

XI. Department of Natural Resources – Darrell Bazzell, Secretary

The department requests approval of the purchase of 80 acres in fee in Waukesha County from Dennis and Christine Arndt for the Kettle Moraine State Forest – Southern Unit under the 14-day passive review of s. 23.0915(4).

Due to an objection from a Committee member, this request is now before the Committee under s. 13.10.



## Legislative Fiscal Bureau

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

November 5, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Stewardship Purchase -- Agenda Item XI

### REQUEST

The Department of Natural Resources (DNR) requests approval to spend \$384,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 land acquisition subprogram to purchase 80 acres of land from Dennis and Christine Arndt for the Southern unit of the Kettle Moraine State Forest in Waukesha County.

### BACKGROUND

The 1999-01 biennial budget act (1999 Act 9) provided \$460 million in bonding for a ten-year reauthorization of the Warren Knowles-Gaylord Nelson stewardship program beginning in 2000-01 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The annual bonding authority under the program was \$46 million, ending in fiscal year 2009-10. Of the annual authority, \$28.5 million in 2000-01 and \$34.5 million in 2001-02 is allocated to general land acquisition for conservation and recreation purposes. The 2001-03 biennial budget (2001 Act 16) increases the overall bonding authority to \$572 million and the annual bonding allocation from \$46 million to \$60 million beginning in 2002-03 (with \$45 million each year available for the land acquisition subprogram).

Both the Department and nonprofit conservation organizations (NCOs) are eligible to use funding from the land acquisition subprogram. The statutory priorities enumerated for land acquisition funding are: (a) acquisition of land that preserves or enhances the state's water resources (including land along the shores of the Great Lakes); (b) acquisition of land for the stream bank

protection program; (c) acquisition of land for habitat areas and fisheries; (d) acquisition of land for natural areas; and (e) acquisition of land in the Middle Kettle Moraine.

Currently, with the approval of the Natural Resources Board, the Joint Committee on Finance and the Governor, the Department can obligate up to the entire allocation under the land acquisition subprogram for large or uniquely valuable acquisitions. Funding of \$25 million has been utilized from the reauthorized program for the purchase of approximately 32,000 acres from Packaging Corporation of America in northern Wisconsin commonly referred to as the Great Addition. At its May 23, 2001, meeting, the Natural Resources Board approved an allocation plan for stewardship funding for fiscal year 2001-02. Of the \$34.5 million in the land acquisition subprogram this year, the Department will allocate \$27.25 million to DNR land purchases and \$7.25 million for NCO grants. The allocation plan approved by the Board indicates that \$8.3 million of the Great Addition purchase (one-third of the purchase) would be applied against the 2001-02 land acquisition program allocation (leaving \$18.95 million for other DNR land purchases).

Under s. 23.0917(6) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed 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.

DNR notification of the proposed purchase was received by the Co-chairpersons on August 17, 2001. On September 6, 2001, the Co-chairpersons notified DNR that a meeting would be scheduled to consider the proposed purchase.

## **ANALYSIS**

The 80 acres proposed for purchase from Dennis and Christine Arndt consists of approximately 56 acres of converted, cropped wetland and 24 acres of upland (buildable) on the eastern edge of Scuppernong Marsh in Waukesha County. The property is completely bordered by DNR lands on two sides and would be included in the Scuppernong River habitat preservation area, a part of the larger Southern Unit of the Kettle Moraine State Forest. The purchase would provide a buffer to prevent development from expanding into the marsh environment. Additional recreational opportunities would be made available on the parcel in conjunction with its management as part of the State Forest, including hiking, bird watching, nature study, and hunting.

As part of a larger farm parcel, portions of the 80 acres being considered for purchase are currently being rented out to other area farmers. The Department indicates that it may continue to rent out the farmland for several more years before converting the property back to its natural

vegetation as part of the Scuppernong Marsh. The property is generally level to rolling agricultural land with tree lines along the north and west ends. There are no known environmental hazards associated with the property.

The property is currently zoned A-P Agricultural Land Preservation District (upland) and A-C Agricultural Land Preservation Conservancy (floodplain). In addition, approximately 70% of the parcel is located within a Federal Emergency Management Association (FEMA) designated flood hazard area. The 2000 assessment for property tax purposes (payable in 2001) on the 160-acre Arndt farm was \$238,380. This represented a \$144,800 assessment for improvements (two houses, barns and other buildings) and \$93,580 for 160 acres of farmland (based on use value assessment). The equalized value of the property was \$177,300. The Arndt farm originally consisted of 210 acres, with a 50-acre buildable site on one side of a town road being sold in 2000. The Arndt's would retain 80 acres and the improvements that lie immediately to the east of the proposed DNR parcel. The 80-acre DNR parcel is of a somewhat irregular shape and is to contain approximately 56 acres of lowlands (floodplain) and 24 acres of upland (buildable) to be determined by survey. Property taxes for the entire parcel (plus improvements) totaled \$3,890 in 2001. Estimated taxes associated with the 80 acres proposed for purchase by DNR would be approximately \$930 for 2001. If the transaction was approved, the state would be responsible for the payment of aids in lieu of taxes to the Town of Eagle in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The town would then pay each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Aids in lieu of taxes are made from a sum sufficient GPR appropriation. Payments for this property would be approximately \$7,630 (compared to approximately \$930 in property taxes that were paid on the 80 acre parcel in 2001 under use-value assessment).

Closing costs for the purchase of the property are estimated to be \$8,950, including appraisal, survey, and title insurance costs. The Department typically pays these real estate transaction costs with stewardship bonding. However, DNR's request for expenditure authority did not include these costs. It should be noted that the Department's request to purchase this property was filed prior to the September 5, 2001, meeting of the Joint Committee on Finance, where DNR received instructions from the Committee regarding its preference for the inclusion of these costs as part of the Department's request for expenditure authority.

Two appraisals were commissioned for the property, the first in August, 1999, and the second in August, 2000. One appraisal appraised 140 acres, the second 160 acres plus all improvements. Both were updated to include a revised purchase proposal of 80 acres, time adjustments, and comparisons of more recent sales. An updated December, 2000 appraisal estimated the value of the property to be \$384,000, while an appraisal updated in May, 2001, estimated the value of the property to be \$410,000. The Department offered, and the landowner accepted, an offer of \$384,000.

The first appraisal established the highest and best use of the property to be either one or possibly two rural residential building sites surrounded by a large buffer zone of conservancy land. (Zoning restrictions would require a minimum of 35-acre lot size on the property, allowing up to two residences on the 80 acres; however, floodplain zoning would limit development on approximately three-fourths of the property.) The appraiser estimated the value of the property using the sales comparison approach. This method considers properties recently sold in comparison to the property being appraised, with adjustments made to the sale prices of the comparison properties to reflect differences that may effect per acre value (including size, location, topography, access, etc.). The range of comparable sales varied from \$3,375 per acre to \$5,600 per acre in value, with the most comparable sales falling in the \$4,630 to \$5,600 range. After considering the qualities of the property as well as the growing market for similar properties in the Eagle area, the appraiser estimated the value of the property at \$4,800 per acre, for a total value of \$384,000.

The second appraisal also established a highest and best use of the property to be rural residential building sites, and used the sales comparison approach to value the property. Two of the sales used by the appraiser were in the immediate vicinity of the subject, and were purchased by the same buyer for higher than expected per acre values (up to \$10,000 per acre) that could not be reasonably supported by surrounding property values. While less consideration was given to these sales because of the higher than supportable price paid by the buyer, the appraiser did estimate a final per-acre value of \$5,125, for a total value of \$410,000.

**ALTERNATIVES**

1. Approve the DNR request to expend up to \$384,000 from the land acquisition subprogram of the Warren Knowles-Gaylord Nelson Stewardship 2000 program to purchase 80 acres of land from Dennis and Christine Arndt for the Southern unit of the Kettle Moraine State

MO# Alt 2

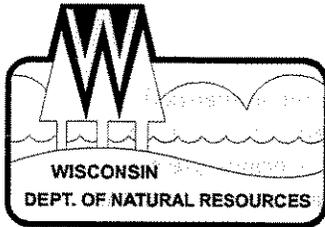
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

in addition to Alternative 1, provide up to \$8,950 for closing costs associated with the purchase of 80 acres from Dennis and Christine Arndt. by the request.

ca Hotynski

MO#	BURKE	DECKER	MOORE	SHIBILSKI	PLACHE	WIRCH	DARLING	ROSENZWEIG	GARD	KAUFERT	ALBERS	DUFF	WARD	HUEBSCH	HUBER	COGGS	AYE	NO	ABS
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15	7	1

AYE 9 NO 7 ABS



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor  
Darrell Bazell, Secretary

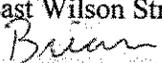
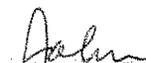
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November 27, 2001

Honorable Brian Burke, Senate Chair  
Joint Committee on Finance  
Room 317 East  
State Capitol

Honorable John Gard, Assembly Chair  
Joint Committee on Finance  
Room 308 East  
State Capitol

Attn: Committee Secretary, Daniel Caucutt  
Division of Executive Budget and Finance, 10<sup>th</sup> Floor  
Administration Building  
101 East Wilson Street

   
Dear Senator Burke and Representative Gard:

Request

The Department of Natural Resources requests approval to supplement the expenditure of the gas tax multiplier specified in s. 350.12 (4) (bg), and the trail pass income specified in s. 350.12 (4) (bg) (2) Stats. by \$591,000 from within appropriations s. 20.370 (5) (cr), (cb), and (cs). No additional spending authority is needed; the Department would utilize the remaining existing spending authority within these same appropriations after other purposes specified for the appropriations have been funded. If approved, this request will allow the Department to provide an additional \$591,000 for supplemental trail aid payments to the \$2,179,401 already available for that purpose for the winter of 2000-2001. This request is being made under the authority of s. 350.12 (4) (br) Stats. (Supplemental trail aid payments; insufficient funding), which allows the Department to request the Joint Committee on Finance to take action under s. 13.101 without the requirement of finding of an emergency under s. 13.101 (3) (a) 1.

Background

Within appropriation 20.370 (5) (cs), an amount is set aside specifically for supplemental trail aid payments to the Department or to a county for trail maintenance costs incurred in the previous fiscal year that exceed the maximum of \$250 per mile. This amount is equal to the amount generated by the gas tax multiplier of 40% (s.25.29 (d) 2), and for FY 01 is \$1,285,056. This funding calculation is specified in s. 350.12 (4) (bg), Stats.

In addition, within appropriation 20.370 (5) (cw), created in Act 16, an amount is set aside for the supplemental trail aids based on the number of trail use stickers sold the previous year multiplied by \$15. This amount for FY01 is \$894,345. This calculation is specified in s. 350.12 (4) (bg) 2, Stats.

The application deadline for counties for supplemental requests was August 1, 2001, and the total request for eligible costs is \$2,770,208 for the 2000-2001 snowmobiling season. This would result in a 78.7% prorated payment based on the \$2,179,401 available for supplementary payments.

The total available balance from appropriations 20.370 (5) (cr), (cb), and (cs) not statutorily directed to use for supplemental payment purposes is \$6,489,042. After reviewing the projects in the priority order

specified under s. 23.09 (26), Stats., the Snowmobile Recreation Council (Council) recommended approval of \$1,623,223 for bridge rehabilitation, trail rehabilitation, and trail relocation projects. In addition, the amount necessary for maintenance of existing trails is \$4,091,175. This brings the total amount of money committed by the Council to \$5,714,398. Of the remaining amount of \$774,644, the Council requested that the Department seek approval to use \$591,000 for supplemental trail aids in addition to the \$2,179,401 generated by the 40% multiplier and the trail use stickers to bring the payments to 100% of the total request. It is the intent of the Council to direct the balance of funds to the development and/or maintenance of additional new miles to the statewide system

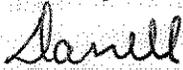
Approval of this request will provide an additional \$591,000 for supplemental trail aids to help offset costs incurred by counties for snowmobile trail maintenance. Approval will not result in exceeding the overall expenditure authority for appropriations 20.370 (5) (cb), (cr) and (cs) but will allow the Department to spend more on the specific purpose of supplemental trail aids, currently specified in s. 350.12 (4) (bg) and s.350.12 (4) (bg) 2. Denial of this request will mean that the \$591,000 will not lapse, but will continue to be available only for trail project costs in subsequent fiscal years.

Conclusion

The Department and the Council recognize the importance of the snowmobile trail system to the tourism revenue generated by snowmobiling recreation, and recommend supplementing the amount available for supplemental trail aids by \$591,000. A provision was included in the 1995-97 biennial budget, 1995 Wisconsin Act 27, to allow the Department to request the Joint Committee on Finance to take action to address supplemental trail aid payments under s. 350.12 (4) (br) under s. 13.101 without the requirement of a finding of an emergency. This request is consistent with that provision.

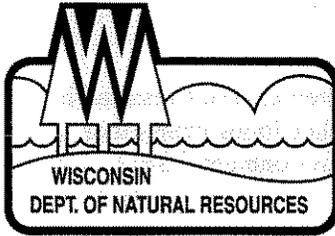
Thank you for your consideration of this request.

Sincerely,



Darrell Bazzell  
Secretary

Cc: Franc Fennessy, AD/5  
Joe Polasek, MB/5  
Karen VanSchoonhoven, FN/1  
Craig Karr, AD/5  
Kathy Curtner, CF/8  
Larry Freidig, CF/8



**State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES**

Scott McCallum, Governor  
Darrell Bazzell, Secretary

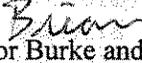
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November 29, 2001

Honorable Brian Burke, Senate Chair  
Joint Committee on Finance  
Room 317 East  
State Capitol

Honorable John Gard, Assembly Chair  
Joint Committee on Finance  
Room 308 East  
State Capitol

Attn: Committee Secretary, Daniel Caucutt  
Division of Executive Budget and Finance, 10<sup>th</sup> Floor  
Administration Building  
101 East Wilson Street

Dear Senator  Burke and Representative  Gard:

Request

The Department of Natural Resources requests additional expenditure authority of \$386,500 for FY02 and \$464,800 in FY03 from various accounts in the Conservation Fund for the Bureau of Law Enforcement to partially offset the costs of recruit warden training associated with higher than normal warden retirement rates. If approved, this request will allow the Department to train 12 recruit wardens in each year of the biennium. This request is being made under the emergency authority of s. 13.10. due to public safety concerns associated with a diminishing warden force.

Background

The Department is predicting a larger than normal number of wardens retiring within this biennium based on the last contract settlements. Given the pay increases in these settlements, there was an incentive for wardens to stay with the Department for an additional three years as a way of increasing their final retirement pension payments. That three-year period ends this biennium. With anticipated retirements of 30 wardens, representing almost 20% of the warden force, during this biennium, the Department must act aggressively to fill a majority of the vacancies and avoid wide-scale gaps in warden coverage. If the retiring wardens are not replaced with new recruits in this more aggressive fashion, it will take an additional 1 to 2 more years to return to full staffing levels.

In order to keep the warden force fully staffed, it is necessary to hire a class of warden recruits each year. These recruits receive in-depth classroom and field training to prepare them for the duties associated with being a Conservation Warden for the State of Wisconsin. As this training program is quite extensive and can take a full year to complete, it is necessary to hire recruits based upon anticipated retirements and promotions. To hire based upon actual vacancies would result in a position remaining unfilled for that same period of time and would seriously diminish the Department's ability to respond. This means that at any given time during this biennium, there may be up to 12 recruits on unfunded temporary or surplus positions. As vacancies occur within the warden force, fully trained recruits are placed onto those funded vacancies.

Currently, the Bureau of Law Enforcement is planning to hire a class of 12 recruits for the FY02 year. The Bureau of Law Enforcement receives no funding for the purposes of training the recruits, paying

salary to the recruits, or providing training to existing staff. In the past, lower retirement rates resulted in smaller training classes. Funding for the training program came from internal reallocations from other actual enforcement duties. The 2001-03 budget also includes various GPR and Environmental SEG reductions which further impair the Department's ability to absorb these costs.

The \$386,500 for FY02 and \$464,800 in FY03 would provide a portion of the funding to hire and train 12 new warden recruits per year. The cost to train 12 recruits for one full year is \$772,900. The Department will reallocate for the balance of the costs, by reducing warden mileage budgets and other support funds. In FY02 the Department's request reflects one-half the supplies and services, and six months of the recruit salary and fringe. In FY03, the Department's request reflects the supplies and services and one-half the recruit salary and fringe. The FY03 reduction in salary and fringe is based on a predicted increase in vacancies.

The following table details the request:

	Full Year - 12 recruits	FY02 Request	FY03 Request
Salary	\$399,400	\$199,700	\$199,700
Fringe	\$217,000	\$108,500	\$108,500
Supplies and Services	\$156,600	\$78,300	\$156,600
Total	\$772,900	\$386,500	\$464,800

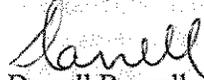
The user groups responsible for generating conservation segregated dollars have shown strong support for the funding of law enforcement activities, and 3 accounts have sufficient balances. Each account is a viable source of funding. The following percentages and amounts from each fund source would reflect the current workload demand:

Appropriation Title	Fund & Appropriation	Percentage	Request FY02	Request FY03
Fish and Wildlife	212 - 361	70%	\$270,550	\$325,360
ATV Enforcement	212 - 362	15%	\$57,975	\$69,720
State Boating Registration	212 - 373	15%	\$57,975	\$69,720
Total Request			\$386,500	\$464,800

Conclusion

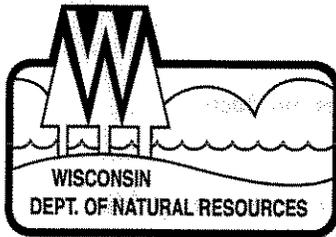
The unusually high number of warden retirements will make it impossible to keep warden stations staffed without an adequate recruit training program. This request is necessary to achieve that goal. The Department is funding a portion of the recruit costs by reducing warden support budgets, but given this reallocation and other GPR and Environmental SEG reductions, the Department cannot reallocate the entire amount without adversely impacting warden operations. Thank you for your consideration of this funding request.

Sincerely,



Darrell Bazzell  
Secretary

- c: David Meier - AD/5
- Joe Polasek - MB/5
- Ron Halvorson - FN/1
- Tom Harelson - LE/5



## State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

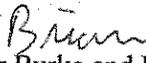
Scott McCallum, Governor  
Darrell Bazzell, Secretary

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The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance  
Room 317 East  
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The Honorable John Gard, Co-Chair  
Joint Committee on Finance  
Room 308 East  
State Capitol

Attn: Committee Secretary, Daniel Caucutt  
Division of Executive Budget and Finance, 10<sup>th</sup> Floor  
Administration Building  
101 E. Wilson Street

   
Dear Senator Burke and Representative Gard:

### REQUEST

The Department of Natural Resources requests \$185,950 SEG and 2.0 FTE in FY 02 and \$424,900 and 2.0 FTE in FY 03 for management and operation of the newly acquired Peshtigo River State Forest in Marinette and Oconto Counties purchased from Wisconsin Public Service Corporation, pending final approval. The supplemental spending authority is needed in appropriation 20.370 (1) (mu) for the Forestry subprogram and would come from the Forestry account of the Conservation Fund. The funding is requested to provide a property manager and assistant property manager, and operations funding for the new property. The funding would provide for a Forester/Natural Resource Property Supervisor at an annual salary and fringe benefit cost of \$61,600, a Ranger – Assistant Property Manager with an annual salary and fringe benefit cost of \$44,900, an annual LTE budget of \$32,400, and an annual operations budget for the personnel and the property of \$60,000. The request includes \$108,000 for permanent equipment, and \$204,500 for developing a Master Plan for the property. The position costs, LTE funding, and supplies and services identified in the request are prorated for 6-months for FY 02.

### BACKGROUND

On November 16, 2001 the Natural Resources Board approved the purchase of 9,329 acres of land in fee title and easement rights on 383 acres in the northeastern Wisconsin Counties of Marinette and Oconto from Wisconsin Public Service Corporation for \$25,000,000 for the creation of the Peshtigo River State Forest. Approximately 95% of the property is forested. The land includes 70 miles of Peshtigo River frontage surrounding Caldron Falls, High Falls, Johnson and Potato Rapids. The eventual project acreage goal was established at 12,890 acres.

This property has been designated as a state forest, which recognizes the substantial acreage and integrated resource management needs. As a state forest, its purpose as defined by statute s.28.04 will be to assure the practice of sustainable forestry through which a full range of benefits will be provided, including soil protection, public hunting, protection of water quality, production of recurring forest products, outdoor recreation, native biological diversity, aquatic and terrestrial wildlife, and aesthetics. As noted in the acquisition proceedings of the Peshtigo River State Forest, this property provides many

public benefits, including public hunting; wildlife, fish and non-game habitat; forest products; snowmobile, hiking and cross country ski trails; and boating and fishing.

Under the ownership of Wisconsin Public Service Corp., this land has historically been open to public recreation under the company's hydroelectric project but had fewer recreation opportunities than could be offered under state forest management. The Department intends to continue to promote public recreation on the project land, and protect natural features. Wisconsin Public Service had an active forest management program on the property with a number of active timber sales and a number of planned sales for the future. The WPSC had 5 different staff positions working on land, recreation and flowage management on this property for a total of approximately 3.5 FTE. The long, linear nature of the property results in an extraordinary amount of boundary that will require maintenance, posting, and trespass resolutions as they occur. The high recreational use will require a law enforcement presence on the property as soon as possible. A specific management plan for the property will be developed through the master planning process. Public input into the management of these lands will be key to the plan's development. The master plan will be based on an integrated approach to management that will include sustainable forestry (i.e. wildlife, fish, non-game management, forest products, as well as the development of a range of recreational activities).

### **ANALYSIS OF NEED**

At this time, the Department is requesting 2.0 FTE permanent positions for managing the property:

Forester/Natural Resource Property Supervisor – The property supports over 9,000 acres of forested lands in this initial acquisition. These lands have been well managed by Wisconsin Public Service Corp. forestry staff, and will benefit from continued professional management to provide forest products and game habitat. In addition, this professional forester will work with other disciplines such as endangered resources, fisheries, and wildlife to ensure the forest is managed in a sustainable manner, as is done on existing state forests. The professional position will be responsible for supervision of permanent and temporary staff, coordination with local governments and interest groups, and budget and financial oversight.

Ranger – Assistant Property Manager – This property will require a variety of basic property management needs such as road repair and maintenance, facility development, boundary determination and control, access management, and boat landing repair and maintenance. This position will direct contractors, volunteers or Wisconsin Conservation Corps crews in a variety of projects. A mix of extensive and intensive recreation such as snowmobile trails, hunting, fishing, boating, hiking, rustic or remote camping, and cross country skiing are typical of large state forest properties such as this. This position will also be responsible for management of recreation facilities such as trail signing and grooming, campsite permits/maintenance and cooperative agreements with groups such as snowmobile clubs. The position will also be responsible for public safety and protection on the property and will require Natural Resource Officer Law Enforcement Credentials.

Operations Funding - In addition to the 2.0 FTE permanent positions, the Department is requesting LTE and supplies and services funding to support operations on the property. LTE funding is required to provide services such as forest productivity, forest inventory, winter and summer recreation maintenance, visitor contact and facility development and repair. Supplies and services funding is necessary to pay for routine property management costs such as maintenance supplies, vehicle mileage, equipment fuel, training, office supplies, tools and replacement parts.

Permanent Property/Capital Equipment – This request includes funding for permanent property associated with new positions, including field equipment, office equipment, law enforcement equipment and

computers, and authorization to expand the DNR fleet inventory by two trucks, and capital costs associated with property management activities, including a snowmobile and trailer; an ATV and trailer; a mower, attachments and trailer; and a boat with a motor and trailer. This equipment is typical of what is utilized by the other state forests.

**Master Planning Process** – The Department is required by state statute 28.04 (3) to develop a Master Plan for each state forest. It is anticipated that the Master Planning process for the Peshtigo River State Forest will be on an accelerated time frame, and require additional resources to complete. The process would begin presently and continue into the 2004 fiscal year. This request includes funding for the development of the Master Plan, including resource inventories, social surveys, GPS and GIS mapping and map production, public meetings, document production and printing, brochures, newsletters, display materials, and LTE support for the planning process. There are several required components to the Master Planning process:

**Preplanning surveys and inventory** - In Wis Stats. 28.04 state forest master plans are required to be based on "best available information" acquired through "inventories, evaluations, monitoring and research. In evaluating such information, the department shall consider both regional and local scales, including the impact on local economies." State forests are large multiple use properties with a variety of economic, recreational and ecological benefits. In order to plan for the Peshtigo River State Forest assessments on topics such as regional socio-economics, recreational supply and demand, public use attitudes and regional ecology as well as property specific information such as biotic inventories and GIS mapping will be needed. These projects can be conducted through external contracts with Department staff oversight.

**Public Involvement - Planning Process** - The wide range of potential benefits provided by state forest management such as forest products, hunting, rare species habitat, various trail recreation, rustic camping, fishing and soil/water protection result in a wide range of interested stakeholders. Current state forest master planning processes involve planning participant lists of close to 1000 people. The process necessary to provide adequate public involvement in the Peshtigo River State Forest planning process will require a series of public meetings, several mailings, document production and a variety of public information efforts (press releases, web sites etc). An LTE and supplies/services money is requested to cover the workload associated with this planning effort and is based on similar needs of ongoing state forest plans.

#### Cost Summary

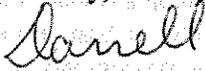
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Two FTE's (salary and fringe)	\$53,250	\$106,500
Supplies & services for the FTE's	10,000	20,000
Permanent equipment for the FTE's	20,000	
3000 hours/yr. of LTE time	16,200	32,400
Supplies & services for property maintenance	20,000	40,000
Permanent equip. for maintenance of property	44,000	44,000
Master planning process	<u>22,500</u>	<u>182,000</u>
	\$185,950	\$424,900

#### Conclusion

This request will provide the Department with the staffing and operational funding necessary to begin the sustainable management of the newly acquired Peshtigo River State Forest. The Department does not have sufficient existing resources to allocate to the management and operation of this new and important

property. If you have any questions concerning this request, please contact Eric Thompson, Bureau of Management & Budget, 266-8251, or Paul DeLong, Division of Forestry, 264-9224. Thank you for your consideration of this request.

Sincerely,



Darrell Bazzell  
Secretary

C: Franc Fennessy – AD/5  
Joe Polasek – MB/5  
Karen VanSchoonhoven – FN/1  
Gene Francisco – AD/5  
Paul DeLong – FR/4  
Chariti Gent – DOA  
Susan Felker-Donsing – MB/5  
Eric Thompson – MB/5



**Wisconsin Public Service Corporation**  
(a subsidiary of WPS Resources Corporation)  
700 North Adams Street  
P.O. Box 19001  
Green Bay, WI 54307-9001

## **Summary of WPS/DNR Peshtigo River Land Sale**

- **The transaction involves DNR purchase of about 4,500 acres of pristine forest and waterfront property along the Peshtigo River.**
- **Also included in the agreement is Wisconsin Public Service Corporation's donation of nearly 5,000 land acres plus an additional 3,000 acres beneath the flowages. The DNR, in essence, will pay \$25 million over four years to purchase less than half the land. In return it will receive ownership of around 9,200 land acres (all but 380 acres – to be retained by WPS) with an appraised value of around \$70 million, if sold for development.**
- **The sale has the unanimous support of all the local units of government, including towns, school boards, and county boards, as well as all area legislators.**
- **WPS has filed with the Federal Energy Regulatory Commission to sell the land to the DNR. In a meeting last week with WPS officials, the FERC was pleased with the bi-partisan legislative and overwhelming public support of the transaction and has indicated it sees no reason to oppose the deal.**
- **Supporters of this deal include dozens of legislators, the U.S. Fish and Wildlife Service, State and Federal Historical Societies, and the "Save Our Wild Shores" community group, among many, many others.**



# La Crosse County Conservation Alliance

P.O. Box 933 La Crosse, WI 54602-0933



December 14, 2001

The Honorable Brian Burke, Senate Chair  
Joint Committee on Finance  
Room 317 East  
State Capitol

The Honorable John Gard, Assembly Chair  
Joint Committee on Finance  
Room 308 East  
State Capitol

Dear Senator Burke and Representative Gard:

The La Crosse County Conservation Alliance is comprised of 27 conservation groups with a membership of over 5,000 sportsmen/conservationist's. We are deeply concerned over recent cuts in the operating budget of the WDNR Bureau of Law Enforcement.

Currently there are a minimum number of field wardens to enforce and carry out the State fish and game regulations. Enforcement is an essential component of a comprehensive resource management program. Without adequate enforcement fish and wildlife populations and programs will suffer. Wisconsin has a strong history of resource protection and strict hunting and fishing rules that are supported by the conservation community. But without field enforcement they become little more than a good idea. How many of us would obey the posted speed limits on our state highways if the state patrol was not there to enforce. How safe would our highways be without the state patrol? Shouldn't our woods and waters be just as safe?

Over the years the WDNR wardens have been given many new responsibilities not necessarily related to enforcing our fish and game regulations. So the need to maintain and properly equipment the current number of field wardens is essential! The public has come to expect, and rightly so, rapid response to complaints of fish and game violations. Equally important of course is rapid response to environmental disasters such as transportation spills. It is our understanding that due to the budget cuts already enacted individual field warden's operating budgets have been cut over \$ 2,500 plus a substantial reduction in transportation allowances. These cuts will reduce the effectiveness of the field warden's. In addition to cuts in field warden's operating budget we understand some essential equipment items, such as updating the warden's communication system (over a \$ 100,000), which was included in the Governor's budget, was eliminated. In our mind this is "penny wise and pound foolish" as it will cut down on the warden's effectiveness and only postpones the payment for this vital capital equipment.

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Bangor Rod & Gun Club • La Crosse Ducks Unlimited • Lake Onalaska District • Holmen Rod & Gun Club  
God's Country Turkey Federation • La Crosse River Ducks Unlimited • La Crosse Wild Turkey Federation • West Salem Game Getters  
Brice Prairie Conservation Assoc. • Coulee Region Ducks Unlimited • God's Country Muskies Inc. • River Valley Bow Hunters Pheasants Forever  
Wisconsin Waterfowl Assoc. La Crosse • Badger State Sportsmen • Bohemian Valley Conservation  
West Salem Rod & Gun Club • Gunslick Trap Club • Lake Neshonoc District • La Crosse Riffle Club • Trout Unlimited  
Coulee Trap Association • Whitetail Unlimited • Coulee Region Archers • River City Bow Club • La Crosse Bass Masters  
Ducks Unlimited Greenwings

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PAGE 2  
Meinking/Burke/Gard  
December 14, 2001

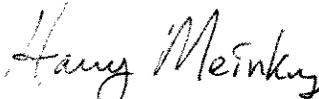
Now we understand further warden budget cuts are being considered which is almost unbelievable. We have read that the current warden replacement class has been cut from 22 to 12. **This, in our estimation, is a major mistake.** A substantial number of warden's will be retiring over the next five years and it is absolutely essential that an equal number of new warden's be hired and trained each year as replacements. The Bureau of Law Enforcement budgets have been cut to the bone and we fear further reductions will result in cutting or eliminating the warden recruitment program. **THIS WOULD BE A DISASTER.** The goal should be to increase the current number of field warden's, considering their expanded duties, not decrease them.

The sportsman/conservationist, through their payment of federal excise taxes (Pittman/Roberson and Dingell/Johnson Acts) and State stamps, tags, license fees etc. are responsible for maintaining the substantial state segregated fund. They rightly feel that these funds should go toward maintaining and improving our fish and wildlife resource. **THIS INCLUDES MAINTAINING AN ADEQUATE, PROPERLY FINANCED AND EQUIPPED LAW ENFORCEMENT STAFF TO PROTECT THE STATE RESOURCES.** This should be a top priority when allocating segregated funds.

**THEREFORE WE REQUEST THAT THERE BE NO FURTHER CUTS IN THE BUDGET OF THE BUREAU OF LAW ENFORCEMENT AND THAT ANY FUTURE BUDGET SHORTFALL FOR THE BUREAU OF LAW ENFORCEMENT BE MADE BY RE-ALLOCATING SEGREGATED FUNDS TO THE BUREAU. THIS INCLUDES FUNDING A CONTINUING WARDEN RECRUITMENT PROGRAM THAT WILL PROVIDE AN ADEQUATE NUMBER OF REPLACEMENT WARDEN'S FOR ALL RETIRING WARDENS IN THE YEARS 2002,2003 AND 2004.**

Thank you for considering our recommendations.

Sincerely,



Harry Meinking  
President

CC: M. Huebsch  
D. Johnsrud

**Swiderski, Julie**

**From:** Kluesner, Elizabeth M  
**Sent:** Monday, December 17, 2001 3:57 PM  
**To:** Swiderski, Julie  
**Subject:** Finance Meeting Stuff.

Brian -  
FYI.  
- Julie

Hi Julie.

I wanted to write with a couple of DNR takes on issues for tomorrow's 13.10 meeting.

On Agenda Item 2 - SEG funding lapses.

A big chunk of that money, \$218,600 comes from the Air and Waste Program. We took the cash out of the cleanup account because there were some unencumbered dollars there. We did this to avoid hitting the positions in the program, namely our brownfields staff.

We are hoping that the DOA plan will be acceptable.

On the Peshtigo River State Forest:

We are hearing the Gard may try to force the Department to do a reallocation in order to get the 2 positions for the new state forest.

We think that new foresters are exactly what the mill tax is there for. The new positions have the support of the forestry industry including: County Forest Administrators; and the Governor's Council on Forestry.

It's kind of ironic that he would be looking to take foresters away from their normal work duties, rather than fund new ones for the new property in his district. Also, Wisconsin Public Service Corporation had 4 positions to manage this property. We are only asking for 2

Also, please thank Brian for his support of the Wardens' item. Tom Harelson was very appreciative.

Take Care.

I met with him last week and said you'd likely be supportive.

*Supportive response*

**McGinnis, Cindy**  
**From:** Rossing, Randal G [RossiR@mail01.dnr.state.wi.us]  
**Sent:** Tuesday, December 18, 2001 12:18 AM  
**To:** Gard, John; Kaufert, Dean; Albers, Sheryl; Duff, Marc; Ward, Dave; Huebsch, Michael; Huber, Gregory; Riley, Antonio; Decker, Russ; Shibilski, Kevin; Wirch, Bob; Moore, Gwen; Plache, Kimberly; Welch, Bob; Darling, Alberta; Sen.Burke@legis.state.wi.us  
**Subject:** Dec. 12th DNR 13.10 Request  
**Importance:** High

Dear Ladies and Gentlemen of the Joint Finance Committee

I am writing to you on behalf of the Conservation Wardens of the State of Wisconsin. My name is Randal G. Rossing. I am the President of AFSCME WSEU Local 1215 which represents the Conservation Wardens. The purpose of my letter is to ask your support for the 13.10 request being presented by the Department of Natural Resources for funding to partially offset the costs of recruit warden training.

In looking at the seniority list of the Conservation Wardens I represent I can identify 28 that will be eligible to retire within the next year. I also know of at least 3 of the Management staff that will be retiring within the next two years. I do suspect that many of these wardens will in fact retire within the current biennium because they will then have three years at the higher rate of pay negotiated in the 1999-2001 contract. This will result in a large number of warden vacancies in the state and the need to replace them with new recruits. If we wait for the vacancies occur to hire and train recruits there will be a large area of Wisconsin receiving minimal warden coverage. What this means to the warden force is that the remaining wardens have to cover a larger area which results in longer response time to citizen calls. Conservation warden recruits also go through a one year training period which includes classroom training and on the job training with at least three field training officers. For these reasons, the Department needs to be able to hire recruit wardens and train them in anticipation of the vacancies.

In order to fund a recruit class at the present time, funding would have to be re-allocated from other enforcement duties. What this means is that the current warden force's operating budget would have to be cut to help pay for training the recruit class. This would further restrict the field warden's ability to respond in a timely manner to citizen calls.

The Conservation Wardens are very proud of the service they are able to provide the citizens of Wisconsin and we wish to maintain that level of service. However to do this we need to maintain adequate staffing. To accomplish this we need your support in granting the 13.10 request that is before you.

Thank you,  
Randal G. Rossing

Randal Rossing  
Environmental Warden  
WDNR - South Central Region  
3911 Fish Hatchery Road  
Fitchburg, WI 53711  
Phone: 608 275-3326

**NATURAL RESOURCES**

**Peshtigo River Stewardship Purchase  
Agenda Item IX**

**Motion:**

Move to direct DNR to include within the provisions of the master plan for the property a long-term lease, charging rents not to exceed current levels, with Marinette County to allow for continued county operation of a 53-acre parcel on High Falls flowage for park and campground purposes.

NATURAL RESOURCES

Peshtigo River Stewardship Purchase  
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MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
BAUMGART	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
FITZGERALD	Y	N	A
GARD	X	N	A
KAUFERT	X	N	A
ALBERS	X	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 10 NO 0 ABS 0

NATURAL RESOURCES/EMPLOYMENT RELATIONS

Conservation Warden Retirement

Agenda Item VII

Motion:

Move to direct the Department of Employment Relations as part of collective bargaining contract negotiations to pursue discussion of requiring conservation wardens to provide a minimum of nine-months notice prior to retirement in order to facilitate recruitment and training of replacement wardens.

MO#			
	BURKE	Y	<del>N</del> A
	DECKER	Y	<del>N</del> A
	MOORE	Y	<del>N</del> A
	BAUMGART	Y	<del>N</del> A
	PLACHE	Y	<del>N</del> A
	WIRCH	Y	<del>N</del> A
	DARLING	Y	<del>N</del> A
	FITZGERALD	Y	<del>N</del> A
	2 GARD	Y	<del>N</del> A
	KAUFERT	Y	<del>N</del> A
	1 ALBERS	<del>Y</del>	<del>N</del> A
	DUFF	<del>Y</del>	<del>N</del> A
	WARD	Y	<del>N</del> A
	HUEBSCH	Y	<del>N</del> A
	HUBER	Y	<del>N</del> A
	COGGS	Y	<del>N</del> A

AYE 2 NO 14 ABS \_\_\_\_\_

NATURAL RESOURCES

Rib Mountain Stewardship Purchase  
[Agenda Item VIII]

Motion:

Move to direct DNR to develop and implement a forest management plan for the 257 acres proposed for purchase from 3M for Rib Mountain State Park in Marathon County. Further, direct DNR to file a report with the Joint Committee on Finance describing the implementation of the plan no later than one year from the date the property is purchased by DNR.

MO# \_\_\_\_\_

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
BAUMGART	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
FITZGERALD	<input checked="" type="radio"/> Y	N	A
GARD	<input checked="" type="radio"/> Y	N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
ALBERS	<input checked="" type="radio"/> Y	N	A
DUFF	<input checked="" type="radio"/> Y	N	A
WARD	<input checked="" type="radio"/> Y	N	A
HUEBSCH	<input checked="" type="radio"/> Y	N	A
HUBER	<input checked="" type="radio"/> Y	N	A
COGGS	<input checked="" type="radio"/> Y	N	A

AYE 15 NO 1 ABS \_\_\_\_\_

**13.10 Meeting**  
**December 18, 2001**  
**Agenda Item ~~VIII~~ IX**

**Issue:** DNR – Peshtigo River Project

**Staff Recommendation:**

See comments.

**Comments:**

Matt says Rep. Gard will have a motion on this, but he didn't have any details as of yesterday. Apparently there is a naming issue he's trying to work out. DNR is worried that he is trying to reallocate positions within DNR to get the 2 forester positions for management of the forest. DNR feels strongly that mill tax money can be used to hire new foresters for the project.

DNR is only asking for 2 positions. WPS currently has 4 foresters managing the property. It doesn't sound like DNR is being too greedy here, and they can't really afford to give up foresters who are staffing other areas around the state for this one piece of property. It sounds like a better plan to hire 2 new foresters instead.

Prepared by: Julie



## Legislative Fiscal Bureau

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

December 18, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Stewardship Purchase and Staffing Request-- Peshtigo River Project -- Agenda Item IX

### REQUEST

The Department of Natural Resources (DNR) requests approval to spend \$25,000,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 land acquisition subprogram to purchase approximately 9,239 acres of land and easements on an additional 383 acres from Wisconsin Public Service Corporation (WPSC) for the proposed Peshtigo River shoreline project in Marinette and Oconoto Counties. The transaction would also convey 3,268.5 acres of submerged land to the state. In addition, the Department requests approval to borrow ahead \$13.5 million in stewardship bonding for the first installment of the purchase to take place as early as December, 2001. Finally, DNR requests \$185,900 SEG in 2001-02 and \$424,900 SEG in 2002-03 from the forestry account of the conservation fund with 2.0 positions for the management and operation of the properties associated with this transaction.

### BACKGROUND

The 1999-01 biennial budget act (1999 Act 9) provided \$460 million in bonding for a ten-year reauthorization of the Warren Knowles-Gaylord Nelson stewardship program beginning in 2000-01 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The annual bonding authority under the program was \$46 million, ending in fiscal year 2009-10. Of the annual authority, \$28.5 million in 2000-01 and \$34.5 million in 2001-02 is allocated to general land acquisition for conservation and recreation purposes. The 2001-03 biennial budget (2001 Act 16) increases the overall bonding authority to \$572 million and the annual bonding allocation from \$46 million to \$60 million beginning in 2002-03 (with \$45 million each year available for the land acquisition subprogram).

Both the Department and nonprofit conservation organizations (NCOs) are eligible to use funding from the land acquisition subprogram. The statutory priorities enumerated for land acquisition funding are: (a) acquisition of land that preserves or enhances the state's water resources (including land along the shores of the Great Lakes); (b) acquisition of land for the stream bank protection program; (c) acquisition of land for habitat areas and fisheries; (d) acquisition of land for natural areas; and (e) acquisition of land in the Middle Kettle Moraine.

Currently, with the approval of the Natural Resources Board, the Joint Committee on Finance and the Governor, the Department can obligate up to the entire allocation under the land acquisition subprogram for large or uniquely valuable acquisitions. Funding of \$25 million has been utilized from the reauthorized program for the purchase of approximately 32,000 acres from Packaging Corporation of America in northern Wisconsin commonly referred to as the Great Addition. At its May 23, 2001, meeting, the Natural Resources Board approved an allocation plan for stewardship funding for fiscal year 2001-02. Of the \$34.5 million in the land acquisition subprogram this year, the Department will allocate \$27.25 million to DNR land purchases and \$7.25 million for NCO grants. The allocation plan approved by the Board indicates that \$8.3 million of the Great Addition purchase (one-third of the purchase) would be applied against the 2001-02 land acquisition program allocation (leaving \$18.95 million for other DNR land purchases).

Under s. 23.0917(6) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-Chairs of the Committee in writing of the proposed project. If the Co-Chairs 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-Chairs must schedule a meeting to review the request. The Department may then obligate funding for the project only with Committee approval.

DNR notification of the proposed purchase was received by the Co-Chairs on December 4, 2001. On December 6, 2001, the Co-Chairs notified DNR that a meeting would be scheduled to consider the proposed purchase.

## **ANALYSIS**

### **Stewardship Request**

The acreage proposed for purchase from WPSC consists of large blocks of forested land surrounding several flowages and river areas in Marinette and Oconoto Counties. In total, the parcel would include approximately 9,239 acres and 60 miles of water frontage on four flowages and a six-mile stretch of the Peshtigo River. In addition to the shoreline property, approximately 3,268.5 acres of submerged land (underneath the flowages and the riverbed) would be conveyed to the

Department. Flowage rights would be retained by WPSC to permit the ongoing operation of their hydroelectric projects along the waterway. The Nicolet National Forest and the Marinette County Forest are both located in proximity to the property. The purchase is proposed to be completed in four stages over two or more years. While DNR and WPSC appraisals differ somewhat on estimated acreages and on the amount of frontage conveyed on each flowage, the actual acreage conveyed would be determined by survey. Therefore, acres and water frontage described in the following discussion are approximate.

Land surrounding the Caldron Falls flowage is mostly forested, containing aspen, cedar, red pine, oak, conifers, jack pine, and northern hardwoods. Approximately 80% of the property is upland, and relatively level to rolling. The combined WPSC holdings being considered for purchase on Caldron Falls total 2,910 acres (plus 1,180 flowed acres) and contain approximately 98,700 feet of irregular frontage, with 80,000 feet along the Caldron Falls flowage and on the Peshtigo River. Remaining frontage surrounds an unnamed warm water stream and Lackawanna Lake. The northwest corner of the reservoir contains a deep bay, which may be accessed by one of the five public boat landings present on the property surrounding the flowage. The reservoir is a 1,180-acre hard water drainage lake, dark brown in color and with a maximum depth of 40 feet. The shoreline is comprised mainly of sand, with a mix of muck, gravel, or rubble occurring in areas. Fishing resources include muskellunge (rated a Class A fishery), northern pike, walleye, bass, and panfish. The only property on the flowage not owned by WPSC was approved for purchase by DNR for the Tommy G. Thompson (Caldron Falls) Centennial State Park. WPSC would retain approximately 104 acres on the flowage for its hydroelectric facilities.

WPSC holdings on the High Falls flowage and reservoir total 2,954 acres with 93,100 feet of water frontage. A portion of the water frontage includes Eagle Creek, a class II trout stream, seven small unnamed ponds, and 230 feet of frontage on the west side of Kiss Lake. The lake has an area of 40 acres and a depth of 22 feet, and contains primarily bass and panfish. The remaining frontage includes 11,300 feet of frontage along the Peshtigo River north of the flowage and 10,200 feet along the river south of the flowage. The reservoir spans 1,670 acres, and has a maximum depth of 54 feet. The shoreline is approximately half sand and half muck, with limited gravel and rubble in areas. Fishing resources include muskellunge, northern pike, walleye, bass, and panfish. Approximately 93% of the property is upland, and relatively level to rolling with some areas of rock outcropping along the river's edge. Forest cover on the property is extensive, and includes red pine, aspen, jack pine, scrub oak, white pine, swamp hardwood, northern hardwood, white birch, and swamp conifer. There are six public boat landings on the property surrounding the flowage, and WPSC owns over 96% of the shoreline around the reservoir. Five small privately owned parcels clustered in the middle of the flowage on the east bank hold the remaining 4% of frontage. Marinette County operates a 62-site campground and day use area on WPSC property along the western shore of the frontage. The County currently leases the 53-acre area for \$1 per year under a 99-year lease; however, the lease can be terminated at any time with a 90-day notice. The cost of removing buildings associated with the campground (support building, contact station, showers, and pit toilets) could approach \$20,000. In addition, WPSC leases a boat launching access to a private business and a small area for a town park. Both leases are also subject to termination with a

90-day notice. While DNR indicates the leases would likely continue under state ownership, they would be considered as part of the Department's overall master planning process for use of the property. DNR has proposed to purchase approximately 2,724 acres (plus 1,670 flowed acres) on High Falls. WPSC would retain approximately 65 acres for its hydroelectric facilities, and 165 acres for future development.

Property along Johnson Falls totals 988 acres with approximately 33,500 feet of water frontage. This section of the Peshtigo River is considered a Category 5 trout stream, and is managed as an artificial-lure only fishery. The parcel also includes 1,500 feet of frontage on the Thunder River, a class II trout stream. The reservoir is approximately 68 acres, with a maximum depth of 40 feet. The shoreline zone is mostly sand, with limited muck and some gravel and boulders. Fish populations include muskellunge, walleye, bass, northern pike, and panfish. Approximately 94% of the parcel is upland, and relatively level to rolling, with some steep terrain along the riverbank, including a bluff along the north-eastern section of the parcel. Maximum width of the flowage is 550 feet, and in most areas riverbanks drop between 40 and 60 feet to the water (with a drop of as much as 100 feet in some areas). There are seven sets of rapids along this stretch of the river, ranging from class one to class four whitewater. Forest cover on the property is extensive, and includes scrub oak, red pine, aspen, northern hardwood, oak, and swamp conifer. The parcel is located along a section of the Peshtigo River that is between two dams constructed four miles apart, limiting navigation on this stretch to the area between the dams. There is one public boat landing on the property. DNR has proposed to purchase approximately 860 acres on Johnson Falls. WPSC would retain 58 acres for its hydroelectric facilities, and 70 acres for future development.

Holdings surrounding Sandstone Rapids include 2,158 acres with approximately 60,000 feet of water frontage. This section of the Peshtigo River is also classified as a Category 5 trout stream, parts of which are managed as an artificial lure only fly-fishing area. Approximately 90% of the parcel is upland. Frontage along Medicine Brook, a class II trout stream that empties into the river, is included as well. Forest cover on the property includes hardwood, aspen, scrub oak, red oak, hard and soft maple, cedar, white birch, fir, and spruce. Topography varies from level to steep along the river, with the steepest portion towards the midpoint of the parcel. The property surrounds Sandstone Flowage at its southern end. The flowage is approximately 650 feet wide. A WPSC campground with 50 campsites is also located in the area surrounding the flowage; however, the campground is located on land that WPSC proposes to retain. DNR has proposed to purchase approximately 1,921 acres on Sandstone Rapids. WPSC would retain 89 acres for its hydroelectric facilities, and 148 acres for future development.

Land surrounding Potato Rapids consists of approximately 899 acres with 45,400 feet of water frontage. A portion of the shoreline along the rapids is covered by wild rice beds. The 288-acre reservoir has a maximum depth of 20 feet. The shoreline is mostly sand, with some muck and gravel. Muskellunge, northern pike, walleye, bass, and panfish are all present. Approximately 86% of the parcel is upland, and topography tends to be level to gently rolling, with occasional hills. Forest cover includes aspen, northern hardwood, swamp conifer, swamp hardwood, and scrub oak. There are two public boat landings on the property. DNR has proposed to purchase approximately

824 acres (plus 288 flowed acres) on Sandstone Rapids. WPSC would retain 75 acres for its hydroelectric facilities.

WPSC currently uses a series of dams along the flowages to generate electricity. The properties are part of a hydroelectric power project under the supervision of the Federal Energy Regulatory Commission (FERC), and as such has limits set on its use and development. Land held under these conditions is required to be open for public recreation and held to a certain standard of environmental protection, as approved in land management plans reviewed by the state DNR and the U.S. Fish and Wildlife Service (USFWS). Any change in ownership or management must be approved by FERC, who reviews recommendations from the state natural resources agency and the USFWS regarding resource protection issues. Input from various federal, state, and local government agencies, as well as Indian Tribes and concerned citizen organizations would also be considered. The proposed application for a land use change would need to address all economic and financial aspects of the alteration, and describe the environmental effect that the alteration would have on fish, water quality, wildlife, botanical resources, geology, soils, recreation, land use, and socioeconomic values.

The FERC license has a term of 40 years, and was issued on June 26, 1997, after five years of negotiations between interested parties as to the terms of the license. If there were no federal, state, or local opposition, WPSC could potentially complete the processes required to remove land from the program within a year. However, opposition to the withdrawal could lengthen the removal process, or derail it altogether. Input and approval would be sought from the United States Fish and Wildlife Service and DNR, along with conservation organizations and local government units before the property could be withdrawn by FERC. The license status of the property would determine whether the property would be most appropriately valued as developable or restricted. The value of the property may vary significantly based on its likelihood for release from FERC restrictions which may then allow for private sale and development. The WPSC believes that with a concerted effort release is likely, while others believe state and local opposition to private use and development would maintain the public use requirements of the property under the current FERC license until at least 2037 when the license would be up for renewal by the federal government.

As the property is currently considered a FERC project area, the lands have no listed assessment and are tax exempt. While none of the land is zoned by local municipalities, statewide shoreland zoning ordinances would apply. This would restrict structures within 75 feet of the water's edge, but would allow subdivisions and development. Due to municipal ordinances, any subdivision of plats within the Town of Stephenson would require the approval of the Town Park Commission. If the transaction was approved, the state would be responsible for the payment of aids in lieu of taxes to the Towns of Silver Cliff, Porterfield, and Stephenson in Marinette County and the Town of Lakewood in Oconto County in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The town would then pay each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Aids in lieu of taxes are

made from a sum sufficient GPR appropriation. Payments for this property would be approximately \$243,000 per year upon the closure of the first stage of the transaction, and would approach \$450,000 per year upon its completion (the property is currently tax exempt).

Two appraisals were commissioned to establish property value estimates, one each by DNR and by WPSC. The two appraisals generated estimations of value of \$24,200,000 (or \$2,619 per acre) and \$40,427,300 (or \$4,377 per acre) respectively. DNR has agreed to purchase 9,239 acres at \$2,706 per acre, for a total of \$25 million.

The first appraisal, prepared by a DNR senior real estate agent and dated November, 2001, determined the value of the property surrounding each of the five flowages, with a final adjustment for the scale of the total transaction. It was assumed that all 9,239 acres as well as the 3,268.5 submerged acres were included in one sale. Highest and best uses were determined to be recreation, rural residential, or residential development. However, the appraiser noted the restrictions placed on the property by the existing FERC license. Given FERC regulations and the process required to achieve the removal of land from license restrictions, the appraiser estimated that the removal process would take at least two years, and applied a 15% downward adjustment to the value of property in recognition of the risk and time delay involved in the process. Therefore, the DNR appraiser valued the total property at \$30 million, less 15% due to the FERC restrictions and less 5% for a single sale to arrive at a valuation of \$24.2 million.

The appraiser estimated the value of the property using the sales comparison approach. This method considers properties recently sold in comparison to the property being appraised, with adjustments made to the sale prices of the comparison properties to reflect differences that may effect per acre value (including size, location, topography, access, etc.). The appraiser selected six comparable sales, with parcel sizes ranging from 96 to 812 acres in size with varying access, amenities, locations, forest cover, and water frontage. Each of the five properties were compared to the three sales considered most comparable, and after adjustments were made to account for differences, a determination of per acre property value was reached. Using this technique and adjusting for the FERC restrictions, the DNR appraiser valued the land surrounding Caldron Falls Flowage at \$8.8 million, High Falls at \$8.55 million, Johnson Falls at \$2.34 million, Sandstone Rapids at \$3.88 million, and Potato Rapids at \$1.93 million for a combined value of \$25.5 million. However, as large-scale purchases tend to sell for a lower price per acre due to volume, a 5% downward adjustment was applied in recognition of the size of the purchase, for a final determination of value of \$24.2 million. Acreage was estimated based on parcel information obtained from WPSC; no surveys were performed to verify. Final acreage would need to be determined prior to closing.

The second appraisal was commissioned by WPSC in September, 2001. The appraiser estimated the total value of the 9,258 acres to be \$40,427,300, or \$4,367 per acre. In determining value, the appraiser was directed by WPSC to assume that it would be possible to rapidly remove all of the property from FERC restrictions, thereby permitting development into private recreational and residential parcels. No adjustments were made to the value of the property to account for any

difficulties in obtaining the release from FERC restrictions or the time that such procedures would involve. In addition, the summary report notes that the appraiser was instructed to value the property as 78 separate parcels, ranging in size from seven to 549 acres in size. The appraiser was further directed to determine value under the assumption that each parcel would be marketed individually, without competition from the other parcels being appraised. Finally, the appraiser assumed that WPSC would be retaining all lands, subject to public access easements, within a 75-foot strip of the high water mark for all waterfront parcels. During negotiations between DNR and WPSC, it was determined that these strips would be transferred to DNR, along with submerged lands. The appraiser was not requested to provide a revised value estimate to account for this adjustment, however the appraisal notes that such a restriction would have a minimal impact on property value.

The appraisal commissioned by WPSC estimated a total marketing time for the parcels between six months and two years, based on times of sale of vacant forested lots in northern Wisconsin and the Upper Peninsula of Michigan. Highest and best use was determined to be recreation, large-lot residential, or residential development, providing opportunities for private fishing, hunting, canoeing, and hiking. Specific highest and best use would vary by location and size of the individual tract. The appraiser also used the sales comparison approach to determine property value. The appraiser selected 51 comparable sales, with parcels ranging from 12 to 300 acres in size with varying access, amenities, locations, forest cover, and water frontage. Each parcel was compared to the four sales considered most comparable from these 51, and after adjustments were made to account for differences, a determination of per acre property value was reached. Using this technique and the previously mentioned assumptions, the appraiser valued the 78 individual parcels at a combined total of \$40,427,300. However, the appraisal does not address the estimated value of the entire property as a single sale.

WPSC argues that the value of the property greatly exceeds the DNR appraisal due to its forest cover, prime water frontage and the high-demand for recreational and residential properties with such amenities in northern Wisconsin. They believe the property could be sold for perhaps \$60 to \$70 million if development were not restricted by the FERC license. WPSC officials further believe that a concerted effort would result in a relatively rapid release from the FERC restrictions since the property is not critical to actual hydropower production. Once unencumbered from the hydropower license they argue the value of the property would increase dramatically. The DNR appraisal assumes that release from FERC restrictions could be accomplished, but that it would take at least two years to complete the process. Proponents of this view also argue that DNR purchase would ensure permanent protection of the property. Still others believe that WPSC would be unlikely to obtain a FERC license release that would allow private development if state and local officials oppose such a use. They argue the property would likely not be subject to development pressure until at least 2037 when the license would be up for renewal, and even then private development could perhaps be restricted through state and local input to the federal re-licensing process. Under this view the current value of the property with the FERC restrictions in place may be significantly lower than the \$24.2 million DNR estimate. Further, concerns have been raised that a state purchase of WPSC lands could set a precedent for other state utilities to also seek release of similarly restricted lands.

As of December 14, there is no legally binding agreement between DNR and WPSC in regards to the sale of the property. However, in a December 3, 2001, letter signed by Larry Weyers (Chairman and Chief Executive Officer of WPSC) and Darrell Bazzell (DNR Secretary), the "good faith intent of the parties" is outlined. Under the terms of the letter, the purchase would take place in four stages. The first transaction (scheduled to take place before December 31, 2001) would transfer specified parcels believed to total approximately 5,701 acres (1,720 on Caldron Falls, 678 on High Falls, 570 on Johnson Falls, 1,915 on Sandstone Rapids, and 818 on Potato Rapids) for \$13.5 million (or \$2,368 per acre). This sale would include over half of WPSC's holdings on Caldron Falls, including 500 acres adjacent to lands previously authorized for purchase by the State for the Centennial State Park. It would also include all of DNR's intended purchase on Sandstone Rapids, all but six acres of DNR's intended purchase on Potato Rapids, over half of WPSC's holdings on Johnson Falls, and limited scattered holdings on High Falls. If the conveyance does not occur prior to December 31, 2001, the transfer of property would be deferred until 2003. However, a 5% annual interest rate would be applied to the \$13.5 million total beginning on January 1, 2002, until the transaction closed. It should be noted that annual land values have generally been increasing at a greater than 5% rate.

If the initial transaction is completed, DNR would be granted two additional options. The first option would allow DNR to purchase the remaining 534 acres on Caldron Falls for \$6.5 million. (WPSC would retain 104 acres on Caldron Falls for the purpose of continued hydroelectric operations, and would donate the remaining 656 acres on Caldron Falls upon the completion of the second option.) This option would require DNR to pay \$12,172 per acre for the 534 acres. The appraisal requested by DNR estimates the value of this parcel to be approximately \$1.6 million, or \$3,024 per acre. The option must be exercised between January 1 and March 31, 2003, with a closing of the purchase to occur no later than December 31, 2003, unless otherwise delayed by mutual agreement. An annual interest rate of 5% would apply to the \$6.5 million purchase price from January 1, 2002 until the closing date.

The second option would allow DNR to purchase 151 acres on the High Falls Flowage for \$5 million. The option may be exercised between January 1 and March 31, 2004, with a closing of the purchase to occur no later than December 31, 2004, unless otherwise delayed by mutual agreement. An annual interest rate of 5% would apply to the \$5 million purchase price from January 1, 2002 until the closing date. This second option may only be exercised if DNR exercises and closes the previous option. This second option would require DNR to pay \$33,113 per acre for the 151 acres. The appraisal requested by DNR estimates the value of this parcel to be approximately \$474,000, or \$3,139 per acre.

Finally, upon the closing of the first and second options, WPSC would donate to the state the remaining 656 acres on Caldron Falls, 1,895 acres on High Falls, 290 acres on Johnson Falls, and six acres each on Sandstone and Potato Rapids. If all four transactions are completed as envisioned, DNR would own approximately 9,239 acres at an average cost of \$2,706 per acre (\$25 million). Interest costs are estimated to total approximately \$850,000 over the term of the agreement, and the Department's portion of closing costs (including title insurance and 20% of the transfer tax) may

approach \$50,000. No costs were incurred for the appraisals, as existing DNR staff completed one and WPSC contracted with a private appraiser for the other. WPSC and DNR officials have indicated that the most developable parcels with the best water frontage tend to be in the donation package.

WPSC would retain the following acres for hydroelectric operations: 104 acres on Caldron Falls, 65 acres on High Falls, 58 acres on Johnson Falls, 89 acres on Sandstone Rapids, and 75 acres on Potato Rapids. In addition, WPSC would retain 383 acres of land (165 acres on High Falls, 70 acres on Johnson Falls, and 148 acres on Sandstone Rapids) for development purposes. Any development proposed for these properties would be subject to easement restrictions agreed upon by DNR and WPSC. While no agreement has been reached, an acceptable easement may prohibit structures within 100 feet of the shoreline, require a minimum lot size or minimum lake frontage per parcel, restrict development to single-family residences, restrict timber harvest, limit color selection of buildings on the property to earth tones, and restrict the height of developments. All parcels transferred to DNR would remain subject to the flowage rights required by WPSC's FERC license, as well as all utility and access easements for WPSC's existing hydroelectric, transmission, or distribution facilities.

Upon the closing of the initial transaction, WPSC would seek FERC authorization to modify its existing license boundaries consistent with purchase agreement. DNR would be expected to cooperate with WPSC in providing information and filing forms as necessary. However, under the terms of the letter, if FERC does not authorize the modification of the existing license boundaries consistent with the agreement (including WPSC's request to withdraw 383 acres for development) by November 30, 2002, WPSC would have the option to rescind both options and withhold the final donation of property. It is unclear whether FERC could act within that timeframe, particularly if opposition to the release by a third party is encountered. In addition, WPSC would retain timber rights to the property until such time that it was transferred to DNR. Currently, several timber harvests of varying size and scope are scheduled to be executed on the property during the winter of 2001-02. However, the tentative agreement states that all timber sales be consistent with both WPSC's timber management practices and DNR management policies.

Given the tentative nature of the current deal between DNR and WPSC the Committee could consider several alternatives. The current purchase could be postponed and DNR directed to resubmit the proposal when an enforceable purchase contract has been entered. Alternatively, the Committee could approve the \$13.5 million purchase for 5,701 acres (not to exceed \$2,400 per acre) and require DNR to submit the 2003 and 2004 purchases to the Committee for review once the final details of the transaction are known.

Currently, with the approval of the Natural Resources Board, the Joint Committee on Finance and the Governor, the Department can obligate up to the entire allocation under the land acquisition subprogram for large or uniquely valuable acquisitions. However, when this option is exercised, DNR is required to re-sell a portion of the acquisition. In this case, DNR has indicated that the Department would most likely resell a portion of forested upland to the Federal government as an

addition to the Nicolet National Forest. For any sale of excess property that occurs within three years of the date of purchase utilizing the "borrowing ahead" option, proceeds from the sale are credited to the land acquisition subprogram, allowing DNR to utilize that bonding authority for future purposes. While the DNR Board annually determines stewardship allocations, the following table outlines expenditure authority that could be expected to be available for stewardship land acquisition if the request were approved.

**Annual Stewardship Funding Allocations**  
(\$ in millions)

<u>Land Acquisition Allotments</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
General Land Acquisition	\$18.95	\$21.05	\$22.50	\$27.95	\$35.50
Acquisition by Non-Profit Conservation Organizations	7.25	7.25	8.00	8.75	9.50
Great Addition Adjustment	8.30	8.30	6.20	0.00	0.00
Peshtigo River State Forest Adjustment	<u>0.00</u>	<u>8.40</u>	<u>8.30</u>	<u>8.30</u>	<u>0.00</u>
	\$34.50	\$45.00	\$45.00	\$45.00	\$45.00

The allotments are estimated based on current DNR allocation practices. The adjustments for the Great Addition and the Peshtigo River State Forest indicate where DNR would likely reduce its other allotments to compensate for bonding authority that was "borrowed" from future years for large purchases. The adjustment for the Great Addition allocation in 2003-04 includes anticipated revenues of \$2.2 million from the resale of excess property to municipalities, the Board of Commissioners of Public Lands, the United States Forest Service, and tribal governments.

**Staffing and Operations Request**

In conjunction with this purchase, DNR requests \$185,900 SEG in 2001-02 and \$424,900 SEG in 2002-03 with 2.0 positions from the forestry account of the conservation fund for the management and operation of the properties associated with this transaction.

On November 16, 2001, the Natural Resources Board voted unanimously to approve the recommendation to establish the Peshtigo River Shoreline Project with an acreage goal of 12,890.5 acres; to approve the purchase of 9,239 acres in fee title and a scenic easement on 383 acres at a price of \$25 million and acceptance of title to submerged lands; and to authorize the Department to borrow ahead from stewardship in the amount of \$13.5 million. Further, the motion included a directive for the Department to begin the master planning process for the property, to consider adding acreage from this purchase to the Centennial State Park on Caldron Falls, and to name the project the Peshtigo River State Forest, subject to the local planning committee's review.

State forests are sustainably managed to provide a full range of benefits, including soil protection, public hunting, protection of water quality, production of recurring forest products, outdoor recreation, native biological diversity, aquatic and terrestrial wildlife, and aesthetics. The

Department operates state forests under two separate administrative structures. The northern state forests (15 properties) are operated by DNR forestry staff in a manner that tends to focus on the enhancement of their timber resources. Seven southern forest properties are operated by state parks personnel and are managed in a manner that tends to give priority to their recreational value.

The request would provide two positions to manage the property (once acquired by the state) and supervise the development of recreational resources. A forester/natural resources property supervisor would be responsible for forest management on the property. In addition, the position would be responsible for personnel, public relations, and budgetary issues. A ranger/assistant property manager would oversee road repair and maintenance, facility development, boundary determination and control, access management and boat landing maintenance. In addition, the ranger would be responsible for public safety and protection on the property, and is expected to possess law enforcement credentials. Additional responsibilities would include the oversight of LTEs, contractors or volunteers working on the development of recreational resources, including trail signing and grooming, campsite permits and maintenance, and managing cooperative agreements with snowmobile clubs for trail maintenance. The forestry staff would also provide coordination of endangered resources, fisheries, and wildlife management projects that may be associated with the parcel.

In addition to the permanent positions, DNR is requesting funds for 3,000 limited-term employee hours. These funds would be used to employ a ranger and two laborers as needed. This support would be used for forest productivity and inventory work, winter and summer recreation maintenance, visitor contact and facility development and repair. Supplies and services funding would cover costs associated with travel, radio maintenance, training, office supplies, computers (including software and maintenance), forestry field equipment, law enforcement equipment, portable radios, and office furniture. Additional supplies requested for property maintenance would include fuel, equipment maintenance, tools, gates, signs, a snowmobile equipped with trail grooming equipment, ATV, trail mower, trailer, a boat, and two trucks.

The Department is required to develop a master plan for each state forest, detailing management goals for the property based on both surveys and inventories of the property. In addition, public opinion is solicited to ensure that interested parties have input in the management of the forest. Interest and input can be generated through public meetings, mailings, press releases, and websites. Anticipated expenses for this process include funds for endangered resources inventory, mapping, surveys, public meetings, mail and postage, printing of brochures and newsletters, web site maintenance, and an additional 1,040 hours of LTE support. The majority of these expenses (\$182,000) would occur in the second year of the biennium.

The Department's request would fund the two positions beginning in January, 2002. Given the time required to advertise, interview, and hire the positions, it seems unlikely that they could be filled earlier than April. The request could be approved for three months of funding in the first year rather than six. In addition, the funding requested for the two positions is higher than the starting salary for the classifications. The Department indicates that the increase over the minimum authorized would attract better-quality applicants to apply for the position. Finally, \$10,000

annually per position is requested for supplies (\$1,200 to \$5,000 per position is more typical). If the starting salary was approved (rather than the higher rate requested by the Department), and an adjustment was made to fund the positions with \$5,000 each year for supplies beginning in April, a reduction of \$55,100 in 2001-02 and \$21,800 in 2002-03 for the requested amount could be realized. The following table shows the funding provided under this alternative.

	<u>2001-02</u>	<u>2002-03</u>
1.0 Forest Supervisor	\$13,500	\$54,100
1.0 Forest Ranger	10,200	40,600
Staff Supplies	2,500	10,000
LTEs	8,100	32,400
Equipment	64,000	44,000
Master Plan	22,500	182,000
Maintenance and operations	<u>10,000</u>	<u>40,000</u>
Total	\$130,800	\$403,100

A portion of the funding requested would be used to acquire permanent equipment for use at the property as well as expenses associated with the master planning process. It may be argued that this portion of the request, if approved, should be provided on a one-time basis. Funds totaling \$86,500 in the first year and \$226,000 in the second year would be used for the purchase of computers, office equipment, radios, hand tools, a snowmobile, an ATV, a boat, two vehicles, and costs associated with the master planning process. While it is possible that the master planning process would not be concluded this biennium, if any additional allocation is required, it could be requested in the 2003-05 budget.

In a memorandum dated November 1, 2001, DOA Secretary George Lightbourn notified state agency heads of the enactment of a hiring freeze affecting all state executive branch agencies. Exceptions would be made for the University of Wisconsin System and for positions directly protecting public health and safety (including prosecutor positions in district attorney offices). To the extent that providing a DNR presence on the property would protect public health and safety by providing supervision of resource use and public recreation activities, it may be argued that the request for a ranger/assistant property manager meets the criteria for exemption from the hiring freeze. Alternatively, DNR could choose to reallocate an existing forest ranger or forestry supervisor to fill this need until the hiring freeze is lifted. DOA indicates that if the Committee were to approve DNR's request, the Department would then be required to present justification to DOA for exemption from the hiring freeze in order to fill the positions. Requests are considered on a case-by-case basis.

It should also be noted that the property proposed for purchase surrounds the 2,200 acre Tommy G. Thompson (Caldron Falls) Centennial State Park. Under 2001 Act 16 (the 2001-03 biennial budget), funding for 2.0 staff (a park manager and a naturalist) as well as operations

funding of \$70,000 in 2001-02 and \$30,000 in 2002-03 is provided. Cooperative management efforts could allow staff from the state park to assist with management efforts at the larger property. Under the request, approximately 5.5 FTE would be available to staff the combined 11,400-acre property (two parks staff, two permanent forestry staff, and approximately 1.5 FTE of forestry limited term employees). It should be noted that while the positions provided for the management of the state park were funded beginning as early as May, 2001, DNR indicates that there are currently no staff on duty at the property.

It may be argued that a request for staff to manage a property that the State does not yet own may be premature. DNR could submit a request in the 2003-05 biennial budget or at a future meeting of the Joint Committee on Finance after the Committee has had an opportunity to review the purchase of property in question and, if approved, DNR has executed the actual purchase of the property. It should be noted that the current purchase is expected in three phases through 2004.

Master planning and operational funding for major state land purchases (such as the Chippewa, Turtle-Flambeau and Willow Flowages and the Great Addition) have generally either been absorbed by DNR or requested in budget legislation (Act 16 provides 1.0 forester for management of the Willow Flowage purchased in 1997 and expanded in 1999). DNR officials argue that the increasing number of large new purchases combined with the recent and proposed budget reductions that state agencies face make immediate funding of this property necessary. Proponents point to the two staff (one for each park) originally authorized for the Centennial State Parks under s. 13.10 as precedent for this request. One alternative would be to provide 1.0 position, start-up equipment and limited operational costs to begin operations at the property, with permanent ongoing funding levels reviewed in the 2003-05 budget.

It should also be noted that 2002-03 operational funding for the DNR Division of Forestry was item vetoed by the Governor as part of the Department of Forestry veto in Act 16. Therefore, DNR must seek Legislative approval to restore DNR forestry funding. Another alternative would be to provide funding in 2001-02 only, with 2002-03 funding reviewed as part of the legislation restoring forestry base funding for 2002-03.

## **ALTERNATIVES**

### **A. Expenditure Authority to Purchase Land**

1. Approve the DNR request to expend up to \$25 million, not to exceed \$2,706 per acre, from the land acquisition subprogram of the Warren Knowles-Gaylord Nelson Stewardship 2000 program to purchase 9,239 acres of land in fee and easements on an additional 383 acres from Wisconsin Public Service Corporation for the proposed Peshtigo River State Forest in Marinette and Oconoto Counties. The transaction would also convey 3,268.5 acres of submerged land to the state. In addition, approve the Department's request to borrow ahead \$13.5 million in stewardship bonding authority for the first installment of the purchase to take place in December, 2001.

2. Approve the DNR request to expend up to \$13.5 million, not to exceed \$2,400 per acre, from the land acquisition subprogram to purchase 5,701 acres of land from Wisconsin Public Service Corporation. In addition, approve the Department's request to borrow ahead \$13.5 million in stewardship bonding authority for the purchase. (This would allow DNR to complete the first phase of the current agreement. The Department would be required to request additional expenditure authority for subsequent purchase options at a future time.)

3. In addition to Alternative A1 or A2, provide up to \$900,000 for interest and closing costs associated with the purchase.

4. Postpone a decision on the request until such time that DNR secures a legally binding agreement regarding the purchase of properties from WPSC.

5. Deny the request.

**B. Staffing and Operations Request**

1. Provide \$185,900 SEG in 2001-02 and \$424,900 SEG in 2002-03 for 2.0 positions from the forestry account of the conservation fund for the management and operation of the Peshtigo River State Forest.

2. Provide \$130,800 SEG in 2001-02 and \$403,100 SEG in 2002-03 (including \$226,000 on a one-time basis) for 2.0 positions from the forestry account of the conservation fund. (This would reflect a revised cost estimate for the positions, funding each at starting salary level and for 3 months in the first fiscal year, with adjusted allotments for supplies and services.)

3. Provide one or more of the following amounts from the forestry account of the conservation fund for operations of the Peshtigo River State Forest.

	<u>2001-02</u>	<u>2002-03</u>
a. 1.0 Forest Supervisor	\$14,800	\$59,100
b. 1.0 Forest Ranger	11,500	45,600
c. LTEs	8,100	32,400
d. Equipment	64,000	44,000 (one-time)
e. Master Plan	22,500	182,000 (one-time)
f. Maintenance and operations	10,000	40,000

4. Provide one or more of the following amounts in 2001-02 from the forestry account. (Funding in the second year of the biennium could be addressed with a general Division of Forestry funding proposal.)

	<u>2001-02</u>
a. 1.0 Forest Supervisor	\$14,800
b. 1.0 Forest Ranger	11,500
c. LTEs	8,100
d. Equipment	64,000
e. Master Plan	22,500
f. Maintenance and operations	10,000

5. Deny the request.

Prepared by: Rebecca Hotynski

MO# A-1+3

1 BURKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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AYE 16 NO 0 ABS 0

MO# B-2

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AYE 13 NO 3 ABS 0

**13.10 Meeting  
December 18, 2001  
Agenda Item VII**

**Issue:** DNR – Conservation Warden Recruit Training

**Staff Recommendation:**

Alts 1 and 3

**Comments:**

I met with two guys from the Bureau of Law Enforcement last week and told them you'd likely be supportive of this item. They really need the funding for warden training, and Alts. 1 and 3 are the best way for them to accomplish it within the agency. Sen. Decker is okay with Alts. 1 and 3 as well.

Prepared by: Julie



## Legislative Fiscal Bureau

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

December 18, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request for Funding for Conservation Warden  
Recruit Training--Agenda Item VII

### REQUEST

The Department of Natural Resources requests \$386,500 SEG in 2001-02 and \$464,800 SEG in 2002-03 split funded from the fish and wildlife (70%), ATV (15%), and boat (15%) accounts of the conservation fund for costs associated with training conservation warden recruits.

### BACKGROUND

The Bureau of Law Enforcement within DNR maintains a year-long training program for warden recruits. Training begins in January and includes several months of classroom-based instruction covering the operation of law enforcement equipment and vehicles, DNR regulations, public relations, and warden protocol. As the majority of recruits have previous law enforcement experience, classroom sessions focus on the DNR-specific issues, such as hunting, fishing, and recreational vehicle enforcement. After completing the classroom sessions, recruits participate in field training exercises with active DNR wardens around the state, and may shadow several wardens in different regions before being assigned to a specific station within a region.

Under 2001 Act 16 (the 2001-03 biennial budget bill), DNR's largest GPR state operations appropriation (the Water Division's general operations) was reduced by \$2,474,100 annually. The total amount of the reduction was derived by applying a 5% reduction based on the Department's GPR state operations appropriations (excluding debt service). At the November 5, 2001 meeting of the Joint Committee on Finance under s.13.10, the Committee approved the reallocation of \$457,900 of the \$2,474,100 GPR reduction. This reallocation included a reduction to the

Enforcement and Science Division's general operations appropriation by \$238,000 GPR annually. In addition, as part of the Department's request to reallocate program revenue and segregated revenue reductions (also directed under Act 16), DNR has proposed to reduce allocations from the environmental fund provided for enforcement activities by \$50,500 annually. These funds would have been used to cover costs associated with warden mileage spending and other warden station operations costs.

## ANALYSIS

In the past, the Bureau of Law Enforcement has not requested expenditure authority in the biennial budget for recruit training. Rather, funds for trainee salaries, benefits, and supplies were reallocated from general law enforcement operations appropriations. Due to the necessity of absorbing GPR and environmental SEG reductions, less flexibility was possible under the current budget than in previous years. In addition, the hiring and training of cadets must be managed in conjunction with estimated warden retirements. For example, if 10 wardens are expected to retire in a calendar year, DNR attempts to hire sufficient recruits to replace those officers the previous year, allowing time for training prior to placement. If wardens elect not to retire as soon as they are eligible, the Bureau may experience an overlap of paid recruits and on-staff wardens. Currently, all but one recruit from the January, 2000, training class have been placed in permanent positions, replacing full-time wardens. The remaining cadet is anticipated to begin a permanent assignment in January, 2002. Cadets from the January, 2001, class will be finishing training by the end of December, and DNR anticipates placing all eleven recruits in January, 2002. The Department indicates that due to pay increases included in a re-negotiated contract with the wardens in 1999, incentives were created for eligible wardens to retire beginning in 2001. (Protected service retirement benefits take into account the three highest income years of service when calculating benefits.) As many as 30 wardens may retire over the 2001-03 biennium. It should be noted that despite the fact that DNR was aware of the impending increase in retirements and the subsequent increased demand for recruits that would accompany this change, no request for additional expenditure authority was included in the agency's 2001-03 biennial budget request. Budget staff indicate that this was an oversight. In anticipation of expected retirements, 12 recruits have been hired and are expected to begin training in January, 2002. Expenditures associated with recruit training are summarized on the following table.

<u>Class Year</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Estimated 2002</u>
Number of Recruits	17	19	16	11	12
Classroom Training	\$60,000	\$64,800	\$57,600	\$45,600	\$48,000
Field Training Costs	56,100	62,700	52,800	36,300	39,600
Recruit Equipment	51,000	57,000	48,000	33,000	36,000
Field Instructor Costs	14,000	14,000	14,000	14,000	14,000
Recruit Salary and Fringe	719,000	901,200	758,900	553,000	616,400
Miscellaneous	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>
Total	\$919,100	\$1,118,700	\$950,300	\$700,900	\$773,000
Cost per Recruit	\$54,065	\$58,879	\$59,394	\$63,718	\$64,417

Of the expenses related to cadet training at the academy, meals, tuition, and lodging are estimated to cost \$2,400 per cadet for the three months of classes. Further, classroom costs related to hired instructors (a total of \$15,000), supplies (\$3,500), and graduation costs (\$700) are included. Outside instructors are frequently brought in to provide specialized training that may be outside of the expertise of available DNR staff. Field training costs for new recruits are estimated at approximately \$3,300 per recruit for expenses incurred during three months of in-the-field training (including travel, meals, and lodging). DNR estimates that it costs \$3,000 per recruit for basic equipment, which includes uniforms, belts, tools, and firearms. The Department indicates that equipment from retiring officers is reissued when possible. Additional costs for instructors in the field (who conduct simulated field training with the assistance of other DNR staff) is estimated at \$14,000, and includes costs associated with travel, meals, and lodging. Miscellaneous expenses cover items including background checks and psychological tests for new recruits.

Employment records indicate that twelve wardens were eligible to retire by July, 2001. Of those, four have done so and were replaced with cadets from the previous years' class. An additional eight wardens will be eligible to retire in January, 2002, four in July, 2002, and eleven in January, 2003. One cadet from the class of 2000 is slated to fill one of the January, 2002 vacancies. Over the biennium, 30 warden positions may become vacant due to retirements. Eleven cadets will have completed training by January, 2002, and (if the Department's request were approved) an additional twelve in January 2003 and again in January 2004. This schedule would allow DNR to train sufficient cadets to meet the anticipated number of retirements through the biennium, and provide five cadets for retirements or vacancies that would occur during the 2003-04 fiscal year.

The DNR request indicates that training costs for recruits would be approximately \$772,900 in each year of the biennium, of which the Department anticipates being able to absorb \$386,400 in 2001-02 and \$308,100 in 2002-03. These funds would come from anticipated savings generated by warden station budgets and other reductions in the Bureau's budget for LTE warden assistance. If the request were approved, funding would be provided from three accounts of the conservation

fund. The fish and wildlife account would fund 70% of the request (\$270,550 in 2001-02 and \$325,360 in 2002-03), and the all-terrain vehicle and the boating accounts would each fund 15% of the request (\$57,975 in 2001-02 and \$69,720 in 2002-03 from each account). The fish and wildlife account and the all-terrain vehicle accounts both have sufficient funds to support the expenditure. It should be noted that while the boat registration account of the conservation fund would have sufficient funds to support this expenditure during the current biennium, approving this request may create a shortfall in the long-term. The boat registration account receives revenue from the registration fee collected for all motorized boats and sailboats over twelve feet in length operated on state waters. Beginning in 2000, all boat registrations were made valid for a period of up to three years (rather than two years prior to 2000). Because of this change, revenues to the boat registration account are substantially higher in two out of the three years in the cycle, representing the large number of license renewals (as opposed to new registrations). When currently budgeted expenditures are considered with respect to the low-revenue schedule for fiscal year 2004-05, the boat account may not have sufficient revenue to meet expenditures under the request. Alternatively, as the potential shortfall in revenues would not occur until the end of the next biennium, the request could be approved and expenditures from the boat registration account adjusted as part of the next biennial budget, if necessary, when updated revenue projections would be available.

In addition, an alternative distribution of expenditure authority may be suggested. During 2000-01, DNR wardens logged approximately 509,450 field enforcement hours that were readily identifiable to a relevant funding source. Of this total, 371,100 were related to fish and wildlife enforcement (72.8%), 62,300 to boating enforcement (12.2%), 51,300 to environmental enforcement (10.1%), 16,000 to snowmobile enforcement (3.1%), 6,500 to ATV enforcement (1.3%), 1,300 hours for forestry-related enforcement (0.3%), and 950 hours for issues related to endangered resources enforcement (0.2%). It may be reasonable to distribute costs associated with warden training to all of the areas that benefit from the activity. If the \$386,500 requested by DNR in the first year was funded based on the same distribution as enforcement hours logged, the fish and wildlife account would fund \$281,500, the boat account would provide \$47,300, the environmental fund would contribute \$38,900, the snowmobile account would fund \$12,100, the ATV account would contribute \$5,000, the forestry account would fund \$1,000, and the endangered resources account would provide \$700.

On the other hand, it could be argued that DNR has trained larger recruitment classes in three of the last four years without a funding supplement. Further, DNR has been required to absorb budget reductions that are similar to most other state agencies. To the extent that budget reductions were required, at least in part, to provide state governmental services more efficiently, it could be argued that providing a supplement at this time would be inconsistent with that goal. DNR could seek additional resources for warden training in the 2003-05 budget when their request could be weighed against other departmental priorities and overall state needs.

The Department indicates that if its request were not approved, it would reallocate resources to continue to fund recruit training for the twelve cadets scheduled to begin in January, 2002.

However, no funds would be made available for training, and no recruits would be solicited, for January 2003.

It may be argued that while the timetable for training recruits requires advanced planning, anticipation of warden retirements remains difficult to estimate. Not all wardens elect to retire upon becoming eligible. For this reason, it may be reasonable to provide funding for the training of recruits for the first year of the biennium only, and to re-evaluate the need for additional funds in the second year of the biennium in the future, when more precise retirement rates can be obtained. If the request were approved for both years, the Committee could specify that funding be provided on a one-time basis only. DNR could seek future adjustments through its 2003-05 biennial budget request if an ongoing need is identified.

### ALTERNATIVES

1. Approve the DNR request to provide \$386,500 SEG in 2001-02 and \$464,800 SEG in 2002-03 split funded from the fish and wildlife (\$270,500 and \$325,400), ATV, and boat (each \$58,000 and \$69,700) accounts of the conservation fund for costs associated with training conservation warden recruits.

2. Provide \$386,500 SEG in 2001-02 split funded from the fish and wildlife account (\$281,500), boat account (\$47,300), snowmobile account (\$12,100), ATV account (\$5,000), forestry account (\$1,000), and endangered resources account (\$700) of the conservation fund, as well as from the environmental fund (\$38,900). Further, provide \$464,800 SEG in 2002-03 split funded from the fish and wildlife account (\$338,600), boat account (\$56,800), snowmobile account (\$14,600), ATV account (\$5,900), forestry account (\$1,200), and endangered resources account (\$900) of the conservation fund, as well as from the environmental fund (\$46,800).

3. In addition to Alternative 1 or 2, specify that funding be one-time.

4. Provide \$386,500 SEG in 2001-02 only from the fish and wildlife, boat and ATV accounts. (The Department would have the option to request additional expenditure authority, if needed, in 2002-03.)

5. Provide \$386,500 SEG in 2001-02 split funded from the fish and wildlife account (\$281,500), boat account (\$47,300), snowmobile account (\$12,100), ATV account (\$5,000), forestry account (\$1,000), and endangered resources account (\$700) of the conservation fund, as well as from the environmental fund (\$38,900).

6. Deny the request.

Prepared by: Rebecca Hotynski

MO# Alts 1+3

BURKE	<u>Y</u>	N	A
DECKER	<u>Y</u>	N	A
MOORE	<u>Y</u>	N	A
BAUMGART	<u>Y</u>	N	A
PLACHE	<u>Y</u>	N	A
WIRCH	<u>Y</u>	N	A
DARLING	<u>Y</u>	N	A
FITZGERALD	<u>Y</u>	N	A
GARD	<u>Y</u>	N	A
KAUFERT	<u>Y</u>	N	A
ALBERS	<u>Y</u>	N	A
DUFF	<u>Y</u>	N	A
WARD	<u>Y</u>	N	A
HUEBSCH	<u>Y</u>	N	A
HUBER	<u>Y</u>	N	A
COGGS	<u>Y</u>	N	A

AYE 16 NO 0 ABS 0

**13.10 Meeting  
December 18, 2001  
Agenda Item VIII**

**Issue:** DNR – Rib Mountain Stewardship Purchase

**Staff Recommendation:**

Alt 1

**Comments:**

This is the 3M land purchase deal. Alt 1 will approve the deal in its entirety.

Prepared by: Julie