion. This is evidenced by the fact that the mid-span support columns have been moving out of plumb. The Commissioner continues to monitor the situation. The structural movement is further evidenced by major cracks in the masonry wall of the addition and structural slab. The wooden roof beams and wood siding have deteriorated to the point of dry rot. Several holes now exist in the southwest corner of the building near the roof, indicating major water damage. The remaining block building houses the toilet, stock room, small training area and hazardous storage area that is not code compliant.

Summary and Validation


There is no question from a DFD construction review that the buildings in question have served their useful life and should be replaced. An engineering analysis was not done and does not appear to be necessary given the condition of the buildings.

The site visit and this report serve to validate the referenced request.

Several photos are included for reference,

CC: Paul McMahon, W.L. King
Enclosures

UNALLOTTED RESERVE IS
APPROVED FOR RELEASE

 5-29-01

Debt Retirement Schedule
Menominee County Highway Facility

<u>Date Due</u>	<u>Principal and Interest</u>		<u>Total Annual P/I</u>	<u>Annual P/I without BAN***</u>
	<u>B.A.N.*</u>	<u>G.O. Bonds**</u>		
Feb. 2002	20,400	42,762.50		
Aug. 2002	20,400	42,762.50	126,325.00	85,525.00
Feb. 2003	20,400	42,762.50		
Aug. 2003	20,400	87,762.50	171,325.00	130,525.00
Feb. 2004	20,400	41,817.50		
Aug. 2004	20,400	91,817.50	174,435.00	133,635.00
Feb. 2005	20,400	40,767.50		
Aug. 2005	20,400	100,767.50	182,335.00	141,535.00
Feb. 2006	20,400	39,507.50		
Aug. 2006	1,040,400	109,507.50	1,209,815.00	149,015.00
Feb. 2007		38,037.50		
Aug. 2007		118,037.50	156,075.00	156,075.00
Feb. 2008		36,357.50		
Aug. 2008		126,357.50	162,715.00	162,715.00
Feb. 2009		34,467.50		
Aug. 2009		134,467.50	168,935.00	168,935.00
Feb. 2010		32,367.50		
Aug. 2010		132,367.50	164,735.00	164,735.00
Feb. 2011		30,267.50		
Aug. 2011		135,267.50	165,535.00	165,535.00
Feb. 2012		28,062.50		
Aug. 2012		133,062.50	161,125.00	161,125.00
Feb. 2013		25,778.75		
Aug. 2013		130,778.75	156,557.50	156,557.50
Feb. 2014		23,442.50		
Aug. 2014		133,442.50	156,885.00	156,885.00
Feb. 2015		20,940.00		
Aug. 2015		135,940.00	156,880.00	156,880.00
Feb. 2016		18,266.25		
Aug. 2016		133,266.25	151,532.50	151,532.50
Feb. 2017		15,535.00		
Aug. 2017		135,535.00	151,070.00	151,070.00
Feb. 2018		12,625.00		
Aug. 2018		132,625.00	145,250.00	145,250.00
Feb. 2019		9,625.00		
Aug. 2019		134,625.00	144,250.00	144,250.00
Feb. 2020		6,500.00		
Aug. 2020		136,500.00	143,000.00	143,000.00
Feb. 2021		3,250.00		
Aug. 2021		133,250.00	136,500.00	136,500.00
Totals:	\$ 1,224,000.00	\$2,961,280.00	\$4,185,280.00	2,961,280.00

*Bond anticipation notes; closed August 2001

**G.O. highway maintenance facility bonds; closed August 2001

***assumes retirement of BAN using management assistance grants under s.16.18, Wis. Stats.

III. Department of Administration – Paul McMahon, Budget Director

The department requests the transfer of \$500,000 PR in fiscal year 2001-2002 and \$500,000 PR in fiscal year 2002-2003 from the Committee's appropriation under s. 20.865(4)(g) to the department's management assistance grants for counties appropriation under s. 20.505(1)(ku) for the purpose of making a management assistance grant to Menominee County.

Governor's Recommendation

Approve the request.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 11, 2002

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Section 13.10 Request for the Release of \$500,000 PR to the Management Assistance Grant Program -- Agenda Item III

REQUEST

The Department of Administration (DOA) requests release of \$500,000 PR from the Joint Committee on Finance appropriation under s. 20.865(4)(g) to the management assistance grant program under s. 20.505(1)(ku) for the purpose of making a grant to Menominee County.

BACKGROUND

Since its creation in 1961, Menominee County has had difficulty meeting its financial needs due to a limited property tax base. In response to this concern, the Legislative Audit Bureau (LAB) evaluated the County's financial condition in 1998 and a statutorily authorized task force reviewed the County's management practices in 1999. Later that year, the Legislature created the management assistance grant program as part of 1999 Act 9, the 1999-01 biennial budget. For 2000 and 2001, Menominee County received a \$500,000 grant each year under the program.

LAB Evaluation. In 1997, the Joint Legislative Audit Committee requested the LAB to examine Menominee County's financial practices. The LAB's 1998 evaluation highlighted a series of financial problems faced by Menominee County, which included:

- an operating deficit caused by expenditures in excess of revenues;
- high property tax bills;
- low service levels;
- demand for improved road and fire protection services;

- high human services caseloads;
- uncertainty regarding the adequacy of law enforcement services;
- limited potential for tax base growth; and
- loss of state aid under the shared revenue program.

The LAB presented four options for addressing these problems. One option involved providing additional state assistance and included alternatives such as a series of grants for equipment and other capital needs in the highway and sheriff's departments, special grants for road improvements, a grant to offset the 5% annual reduction in the County's shared revenue payment, and additional state assistance to enhance the County's human services and law enforcement functions. However, the LAB cautioned that additional state assistance should be preceded by the County addressing certain problems and thereby ensuring that any forthcoming state funds are well managed. Among the management problems in need of improvement, the LAB urged the County to improve its financial reporting, comply with open meeting laws and improve its budgeting practices. Subsequently, the LAB found that Menominee County had "taken a number of positive steps to improve their management and fiscal accountability to taxpayers."

Task Force Review. A seven-member task force was created by 1997 Act 237 to review the actions taken by the Menominee County Board in response to the management problems raised by the LAB. In addition, the task force was directed to report its findings to the Joint Committee on Finance and to make recommendations regarding additional state aid for Menominee County. A preliminary draft of the report was issued in April, 1999, and a final report was transmitted in June, 1999. In addition to finding that the County had made "significant progress ... in addressing each of the concerns" raised by the LAB, the task force recommended creating a management assistance grant program and providing \$500,000 annually for five years to be used in the areas of public safety, health, infrastructure, employee training and economic development.

Grant Program. The recommendations of the task force were incorporated into provisions in 1999 Act 9 (the 1999-01 biennial budget), which created the management assistance grant program. At its meeting on May 3, 2000, under s. 13.10 of the state statutes, the Joint Committee on Finance released \$500,000 from its appropriation under s. 20.865(4)(g) to the management assistance grant program for distribution to Menominee County. The funds were to be used for computer-related expenses and the purchase of equipment for the highway and sheriff's departments. A second request was approved by the Committee on April 24, 2001. Those funds were approved for road paving and repair projects, additional equipment for the highway and human services departments, a new deputy sheriff and voting machines. Also, \$133,500 was designated to be escrowed for future construction of an office and maintenance facility for the highway department. For both years, DOA staff indicate that the funds have been expended in a manner that is consistent with the County's initial requests.

DESCRIPTION

The management assistance grant program was created to provide financial assistance to counties to fund public security (public safety), public health, public infrastructure, public employee training and economic development. Grants are to be provided to any county that does not contain any incorporated municipalities and has a geographic area of less than 400 square miles. In addition, the county must maintain its financial records in accordance with accounting procedures established by the Department of Revenue (DOR). Finally, the county must submit a detailed expenditure plan that identifies how the funds are proposed to be expended and how those expenditures meet the program's goals. DOA administers the program.

Eligible counties may receive grants of up to \$500,000 annually. Grants are limited to Menominee County, because it is the only county that does not contain any incorporated municipalities and has a geographic area of less than 400 square miles. To receive a grant, the Joint Committee on Finance must first transfer the grant amount from its PR appropriation to DOA's management assistance grant appropriation under the s. 13.10 process. State law provides that the transfer be based on the Committee's finding that the County is eligible to receive a grant.

ANALYSIS

For 2002, Menominee County proposes to spend the \$500,000 in grant proceeds for the replacement of its highway facility. As noted above, the Committee approved the release of \$133,500 last year for the construction of this facility, pursuant to a finding by DOA that the condition of the existing office and maintenance facility warranted replacement. After touring the County's facilities, DOA concluded that "the buildings in question have served their useful life and should be replaced." DOA subsequently released the \$133,500, which was to be escrowed for the County's future use. At that time, the County had hired an engineering consultant who recommended that the existing physical plant be expanded from 10,000 square feet to 40,000 square feet.

During the preceding year, the County has acquired the land for the facility's relocation, conducted archaeological and environmental impact studies and has hired an architect. The design of the facility is nearing completion, and the County has secured financing for the project with a combination of bond anticipation notes (\$1.020 million) and general obligation bonds (\$1.875 million). Upon approval of this request, the County plans to begin construction in August and complete the facility within one year. The construction cost is estimated at approximately \$3 million, which is unchanged from last year. A facility of 34,500 square feet is planned.

Since the County has secured financing for the project, the grant proceeds would be used to repay the project's debt. The bond anticipation notes become payable in August, 2006, but may be called in August, 2004. DOA indicates that the County intends to use its management assistance grants for this year and for 2002-03 to repay the notes.

State law restricts management assistance grants to counties that identify how the proceeds will be used relative to the five enumerated functions, including funding for public infrastructure. When the Committee approved last year's request, it took the position that replacement of the highway maintenance facility is an eligible use of funds. The request complies with other conditions for eligibility, as well.

DOA recommends approving Menominee County's request. In addition, DOA recommends that the Committee approve the County's grant for 2002-03, since the County has indicated that it intends to use next year's grant to repay the project's debt. The debt repayment schedule could be construed as the "detailed expenditure plan," as required under current law. Finally, DOA recommends encumbering the approved funds until August, 2004, when the bond anticipation notes may be called.

The DOA request raises two issues. First, encumbering the grants until August, 2004, could limit future grant payments to Menominee County. A current law provision [s. 16.18(5)] states that no "county may receive a grant under this section in an amount exceeding \$500,000 in any state fiscal year." If payments for 2001-02 and 2002-03 are encumbered, payments in August, 2004, would total \$1,000,000, not including any payment for that fiscal year. (The original recommendation by the DOR task force was to create a grant program that would make payments over five years. If the Legislature follows that recommendation, the last payment would be made in 2003-04, prior to August, 2004.) It could be argued that the Committee's approval at this time constitutes the County's receipt of the grant for this fiscal year. However, that interpretation may not conform to the common understanding of the word "receive."

Also, encumbering the proceeds would deny the County any interest on the funds, since interest from program revenue appropriations accrues to the state general fund. If there is a desire to ensure that the funds are reserved until August, 2004, the Committee could require the County to escrow the funds until the bond anticipation notes become callable. Under that procedure, interest on the funds would accrue to the County and could be used to reduce project costs.

A second issue relates to whether the Committee should approve release of the funds for 2002-03. An annual request allows the Committee to monitor the County's compliance with the statutory requirement related to its accounting procedures and financial reporting. On the other hand, the Committee could delegate this oversight to DOA.

ALTERNATIVES

1. Approve the request to release \$500,000 PR from the Joint Committee on Finance appropriation under s. 20.865(4)(g) to the management assistance grant program under s. 20.505(1)(ku) for distribution to Menominee County for one or both of the following fiscal years:

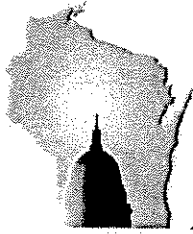
- a. 2001-02
- b. 2002-03

2. Modify the request by imposing the following limitations on the award of the grant(s):

- a. direct DOA to encumber the grant proceeds until August, 2004;
- b. direct Menominee County to escrow the grant proceeds until August, 2004; and/or
- c. direct DOA to encumber the proceeds for 2002-03 until the Department determines that the County has complied with the accounting and financial reporting requirements imposed under current law through 2002.

3. Deny the request.

Prepared by: Rick Olin



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR
GEORGE LIGHTBOURN
SECRETARY
Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Date: June 10, 2002
To: Members, Joint Committee on Finance
From: George Lightbourn, Secretary
Department of Administration
J. Lightbourn
Subject: Section 13.10 Request from the Department of Administration for
Release of Funding for Management Assistance Grants to Counties

Request

The department requests the transfer of \$500,000 PR in fiscal year 2001-2002 and \$500,000 PR in fiscal year 2002-2003 from the Committee's appropriation under s. 20.865(4)(g) to the department's management assistance grants for counties appropriation under s. 20.505(1)(ku) for the purpose of making a management assistance grant to Menominee County.

Background

1999 Wisconsin Act 9 created a management assistance program attached administratively to DOA to provide financial assistance to counties in order to fund public safety, public health, public infrastructure, public employe training and economic development.

Grants can be awarded to counties who meet the following criteria: a) do not contain any incorporated municipalities, b) have a geographic area of less than 400 square miles, c) submit a detailed expenditure plan that identifies how funds are to be expended and how the proposed expenditures will enable the county to meet its goals outlined above, and d) maintain fiscal records in accordance with the accounting procedures established by the Department of Revenue.

The amount of \$500,000 PR annually was placed into the Committee's appropriation under s. 20.865(4)(g) to be released upon submittal of a detailed expenditure plan to a county which meets all of the criteria for the program.

Analysis

Currently only Menominee County meets the geographic and demographic criteria outlined in 1999 Act 9. The county has submitted a reasonably detailed expenditure plan for the funds, including rationale for the intended use of the funds. A letter from the Department of Revenue (DOR) to the Secretary of DOA certifies that the county maintains its financial record keeping in accordance with DOR requirements.

The county has submitted the fiscal year 2001-2002 grant request to DOA requesting that the \$500,000 be released to aid in the replacement of a highway garage. The fiscal year 2000-2001 approved grant package included \$133,500 to begin this project. The County identifies that the funding will be used to construct a 34,500 square foot modern highway facility with an estimated total cost of \$3 million. The County has obtained financing for the project in the form of (a) bond anticipation note - \$1.2 million and (b) general obligation bond - \$1.875 million.

To finance the debt service payments, the County indicates that it will commit two years of eligible state grant funding as well as most of its levy of available debt service over the next twenty years.

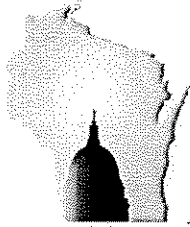
In May 2001, DOA conducted an on-site inspection of the current Menominee County highway facility. The Division of State Facilities Development concurred with the County that the current facility is deteriorating beyond repair and should be replaced. Additionally, the preliminary plans for the new facility were reviewed and deemed within normal ranges.

The bond anticipation notes are not callable until August 2004. Due to this provision, DOA could encumber and hold the grant payment for 2001-2002 and the 2002-2003 grant payment at this time. This would allow any interest accrued to be credited to the general fund as well ensure that the total grant amount does not exceed \$500,000 annually. By the state committing to the 2002-2003 amount at this time, the County can proceed with construction as outlined in its request.

Recommendation

Approve the request.

Prepared by: Cynthia Dombrowski
266-5878



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Date: May 23, 2002

To: Senator Brian Burke, Co-Chair
Representative John Gard, Co-Chair
Joint Committee on Finance
Room 315-N Capitol
Madison, WI 53708-8952

From: George Lightbourn, Secretary
Department of Administration

Request

Under the provisions of 1999 Wisconsin Act 9 (section 1v), the department requests release of \$500,000 program revenue expenditure authority from the committee appropriation under s.20.865(4)(g) to the appropriation under s.20.505(1)(ku) [*management assistance grants for counties*] for the purpose of making a FY2 management assistance grant to Menominee County.

Background

1999 Wisconsin Act 9 created a management assistance grant program under s.16.18, administered by DOA, to provide financial assistance to counties to fund public safety, public health, public infrastructure, public employee training and economic development.

Further statutory criteria provide that grants will be made to counties that (1) do not contain any incorporated municipalities; (2) have a geographic area of less than 400 square miles; (3) submit a detailed expenditure plan that identifies how the funds are to be expended and how the expenditures will meet goals for the functions above; and (4) maintain financial records in accordance with accounting procedures established by the Department of Revenue.

Expenditures up to \$500,000 PR annually may be authorized by the Committee to supplement the amounts in the schedule under appropriation 20.505(1)(ku). Funds for the latter are actually from Indian Gaming revenues transferred under 20.505(8)(hm)18h of the statutes. The supplement process requires a s.13.10 request by DOA and a finding that a county has met the eligibility criteria of the grant program. (Per Act 9, no finding of an emergency is required under this s.13.10 procedure.)

Attachment 1 provides a summary of the two annual grants made since creation of Act 9.

FY2 Grant Request and Basis

The county has submitted a FY2 grant request to the department (*Attachment 2*) seeking funding of \$500,000 to replace a highway garage facility. (The FY01 grant included approval by the Committee permitting the county to escrow \$133,500 as an initial step in this project.) The county has submitted initial planning documents supporting a facility construction cost estimate of \$3,000,000. Upon approval

of the Committee and release of funds, ground-breaking would be scheduled for this coming August-September, with completion within one year.

According to the request, the county has obtained financing in the form of bond anticipation notes (\$1,020,000) and county general obligation bonds (\$1,875,000) for this project. In order to finance the debt service payments, the county states it will need to commit two years of eligible state grant funding, as well as most of its levy of available debt service over the next twenty years.

Facility Discussion

In May 2001, in reviewing the county's last grant request, the department conducted its own on-site inspection of the current highway maintenance facility. The Division of State Facilities Development (DFD) concurred with the county that the existing facility was substandard and the life of the facility exhausted. (See *Attachment 3* for May 2001 inspection memo.) In addition, DFD also reviewed the preliminary planning documents submitted by the county under its current FY2 request. The department considers the estimates of cost and assigned square footage to be within the normal range for a building of the type proposed by the county. With respect to siting, the county has secured a long-term land lease by referendum of the Menominee Nation. The new building site will be away from the Wolf River flood plain, a problem with the current site.

The projected time line for the project is:

- March 2002 preliminary facility design and site plan
- April 2002 final A&E drawings
- June 2002 grant approval by Joint Finance Committee
- June 2002 submit plans to State plan and review board
- July-Aug 2002 advertise, bid and award contract
- August 2002 construction begins
- Summer 2003 construction completed

Financing Discussion

The project application states that the county financing structure for the \$3 million facility is a combination of \$1.02 million in Bond Anticipation Notes, and \$1.875 million in General Obligation Bonds. Financing has been secured, "but is dependent on the [management assistance grant] for pay back." The debt retirement depends on approval of the current FY2 grant, plus anticipated FY3 grant dollars. In total the FY2 and FY3 grants of \$1,000,000 will be used to retire the bond anticipation notes (BAN) of \$1,020,000 (see *Attachment 4*). The notes are callable starting in August 2004.

Basis for the Grant

DOA recommends release of funds for FY202 in the amount of \$500,000 PR for Menominee County based on the following conclusions (see background for criteria):

- Menominee County is the only county eligible under criteria 1 and 2 above.
- Menominee County has submitted a reasonably detailed expenditure plan for the funds, including rationale for use of the funds (criterion 3)
- The Department of Revenue has previously certified in a letter to the Secretary of DOA that the county maintains its financial records in accord with DOR requirements, and in a timely manner with acceptable accuracy (criterion 4)

- The request meets a qualifying requirement for a grant (public infrastructure) as cited under s.16.18(2)(c).
- The amount of the request is within the maximum annual amount of a grant (\$500,000) provided under s. 16.18(5).

Approval Alternatives

Due to the fact that the bond anticipation notes (BAN) are not callable until August 2004, there appear to be alternative methods of approving the grant request that would allow the county to proceed with construction.

1. Approve and disburse the grant in full (\$500,000) to the county. Require that the county escrow funds in an interest-bearing county account to be applied to reduction of the BAN principal starting in August 2004; *or*
2. Approve the grant in full but have the department escrow (encumber) and hold the funds until August 2004 to retire the BAN at that time. *In addition:*
3. Approve an additional annual grant for FY3 to be escrowed (encumbered) by the department until August 2004, when it would be disbursed to the county to complete full retirement of the BAN. This would guarantee the county that funds are sufficiently pledged to cover the BAN for this project.

Summary

The department recommends release of \$500,000 PR expenditure authority by the Committee for FY2 to award a management assistance grant to Menominee County consistent for the purposes detailed in the county's request. The recommended release and payment of funds to the county is alternative 2 plus alternative 3. These approvals will enable the county to proceed with construction under the time line in the request.

Should the Joint Committee on Finance release the grant funds to the department with any additional conditions, those terms will be included in the grant award letter.

On behalf of Menominee County, I look forward to your favorable review of this request. Representatives from Menominee County and the department will be present at the 13.10 meeting to address any questions you may have. I ask that you notify the Office of the County Coordinator as soon as a meeting date and agenda is scheduled.

attachments

cc: David Schmiedicke, State Budget Director
Bob Lang, Legislative Fiscal Bureau
Ron Corn, Menominee County Coordinator

Attachment 1

FY 2000 Grant

<u>Public Administration software</u>	<u>Amount</u>	<u>Program Total</u>
Standard financial management package	\$ 30,000	
Payroll software	20,000	
Property tax	31,200	
Project/grant accounting	<u>5,000</u>	\$86,200
<u>Internet Access</u>		
Install T1 (high speed data line)	\$ 2,500	
Router and firewall (file/data protection s/w)	<u>2,000</u>	4,500
<u>Highway Department Equipment</u>		
Tandem truck, fully equipped	\$125,000	
Truck, fully equipped	95,000	
Plows for trucks	10,000	
Pre-mix storage shed	30,000	
Keyed gasoline system	25,000	
Matching funds for town road paving	<u>39,300</u>	324,300
<u>Sheriff Department Equipment</u>		
Two fully-equipped squad cars	\$ 60,000	
Grant for new communications system	<u>25,000</u>	<u>85,000</u>
<u>Total Grant Request/Release:</u>		<u>\$500,000</u>

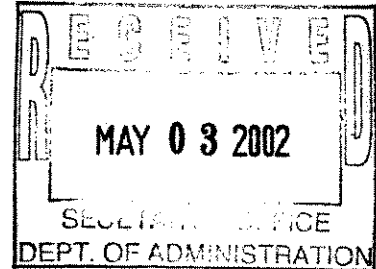
Fiscal 2001 Grant

<u>Public Administration</u>	<u>Amount</u>	<u>Program Total</u>
Voting machines for county clerk use	\$ 10,000	\$ 10,000
▪ <u>Public Safety</u>		
Add new full-time deputy sheriff	50,000	50,000
• <u>Human Services Administration</u>		
Replacement of 2 minivans	\$ 40,000	40,000
• <u>Highway Administration and Maintenance</u>		
Replace 4-wheel drive pickup	\$ 25,000	
Replace mower tractor	50,000	
Network file server for highway office	6,500	
Escrow funds for building County Highway shop	<u>133,500</u>	215,000
▪ <u>County/Town Road Improvement Program</u>		
County road paving and repair (match)	35,000	
Town road paving and repair	<u>150,000</u>	<u>185,000</u>
<u>Total Grant Request/Release:</u>		<u>\$500,000</u>

Attachment 2
County grant application

Menominee
Town / County Board of Supervisors
Menominee County Courthouse

P.O. Box 279
Keshena, WI 54135



Date: April 1, 2002

To: George Lightbourn, Secretary
Wisconsin Department of Administration
P.O. Box 7864
Madison, WI 53707

From: Randy Reiter, Chairman Menominee County Board

Subject: FY02 Management Assistance Grant Request

Request

Under the provisions of Wisconsin Act 9 (section 1v) Wisconsin Biennial budget, Menominee County seeks funding of \$500,000 under the management assistance grant s.16.18 for FY2002. Menominee County meets grant eligibility requirements and seeks Department Of Administration (DOA) approval of the following expenditure plan. Upon approval of the plan by DOA a written request is to be forwarded by the department to the Joint Committee on Finance for PR funds to be transferred under s.13.10 for release to Menominee County.

Program Area of Request

Menominee County requests funding in the amount of \$500,000.00 based in the following program: ***Replacement of Highway Facility***. The County has initiated a plan to construct a new 34,500 square foot modern highway facility. The cost of the project is approximately three million dollars. The County has obtained financing in the form of municipal bonds and has committed the next two years of eligible state grant funding to retire this debt (schedule enclosed). Also, most of its levy of available debt service over the next twenty years.

The highway shop program is a culmination of past years approved programs which includes a needs study, site study and replacement of dilapidated highway buildings. The assessment determined the need for a new site, minimum square foot needs and estimated cost of the program. The County has obtained land for the project by referendum vote of the Menominee Nation for a long-term land lease. Archeological

and environmental impact studies as well as topographic and land surveys are complete. An architect has been selected and the design phase of the project is nearing completion. Meetings with the local utility providers have been held and extensions to the site are planned for the summer of 2002. DOA approval of the request is critical to keeping the time-line for the project.

As you are aware the county as well as Wisconsin DOA have conducted independent inspections of the current facility. Both have concurred with the county plan to replace the highway facility "Funk Letter" "Raymond Letter". Without DOA approval of the request the County will have to stop the program and payback the municipal bonds.

Justification

Menominee County has identified the replacement of its highway facility as the number one issue facing local government. Financing for the project has been obtained but is dependant on the State Management Assistance Grant for pay back. The County is unable to finance the project on its own due to a lack of assessed value \$171,000,000.00 and the debt service limitation \$150,000.00 imposed by state government. The financing structure is 1.2 million in Bond Anticipation Notes and 1.875 million in General Obligation Bonds.

The current facilities have aged beyond repair and no longer meet the space needs of the department. The administrative offices are a converted old trailer home that was hauled onto the site with no available plumbing. The maintenance bay and stock room area heating and electrical systems are old and need replacement and repair. There is no heated storage for expensive highway equipment, which is exposed to the elements year round.

The department has out grown the current site and environmental issues are a concern due to facilities being located within the flood plain of the Wolf River. Of the available seven acres approximately 4 acres are located within the annual flood plain limiting any type of growth on the site. The County has completed an environmental clean up of the site and is in the process of obtaining closure form the DNR and submitting a claim for reimbursement to PECFA program.

Enclosed please find: Inspection Letters, Space Needs Assessment, Principal and Interest Payment Schedules, Program Budget, Program Time Line.

Background

Since the creation of the State Management Assistance Grant Program in 1999, Menominee County Board has replacement of its highway shop as the top need facing county government. The Legislative Audit Bureau Report reaffirms this decision "financial assistance for infrastructure is needed".

The County has initiated a comprehensive plan to initiate the program and has completed many significant tasks. Identified the size of facility needed and worked back into an affordable budget, obtained land through a successful referendum vote of the Menominee Nation to relocate the facility out of the flood plain, created partnerships with the Menominee Nation to share in the cost of extending the utilities to the site, secured financing at an extremely low interest rate and selected a top architect in designing maintenance facilities to ensure success.

Summary

Menominee County requests approval of the \$500,000.00 expenditure plan as submitted. Menominee County believes that the expenditure plan is consistent with 1998 LAB recommendations for improvements. The county looks forward to your favorable review of this expenditure plan. Representatives from the County are available to address any questions you may have. I ask that you notify the office of the County Administrative Coordinator as soon as approval has been attained. Also, the County would like to be notified as to when the request will be on the agenda of Joint Finance Committee.

Cc: Administrative Coordinator Ron Corn, Menominee County

Attachment 3

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
DIVISION OF FACILITIES DEVELOPMENT

Date: May 14, 2001

To: George Lightbourn, DOA Secretary

From: Gil Funk, DFD Section Chief
Construction Quality Control Section

Subject: Memo from LFB to Joint Committee on Finance dated 4/24/01
Administration: Section 13.10 Request for the release of \$500,000 PR to Management Assistance Grant Program (only the portion related to the county highway shop - \$133,500)
Paul McMahon memo dated 4/25/01 - Inspection of Menominee County Building(s)

I scheduled a visit with Ron Corn, Menominee County Coordinator, on site Wednesday 5/9/01 to review and evaluate the building(s) referenced in the request.

Present at the meeting were Ron Corn and Menominee County Highway Commissioner, Ben Warrington. We reviewed the request as well as the Building Inspector's report of 3/10/01. Additionally, I reviewed the preliminary building replacement program as developed by Barrientos Design Consultants, of Milwaukee. After review and discussion, we toured the existing facilities.

The following is a report of the tour:
The buildings in question are the office and maintenance shops.

Office Building

The office is a mobile home converted into an office. The facility has no structural foundation other than the concrete block placed on a previously paved area. One side of the trailer is sagging over its concrete block support as it sinks into the pavement. Vertical structural pressure has been increased by the addition of a pitched roof atop the trailer. Evidence of the stress load on the structure can be seen by the distortion of the aluminum siding and the aluminum skirting at the base of the trailer. There is significant ceiling damage that appears to have been caused by a leaking roof. The original roof structural was never repaired but rather covered over. There are no "Exit" signs since this was designed as a mobile home not an office. There are several electrical code violations that range from permanent lighting fixtures connected with a cord/romex and plug and cords strung over the floor for office equipment to a main service panel with inadequate circuit breakers. Further, there is no plumbing system in the facility requiring the employees to use a toilet in another building.

Maintenance Shops

There are actually three building in one, all combined at one time or another. The original wood structure has been expanded by the three buildings by the use of steel retrieved from the demolition of an old bridge. It does not appear to have been structurally analyzed or designed into the building expansion. This is evidenced by the fact that the mid-span support columns have been moving out of plumb. The Commissioner continues to monitor the situation. The structural movement is further evidenced by major cracks in the masonry wall of the addition and structural slab. The wooden roof beams and wood siding have deteriorated to the point of dry rot. Several holes now exist in the southwest corner of the building near the roof, indicating major water damage. The remaining block building houses the toilet, stock room, small training area and hazardous storage area that is not code compliant.

Summary and Validation

There is no question from a DFD construction review that the buildings in question have served their useful life and should be replaced. An engineering analysis was not done and does not appear to be necessary given the condition of the buildings.

The site visit and this report serve to validate the referenced request.

Several photos are included for reference,

CC: Paul McMahon, W.L. King
Enclosures

UNALLOTTED RESERVE IS
APPROVED FOR RELEASE

GP 5-89-01

Debt Retirement Schedule
Menominee County Highway Facility

Date Due	Principal and Interest		Total Annual P/I	Annual P/I without BAN***
	B.A.N.*	G.O. Bonds**		
Feb. 2002	20,400	42,762.50		
Aug. 2002	20,400	42,762.50	126,325.00	85,525.00
Feb. 2003	20,400	42,762.50		
Aug. 2003	20,400	87,762.50	171,325.00	130,525.00
Feb. 2004	20,400	41,817.50		
Aug. 2004	20,400	91,817.50	174,435.00	133,635.00
Feb. 2005	20,400	40,767.50		
Aug. 2005	20,400	100,767.50	182,335.00	141,535.00
Feb. 2006	20,400	39,507.50		
Aug. 2006	1,040,400	109,507.50	1,209,815.00	149,015.00
Feb. 2007		38,037.50		
Aug. 2007		118,037.50	156,075.00	156,075.00
Feb. 2008		36,357.50		
Aug. 2008		126,357.50	162,715.00	162,715.00
Feb. 2009		34,467.50		
Aug. 2009		134,467.50	168,935.00	168,935.00
Feb. 2010		32,367.50		
Aug. 2010		132,367.50	164,735.00	164,735.00
Feb. 2011		30,267.50		
Aug. 2011		135,267.50	165,535.00	165,535.00
Feb. 2012		28,062.50		
Aug. 2012		133,062.50	161,125.00	161,125.00
Feb. 2013		25,778.75		
Aug. 2013		130,778.75	156,557.50	156,557.50
Feb. 2014		23,442.50		
Aug. 2014		133,442.50	156,885.00	156,885.00
Feb. 2015		20,940.00		
Aug. 2015		135,940.00	156,880.00	156,880.00
Feb. 2016		18,266.25		
Aug. 2016		133,266.25	151,532.50	151,532.50
Feb. 2017		15,535.00		
Aug. 2017		135,535.00	151,070.00	151,070.00
Feb. 2018		12,625.00		
Aug. 2018		132,625.00	145,250.00	145,250.00
Feb. 2019		9,625.00		
Aug. 2019		134,625.00	144,250.00	144,250.00
Feb. 2020		6,500.00		
Aug. 2020		136,500.00	143,000.00	143,000.00
Feb. 2021		3,250.00		
Aug. 2021		133,250.00	136,500.00	136,500.00
Totals:	\$ 1,224,000.00	\$ 2,961,280.00	\$ 4,185,280.00	2,961,280.00

*Bond anticipation notes; closed August 2001

**G.O. highway maintenance facility bonds; closed August 2001

***assumes retirement of BAN using management assistance grants under s.16.18, Wis. Stats.

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

3 17-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

June 4, 2002

Secretary Darrell Bazzell
Department of Natural Resources
101 S. Webster Street, 5th Floor
Madison, WI 53707

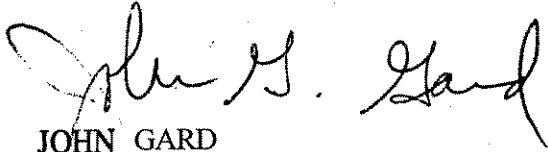
Dear Secretary Bazzell:

Under s. 23.0917 (6) of the statutes, a stewardship 2000 project or activity of more than \$250,000 requires the review of the Joint Committee on Finance. DNR must notify the Co-chairpersons of the Committee in writing of the proposed project. If the Co-chairpersons of the Committee do not notify DNR within 14 working days after the Department's notification that a meeting has been scheduled to review the request, then DNR may obligate funding for the project. If an objection to the project is made, then the Co-chairpersons must schedule a meeting to review the request. The Department, may then obligate funding for the project only with Committee approval. This language applies to all stewardship 2000 projects or activities (an identical provision also applies to the original stewardship program). Therefore, the Joint Finance review provision clearly applies to any stewardship funded project or activity of more than \$250,000.

While DNR submits its land acquisition and local assistance grants for review, DNR has not been submitting property development projects of over \$250,000 (such as construction of new state park or forest entrance facilities) to Joint Finance for review. In addition, several major property development projects are earmarked in the biennial budget act and are not exempted from the Joint Finance review requirement (such as \$3 million for Milwaukee Lakeshore State Park, \$2.37 million for a visitor center at the Kickapoo Valley Reserve and \$2 million for improvements at State Fair Park).

Based upon a clear reading of the Wisconsin Statutes and the attached legal opinion by staff of the Legislative Council, the Joint Committee on Finance review provision applies to all stewardship projects or activities in excess of \$250,000 and not just those dealing with the purchase of land or local assistance grants. Accordingly, please ensure that the Department of Natural Resources submits all required stewardship projects for review by the Committee.

Sincerely,



JOHN GARD
Assembly Chair

JG:dh

cc: Members, Joint Committee on Finance

Attachment