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State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY 608-267-6897

March 20, 2002

Honorable John Gard, Co-Chair
Joint Committee on Finance
PO Box 8952, State Capitol
Madison, WI 53707

Honorable Brian Burke, Co-Chair
Joint Committee on Finance
PO Box 8952, State Capitol
Madison, WI 53707



Dear Representative *John* Gard and Senator *Brian* Burke:

The Department is notifying you, as co-chairs of the Joint Committee on Finance, of a proposed grant to the City of Racine for assistance with the development of Phase II of a multipurpose pathway along the Root River Parkway Corridor. This project is an enumeration pursuant to s. 23.197 (1)(a) Stats. The grant for \$375,000 will come from the Stewardship Acquisition and Development of Local Parks Program. This notice is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of Stewardship projects of \$250,000 or more in cost. The project will connect several local parks and outdoor recreational facilities, link to other local and county trail systems, and improve access to the Root River for fishing and other recreational activities. There are sufficient funds appropriated to complete the purchase.

Attached please find a summary of the project as well as maps and copies of the grant application for the project.

I certify that this request for consideration meets all the applicable state and federal statutes, rules, regulations, and guidelines. This certification is based upon a thorough and complete analysis of this request.

If you do not notify the Department within 14 working days after this notification that the Committee has scheduled a meeting to review the proposed transaction, the Department will proceed with the approval process. If the Committee has no objections, the Department will forward the proposal to the Governor for his consideration. If you need further information, please contact Barbara Schultz at 267-7237. She is available to answer any questions you may have in this matter.

Thank you for your consideration.

Sincerely,

Darrell
Darrell Bazzell
Secretary

cc: Members, Joint Committee on Finance
Legislative Fiscal Bureau



Stewardship Acquisition & Development of Local Parks Grant Project Summary
City of Racine – Root River Bike Trail Development II Project
Enumeration pursuant to s. 23.197 (1)(a), Stats

1. OVERVIEW:

The City of Racine is requesting additional matching grant funding from the Stewardship – Acquisition and Development of Local Parks program, based on an enumeration in the 2001-2003 Biennial Budget, to assist with completion of the proposed five mile Root River Multipurpose Pathway project. Initial phase I development was enumerated in the 1999-01 Biennial Budget. As recommended in the Leisure Services Plan for the City of Racine – 1983-88, public parklands should be acquired in environmental corridors and, specifically, parkway area along the Root River should continue to be acquired and be developed. In order to implement the paved trail project the City is acquiring several private properties and a permanent easement along the planned Parkway corridor route from Main Street to Clayton Park. The Pathway project also provides desirable shoreline improvement and linkage to other local and county trail systems.

The off road pathway will be available for walking, bicycling, cross country skiing, and other non-motorized transportation. A primary project goal is to improve access to the Root River for fishing and other recreational activities. The pathway will connect to several local public parks and outdoor recreation facilities, will be accessible to people with disabilities, and feature new amenities including overlooks, benches, pedestrian bridges, lighting, and a canoe launch. The City is acquiring the 2.64 acre Gleason property for off-road trail expansion and improved river access through another Stewardship – Urban Rivers matching grant.

The project will implement recommendations contained in “A Regional Park and Open Space Plan for Southeastern Wisconsin – 2000” (SEWRPC Report #27). The project is identified in the original Racine County Master Bike Route Development Plan, and is supported by the Regional Bicycle and Pedestrian Plan for Southeastern Wisconsin: 2010 (SEWRPC Report #43) that suggests desired connections to Racine County’s Lake Michigan Trail and the future Root River Parkway Trail. The pathway development and expanded preservation of the Root River corridor, coupled with the need for expanded recreational trails to serve current and future projected public outdoor recreation demands and transportation needs, make this project desirable for the City of Racine and expanding suburban areas in Racine County.

Total Grant Amount: \$375,000. (50%)
Total Project Cost: \$750,000.

2. PROJECT SITE DESCRIPTION:

Land Ownership: Root River Parkway area being utilized for the planned pathway will be owned by the City of Racine, or under permanent easement. The pathway will also be located in existing public parks, and in some instances utilize public streets. The City of Racine has indicated no area being used for pathway development has been acquired by condemnation.

Location: The Root River Parkway is located north and west of downtown Racine. The Parkway corridor being utilized for the development of the Root River Multipurpose Pathway will extend from the Main Street bridge on the East and end at Colonial Park on the West.

The pathway will connect several existing public parks along the river, including Clayton Park, Cedar Bend Park, Island Park, Brose Park, Lincoln Park, and Colonial Park, and the Department of Natural Resources fish station. (See attached maps)

Land Description: Site topography is a varied terrain along the Root River. According to the State Historical Society of Wisconsin, there are no known Historical or Cultural conflicts along the proposed pathway route, and the City reports no contaminated lands are involved.

Development Project Description: The City will construct a 10 foot wide paved pathway from Washington Park to Colonial Park. In addition to trail construction, the Phase II project will include structure demolition and related remediation at acquired site(s), erosion controls, construction of pedestrian bridges, fencing, signage, and other site amenities.

Total Estimated Phase II Project Costs: \$750,000.

Projected Eligible Expenses:	Engineering	\$ 25,000
	Site Preparation & Erosion Controls	25,000
	Trail Construction	325,000
	Demolition & Remediation	35,000
	Pedestrian/Bikeway Bridges	300,000
	Fencing, Site Amenities & Signage	40,000.

3. PROJECT PARTNERS: The City of Racine and the Department of Natural Resources

4. TIMING: The City of Racine is in the process of securing approved Chapter 30 permits for proposed Phase II pathway development along the Root River. Phase I development was initiated in 2001 and is nearly completed. Phase II bidding is scheduled this Spring, with construction beginning after the June fish-spawning season.

5. FINANCES

	Phase I	Phase II
a. Stewardship share:	\$ 750,000.	\$ 375,000. (50%)
b. City share:	\$ 750,000.	<u>\$ 375,000. (50%)</u>
	Total Phase II:	\$ 750,000. (100%)

According to the project budget, submitted by the City of Racine, total overall project costs will surpass \$3.5 million. In addition to Stewardship grant assistance, other grants being utilized to finance the entire project includes funding from DOT (Congestion Mitigation & Air Quality) Transportation Enhancement funds, totaling \$471,316., Community Development Block Grants, totaling \$374,000., and Housing & Urban Development funds, totaling \$325,000. The City's cost share to complete the project will total approximately \$1.145 million.

6. PROGRAM CRITERIA EVALUATION

Because the project was enumerated in the 2001-02 state budget, rating of the project in the annual project selection process for the Acquisition and Development of Local Parks

program (authorized in s. 23.09 (20), Stats. and promulgated in Chap. NR 51) was not required.

The project will satisfy eligibility criteria for the Acquisition and Development of Local Parks Grant Program. In addition, it is supported by the following program criteria for competitively evaluating local grant projects:

- a. The project implements priorities contained in state and local comprehensive outdoor recreation plans. The project is supported by the previous *Leisure Services Plan for the City of Racine – 1983-88*, the current *Park and Open Space Plan for Racine County*, the *Regional Park and Open Space Plan for Southeastern Wisconsin – 1977, & 2000*, and *A Regional Bicycle and Pedestrian Plan for Southeastern Wisconsin – 2010*. These Plans recommend public acquisition and preservation of open space along the Root River environmental corridor, and development of connecting local and regional recreational trails. It should also be noted that as a condition of the budget enumerations approving state funding for the Root River Multipurpose Pathway, the City has entered into an agreement with the South Eastern Wisconsin Regional Planning Commission to update their local park and open space plan.
- b. The project meets needs and deficiencies identified in the Statewide Comprehensive Outdoor Recreation Plan.
- c. The project serves the greatest population.
- d. The project provides multiple season, multiple activity use.
- e. The project has significant potential for increasing tourism.
- f. Provides or supports water-based activity.
- g. The project provides an expanded local recreational trail system that connects to other existing and planned regional and county trail systems to meet current and future demand for outdoor recreation and transportation needs.

7. PROJECT ATTACHMENTS

- Applications
- Location Map
- Site Map, Conceptual Site Development Plan

2/26/02

WISCONSIN'S APPLICATION FOR AIDS FOR THE ACQUISITION AND DEVELOPMENT OF LOCAL PARKS, THE LAND AND WATER CONSERVATION FUND PROGRAM, THE URBAN GREEN SPACE PROGRAM, THE URBAN RIVERS GRANT PROGRAM, THE STREAMBANK PROTECTION AND THE NATIONAL RECREATIONAL TRAILS ACT PROGRAM
Form 8700-191 (R 1/2000)

*Rec'd 10/15/01
JSP*

NOTE: Use of this form is required by the Department for any application filed pursuant to ss. NR 50.05, 50.06, 50.16 and 50.65, Wis. Adm. Code. The Department will not consider your application unless you complete and submit this application form. Personally identifiable information will only be used in conjunction with the programs listed above.

1. Project Sponsor's Name CITY OF RACINE - RICHARD M. JONES	2. E-mail Address rjones@cityofracine.org
3. Street or Route 730 WASHINGTON AVE.	4. Telephone Number (include area code) (262) 636-9121
5. Municipality, State, Zip Code RACINE, WI 53403	6. FAX Number (include area code) (262) 636-9298
7. Project Title ROOT RIVER PATHWAY	8. County RACINE

9. Project Description. (IMPORTANT: Provide as much of this information as possible. See enclosed narrative sample.)
(Attach cost estimates, site plans, construction plans, specifications, appraisals or any other information that describes the project.) Attach a narrative to this application form. Describe what local resources have been or will be committed to this project. Describe the physical features of the site, such as topography, drainage, surrounding land uses and the presence of environmental intrusions (overhead powerlines, landfills, etc.). If the project involves the renovation of an existing facility, describe the existing facility and the proposed renovation in detail. Describe how the project will serve the community or its intended users and how the users will gain access to the project site. Describe the availability of financial resources and personnel needed to operate and maintain this project once it is completed. Describe how the project may benefit tourism. NOTE: Urban Green Space Projects only. Attach a management plan describing how the property will be managed. See Urban Green Space Program information for instructions.

Total Project Cost \$ 1,727,760	Cost Sharing Requested (50% of total project costs) \$ 375,000
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Indicate Source of Local Matching Funds. Include any other state or federal grant or loan programs, or donations involved in this program.

D.O.T. C.M.A.Q. GRANT, CITY GENERAL OBLIGATION BONDS

The project sponsor or authorized representative must answer the following questions. Additional information pertaining to any question can be submitted on attached sheets.

1. Is this project supported by an approved comprehensive outdoor recreation plan? Yes No
If yes, indicate the title of the plan and page numbers:

ROOT RIVER MASTER PLAN

2. Is your project specifically identified in your local plan by location and facility? Yes No
If yes, indicate page or section number: _____

3. Does the project implement a recommendation contained in a regional plan of another unit of government? Yes No
If yes, indicate title of the plan and page numbers:

WILL BE SHOWN ON S.E.W.R.P.C. BICYCLE PLAN

4. Do you have an approved parkland dedication ordinance? Yes No
If yes, attach a copy of the resolution of adoption of the ordinance.

5. Indicate how land was or will be acquired (Fee simple Acquisition, Donation, Condemnation, etc.) and date of acquisition. (If acquired by condemnation on or after August 1, 1995, project is not eligible for funding.)
NO LAND ACQUISITION REQUIRED

6. Was the land to be acquired dedicated to the municipality through a parkland dedication ordinance? Yes No

7. Will this facility be used extensively by people outside your governmental jurisdiction? Yes No
If yes, describe in attached narrative.

8. What is the official 1990 census of your unit of government? _____
1990 Population

Name of Person Completing This Application RICHARD M. JONES	Title COMMISSIONER OR PUBLIC WORKS
Signature <i>Richard M. Jones</i>	Date Signed 10/12/01

Please submit one copy of all project documentation.

LEASE SUBMIT THIS FORM WITH YOUR PROJECT APPLICATION

Project Sponsor	Project Name
-----------------	--------------

DEVELOPMENT

Applicant's Ownership	Entire Park Acreage _____	<input type="checkbox"/> Project Site is Undeveloped
<input checked="" type="checkbox"/> Fee Title <input type="checkbox"/> Easement or Lease (Attach Copy)	This Development Acreage _____	<input type="checkbox"/> Project Site is Partially Developed

- 1. GRANT APPLICATION, Form 8700-191
- 2. RESOLUTION
- 3. PROJECT NARRATIVE. Please explain the project in as much detail as possible.
- 4. PROJECT LOCATION MAP. Map of the community showing location of the park within the community.
- 5. COST ESTIMATE WORKSHEET, Form 8700-14
- 6. BOUNDARY MAP/LEGAL DESCRIPTION. Should show the park boundaries and include a legal description of the property.
- N/A 7. BUILDING PLANS. Should show at least floor plans and elevations, but complete plans are more desirable.
- 8. PERMITS, for wetland disturbance, structures in water, floodplain filling, shoreline alteration, riprap and farmland disturbance.
- 9. CONSTRUCTION SCHEDULE. Please state when you plan to begin construction and when you plan to complete the project.
- 10. SITE MAP. Should show location of existing and proposed development items, utilities and surrounding land uses.

ACQUISITION - Before proceeding with an acquisition project, please consult with the district community services specialist to make sure the proper procedures are followed.

Parcel Owner	Acres	Option Expiration Date	Option Amount	Appraised Value		Estimated Relocation Cost	Total Cost
				Land	Improvements		
NONE							
TOTALS							

- 1. APPLICATION, Form 8700-191
- 2. RESOLUTION
- 3. PROJECT NARRATIVE. Please explain the project in as much detail as possible.
- 4. PROJECT LOCATION MAP. Map of the community showing location of the park within the community.
- 5. BOUNDARY MAP. Should show the outline of the parcel to be acquired and should be drawn to scale.
- 6. LEGAL DESCRIPTION. A metes-and-bounds or other description which clearly defines the property to be acquired.
- 7. JUST COMPENSATION, Form 8700-102. Shows that the landowner has been informed of the appraised value of the property.
- 8. APPRAISAL. If possible, this should be submitted one month or more before the application.
- 9. SITE DEVELOPMENT MAP. Shows all recreation facilities planned for the property to be acquired.
- 10. RELOCATION PLAN. Must be approved by Department of Commerce (608) 264-7822.
- 11. OPTION TO PURCHASE (Optional). Recommended to ensure that the property is available before the grant is approved.
- 12. AGRICULTURAL IMPACT STATEMENT. Needed if parcel is larger than 5 acres and is being used for active farming.

ELIGIBILITY

In order to participate in any of the park acquisition and development programs, your community must be covered by a current comprehensive outdoor recreation plan. If you do not have a plan or your plan has expired, please contact the district community services specialist for more information.

IMPORTANT

PLEASE REMEMBER: NO DEVELOPMENT COSTS CAN BE INCURRED, OR LAND PURCHASED, BEFORE YOU HAVE COMPLETED THIS APPLICATION AND HAVE RECEIVED AND SIGNED A PROJECT AGREEMENT.

FOR DEPARTMENT USE ONLY:

APPROVALS AND PERMITS REQUIRED:

STATUS:
 ON FILE PENDING

Narrative Project Description

The project, for which \$ 375,000 of State funds would be utilized, includes Phase II of the construction of the Root River Pathway Project. Phase II extends from Washington Park Golf Course northwesterly to Colonial park. It also includes primarily on-street connection to North Racine County Bicycle path and to the South Racine County Bicycle path. A segment will be off-street when the path reaches Gilmore Middle School.

Also included in this proposal is the construction of the path from Riverview Terrace to the Gleason Property, terminating on the north side of 6th Street.

The cost of demolishing three (3) residential properties including any environmental remediation is also included in this proposal.

This proposal includes all costs for design, planning, supervision and pre-approval engineering for the project.

The Pathway will traverse through six (6) existing City parks: Riverside, Island, Brose, Lincoln, Colonial and Washington Park Golf Course. The path will consist of a 10-foot wide asphalt surface with the exception in Colonial Park, where it will be a 10-foot wide path with limestone chip surface.

Along the Pathway, the users will have conveniences such as: lighting, benches, trash receptacles and information/directional signage.

Engineering activities are currently underway. The project is scheduled to be bid in February 2002 with construction commencing in April 2002, and project completion in September 2002.

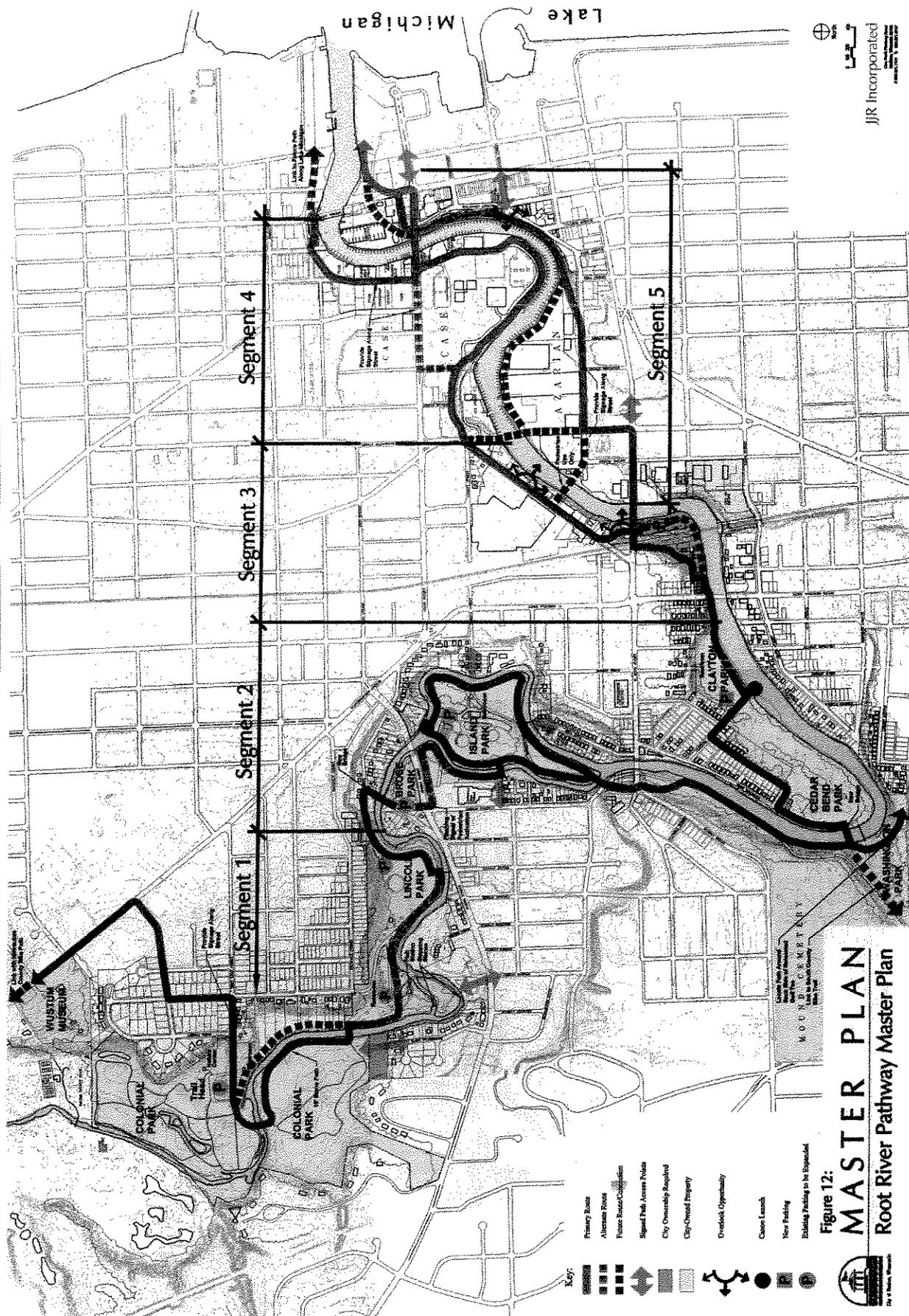


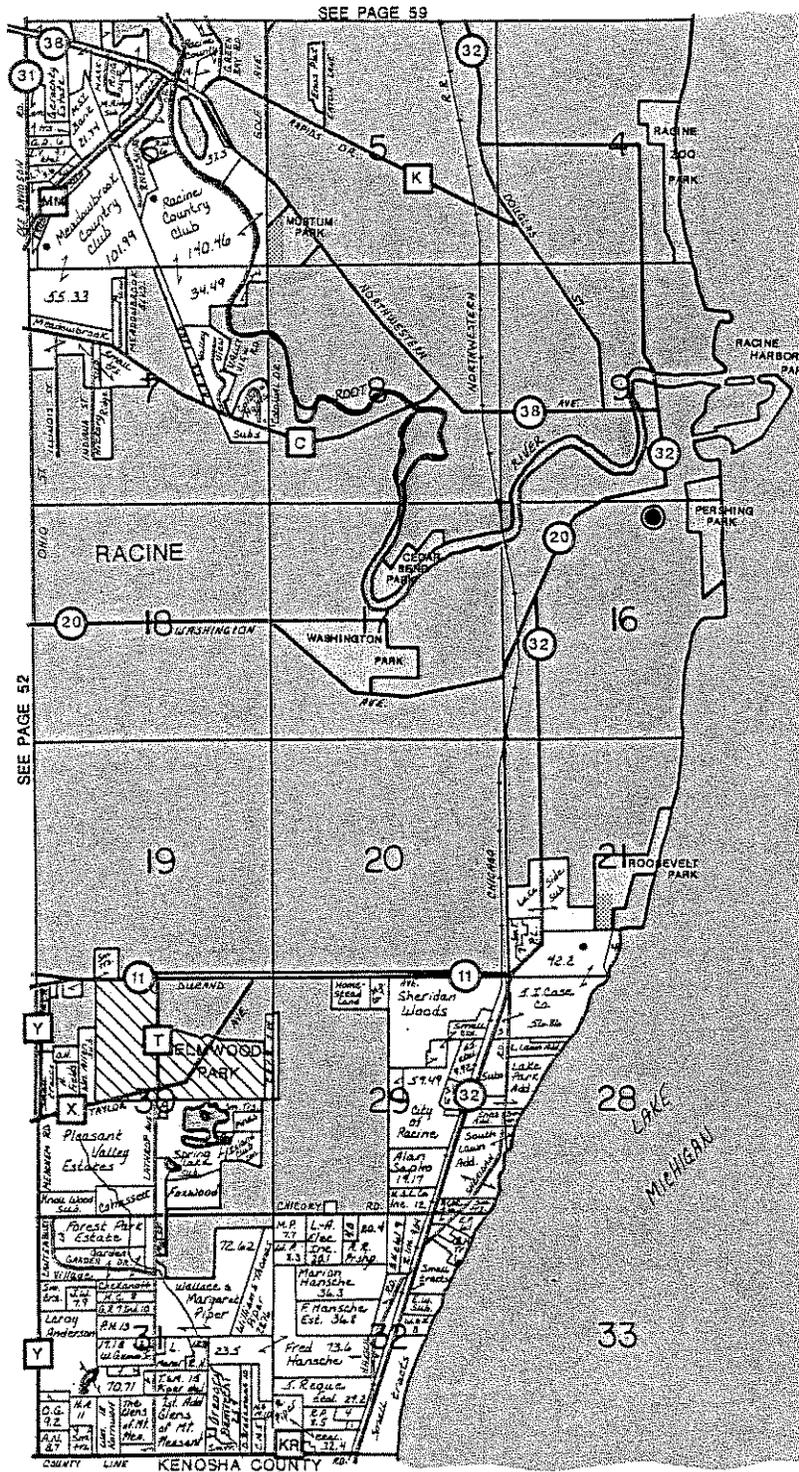
Figure 12:

MASTER PLAN

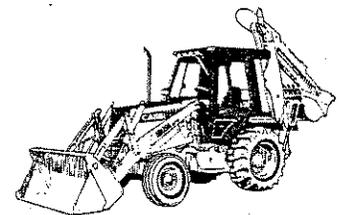
Root River Pathway Master Plan

JJR Incorporated
 1000 1st Street, Suite 200
 Grand Rapids, MI 49503
 Phone: 616.223.1100
 Fax: 616.223.1101
 www.jjrinc.com

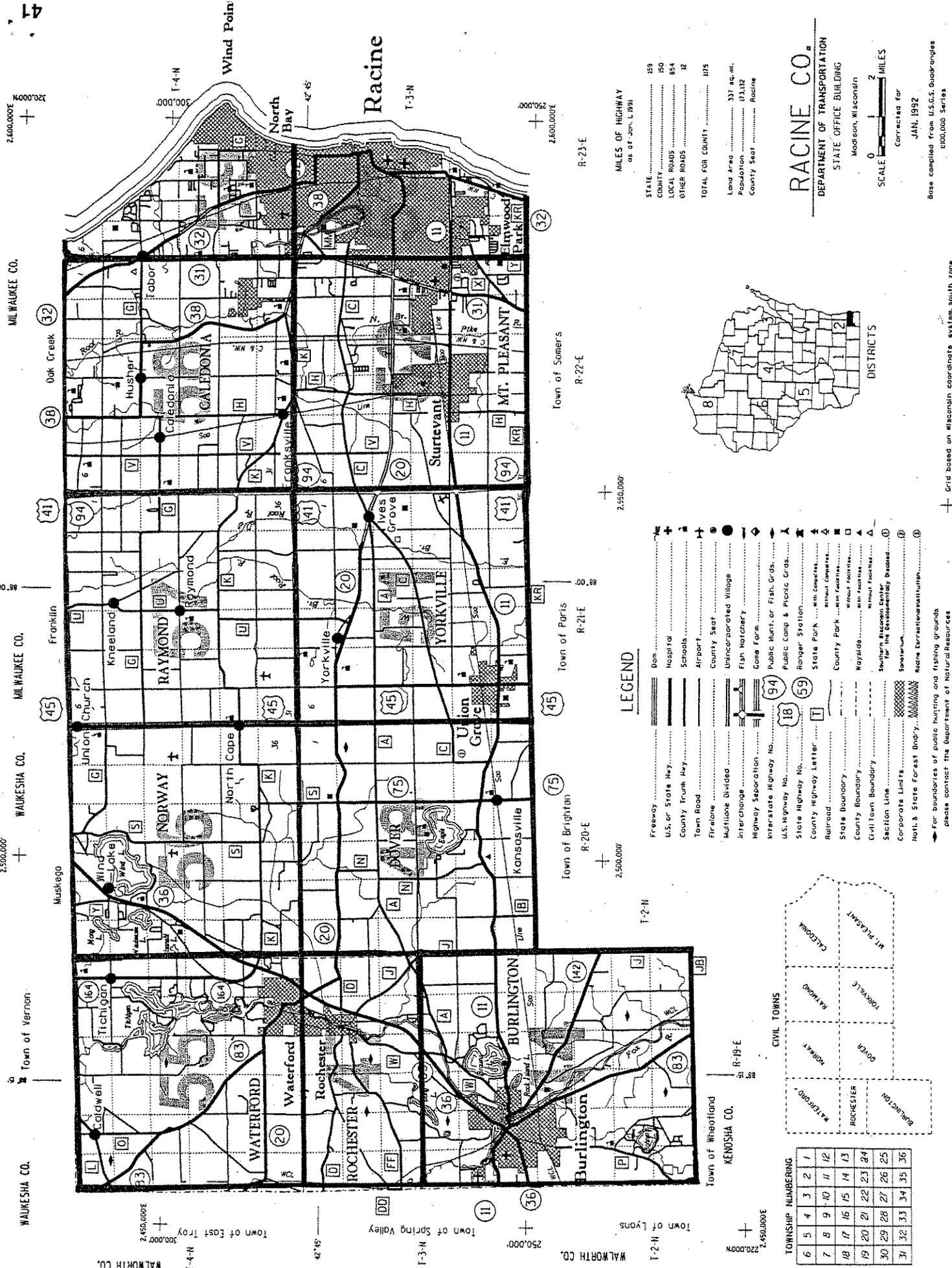




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 Proudly Serving
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 Customers
 for Over 150 Years



RACINE COUNTY HIGHWAY MAP



WALWORTH CO. T-1-N 300,000' 2,450,000'

Town of East Troy

WALWORTH CO. T-2-N 250,000' 2,450,000'

Town of Lyons

WALWORTH CO. T-3-N 200,000' 2,450,000'

Town of Spring Valley

WALWORTH CO. T-4-N 150,000' 2,450,000'

Town of Vernon

WALWORTH CO. T-5-N 100,000' 2,450,000'

Muskego

WALWORTH CO. T-6-N 50,000' 2,450,000'

Waukesha Co. T-7-N 0' 2,450,000'

Waukesha Co. T-8-N 0' 2,450,000'

Milwaukee Co. T-9-N 0' 2,450,000'

Milwaukee Co. T-10-N 0' 2,450,000'

R-19-E 2,450,000'

Town of Wheatland

KENOSHA CO.

R-20-E 2,500,000'

Town of Brighton

R-21-E 2,550,000'

Town of Paris

R-22-E 2,600,000'

Town of Somers

R-23-E 2,650,000'

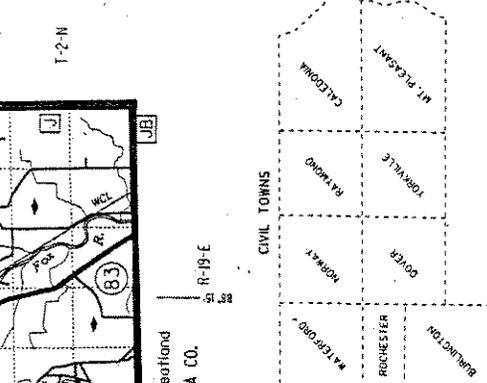
WIND POIN

North Bay

Racine

Wind Point

- ### LEGEND
- Freeway
 - U.S. or State Hwy.
 - County Trunk Hwy.
 - Town Road
 - Firerlane
 - Multilane Divided
 - Interchange
 - Highway Separation
 - Interstate Highway No.
 - U.S. Highway No.
 - State Highway No.
 - County Highway Letter
 - Railroad
 - State Boundary
 - County Boundary
 - Civil Town Boundary
 - Section Line
 - Corporate Limits
 - Met. & State Forest Boundary
 - Den
 - Hospital
 - Schools
 - Airport
 - County Seat
 - Unincorporated Village
 - Fish Hatchery
 - Game Farm
 - Public Hunt or Fish Grds.
 - Public Camp & Picnic Grds.
 - Ranger Station
 - State Park
 - County Park
 - Wayside
 - State Boundary
 - Civil Town Boundary
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 - State Park
 - County Park
 - Wayside
 - State Boundary
 - Civil Town Boundary
 - Section Line
 - Corporate Limits
 - Met. & State Forest Boundary



TOWNSHIP NUMBERING	1	2	3	4	5	6
6	5	4	3	2	1	
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

MILES OF HIGHWAY as of Jan. 1, 1993

STATE 189

COUNTY 150

LOCAL ROADS 854

OTHER ROADS 12

TOTAL FOR COUNTY 115

Land Area 337 sq. mi.

Population 171,132

County Seat Racine

Madison, Wisconsin

RACINE CO.

DEPARTMENT OF TRANSPORTATION

STATE OFFICE BUILDING

SCALE 0 1 2 MILES

Contracted for

JAN. 1992

Base compiled from U.S.G.S. Quadrangles 1:100,000 Series

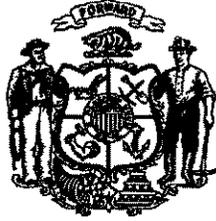
Grid based on Wisconsin coordinate system, south zone

For boundaries of public hunting and fishing grounds please contact the Department of Natural Resources

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

May 14, 2002

Secretary Darrell Bazzell
Department of Natural Resources
101 S. Webster St., 5th Floor
Madison, Wisconsin 53703

Dear Secretary Bazzell:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, originally received on March 29, 2002, concerning the proposed 39 acre land purchase in the Town of Centerville, along the shores of Lake Michigan in Manitowoc County.

An objection to the request, which was made on April 15, 2002, was withdrawn on May 10, 2002.

No further objections to this request have been raised. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration



Legislative Fiscal Bureau

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

December 17, 2002

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Root River Parkway Stewardship Grant – Agenda Item XXIII-C

REQUEST

The Department of Natural Resources (DNR) requests approval to provide a grant of \$287,500 from the property development and local assistance subprogram of the Warren Knowles-Gaylord Nelson Stewardship 2000 program to Milwaukee County for assistance with the acquisition of 5.69 acres of land located in the Village of Greendale in Milwaukee County.

Notification of the intent to award a stewardship grant to Milwaukee County was received by the Co-chairs on March 22, 2002. On April 15, 2002, the Co-chairs notified DNR that a meeting would be scheduled to consider the proposed grant.

ANALYSIS

DNR would award Milwaukee County \$287,500 in the form of a matching grant from the stewardship program to provide for half of the appraised cost of acquiring 5.69 acres of land and improvements in the Village of Greendale for use in connection with the Root River Parkway Corridor. Total cost of the property would be \$575,000 for the 5.69 acres, including an estimated \$15,000 for closing and relocation costs. The property was formerly used as a residence and horse riding stable. It is bounded by Whitnall Park on its north and east sides, and by Whitnall golf course to the west. Currently, more than 30% of the land in the Village of Greendale is being used as parklands.

The project was selected based on eligibility and on competitive rating criteria for the urban rivers grant program, including that the project: (a) satisfies relevant priorities contained in state and local comprehensive outdoor recreation plans; (b) implements elements of the approved Root River water quality plan; (c) provides and enhances diverse outdoor, natural resource related recreation

opportunities for all segments of the population; (d) restores and preserves natural resource values and environmental quality within the river corridor; (e) provides support for water based activities; and (f) has significant aesthetic value.

The Root River Parkway is located along the main stem of the Root River in the Cities of Franklin, Greenfield, Oak Creek, and West Allis as well as the Village of Greendale in southwestern Milwaukee County. The parkway, which includes 3,900 acres of land, is currently used for biking, hiking, picnicking, nature study, and cross-country skiing. Available facilities include river access, restrooms, and parking lots.

The parcel is zoned R-1 residential, which would require a minimum lot area of 30,000 square feet and a minimum lot width of 100 feet. The property is assessed at approximately \$378,300, with \$85,000 of the assessment attributable to improvements. Mr. Pope paid \$10,500 in property taxes on the parcel plus improvements in 2001. Since the Department would provide a grant for a portion of the purchase price to Milwaukee County for an addition to a county park, the state would not take ownership of the land and therefore would not pay aids in lieu of property taxes.

Two appraisals were commissioned for the property, one in May and one in October of 2001. The two appraisals established valuations of \$575,000 and \$560,000, respectively. The Department approved the lower appraisal for purposes of determining grant value. The County may be required to provide some relocation costs as required by statute under s. 32.19(3), and included an estimate of their liability for this expense in their total grant request as a portion of closing costs. Additional costs, including appraisals, title insurance, and transfer tax bring the total estimated closing costs to \$15,000, of which up to \$7,500 may be reimbursable through stewardship. Under the stewardship program, DNR requires documentation of actual costs prior to reimbursement.

The October appraisal, which was approved by DNR for purposes of just compensation, established the highest and best use of the property as single-family residential. The parcel is not served by municipal sewer or water, but is served by commercial natural gas and electric. The site has a private well and septic system. Improvements to the property include a remodeled farmhouse, detached two-car garage, pole building, ribbed metal storage building, and enclosed riding corral. The combined value of the improvements was estimated by the appraiser to be \$160,000, of which \$150,000 was attributed to the house and approximately \$10,000 to the pole building. The house is a two-story, three bedroom single-family residence with wood siding. The residence was recently remodeled. Improvements include new windows, hardwood floors, new baths, and a furnace. 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 the per acre value (including size, topography, location and access). After considering the qualities of the property as well as the market demand for properties in the area, the appraiser estimated the value of the property at approximately \$70,300 per acre, for a total value of \$560,000 (including \$160,000 for improvements).

The May appraisal also established the highest and best use of the property to be single family residential, and used the sales comparison approach to value the property. A final valuation of \$575,000 was established, with \$169,100 of the value attributed to improvements on the property.

While the grant would be provided to Milwaukee County (the potential buyer and manager of the larger Root River Parkway project throughout the county), actual site development and day-to-day management would be overseen by the Village of Greendale, where the site is located. Village and county officials have indicated that they intended to raze all improvements on the site in order to better incorporate the property into the parkway. However, while both appraisals note that use of the existing single family residence would generate the highest return of all physically possible, legally permissible, and financially viable uses, the first appraisal (approved by DNR for purposes of just compensation) goes further to note that the value of the existing improvements on the primary lot (including the house with detached garage) was sufficient for continued economic use and noted that the razing of the buildings for other purposes was not financially feasible. Further, the improvements contribute between one-quarter and one-third of the value of the property. County and village park officials indicate that the central location of the improvements on the parcel prohibit their parceling off and reselling of them. Any revenues received from the liquidation of the improvements above the cost of their removal from the property would be evenly divided between the County and DNR. The Department states that any excess revenues from the sale of improvements would be deposited to the conservation fund to be used for land acquisition related to the general conservation functions of the Department (such as fish and game refuges, forests, parks, trails, recreational areas, and natural areas).

Given the significant contribution that existing improvements lend to the overall cost of the property, the option to exclude them from consideration for the state's portion of the purchase may be considered. The majority of parcels acquired under the stewardship program are either unimproved, or contain improvements of negligible value that can be removed from the property for salvage costs. In some cases, when DNR has acquired improved property using stewardship funding, the improvements are parceled off and resold with deed restrictions to prevent additional development, and the proceeds are returned to DNR for further conservation efforts. It appears that it may not be possible to resell the portion of the property containing the improvements in this case due to their central location on the parcel. Further, any residence that remained on the property would be subject to increased public use on surrounding lands associated with the parkland and recreational trail that is planned for the parcel. DNR prefers not to use stewardship funds to purchase property where a significant amount of the value is attributed to improvements. However, DNR has, on occasion, purchased properties directly or provided grants where a substantial portion of the property's value was related to improvements. If DNR instead provided 50% of the appraised value of the parcel minus the improvements (approximately \$415,000 with costs), the County would be entirely responsible for the fiscal impact of the decision to purchase a developed parcel and raze the existing improvements. It would also provide an incentive for the county to attempt to recoup as much of the value of the existing improvements as possible.

Under s. 23.0917(7), acquisition cost for the Stewardship 2000 program is statutorily defined to include the sum of the land's current fair market value and other acquisition costs, as defined by DNR rule. Under administrative rule, acquisition cost is defined as the fair market value of the property as determined by DNR valuation guidelines and reasonable costs related to the purchase of the property as specified in the rule.

Alternatively, it may be argued that acquiring land for public use in developed areas is inherently costly, due to surrounding development pressure and competing uses, and that re-directing land use away from low-density residential use and towards public recreation may be a reasonable application of stewardship funds.

ALTERNATIVES

1. Approve the DNR request to expend up to \$287,500 from the urban rivers grant component of the stewardship program to provide a grant to Milwaukee County for assistance with the acquisition of 5.69 acres of improved land located in the Village of Greendale for the Root River Parkway project.

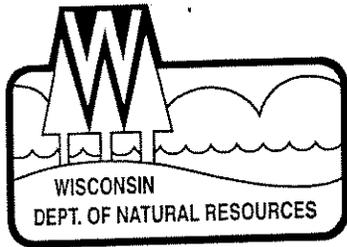
2. Provide up to \$207,500 for a grant to Milwaukee County for assistance with the acquisition of 5.69 acres of land located in the Village of Greendale for the Root River Parkway project. (This alternative would exclude the value of the improvements in calculating the grant amount.)

3. Deny the request.

MO# B/G | 1

GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A
BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<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
ROSENZWEIG	<input checked="" type="radio"/>	N	A
AYE	<u>14</u>	NO	<u>2</u> ABS

Prepared by: Rebecca Hotynski



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY 608-267-6897

March 22, 2002

Honorable John Gard, Co-Chair
Joint Committee on Finance
PO Box 8952, State Capitol
Madison, WI 53707

Honorable Brian Burke, Co-Chair
Joint Committee on Finance
PO Box 8952, State Capitol
Madison, WI 53707

Dear Representative *John* Gard and Senator *Brian* Burke:

The Department is notifying you, as co-chairs of the Joint Committee on Finance, of a proposed grant to Milwaukee County for assistance with the acquisition of 5.69 acres of land located in the Village of Greendale within the Root River Parkway Corridor. The grant for \$287,500 would come from the Stewardship Urban Rivers Program. This notice is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of Stewardship projects of \$250,000 or more in cost. There are sufficient funds appropriated to complete this phase.

Attached please find a summary of the project as well as maps and a copy of the grant application for the project.

I certify that this request for consideration meets all the applicable state and federal statutes, rules, regulations, and guidelines. This certification is based upon a thorough and complete analysis of this request.

If you do not notify the Department within 14 working days after this notification that the Committee has scheduled a meeting to review the proposed transaction, the Department will proceed with the approval process. If the Committee has no objections, the Department will forward the proposal to the Governor for his consideration. If you need further information, please contact Barbara Schultz at 267-7237. She is available to answer any questions you may have in this matter.

Thank you for your consideration.

Sincerely,

Darrell Bazzell
Secretary

cc: Members, Joint Committee on Finance
Legislative Fiscal Bureau

Stewardship Urban Rivers Grant Project Summary
Acquisition of the Pope Property for the Root River Parkway

1. OVERVIEW:

Milwaukee County is requesting matching grant funding from the Stewardship – Urban Rivers grant program to assist with proposed acquisition of the 5.69 acre Pope Farm property, located in Village of Greendale. This property, formerly used as a horse riding stables, is one of only three sites that remain in private ownership within the preserved Root River Parkway corridor in Milwaukee County. The Parkway encompasses 3,929 acres, including two identified scientific and natural area sites in the County and two major public parks, Greenfield Park and Whitnall Park.

The project is supported by the existing **A Park and Open Space Plan for Milwaukee County - 1991**, as well as **A Regional Park and Open Space Plan for Southeastern Wisconsin – 1977, & 2000**, and **A Regional Bicycle and Pedestrian Plan for Southeastern Wisconsin – 2010**. These Plans recommend public acquisition and preservation of open space along the Root River environmental corridor, and development of connecting local and regional recreational trails.

The project will specifically provide additional support for the Oak Leaf Trail system that connects to existing and planned regional and county trail systems, and will contribute to meeting current and future demand for outdoor recreation and transportation needs.

Milwaukee County's Park and Open Space Plan recommends that the Root River Parkway serve as the location for a variety of resource-oriented outdoor recreational facilities, including trails for bicycling, hiking, horseback riding, nature study and ski touring within the corridor; river access; picnic and family camping areas; areas for passive recreational pursuits; and other support facilities.

The Root River Parkway provides a major segment of Milwaukee County's Oak Leaf Recreational Trail. The existing trail through the Parkway connects to Waukesha County's New Berlin Trail at Greenfield Park and connection to Racine County's Root River trail system is also planned in the future. Access to the river for fishing and other recreational activity is also available along the Root River Parkway.

The parkway expansion and preservation of remaining Root River corridor lands, coupled with the need for expanded recreational trails to serve current and future projected public outdoor recreation demands and transportation needs, make this project desirable for Milwaukee County, its expanding suburban areas, and the greater metropolitan area.

Total Grant Amount: \$287,500 (50%)

Certified Fair Market Value: \$ 560,000.

Associated Acquisition Costs (estimated appraisal & relocation costs): \$15,000.

2. PARCEL DESCRIPTION:

Buyer: Milwaukee County

Seller: Thomas and Martha Pope

Number of Years Seller has Owned: Since at least 1994, per appraisal report.

Location: The subject property consists of two adjacent parcels located at 6450 S. 92nd Street and 6500 S. 92nd Street in the Village of Greendale, WI. The existing Parkway connects to several existing public parks along the Root River Corridor and the adjacent Whitnall Park is located in the southwestern corner of Milwaukee County. See attached maps.

Number of Acres: 5.699 (Parcel 1 - 3.343 acres; Parcel 2 - 2.356 acres)

Land Description: Parcel 1 is improved with a remodeled farmhouse, garage, and pole barn and Parcel 2 is improved with a ribbed metal building formerly used for horse stalls and indoor riding corral. The west half of these parcels is level open upland, and the east half has a substantial downward slope. According to the State Historical Society of Wisconsin, there are no known Historical or Cultural conflicts found at the proposed acquisition site. The County also reports no contamination on the site.

Zoning: The Parcel 1 zoning is R-1 Residential and existing use complies with current zoning. Parcel 2 zoning is R-1 Residential and the subject is a legal nonconforming use (based on lack of required front footage on 92nd Street).

Present Use: Current use on Parcel 1 is residential. Parcel 2 is used for storage and is site of former stables operation (not currently active).

Proposed Use: Milwaukee County intends to purchase the private property in fee simple title to expand their Root River Parkway.

DNR Certified Appraised Value: \$560,000

APPRAISALS (5.699 acres):

Appraisal # 1 – Certified by Department Review Appraiser on January 21, 2002.

Appraiser: Realty Valuation Services

Valuation Date: October 16, 2001

Appraised Value: \$560,000.

Parcel 1 - \$400,000.

Parcel 2 - \$160,000.

Highest and Best Use: Residential

Type of Report: Market data approach used, 4 comparable sales cited

Appraisal # 2 – Accepted by Department Review Appraiser on January 21, 2002.

Appraiser: McCarten Appraisal Co., Ltd.

Valuation Date: May 30, 2001

Appraised Value: \$575,000.

Parcel 1 - \$354,200.

Parcel 2 - \$220,800.

Highest and Best Use: Residential

Type of Report: Market data approach used, 3 comparable sales cited

3. **PROJECT PARTNERS:** Milwaukee County and the Department of Natural Resources
4. **TIMING:** Milwaukee County has conducted preliminary discussions with the property owners. Formal negotiations will commence following Stewardship grant approval and the County anticipates purchase of the property this year.
5. **FINANCES:**

The basis for the grant calculation is the certified fair market value of \$560,000 and \$15,000 of associated acquisition costs (appraisals and relocation). According to the project application, submitted by Milwaukee County, the project is approved in the current Milwaukee County Parks Department Capital Improvement Budget. Subject to Stewardship matching grant assistance, the County's cost share to complete the project will exceed \$300,000.

Total Stewardship Urban Rivers Grant Amount = \$287,500 (50%)

Total Local Contribution = \$287,500 (50%)

6. PROGRAM CRITERIA EVALUATION

- a. The project was evaluated according to eligibility and competitive rating criteria set forth in the enabling legislation of the Stewardship – Urban Rivers Grant Program s. 30.277, Stats., and promulgated in Chapter NR 51., Adm. Code, subchap. XIV.
- b. The project satisfies relevant priorities contained in state and local comprehensive outdoor recreation plans.
- c. The project implements elements of the approved Root River Water Quality Plan
- d. The project provides and enhances diverse outdoor, natural resource related recreation opportunities for all segments of the population.
- e. The project restores and preserves natural resource values and environmental quality within the river corridor.
- f. The project provides support for water-based activities.
- g. The project has significant aesthetic value.

7. PROJECT ATTACHMENTS

Location Maps: Area and Regional (County)

Local Area Highway Map

Immediate Vicinity Plat Map

Milwaukee County Map

Site Maps:

Conceptual Site Development Plan

Property Boundaries Map

Site Topography Map

1/29/02

WISCONSIN'S APPLICATION FOR AIDS FOR THE ACQUISITION AND DEVELOPMENT OF LOCAL PARKS, THE LAND AND WATER CONSERVATION FUND PROGRAM, THE URBAN GREEN SPACE PROGRAM, THE URBAN RIVERS GRANT PROGRAM, THE STREAMBANK PROTECTION AND THE NATIONAL RECREATIONAL TRAILS ACT PROGRAM

Form 8700-191 (R 1/2000)

RECEIVED
DNR/HEADQUARTERS
SFD

2001 MAY -2 PM 3:09

NOTE: Use of this form is required by the Department for any application filed pursuant to ss. NR 50.05, 50.06, 50.16 and 50.65, Wis. Adm. Code. The Department will not consider your application unless you complete and submit this application form. Personally identifiable information will only be used in conjunction with the programs listed above.

1. Project Sponsor's Name Milwaukee County Parks Department	2. E-mail Address phathaway@milwcnty.com
3. Street or Route 9480 Watertown Plank Road	4. Telephone Number (include area code) (414) 257-6100
5. Municipality, State, Zip Code Wauwatosa, WI 53226	6. FAX Number (include area code) (414) 257-5466
7. Project Title Root River Parkway Land Acquisition - Former Parkway Stables Site	8. County Milwaukee

9. Project Description. (IMPORTANT: Provide as much of this information as possible. See enclosed narrative sample.)
(Attach cost estimates, site plans, construction plans, specifications, appraisals or any other information that describes the project.) Attach a narrative to this application form. Describe what local resources have been or will be committed to this project. Describe the physical features of the site, such as topography, drainage, surrounding land uses and the presence of environmental intrusions (overhead powerlines, landfills, etc.). If the project involves the renovation of an existing facility, describe the existing facility and the proposed renovation in detail. Describe how the project will serve the community or its intended users and how the users will gain access to the project site. Describe the availability of financial resources and personnel needed to operate and maintain this project once it is completed. Describe how the project may benefit tourism. NOTE: Urban Green Space Projects only. Attach a management plan describing how the property will be managed. See Urban Green Space Program information for instructions.

Total Project Cost \$ #575,000. NAB.	Cost Sharing Requested (50% of total project costs) \$ 287,500. NAB.
--	--

Indicate Source of Local Matching Funds. Include any other state or federal grant or loan programs, or donations involved in this program.

Milwaukee County Parks Department Capital Improvement Budget

The project sponsor or authorized representative must answer the following questions. Additional information pertaining to any question can be submitted on attached sheets.

1. Is this project supported by an approved comprehensive outdoor recreation plan? Yes No
If yes, indicate the title of the plan and page numbers:

A Park and Open Space Plan for Milwaukee County, p. 61

2. Is your project specifically identified in your local plan by location and facility? Yes No
If yes, indicate page or section number: **p. 73**

3. Does the project implement a recommendation contained in a regional plan of another unit of government? Yes No
If yes, indicate title of the plan and page numbers: **Wisconsin Statewide Comprehensive Outdoor Recreation Plan 2000-2005, p. 18, paragraph 3**

4. Do you have an approved parkland dedication ordinance? Yes No
If yes, attach a copy of the resolution of adoption of the ordinance.

5. Indicate how land was or will be acquired (Fee simple Acquisition, Donation, Condemnation, etc.) and date of acquisition. (If acquired by condemnation on or after August 1, 1995, project is not eligible for funding.)
Fee simple

6. Was the land to be acquired dedicated to the municipality through a parkland dedication ordinance? Yes No

7. Will this facility be used extensively by people outside your governmental jurisdiction? Yes No
If yes, describe in attached narrative.

8. What is the official 1990 census of your unit of government? **959,275**
1990 Population

Name of Person Completing This Application SUSAN L. BALDWIN	Title PARKS DIRECTOR
Signature <i>Susan L. Baldwin</i>	Date Signed 4/24/01

Please submit one copy of all project documentation.

PLEASE SUBMIT THIS FORM WITH YOUR PROJECT APPLICATION

Project Sponsor Milwaukee County Parks Department	Project Name Root River Land Acquisition - Former Parkway Stables Site
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DEVELOPMENT

Applicant's Ownership <input checked="" type="checkbox"/> Fee Title <input type="checkbox"/> Easement or Lease (Attach Copy)	Entire Park Acreage <u>5.71</u> <input type="checkbox"/> Project Site is Undeveloped
	This Development Acreage <u>5.71</u> <input checked="" type="checkbox"/> Project Site is Partially Developed

- 1. GRANT APPLICATION, Form 8700-191
- 2. RESOLUTION
- 3. PROJECT NARRATIVE. Please explain the project in as much detail as possible.
- 4. PROJECT LOCATION MAP. Map of the community showing location of the park within the community.
- 5. COST ESTIMATE WORKSHEET, Form 8700-14
- 6. BOUNDARY MAP/LEGAL DESCRIPTION. Should show the park boundaries and include a legal description of the property.
- 7. BUILDING PLANS. Should show at least floor plans and elevations, but complete plans are more desirable.
- 8. PERMITS, for wetland disturbance, structures in water, floodplain filling, shoreline alteration, riprap and farmland disturbance.
- 9. CONSTRUCTION SCHEDULE. Please state when you plan to begin construction and when you plan to complete the project.
- 10. SITE MAP. Should show location of existing and proposed development items, utilities and surrounding land uses.

ACQUISITION - Before proceeding with an acquisition project, please consult with the district community services specialist to make sure the proper procedures are followed.

Parcel Owner	Acres	Option Expiration Date	Option Amount	Appraised Value		Admin. Estimated Relocation Cost	Total Cost
				Land	Improvements		
<i>POPE</i>	<i>5.7</i>			<i>400,000.</i>	<i>160,000.</i>		<i>560,000.</i>
						<i>15,000.</i>	<i>15,000.</i>
TOTALS							<i>\$575,000.</i>

426

- 1. APPLICATION, Form 8700-191
- 2. RESOLUTION
- 3. PROJECT NARRATIVE. Please explain the project in as much detail as possible.
- 4. PROJECT LOCATION MAP. Map of the community showing location of the park within the community.
- 5. BOUNDARY MAP. Should show the outline of the parcel to be acquired and should be drawn to scale.
- 6. LEGAL DESCRIPTION. A metes-and-bounds or other description which clearly defines the property to be acquired.
- 7. JUST COMPENSATION, Form 8700-102. Shows that the landowner has been informed of the appraised value of the property.
- 8. APPRAISAL. If possible, this should be submitted one month or more before the application.
- NA 9. SITE DEVELOPMENT MAP. Shows all recreation facilities planned for the property to be acquired.
- NA 10. RELOCATION PLAN. Must be approved by Department of Commerce (608) 264-7822.
- 11. OPTION TO PURCHASE (Optional). Recommended to ensure that the property is available before the grant is approved.
- NA 12. AGRICULTURAL IMPACT STATEMENT. Needed if parcel is larger than 5 acres and is being used for active farming.

ELIGIBILITY

In order to participate in any of the park acquisition and development programs, your community must be covered by a current comprehensive outdoor recreation plan. If you do not have a plan or your plan has expired, please contact the district community services specialist for more information.

IMPORTANT

PLEASE REMEMBER: NO DEVELOPMENT COSTS CAN BE INCURRED. OR LAND PURCHASED, BEFORE YOU HAVE COMPLETED THIS APPLICATION AND HAVE RECEIVED AND SIGNED A PROJECT AGREEMENT.

FOR DEPARTMENT USE ONLY:

APPROVALS AND PERMITS REQUIRED:

STATUS:

ON FILE PENDING

PROJECT NARRATIVE

Milwaukee County is seeking Stewardship Program assistance for the acquisition of a 5.71 acre parcel of land, located on the east side of South 92nd Street in the Village of Greendale, adjacent to the Root River Parkway.

The Root River Parkway is located along the main stem of the Root River in the Cities of Franklin, Greenfield, Oak Creek, and West Allis and the Village of Greendale in southwestern Milwaukee County and consists of approximately 3,900 acres of land. The parkway, which is classified as environmental corridor throughout its entire length, serves as the location for a variety of resource-oriented outdoor recreational facilities including: trail facilities for bicycling, hiking, picnicking, nature study, and ski touring within the Root River recreation corridor; river access for passive recreational pursuits; and, support facilities such as parking lots and restrooms. These recreational facilities are free and available for use by non-County residents as well as County residents.

The site proposed for acquisition was formerly used as a horseback riding stable. The western half is relatively level, while the eastern half slopes down toward the Root River (the river is approximately 1,000 feet away from the site). The north, east, and south sides of the site abut Milwaukee County Root River Parkway environmental corridor lands.

The Southeastern Regional Planning Commission's Community Assistance Planning Report #132, "A Park and Open Space Plan for Milwaukee County" specifically identifies the parcel for acquisition by Milwaukee County to consolidate ownership within the parkway. Recommended uses include resource preservation and other parkway purposes.

PROPERTY FOR SALE

6450 - 6500 South 92nd Street in the Village of Greendale

Size: 5.7 acres set in Whitnall Park

Improvements: Barns, one 60' X 200' - one 36 X 45 with an attached 24 X 32. One turn of the century house about 1700 sq. ft.

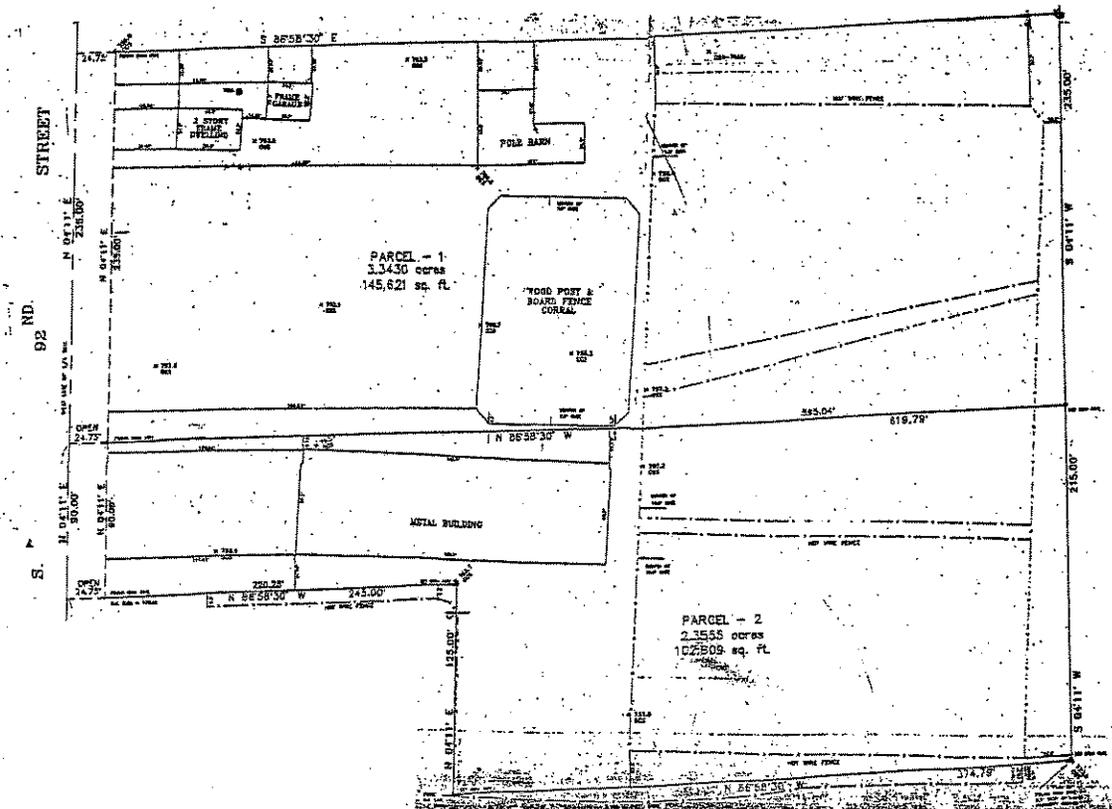
Zoning: R1

Price: \$659,900.00

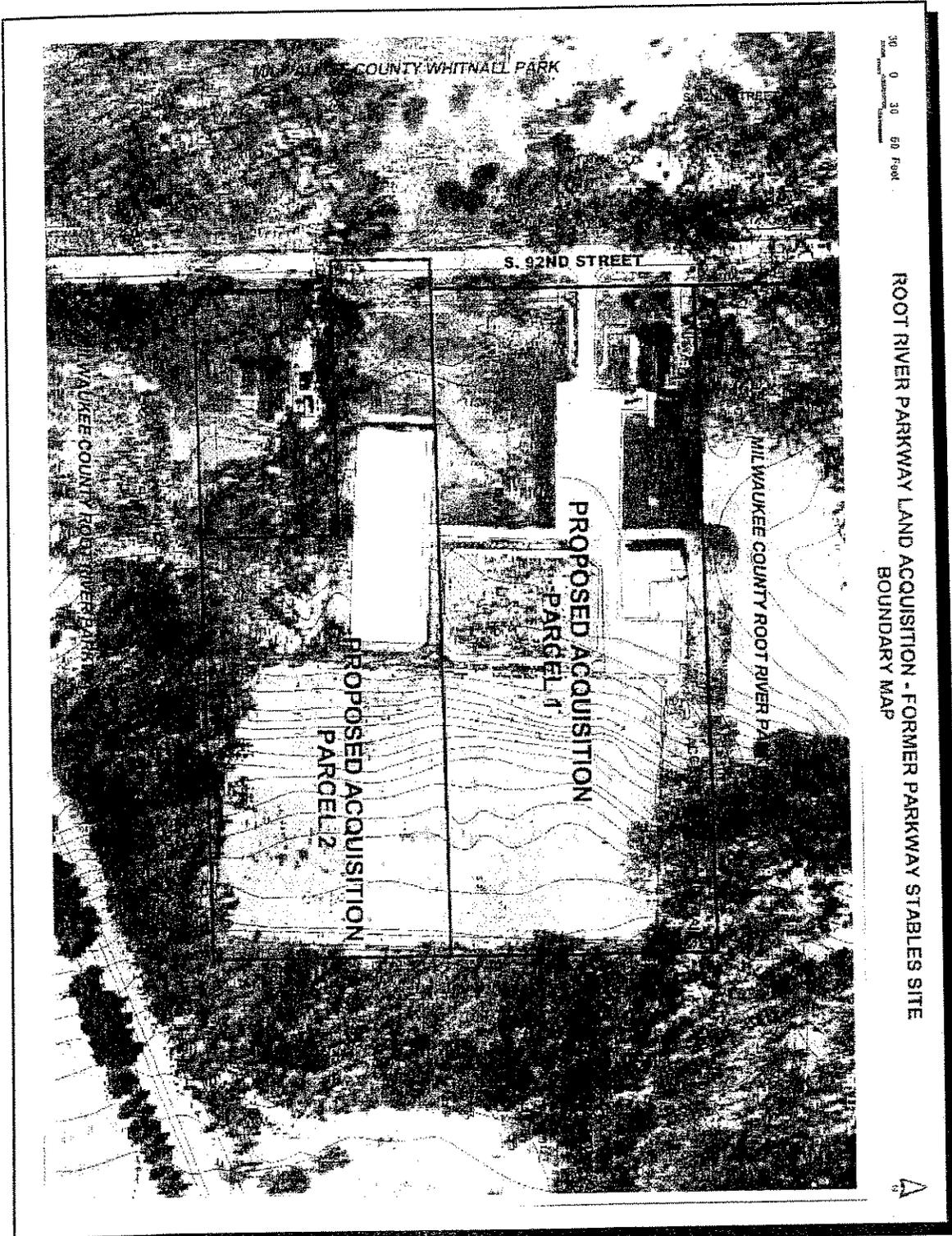
Uses: Single-family horses permitted

Contact: Tom Pope (414) 425-1630 or 228-1800

This property is being sold for the value of the land only as a vacant estate parcel. Seller can build to suit.

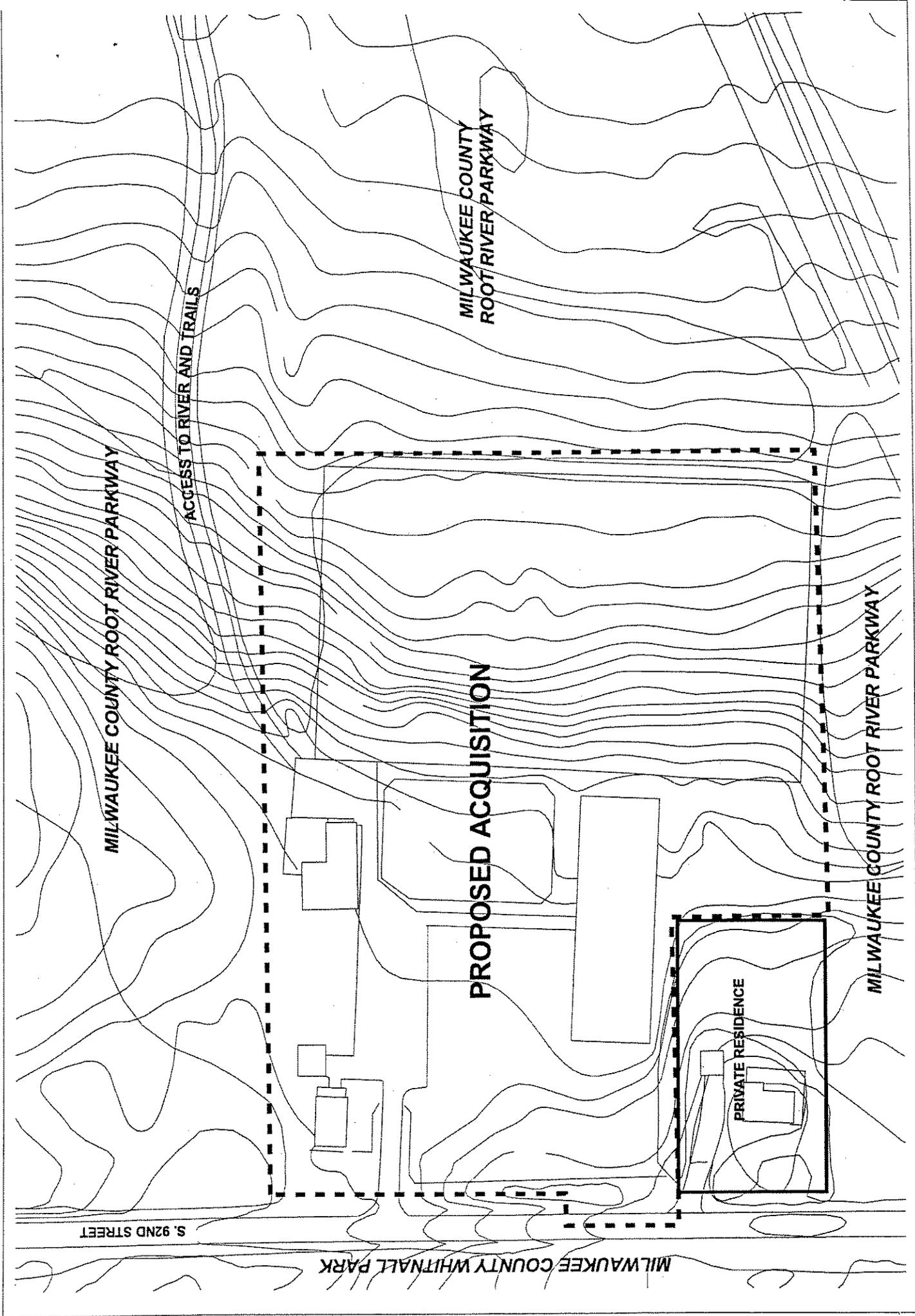


6450 - 6500 South 92nd Street Greendale, Wisconsin





ROOT RIVER PARKWAY LAND ACQUISITION - FORMER PARKWAY STABLES SITE
BOUNDARY MAP



S 92ND STREET

MILWAUKEE COUNTY WHITNALL PARK

PROPOSED ACQUISITION

PRIVATE RESIDENCE

MILWAUKEE COUNTY ROOT RIVER PARKWAY

ACCESS TO RIVER AND TRAILS

MILWAUKEE COUNTY
ROOT RIVER PARKWAY

MILWAUKEE COUNTY ROOT RIVER PARKWAY

ZONING DISTRICT MAP

-AGRICULTURE DISTRICT-

A AGRICULTURE

-RESIDENCE DISTRICTS-

R1 SINGLE FAMILY RESIDENCE

R1A SINGLE FAMILY RESIDENCE

R2 SINGLE FAMILY RESIDENCE

R3 SINGLE FAMILY RESIDENCE

R4 1 & 2 FAMILY RESIDENCE

R5 MULTI FAMILY RESIDENCE

RO RESTRICTIVE OFFICE

-BUSINESS DISTRICTS-

B1 NEIGHBORHOOD SHOPPING

B2 RESTRICTED BUSINESS

B3 GENERAL BUSINESS

B4 GENERAL BUSINESS

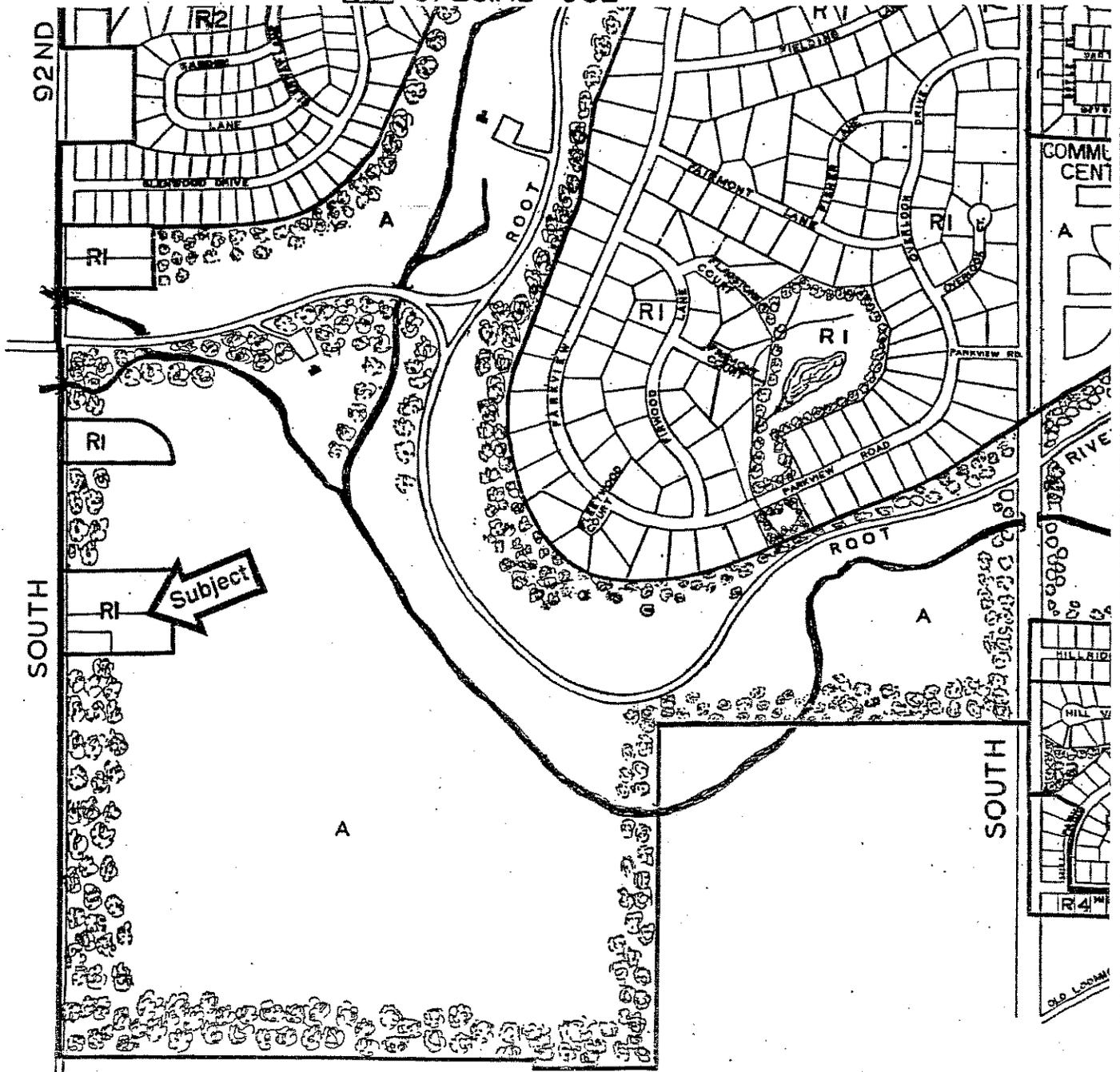
-OFFICE - RESEARCH DISTRICT-

O OFFICE RESEARCH

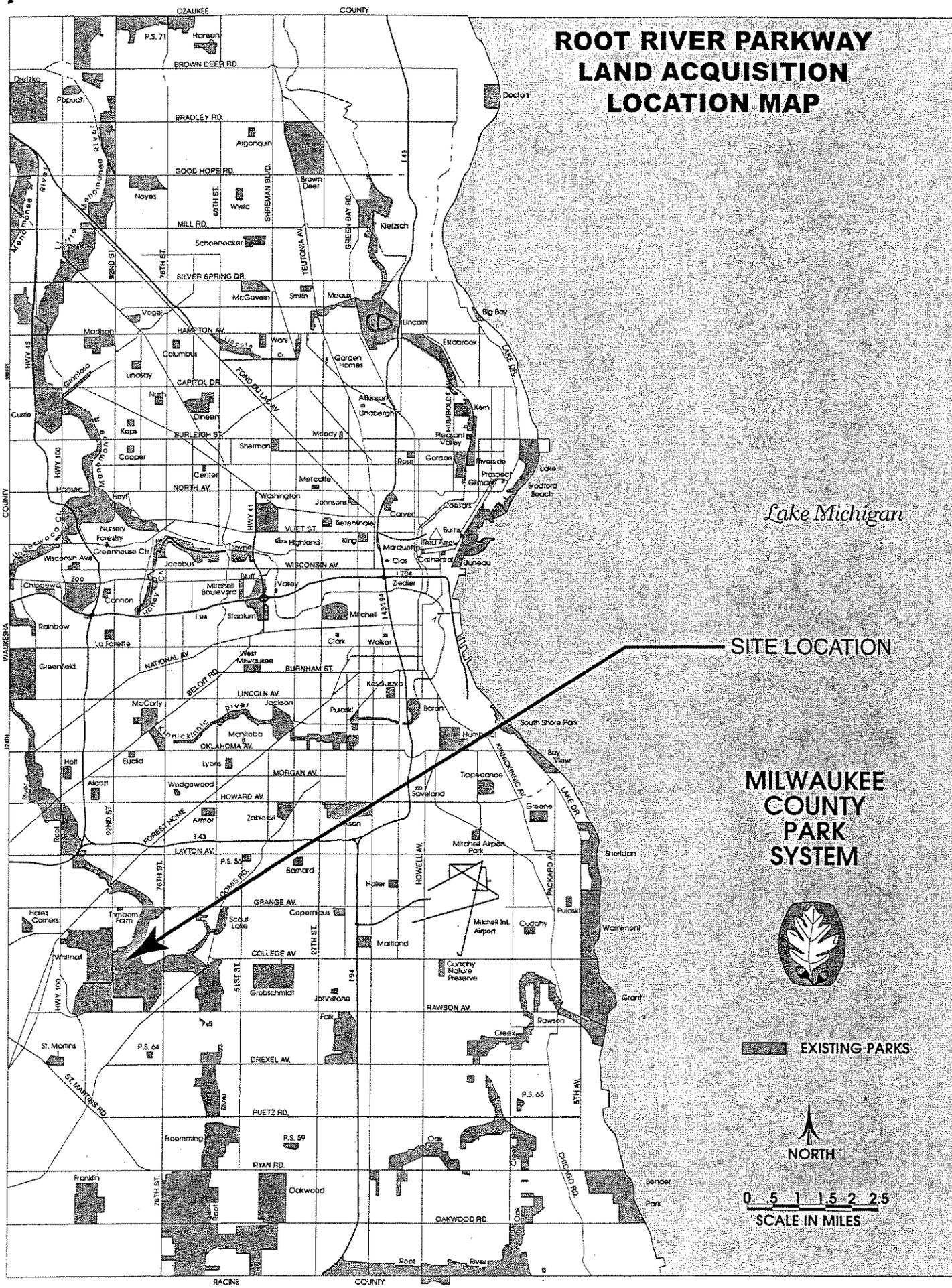
-MANUFACTURING DISTRICT-

M MANUFACTURING

SU SPECIAL USE



ROOT RIVER PARKWAY LAND ACQUISITION LOCATION MAP



Lake Michigan

SITE LOCATION

MILWAUKEE
COUNTY
PARK
SYSTEM



EXISTING PARKS



0 0.5 1 1.5 2 2.5
SCALE IN MILES

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Date: May 16, 2002

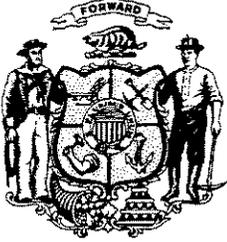
Re: Investment Board Revised Investment Guidelines

Attached please find a copy of a summary of recent revisions in the State of Wisconsin Investment Board's Investment Guidelines.

No action is required by the Committee. The report is for your information only. Please feel free to contact us should you have any questions.

Attachment

BB:JG:dh

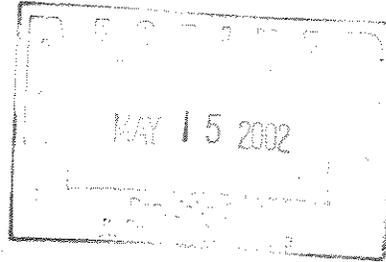


State of Wisconsin Investment Board

MAILING ADDRESS
PO BOX 7842
MADISON, WI 53707-7842

121 EAST WILSON ST
MADISON, WI 53702
(608) 266-2381
FAX: (608) 266-2436

May 9, 2002



Honorable Brian Burke, Co-Chair
Joint Committee on Finance
PO Box 7882
Madison WI 53708-7882

Honorable John Gard, Co-Chair
Joint Committee of Finance
PO Box 8952
Madison WI 53708-8952

Honorable Gary George, Co-Chair
Joint Committee on Audit
PO Box 7882
Madison WI 53708-7882

Honorable Joseph Leibham, Co-Chair
Joint Committee on Audit
PO Box 8952
Madison WI 53708-8952

Mr. Donald Schneider
Senate Chief Clerk
PO Box 7882
Madison WI 53708-7882

Mr. Patrick Fuller
Assistant Assembly Chief Clerk
PO Box 8952
Madison WI 53708-8952

Members of the Legislature:

Pursuant to ss. 25.17(14r), Stats., I have attached copies of SWIB's recently revised Investment Guidelines and a summary of the changes.

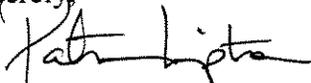
Some of the revisions this time incorporate actions taken by the Board to implement recommendations made by outside consultants. The recommendations included restructuring the alternative investments' and private placements' portfolios, clarifying further the role of Trustees as governing fiduciaries and staff as managing fiduciaries, and creating additional internal portfolios to manage the retirement funds. Some of the revisions address concerns that the Legislative Audit Bureau raised when it conducted the biennial 1999-2000 performance audit.

Finally, we have added a new guideline that will allow SWIB to index of the smaller funds that we manage – the Patients Compensation Fund, the State Life Insurance Fund, the Local Government Property Insurance Fund and the Historical Society Fund. SWIB has the authority under the statutes and rules of the Commissioner of Insurance to invest these funds through externally managed index funds.

We have marked substantive changes or new provisions to the document. In addition, I have attached a brief summary of the changes.

If you have any questions or comments, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia Lipton". The signature is written in a cursive style with a large initial "P".

Patricia Lipton
Executive Director

Enclosure

**Revisions to Investment Guidelines and
Risk and Investment Committee Mandate
State of Wisconsin Investment Board
May 2002**

Overview

The Board of Trustees adopted several revisions to the Investment Guidelines and Risk and Investment Committee Mandate at its January, February and March 2002 meetings. The Board of Trustees had retained McKinsey and Company, a nationally known pension consultant, to review the real estate and alternative investments' portfolios, which included the Opportunity E Portfolio. This portfolio had a mandate to seek out investments that offer the prospect of higher return but that may also carry a higher risk. The Opportunity E Portfolio was the subject of review by SWIB and the Legislative Audit Bureau in a November 2001 report.

The McKinsey recommendations confirmed a continuing role for Opportunity E and other alternative investments. The consultant also recommended several strategic and organizational changes. The Board adopted McKinsey's recommendations in December and, in January, began adopting revised Guidelines to implement the recommendations.

In addition, the Board closed an internal passive equities portfolio and created two new internally managed domestic equities portfolios that are designed to target specific market niches. The revisions reflect the changes necessary to incorporate those portfolios. Finally, the Board also adopted a Guideline that permits indexing the smaller funds under SWIB's management.

Summary of Revisions

Consistent with the recommendations made by McKinsey and Company, the Board made the following primary modifications to the Investment Guidelines:

- Changed the structure and authority of the staff Risk Committee to the Risk and Investment Committee, expanded its responsibility to review and approve all real estate and alternative investment proposals with a value of \$10 million or more, required the committee to determine that appropriate due diligence documentation standards are applied in alternative investment transactions, and directed that all committee votes and meeting minutes be distributed to the Trustees. For large investments, generally in excess of \$100 million, the Trustees retained authority to give prior approval. *(This further clarifies that the Trustees are the governing fiduciaries and the staff are the managing fiduciaries.)*
- Combined the Opportunity E Portfolio and the Private Equity Portfolio under the direction of the Private Equity Managing Director.

- Directed that staff for the newly configured Private Equity Portfolio:
 - Refocus the investment strategy for private equity buyouts to making investments in funds in developed markets.
 - Focus venture capital investments on funds in developed markets.
 - Make direct investments where SWIB is the lead investor only in the U.S.
 - Invest at least 80% of the portfolio's combined assets in U.S. or developed markets and limit investments in emerging markets to 20% of the combined assets and then only through funds or alongside strategic partners who are also making a substantial investment. *(Concentrating on developed markets should result in reduced risk compared to investments made in emerging markets.)*
- Moved the National Private Debt Portfolio from the Private Placements Core Portfolio to the Fixed Income Division. The Wisconsin holdings from this portfolio were moved to a newly created portfolio to be managed as part of the Alternative Investment Group along with Private Equity. *(This was done to reflect the similarity in their markets.)*
- Established separate guidelines for the newly created Wisconsin Private Debt Portfolio. *(Because this is a smaller portfolio now that it is recognized separately from the National Private Debt Portfolio, many of the guidelines that had previously applied to the entire Private Placements Core Portfolio were no longer relevant. The newly created guidelines build on the previous guidelines, but they provide more direction to the portfolio and redefine the range of expected investments.)*

Finally, SWIB adopted a new guideline for several small funds that comprise less than 1% of all assets under management. It has become increasingly difficult to manage these funds in a manner that provides proper diversification at an effective cost. For that reason, the Board adopted a guideline that allows the funds to be totally indexed. This will avoid two problems. First, it avoids the problem of having one stock or bond become a problem and cause significant under-performance of the fund. Secondly, it solves the problem of insufficient resources to manage these funds, which have different objectives that make them difficult to manage and monitor with the strategies used to manage the retirement funds.