



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #713

Kickapoo Valley Reserve LTE Costs (Tourism)

[LFB 2005-07 Budget Summary: Page 464, #6]

CURRENT LAW

The Kickapoo Valley Reserve refers to approximately 8,600 acres of land north of La Farge in Vernon County. The property was the site of a U.S. Army Corps of Engineers dam and reservoir project on the Kickapoo River that was abandoned in approximately 1975. The Corps transferred ownership of approximately 7,400 acres to the State of Wisconsin in December, 2000. Additionally, 1,200 acres were transferred to the Bureau of Indian Affairs in trust for sites sacred to the Ho-Chunk tribe. As agreed upon in a 1997 memorandum of understanding, the property is managed as one acreage by the Kickapoo Valley Reserve Board and the Ho-Chunk Nation.

Appropriations from the forestry account of the conservation fund support three permanent staff and most administrative functions for the Kickapoo Reserve Management Board. The Board is responsible for: (a) managing the land in the Kickapoo River Valley; (b) providing facilities for the use and enjoyment of visitors to the Reserve; and (c) promoting the Reserve as a destination for vacationing and recreation. In addition, the Reserve receives funding from tribal gaming compact revenues for law enforcement services and program revenues from day use fees, camping and other uses of the Reserve.

In 2001 Act 16 (the 2001-03 biennial budget act), \$2,370,000 in general obligation bonding revenue was provided from the Stewardship 2000 program to fund the construction of a visitor center and office at the Kickapoo Valley Reserve. The center opened in October, 2004.

GOVERNOR

Provide \$26,900 SEG annually from the forestry account of the conservation fund for

limited-term employee (LTE) costs related to operation of the Reserve's new visitor center.

DISCUSSION POINTS

1. The Reserve's prior visitor center and office was a leased building that had 960 square feet, with an additional 960 square feet of garage and storage space. In 2003, approximately 3,300 people visited the reserve, which includes an estimate of 1,500 hunters.

2. The new visitor center and office is a building of 9,600 square feet (which includes a main building of 8,300 square feet and a garage and public bathroom of 1,300 square feet). Currently, the visitor center is open from 8:00 a.m. until 4:30 p.m., Monday through Saturday. However, the Reserve's Board has requested the center be open seven days a week from May through October. In addition, Reserve officials indicate that the new building's popularity with guests has resulted in a number of evening events that also add to the hours that the center remains open. Through its first five months of operation (late October, 2004, through late March, 2005), approximately 3,400 people have visited the Reserve, which exceeds the number of people that visited the Reserve during the entire year of 2003. The visitor center is staffed by LTEs and permanent staff members of the Reserve, but, due to the increased number of visitors to the center and the Board's request to seasonally open the center seven days a week, Reserve officials argue additional staffing support is needed.

3. Currently, the Reserve is authorized \$18,600 SEG annually for LTE costs. However, Reserve officials indicate that the Reserve typically reallocates about \$6,000 to \$8,000 from its supplies and services funding to use for LTE costs. The Governor's recommendation to provide an additional \$22,800 for salaries and \$4,100 for fringe benefits annually (for total LTE salary costs of \$41,400) would provide the Reserve funding for approximately 4,000 LTE hours annually, which is an initial estimate of the number of LTE hours needed by the Reserve based on the first few months of operation of the new visitor center.

4. The Reserve utilizes LTEs for staffing the visitor center and for doing upkeep and maintenance out in the Reserve. Based on the provision of additional LTE funds and the first few months of operating the new visitor center, Reserve officials estimate approximately 1,700 hours of the anticipated 4,000 hours would be for LTE time spent staffing the visitor center and approximately 2,300 hours would be for field work. Field work consists of forest restoration, timber stand improvement, trail work, prescribed burns and habitat improvement. Of the 1,700 LTE hours anticipated in the visitor center, approximately 900 would be during weekdays, and the remaining 800 hours would be for staffing the center in the evening, weekends and during special events.

5. An alternative to providing all SEG funding for LTE costs would be to require the Reserve to fund a portion of these costs from its program revenue appropriation. This continuing appropriation receives revenue from a variety of user fees related to the Reserve and has base expenditure authority of \$35,000 annually. In 2003-04, revenues from customers for certain trail

use, camping and special events totaled \$14,900 and were deposited to this appropriation account. In addition, the Reserve also collects revenues from agricultural lease payments (\$28,700 in 2003-04) and timber harvests (\$26,500 in 2003-04). An additional \$21,000 was collected from environmental education class fees, donations, copy fees, an annual winter festival and other miscellaneous revenue sources. These revenues are primarily used to purchase and maintain grounds equipment and for the upkeep of facilities and trails. In 2003-04, \$91,100 PR was collected from these sources and \$153,700 was expended. The account had a July 1, 2004, balance of approximately \$25,000. Reserve officials project expenditures to be approximately \$100,000 annually in the 2005-07 biennium, and indicate that the higher amount in 2003-04 was due to a final payment of \$51,300 for the construction of three recreational bridges (for use by hikers, bikers and horseback riders), one of which is able to accommodate emergency vehicles that may need to access a remote part of the Reserve.

6. The construction of the visitor center is believed to have significantly increased public use of the Kickapoo Valley property. This increased use should also generate increased revenue for the Reserve. One option would be to provide the Reserve SEG funding for LTE costs related to field work and normal operational hours of the visitor center on weekdays, but require the Reserve to fund LTE costs from PR for evening and weekend hours the Reserve is open. The Reserve rents meeting space and hosts special events, which bring usage fee revenue to the Reserve. Under this alternative, an additional \$19,600 SEG annually could be provided to the Reserve for LTE costs, with the Reserve expected to fund LTE costs of \$7,300 from the program revenue appropriation. Available program revenue in 2005-07 would be expected to support these expenditures.

7. If no new forestry SEG funding is provided for LTE costs, the Reserve could use program services PR for LTE costs if revenues are sufficient, or could reduce other expenditures. Reserve officials argue that if the recommended SEG funding is not provided for LTE costs, other expenditures may need to be reduced. Were no additional SEG funds provided for LTE costs or were the Reserve required to fund these costs from the program services PR appropriation, officials indicate that the Reserve would likely consider three options to reduce expenditures. The first would be to reduce the number of hours that the visitor center is currently open. The second option would be to close the visitor center one day during the week in order to expand the center's weekend hours. A third option would be to reduce the number of equestrian trails maintained by the Reserve.

8. Regardless of whether funding from the Reserve's program services PR appropriation is used for LTE costs, annual revenues deposited to this appropriation are expected to exceed \$100,000 with associated expenditures projected to be approximately \$100,000 annually on an ongoing basis. Therefore, as a technical matter, an additional \$65,000 PR annually could be provided.

ALTERNATIVES

A. LTE Funding

1. Approve the Governor's recommendation to provide \$26,900 SEG annually from the forestry account of the conservation fund for limited-term employee (LTE) costs.
2. Provide \$19,600 forestry SEG and \$7,300 PR annually for LTE costs at the Reserve.

<u>Alternative A2</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	\$14,600	- \$14,600	\$0

3. Maintain current law.

<u>Alternative A3</u>	<u>SEG</u>
2005-07 FUNDING (Change to Bill)	- \$53,800

B. Base Level Program Revenue Expenditures

1. Provide an additional \$65,000 annually to estimate Reserve base level PR expenditures at \$100,000 annually.

<u>Alternative B1</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	\$130,000

2. Take no action.

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