



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #486

Lake Management Planning Grants (DNR -- Water Quality)

[LFB 2011-13 Budget Summary: Page 319, #3]

CURRENT LAW

Under current law, DNR awards grants for up to 75% of the cost of lake planning projects, with a maximum grant award of \$10,000. Counties, municipalities, non-profit conservation organizations, qualified lake associations, town sanitary districts, certain school districts, and public inland lake protection and rehabilitation districts are all eligible to apply for planning grants. Examples of eligible planning activities include data collection, mapping, water quality assessment, nonpoint source pollution evaluation, management strategy development and other projects that would provide baseline information on the status of lakes.

GOVERNOR

Increase the maximum lake planning grant award from \$10,000 to \$25,000 per grant. The maximum grants for management (\$200,000) and lake classification (\$50,000) would not be affected.

DISCUSSION POINTS

1. Under the bill, the Department would be authorized to provide up to 75% of project costs, up to a maximum grant of \$25,000 (a \$33,330 project). In fiscal year 2009-10, the Department awarded 104 planning grants for a total of \$764,300. Water resources account SEG of up to \$2.6 million is available annually for lake planning, classification and management grants.

2. Currently, DNR awards lake planning grants for up to 75% of planning project costs up to a maximum grant award of \$10,000 (\$13,330 project). Grants are awarded in two cycles per fiscal year, fall and spring. Chapter NR 190.004(8) specifies that no more than two planning grants

per funding cycle may be awarded per lake (meaning up to four grants per fiscal-year per lake). Under the rule, cumulative state planning grants may not exceed \$100,000 for any one lake. According to DNR staff, this has often resulted in four \$10,000 grants in one fiscal-year for one lake. For example, in fiscal year 2009-10, the Musser Lake Association in Price County received four lake planning grants for a total of \$33,700 for four phases of a lake planning project on Musser Lake (eligible project costs totaled \$44,900). DNR staff indicate that, in cases like this, the \$25,000 cap established under the bill would allow the Department to award two grants for the project (a grant for \$25,000 in the fall and a grant for \$8,700 in the spring), instead of four separate grants of \$10,000 or less. This would reduce administration time and allow the grant recipient to plan ahead more easily without waiting for the next grant cycle to continue a project (Alternative 1).

3. Under the bill, and current DNR rules and procedures, lake planning grants could total up to \$100,000 in a year (four grants at the maximum \$25,000 each). However, DNR staff indicate the Department intends to revise the administrative rules to limit lake planning grants to one grant per cycle per lake. The grant program would continue to have two grant cycles, meaning the maximum amount provided to any one lake in a year could total up to \$50,000. Another option would be to specify that lake planning grants may not exceed \$50,000 per fiscal year for projects on any one lake (Alternative 2).

4. While match requirements vary, many programs require an equal (dollar-for-dollar) match, or require 50% of the grant amount, which equals one-third of eligible project costs. An equal match helps ensure the recipient has a substantial financial stake in the project, which may help ensure costs are contained. It also allows limited state resources to reach more projects. On the other hand, some may argue requiring a grant recipient to provide an equal matching amount could dissuade some applicants or place an undue burden on some applicants.

ALTERNATIVES

1. Adopt the Governor's recommendation to increase the maximum lake planning grant award from \$10,000 to \$25,000 per grant (for up to 75% of project costs).

2. Adopt the Governor's recommendation to increase the maximum lake planning grant award from \$10,000 to \$25,00 per grant. In addition, specify that lake planning grants may not exceed \$50,000 per fiscal year for lake planning projects on any one lake.

3. In addition to one of the above alternatives, specify the state grant may not exceed one of the following amounts:

- a. 75% of project costs (current law).
- b. 67% of project costs (recipient must contribute at least one-third of costs).
- c. 50% of project costs (recipient must contribute at least one-half of costs).

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