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(Base) Agency: DNR - Stewardship
Review by Joint Committee on Finance

Recommendations:

Paper No. 268: Alternative 1
(or Shibilski Motion)

Comments: I think the issue of the Paper will also be included in the Shibilski motion, but I'm not sure. Either ask me or FB when we get to this Paper (i.e. after we all get to see the secret Shibilski motion).

The Building Commission recommended increasing the threshold for JFC review from \$250,000 to \$500,000 (i.e. Alternative 1). That seems reasonable to me.

But, I think others want to maintain current law (i.e. alternative 2) and continue to micro-manage these property deals (and make more work with the Committee Clerks). Alternative 3 is also ok, in addition to the main alternative that is chosen.

prepared by: Barry



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June 7, 1999

Joint Committee on Finance

Paper #268

Review by the Joint Committee on Finance (DNR -- Stewardship)

[LFB 1999-01 Budget Summary: Page 472-9, #13]

CURRENT LAW

Under the Warren Knowles-Gaylord Nelson stewardship program, the Department of Natural Resources may not encumber or expend funding for a given project or activity of more than \$250,000 unless the Department receives the approval of the Joint Committee on Finance under a passive review process. DNR must notify the Committee in writing of the proposed project. If the Co-Chairpersons of the Committee do not notify DNR within 14 working days after DNR's notification that the Committee has scheduled a meeting to review the proposal, the Department may make the expenditure. If, within 14 working days after the date of the notification by DNR, the Co-Chairpersons of the Committee notify the Department that the Committee has scheduled a meeting to review the proposal, DNR may expend the proposed funding only upon the approval of the Committee.

Under administrative rule, the following land transactions require the approval of the Natural Resources Board: (a) acquisitions where the purchase price is \$150,000 or more; (b) acquisitions where more than 40 acres are outside of an established project boundary; (c) acquisitions where the purchase price exceeds the highest appraised value; (d) acquisitions by condemnation of land; (e) acquisitions by gifts of land to the Department; (f) acquisitions where improvement values exceed 35% of total appraised value; (g) acquisitions of short tenure with substantial increased value; (h) sales of state land that are no longer needed for conservation purposes where the value exceeds \$50,000 or where the acreage exceeds 40 acres. The Natural Resources Board need not approve stewardship grants provided by the Department.

BUILDING COMMISSION

Maintain the same Joint Finance passive review provisions for the obligation of funding by DNR or DATCP under the Stewardship 2000 program, but increase the threshold for review of projects to \$500,000.

DISCUSSION POINTS

1. Since the stewardship passive review provisions became effective on January 1, 1996, 30 projects have been submitted to Joint Finance for approval. The following six projects have been reviewed by the full Committee at a s. 13.10 meeting:

- The purchase of 19.5 miles of railroad right-of-way for the Tomorrow River State Trail in Portage and Waupaca Counties for \$257,725, in December, 1996;
- The purchase of 360 acres in the Buena Vista Wildlife Area in Portage County for \$275,400, in March, 1998;
- A grant to the Ice Age Park and Trail Foundation for \$993,565 to fund a portion of the cost of the acquisition of 93 acres in Dane County, in March, 1998;
- The purchase of nearly 95 acres in the Baileys Harbor Boreal Forest Natural Area in Door County, in September, 1998, for \$1,120,000;
- The purchase of 80 acres in the Loew Lake Unit of the Kettle Moraine State Forest in Washington County, in September, 1998, for \$485,000; and
- A grant to the City of Janesville to fund a portion of the cost of the acquisition of nearly 17.4 acres in the Rock River Corridor for \$342,500, in April, 1999.

The first five projects were approved by the Committee, with conditions placed on the Tomorrow River Trail acquisition that certain issues be addressed in the master plan for the trail. The Committee reduced the amount of the grant that DNR could provide to the City of Janesville to \$281,900.

2. A seventh project, a \$350,000 grant to the City of Green Bay to fund a portion of the cost of the acquisition of 34.2 acres of land in the Bairds Creek Parkway, was objected to and scheduled for Committee review in December, 1998, but was withdrawn by DNR. The Department then reduced the amount of the grant below the \$250,000 threshold for Joint Finance review.

3. The administration indicates the provision to raise the review threshold was included to make the stewardship passive review procedure consistent with the threshold for enumeration of building program projects, which was raised in the 1997-99 budget from \$250,000 to \$500,000. Administration officials argue that Joint Finance would still have a role in reviewing large projects,

consistent with that of the Legislature in the state building program. However, building project enumerations are included in the biennial budget and reviewed by the full Legislature, while stewardship projects in excess of \$250,000 are subject to a passive review process of a 16-member joint committee of the Legislature. Further, all building projects are also subject to review and approval by the eight-member Building Commission which includes six legislators.

4. The following table provides a cost breakdown of the 30 projects that have been submitted for Joint Finance review, as well as the number in each category that have been scheduled for review by the full Committee at a s.13.10 meeting and the number for which the amount approved by the Committee, or agreed to by the Department, were less than the amount requested or for which some condition was placed on approval. As indicated in the table, a greater percentage of projects in the \$250,000 to \$500,000 range were considered at a s. 13.10 meeting than those over \$500,000, and the only projects for which Joint Finance review resulted in a modification of the project were in the \$250,000 to \$500,000 range.

Joint Finance Review of Stewardship Projects

<u>Cost</u>	<u>Number of Projects</u>	<u>Number Considered Under s. 13.10</u>	<u>Number for Which Some Change Resulted</u>
\$250,000 to \$500,000	19	5	3
Over \$500,000	<u>11</u>	<u>2</u>	<u>0</u>
Total	30	7	3

5. The projects that have come before Joint Finance for which the amounts of the project were reduced or for which the vote approving them was not unanimous have all been grants to local units of government or nonprofit conservation organizations. This could suggest the need for greater internal Department scrutiny of grants, more consistent with that of land acquisitions. For example, under the existing program, DNR is given the discretion to provide grants of less than 50% for some projects, but has typically awarded the maximum grant under the program.

6. The Committee could choose to require that the Department promulgate rules under which the Natural Resources Board would review grant awards under the Stewardship 2000 program. This would allow the Board discretion in setting the standards for the grants it chooses to review, but would help ensure that review procedures are established for grants under the stewardship program.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to increase the threshold for review of projects by the Joint Committee on Finance under the Stewardship 2000 program to \$500,000.

2. Maintain the current \$250,000 threshold for Joint Finance review of stewardship projects.
3. In addition to either of the above alternatives, specify that the Department promulgate rules under which the Natural Resources Board would review certain grant awards under the Stewardship 2000 program.
4. Take no action. (Joint Finance would not review stewardship projects.)

Prepared by: Russ Kava