

DATE: September 12, 2008

TO: Natural Resources Board Members

FROM: Matthew J. Frank, Secretary

SUBJECT: Proposed Department of Natural Resources 2009-2011 State Budget

Enclosed for your review and action are my recommendations for the Department of Natural Resources 2009-2011 state budget. The proposed two-year DNR budget is \$596.5 million for 2009-10 and \$596.7 million for 2010-11. Of these amounts, about \$231.6 million annually, or 39%, represents local assistance and debt service costs. The remaining \$365.1 million reflects Department costs to provide services. In total, the two-year budget includes an increase of \$27.3 million over the 2007-09 Biennial Budget. \$18.7 million of this increase represents cost to continue items. When cost to continue is excluded, this budget reflects a 0.7% growth over base. Even if standard cost to continue items are included, there is still only a 2.3% rate of growth over the 2008-09 base budget.

This is a restrained budget package, reflecting the state's current fiscal climate and Department of Administration's budget instructions. This budget includes a net reduction of 3.36 FTE to the Department's staffing complement, bringing overall staffing down to 2,742.17.

But there are some important proposals included in the budget package that will allow the state to make progress toward the goals of clean water, air and land, healthy forests, and good fishing, hunting and other recreational opportunities.

Key budget issues include funding to:

- Try to stem the spread of invasive species on land and water
- Deal with Wisconsin's water quality and water quantity issues
- Provide grants for dam repair and removal
- Support our Conservation Wardens efforts pertaining to snowmobile safety and education
- Maintain Department properties
- Operate state parks and trails

I look forward to presenting these proposals and discussing them with you at your September meeting.

2009-11 DNR BIENNIAL BUDGET

(in millions of \$\$ Subtotals may vary slightly due to rounding)

Secretary's Recommendations	DNR 2008-09 Base Doubled	Cost to Continue and Debt Service	Requests Beyond Base	2009-11 TOTAL Budget Request	% Change Excl. Cost to Continue	% of Total Budget
General Purpose Revenues	\$308.6	\$0.6	\$0.2	\$309.4	0.06%	25.9%
Conservation Fund	482.0	6.5	7.8	496.3	1.6%	41.6%
Environmental Fund	49.2	1.6	0.4	51.2	0.08%	4.3%
Recycling Fund	79.5	0.4		79.9		6.7%
Clean Water Fund	4.8			4.8		0.4%
PECFA-SEG	11.5	0.3		11.9		1.0%
Dry Cleaner Env Response Fund	2.9			3.0		0.2%
Program Revenue	74.8	0.3		75.2		6.3%
Tribal Gaming Agreement Revenue	3.3	0.1		3.5		0.3%
Federal Revenues	<u>149.1</u>	<u>8.9</u>	<u>0.1</u>	<u>158.2</u>	0.06%	<u>13.3%</u>
Total	\$1,165.9	\$18.7	\$8.6	\$1,193.2	0.7%	100%

Department of Natural Resource Staffing by Funding Source	DNR	Changes to Base	2009-11 TOTAL	% of Total Budget
Secretary's Recommendations	<u>2008-09 Base</u>		Budget Request	
General Purpose Revenues	296.85		296.85	10.8%
Conservation Fund	1,540.84	1.89	1,542.73	56.3%
Environmental Fund	94.95	2.50	97.45	3.6%
Recycling Fund	19.90		19.90	0.7%
Clean Water Fund	17.00		17.00	0.6%
PECFA-SEG	23.50		23.50	0.9%
Dry Cleaner Env Response Fund	3.00		3.00	0.1%
Program Revenue	255.14	(0.5)	254.64	9.3%
Tribal Gaming Agreement Revenue	12.00		12.00	0.4%
Federal Revenues	<u>482.35</u>	<u>(7.25)</u>	<u>475.10</u>	<u>17.3%</u>
Total	2,745.53	(3.36)	2,742.17	100%

**Department of Natural Resources
2009-11 Biennial Budget Highlights**

DNR 2009-11 Budget Request		<u>2009-10 \$\$</u>	<u>FTE</u>	<u>2010-11 \$\$</u>	<u>FTE</u>
	Land Program				
1.	-Wildlife Management Operations	250,000		250,000	
2.	-Parks & Southern Forests Operations	878,500		1,078,500	
3.	-Property Surveys	75,000		75,000	
	Forestry Program				
4.	-Maintain Base Operations	908,600	0.39	908,600	0.39
	Enforcement & Science				
5.	-Warden Operation Costs	831,700	1.00	715,600	1.00
6.	-Snowmobile Accident Reduction Team	128,000		128,000	
7.	-Invasive Species Management	264,300	1.00	283,700	1.00
8.	-Environmental Analysis	25,000		25,000	
	Water Program				
9.	-Water Quality Staffing (TMDL)	105,000	2.00	140,000	2.00
10.	-Water Quantity Staffing	58,200	1.00	71,000	1.00
11.	-Fisheries Limited Term Employee Funding	38,200		76,300	
	CAES				
12.	Recreational Vehicle Trail Aids	-502,500		-526,600	
13.	Tracking Nature Based Outdoor Recreation on Stewardship Properties	17,800		17,800	
14.	Increased Fleet Costs	1,118,700		1,118,700	
	Subtotal-- Requests for New Funding	4,196,500		4,361,600	
15.	Cost to Continue Items	9,364,500	(3.75)	9,375,800	(8.75)
16.	Department Total	13,561,000	1.64	13,737,400	(3.36)
17.	Dam Repair and Removal Grants-- Bonding	\$3,000,000			

**2009-11 Department of Natural Resources
Biennial Budget Request
By Division and Bureau**

Division	Bureau	FY 2009 Base	FY 2009 Base FTE	FY 2010	FY 2011	FY 20011 FTE
<u>LANDS</u>						
	Lands Operations	982,800	8.00	1,069,800	1,069,800	8.00
	Wildlife Management	20,148,900	159.50	20,743,400	20,743,400	156.50
	Southern Forests	5,632,000	47.75	5,997,000	6,047,000	47.75
	Parks And Recreation	18,283,200	168.50	19,583,800	19,733,800	168.50
	Endangered Resources	5,121,100	29.00	5,870,300	5,870,300	29.00
	Facilities And Lands	10,638,400	86.70	10,907,900	10,907,900	86.70
	total	60,806,400	499.45	64,172,200	64,372,200	496.45
<u>FORESTRY</u>		55,328,600	466.94	58,636,900	58,636,900	469.33
<u>AIR & WASTE</u>						
	Air Management	18,754,400	159.75	18,318,100	18,318,100	159.75
	Cooperative Environmental Assistance	1,448,600	9.00	1,415,900	1,415,900	9.00
	Waste & Materials Management	8,083,300	80.66	8,083,600	8,083,600	80.50
	Remediation & Redevelopment	11,476,700	91.59	12,541,900	12,541,900	91.75
	Air And Waste Operations	975,100	7.00	1,060,000	1,060,000	7.00
	total	40,738,100	348.00	41,419,500	41,419,500	348.00
<u>ENFORCEMENT & SCIENCE</u>						
	Law Enforcement	31,088,900	228.83	32,610,700	32,514,000	230.08
	Science Services	11,343,500	90.50	11,732,400	11,732,400	90.50
	Enf/Science Operations	849,900	6.50	899,700	899,700	6.50
	total	43,282,300	325.83	45,242,800	45,146,100	327.08

Division	Bureau	FY 2009 Base	FY 2009 Base FTE	FY 2010	FY 2011	FY 20011 FTE
<u>WATER</u>						
	Watershed Management	36,044,800	309.06	36,785,700	36,644,600	306.06
	Fisheries Management	26,486,800	240.26	26,843,900	26,882,000	239.26
	Drinking Water/Groundwater Mngt	11,858,100	110.79	12,421,400	12,434,200	111.79
	Water Operations	1,052,600	8.00	1,172,000	1,172,000	9.00
	total	75,442,300	668.11	77,223,000	77,132,800	666.11
	<u>RESOURCE AIDS</u>	44,615,800		44,113,300	44,089,200	
	<u>ENVIRONMENTAL AIDS</u>	52,626,500		52,626,500	52,626,500	
	<u>DEBT SERVICE/DEVELOPMENT</u>	147,888,700		147,888,700	147,888,700	
<u>ADMINISTRATION</u>						
	Administration	1,368,400	12.00	1,496,500	1,496,500	13.00
	Legal	2,693,600	18.50	2,522,600	2,522,600	18.50
	Management & Budget	1,062,600	9.00	933,300	933,300	8.00
	total	5,124,600	39.50	4,952,400	4,952,400	39.50
<u>CAES</u>						
	Finance	7,057,000	60.00	7,203,300	7,203,300	59.00
	Information Technology	12,624,200	68.80	12,544,700	12,544,700	65.30
	Human Resources	4,453,300	51.35	4,614,200	4,614,200	49.60
	Administrative Facilities Rent	6,088,600		7,496,900	7,684,300	
	Customer Services & Licensing	13,002,700	114.65	13,561,100	13,561,100	114.15
	Education & Information	4,531,800	32.90	4,682,400	4,682,400	31.65
	Community Financial Assistance	6,272,100	56.50	6,578,800	6,578,800	59.15
	Caes Operations	3,052,100	13.50	3,539,400	3,539,400	16.85
	total	57,081,800	397.70	60,220,800	60,408,200	395.70
	Department Totals	582,935,100	2,745.53	596,496,100	596,672,500	2,742.17

**Department of Natural Resources
2009-11 Biennial Budget Request**

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DEPARTMENT OF NATURAL RESOURCES
Department Description

The mission of the Department is:

To protect and enhance our natural resources-
our air, land and water;
our wildlife, fish and forests;
and the ecosystems that sustain all life.

To provide a healthy, sustainable environment
and a full range of outdoor opportunities.

To insure the right of all people
to use and enjoy these resources
in their work and leisure.

To work with people
to understand each other's views
and to carry out the public will.

And in this partnership
to consider the future
and generations to follow.

Recognizing that the valuable natural resources of our state could only be protected and wisely managed through a coordinated effort, the Wisconsin Legislature, in 1967, created the Department of Natural Resources. In creating the Department, the Legislature brought together closely related traditional conservation functions and combined them with newly emerging environmental protection programs.

The Department coordinates the preservation, protection and regulation of the natural environment for the benefit of the people of this state and its visitors. Included in its objectives are water and air quality maintenance, water supply regulations, solid and hazardous waste management, fish and wildlife management, forest management and protection, providing parks and recreation opportunities, lake management, wetland, shoreland and floodplain protection, and law enforcement.

The Department also coordinates federal, state and local aid programs of the U.S. Fish and Wildlife Service, the U.S. Forest Service, the Environmental Protection Agency and other federal agencies and administers federal funds available for outdoor recreation, thereby taking a lead role in planning state outdoor recreation facilities. It administers state aid programs for local outdoor recreation and pollution abatement.

The Department is a cabinet agency, with the Secretary and a citizen Board appointed by the Governor and confirmed by the Senate. The Secretary is the Department's chief executive officer, and the seven-member citizen Natural Resources Board directs and supervises the Department. The Department is organized with a headquarters office in Madison, five regional offices and about 200 other field stations and offices. The central office staff assists the Secretary in directing the regions, which carry out the field operations of the Department. Over 70% of the Department's personnel operate from field stations outside of Madison.

The Department is organized into programs and subprograms to facilitate the accomplishment of its mission. Six divisions -- Land, Forestry, Air and Waste, Enforcement and Science, Water, and Customer and Employee Assistance -- have primary responsibility for the Department's programs. The subprogram breakout and organization follow.

DEPARTMENT OF NATURAL RESOURCES

Program 1-- Land and Forestry

- Subprogram 08--Land Program Management
- Subprogram 11--Wildlife Management
- Subprogram 12-- Forestry
- Subprogram 13--Southern Forests
- Subprogram 14--Parks & Recreation
- Subprogram 15--Endangered Resources
- Subprogram 18--Facilities and Lands

Program 2--Air and Waste

- Subprogram 22--Air Management
- Subprogram 25--Cooperative Environmental Assistance
- Subprogram 26--Waste and Materials Management
- Subprogram 27--Remediation & Redevelopment
- Subprogram 28--Air and Waste Program Management

Program 3--Enforcement and Science

- Subprogram 30--Law Enforcement
- Subprogram 34--Science Services
- Subprogram 38--Enforcement & Science Program Management

Program 4--Water

- Subprogram 40--Watershed Management
- Subprogram 41--Fisheries Management
- Subprogram 42--Drinking Water & Groundwater
- Subprogram 48--Water Program Management

Program 5--Conservation Aids

- Subprogram 51--Fish and Wildlife Aids
- Subprogram 52--Forestry Aids
- Subprogram 53--Recreational Aids
- Subprogram 54--Aids in Lieu of Taxes
- Subprogram 55--Enforcement Aids
- Subprogram 56--Wildlife Damage Aids

Program 6--Environmental Aids

- Subprogram 60--Water Quality Aids
- Subprogram 61--Solid and Hazardous Waste Aids
- Subprogram 62--Environmental Aids
- Subprogram 63--Environmental Planning Aids

Program 7--Debt Service and Development

- Debt Service:
 - Subprogram 70--Resource Debt Service
 - Subprogram 71--Environmental Debt Service
 - Subprogram 72--Water Quality Debt Service
 - Subprogram 73--Administrative Facility Debt Service

Development:

- Subprogram 74--Wildlife Mgmt.-Development
 - Wildlife Mgmt.-Acquisition
 - Forestry-Development
 - Forestry-Acquisition
 - Southern Forests-Development
 - Southern Forests-Acquisition
 - Parks & Recreation-Development
 - Parks & Recreation-Acquisition
 - Endangered Resources-Development
 - Endangered Resources-Acquisition
 - Facilities & Lands-Development
 - Facilities & Lands-Acquisition
 - Fisheries Mgmt. & Habitat Protection-Development
 - Fisheries Mgmt. & Habitat Protection-Acquisition
 - Mississippi and Lower St Croix Development
 - Law Enforcement Development

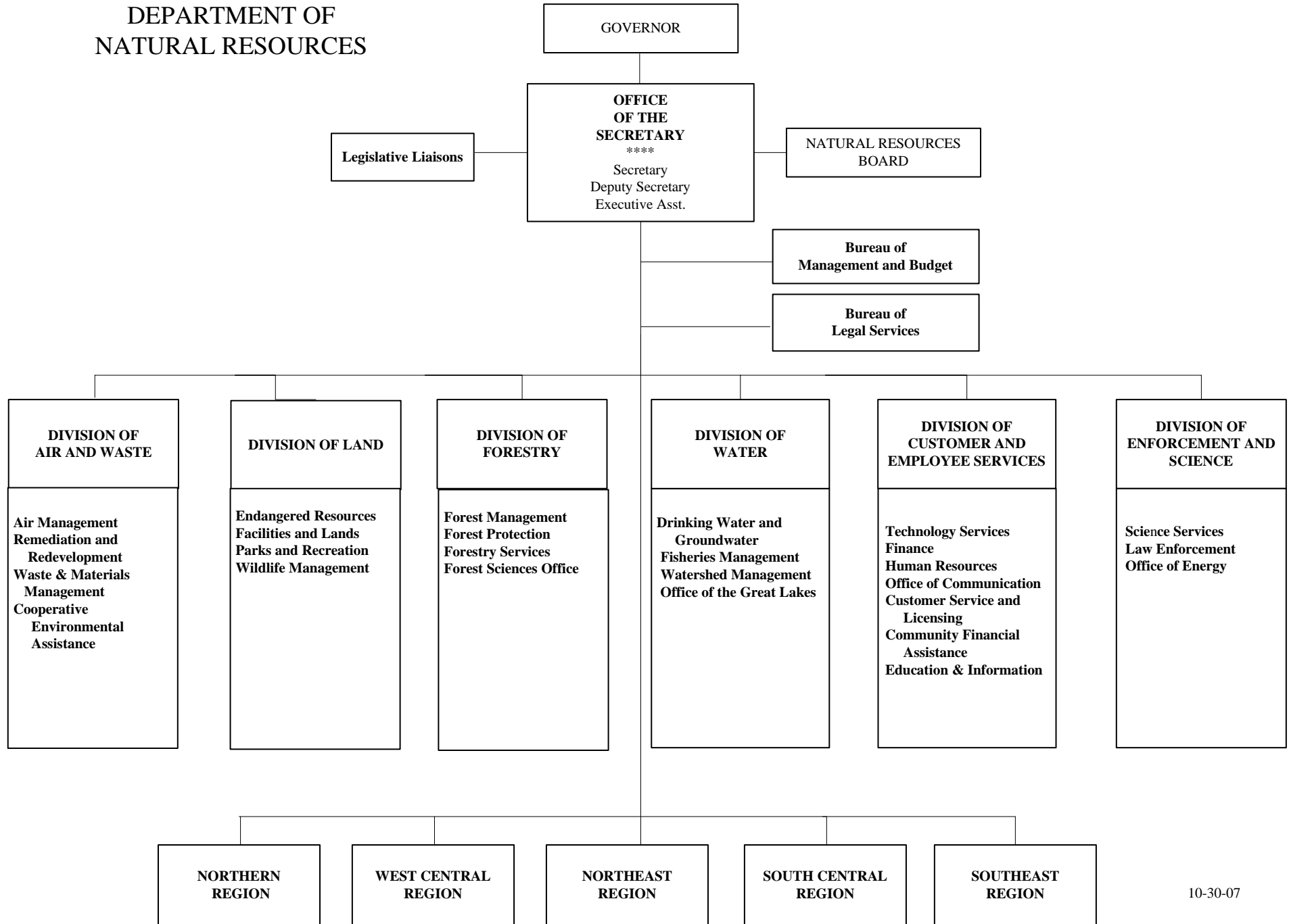
Program 8—Customer and Employee Services

- Subprogram 80--Administration
- Subprogram 82--Legal Services
- Subprogram 83--Finance
- Subprogram 84--Management & Budget
- Subprogram 86--Technology Services
- Subprogram 87--Human Resources
- Subprogram 89--Facility Rental Costs

Program 9--Customer and Employee Services

- Subprogram 90--Customer Service & Licensing
- Subprogram 93--Communication & Education
- Subprogram 94--Community Financial Assistance
- Subprogram 98--CAES Program Management

State of Wisconsin
 DEPARTMENT OF
 NATURAL RESOURCES



10-30-07

DEPARTMENTWIDE

DECISION ITEM: 5000 -- FLEET MILEAGE RATE INCREASES

	<u>2009-2010</u>	<u>2010-2011</u>
GPR	\$75,400	\$75,400
ALL SEG	\$1,014,300	\$1,014,300
PR	<u>\$29,000</u>	<u>\$29,000</u>
	\$1,118,700	\$1,118,700

Request: The Department requests \$1,118,700 annually to address fleet rate increases caused by fuel price increases and significant increases in repair costs for fleet vehicles. The increased vehicle repair costs relate to several factors, including inflationary increases for replacement parts as well as fuel surcharges added to the parts delivery. Additionally, in an effort to fully maximize each vehicle, the Department's fleet includes various older, high mileage vehicles. These vehicles incur costlier repairs as they age which has also contributed to increased repair costs for the fleet.

The fleet cost increase to be covered through increased rates is nearly \$2.3 million. The \$1.118 million amount in this request represents the portion of the \$2.3 million will be paid with state funds. The Law Enforcement Bureau has requested funding for fleet increases through a separate decision item (5302).

Background/Analysis: The Department's fleet operations are managed centrally through a user charge-back appropriation. Vehicle depreciation, fuel (approximately \$3,088,700 in FY08), oil, repairs, insurance, and administrative costs are charged to fleet operations and are recovered through monthly or per-mile usage rates.

Rates are formulated on an annual basis based on actual prior fiscal year results (usage and costs) adjusted for inflation. Excess or insufficient rate reserves are also incorporated into rate development. Rate reserves represent total costs incurred from the outset of operations, less total revenues received. In general, rate reserves equal the appropriation's cash balance, plus the undepreciated (e.g. "net book") value of equipment. A positive rate reserve is required in order to be in compliance with Wis. statute 20.903(2)(b).

In FY08, the last remaining excess reserves were exhausted. The excess rate reserves had been used by the Department to negate the impact of fuel cost increases and inflationary increases of new vehicle prices, repairs, oil and insurance costs on programs. In fiscal year 2008, the excess rate reserve accounted for approximately 30% of the overall fleet costs. The absence of available excess rate reserves caused the rate to increase by roughly 48.5% across all fleet categories.

In FY08, fleet billings totaled \$7.9 million. The cost of fuel, however, continues to rise. According to the Office of Energy Statistics of the United States government, the average regular pump price for unleaded gasoline will average \$3.24 per gallon and the average diesel pump price will be approximately \$3.39 per gallon for FY09. This is a \$.68 per gallon increase over the average pump price paid in fiscal year 2006 and a \$1.97 increase per gallon over the amount paid in FY02. The increased fuel costs will amount to approximately \$740,000 of the annual fleet cost increase. In addition, inflationary repair cost increases (calculated at 5.78% annually) and other costs that have been partially subsidized by reserve balances in the past will amount to an additional \$1.5 million of the annual fleet cost increase. This significant fleet rate increase will be funded partially with federal and other grants, or from revenues specified in the request. The majority of the increase, \$1,389,000, is allocable SEG, PR, and GPR funds.

Analysis of Need: The impact of rate increases caused by these cost increases will significantly affect program operations. Despite increased fuel prices and inflationary increases, vehicles are a necessary tool for virtually every program within the Department. A summary of requested increases by program follows:

Division	Amount	% of Total
Land	\$421,300	30%
Forestry	\$376,500	27%
Air and Waste	\$39,500	3%
Enforcement and Science*	\$278,400	20%
Water	\$250,400	18%
CAES	\$22,900	2%
Total	\$1,389,000	100%

* The Law Enforcement portion of the fleet cost amount shown for the Enforcement & Science division is reflected in separate decision item (5302).

The Forestry, Law Enforcement, Parks, Wildlife and Fisheries programs rely heavily on fleet vehicles to perform many of their critical tasks that impact the safety, environmental quality and recreation quality in the state of Wisconsin, without these increased funds, monitoring work, safety patrols and other critical program functions will not be possible for the programs.

LAND

Wildlife Management

DECISION ITEM: 5110 OPERATIONAL DEFICIENCIES

	<u>2009-10</u>	<u>2010-11</u>
CON SEG	\$250,000	\$250,000

Request: The Department requests an additional \$250,000 SEG for each year of the 09-11 biennium for anticipated operational expenses associated with multiple wildlife properties.

Issue: The Wildlife Program manages over 500,000 acres of public land for wildlife species protection, habitat improvement and access for outdoor enthusiasts. DNR has increased land holdings and responsibilities while experiencing a loss in buying power. It is anticipated that operational costs for utilities, maintenance and repair will continue to increase. In addition, aging facilities have increased maintenance costs. Finally, increased staff time dedicated to wildlife health issues (such as CWD from 2003 through 2008) and an increase in invasive species have resulted in further stretching limited resources.

Background/Analysis: The Wildlife Management Bureau worked with its regional staff in developing an inventory of operational projects that merit additional resources. These projects were then further prioritized and reduced, given the limited availability of Fish and Wildlife Account dollars. At this time the total dollar amount identified for consideration still exceeds the amount of this request. Final decisions on which projects will occur during 2009-11 is contingent upon the final amount of funding approved for this effort. Projects not completed during 2009-11 could be done with the base level funding that would continue into 2011-12. Following is a table which summarizes the types of projects under consideration and the requested funding levels.

Wildlife Management Regional Operational Needs		
1.	Structures- Bridges, Storage	85,000
2.	Dams/Dikes	195,000
3.	Roads/Parking	81,000
4.	Boundaries/Signage	50,000
5.	Invasives	217,000
6.	Habitat	52,000
7.	Equipment	52,000
8.	General Maintenance	26,000
9.	Utilities	23,000
	total	781,000
Due to F&W Account funding constraints, the request provides for \$500,000 of this total. However this list could be completed in 2011-12, if ongoing base level funding is provided		

Parks and Recreation

DECISION ITEM: 5140 -- LTE SALARY FUNDING

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
Forestry SEG	\$70,000		\$70,000	
Parks SEG	\$200,000		\$200,000	

Request: The Department requests an additional \$270,000 in each of FY 10 and FY 11 (\$200,000-Parks, \$70,000-S. Forests). These dollars will enable the Parks program to fund the new LTE minimum wage for certain hard to fill LTE classifications throughout the Parks system and at certain properties that have difficulty attracting seasonal employees. In addition, these funds will enable the Parks program to expand existing LTE hours for a few critical LTE classifications and functions in the Parks system.

Issue: Over the last several budgets, as new properties, facilities and functions have been added, overall LTE funds have actually decreased in real dollars as budget cuts, inflation and overall property expenses have forced reduced LTE funds system-wide. In FY05, Parks & Southern Forests LTE expenditures were \$2,911,400. By FY08 the expenditures were \$2,882,200. That decrease in expenditures is approximately a 2% decrease, however, when comparing hours worked for that same time period the decrease is over 8% (FY 05 hours worked were 329,331, FY08 hours worked were 303,002). Due to the seasonal nature of the tourism business, Parks relies heavily on hiring a sizeable workforce to accomplish critical tasks during a defined season. The need for seasonal employment has increased as a result of new facilities, uses and increased camping volumes. These factors have strained available resources system-wide. As a direct result of funding cuts and the need to shift funding to offset utility and other cost increases, fewer LTE hours results in less employee and visitor safety, and likely results in reduced revenue collections.

Through necessity, the Parks program increased the minimum hiring wage for several classifications in order to fill critical seasonal positions. Parks had not addressed its wage scale in several years. Consequently, the pool of applicants for critical LTE positions has decreased to the point where State Parks are unable to compete on wages with municipal and county parks that hire similar positions. This lack of funding statewide has required property managers to reduce the number of hours LTE's work in order to offer a more competitive wage.

Background/Analysis: In FY 07, the Parks program set records for on-line camping reservations. Interest in camping in state parks is higher than in any of the previous eight years. However, LTE hours are among the lowest in real terms in over 10 years as property managers have had to cope with reduced funding through budget cuts as well as increases in fuel, utility and other operations expenses. To compensate for the lack of supplies and services funding, managers have reduced LTE hours in order to pay gas and electric bills.

By funding this initiative, the Parks program will be able to restore lost hours from recent biennia and attract a deeper candidate pool for these critical positions. This should result in improved visitor services, timely maintenance of facilities, increased visitor and resource protection and enhanced revenue collections. Parks anticipates allotting additional hours to multiple targeted parks, southern forests and trails throughout the system to address the need for additional critical LTE hours. It is likely that these hours would provide funding to increase hours of operation in the spring and fall, resulting in better visitor service and higher revenues collected.

Given the current resources available to the Parks program, it is unlikely that the program will be able to re-allocate sufficient existing funds to address the increased costs of LTE wages and the increased need for additional LTE hours throughout the system as a whole. If these costs are not funded during the 09-11 budget, the ability of the Parks program to fund the necessary LTE costs will be unachievable.

DECISION ITEM: 5141—NEW FACILITIES OPERATIONS

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
Forestry SEG	\$ 52,700	0.0	\$ 52,700	0.0
Parks SEG	\$180,000	0.0	\$280,000	0.0

Request: The Department requests \$232,700 in FY 10 and \$332,700 in FY 11 for anticipated operations expenses associated with multiple State Parks, Trails and Southern Forests. Funds will be used to offset additional LTE, contractual, supplies and services, utility and fleet expenses associated with the opening of new facilities at each of the properties listed below.

Issue: Over the past five biennial budget cycles, multiple new properties and facilities have been added to the Wisconsin State Parks System to meet the demands of the public and to comply with legislative initiatives. Also, new facilities at multiple properties are either under development or are beginning construction and will be open in the current biennium or in the first year of the upcoming biennium. These new facilities require the addition of basic services such as electricity, sewer and water, related fuel costs, cleaning and basic maintenance. Currently, each property that has received new facilities has paid for their operation and maintenance out of their existing budget. In addition, Parks is requesting \$5,000 SEG in each of FY 10 and 11 for aids to localities stemming from an agreement with the city of Baraboo to fund rescue services at Devil's Lake State Park and \$7,000 CON SEG for FY10 only, to fund one-time campground start-up costs at Lake Wissota.

Facilities on the Ground-Funding in Each of FY 10 and 11

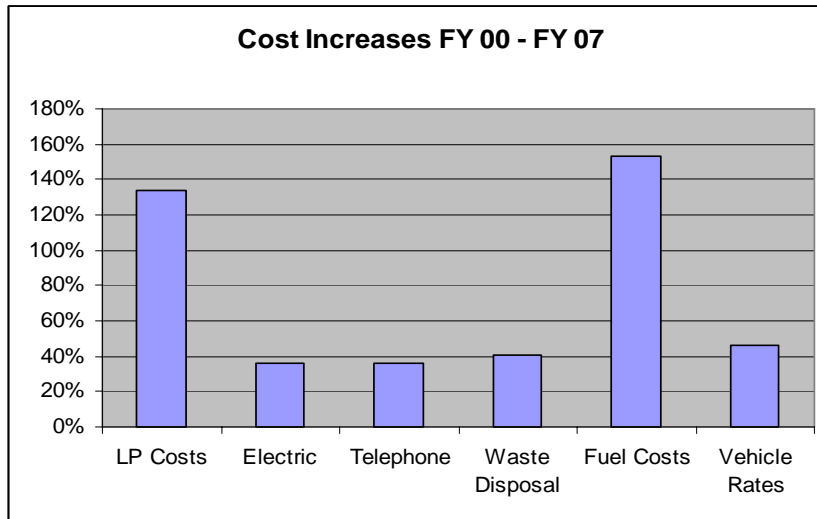
<u>Property</u>	<u>Facility</u>	<u>LTE</u>	<u>S&S</u>
Devil's Lake	Toilet (Vault)	\$0	\$2,500
Gov. Nelson	Shelter Building	\$500	\$1,000
Roche-A-Cri	Toilet (Vault) (2)		\$5,000
Roche-A-Cri	Shelter Building	\$500	\$1,000
Peninsula	Shelter Building	\$500	\$1,000
Peninsula	Ampitheater	\$500	\$1,000
Kohler-Andrae	Toilet (Vault)	\$0	\$2,500
Kohler-Andrae	Accessible Cabin	\$2,000	\$3,000
Buckhorn	Ampitheater	\$750	\$750
Buckhorn	Campground Expansion	\$5,000	\$4,000
Buckhorn	Toilet (Vault)	\$0	\$2,500
Buckhorn	Toilet/Shower	\$2,500	\$3,500
Mill Bluff	Changing Stalls	\$500	\$500
Nelson Dewey	Concessions Building	\$1,000	\$1,000
Nelson Dewey	Toilet (Vault)	\$0	\$2,500
Amnicon Falls	Shelter Building	\$500	\$1,000
Harrington Beach	Observatory	\$500	\$500
Council Grounds	Group Camping Sites	\$2,500	\$2,500
Willow River	Shelter Building	\$500	\$1,000
Gov. Dodge	Toilet/Shower Building	\$4,000	\$4,000
Elroy-Sparta Trail	Shelter Building	\$500	\$1,000
Elroy-Sparta Trail	Flush Toilet Building	\$1,500	\$2,000
LaCrosse River Trail	Toilet Building	\$1,000	\$2,000
Lake Kegonsa	Campground Expansion	\$5,000	\$4,000
Lake Wissota	New Campground	\$17,900	\$17,000
400 Trail	Toilet Building	\$1,500	\$2,500

Perrot	Toilet (Vault) (2)	\$0	\$5,000
High Cliff	Bathhouse	\$1,000	\$2,000
Glacial Drumlin	Office Building	\$2,000	\$1,700
Wildcat Mtn.	PEVS	\$7,500	\$4,000
Wildcat Mtn.	Horse Campground	\$10,000	\$11,900
Wyalusing	Office Building	\$1,500	\$3,000
	Sub-Total (Parks)	\$71,150	\$96,850
KMNU	Toilet (Vault) (3)	\$0	\$7,500
KMNU	New Campsites	\$500	\$1,500
KMSU	Toilet (Vault) (5)	\$0	\$12,500
KMSU	Concessions Building	\$1,000	\$1,000
KMSU	Shelter Building	\$500	\$1,000
KMSU	Campground Expansion	\$2,500	\$3,500
Bong	Accessible Cabin	\$2,000	\$3,000
Bong	Storage	\$1,000	\$1,200
Bong	Toilet (Vault)	\$0	\$2,500
Bong	Toilet Building	\$1,000	\$2,000
Bong	Toilet/Shower	\$3,000	\$4,000
Pike Lake	Shelter Building	\$500	\$1,000
	Sub-Total (S.F.)	\$12,000	\$40,700
	Total (Parks and S.F.)	\$83,150	\$137,550

New Facilities During FY 10—Funding in FY 11 Only

<u>Property</u>	<u>Facility</u>	<u>LTE</u>	<u>S&S</u>
Big Foot Beach	Toilet/Shower	\$3,000	\$4,000
Brunet Island	Storage	\$1,000	\$1,200
Council Grounds	PEVS	\$1,000	\$2,000
Chippewa Moraine	Campground Expansion	\$13,000	\$10,000
Glacial Drumlin	New Trail Miles	\$2,000	\$4,200
Hartman Creek	Toilet/Shower	\$3,000	\$4,000
Hartman Creek	Storage	\$1,000	\$1,200
High Cliff	Shelter Building	\$500	\$1,000
Interstate	PEVS-Addition	\$500	\$500
Interstate	Ice Age Center	\$3,000	\$3,000
Lake Kegonsa	PEVS	\$3,000	\$4,200
Mirror Lake	Group Campground	\$5,500	\$11,000
New Glarus Woods	Storage	\$1,000	\$1,200
Potawatomi	Nature Center/Office	\$2,800	\$3,400
Rib Mountain	Renovate Day Use Area	\$2,000	\$6,300
Rocky Arbor	Shop/Storage	\$1,000	\$1,500
Tuscolbia	Toilets (Vault) (2)	\$0	\$5,000
	Total	\$43,300	\$63,700

Background/Analysis: The increasing costs for necessary supplies and utility services has eroded State Park property operating budgets over time. Most property budgets at this time are struggling to cover only the fixed costs of operating, much less improving properties. Property managers have little or no ability to respond to emergency or unanticipated repairs, road and trail maintenance, facility upkeep and resource management.



To pay for these increasing costs, Parks has had to reallocate funding from buildings and ground maintenance to address the costs of utilities and other inflationary increases. These are fixed costs that cannot be eliminated or reduced for extended periods of time as they will jeopardize the safety of property visitors and staff and will also reduce the expected life of property improvements, thus mitigating the investment in new facilities.

In FY 07, the Parks program set records for on-line camping reservations, and interest in camping in state parks is the highest it's been in over eight years. However, property budgets are among the lowest in real terms in over 10 years as property managers have had to cope with reduced funding through budget cuts as well as increases in fuel, utility and other operations expenses.

By funding this initiative, the Parks program will be able to provide funding to operate new facilities and campgrounds, resulting in improved visitor services, timely maintenance of facilities, increased visitor and resource protection and enhanced revenue collections.

DECISION ITEM: 5142 -- PROPERTY FACILITY MAINTENANCE

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
Forestry SEG	\$60,000		\$60,000	
Parks SEG	\$140,000		\$140,000	

Request: The Department requests an additional \$200,000 in each of FY 10 and FY 11 (\$140,000-Parks, \$60,000-S. Forests). These funds will enable the Parks program to address routine, minor maintenance and mechanical replacement throughout the Parks system. Providing a continuing source of funding for these needs would enable the program to begin to address the current backlog of necessary maintenance at multiple properties throughout the system, and would provide a dedicated source of funds to repair facilities as needed in future years.

Background/Analysis: As operational funding was cut in previous biennia, the quality of multiple facilities have degraded across the system as the Parks program has been unable to address routine and minor maintenance needs system-wide. The ability of the Parks program to respond to emergency facility needs such as: broken water heaters, leaky faucets, broken toilets and water fountains, damaged eaves, small engine repair and other mechanicals maintenance such as air conditioning and heating systems, etc. is difficult given the current funding levels system-wide. Lastly, over the past five biennial budget cycles, multiple new properties and facilities have been added to the Wisconsin State Parks System to meet the demands of the public and to comply with legislative initiatives.

Given the current resources available to the Parks program, it is unlikely that the program would be able to re-allocate sufficient existing funds to address the significant need for facility maintenance throughout the system as a whole. If these costs are not funded during the 09-11 budget, the ability of the Parks program to maintain toilet and shower buildings, campgrounds, nature centers, wells and a host of other buildings and facilities will degrade to a point that visitors' safety and experience will be significantly impacted, and the costs to replace these facilities will escalate.

DECISION ITEM: 5143-- POINT-OF-SALE TECHNOLOGY

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
Forestry SEG			\$50,000	
Parks SEG			\$50,000	

Request: The Department requests \$100,000 in FY 11 (\$50,000 Parks SEG, \$50,000 S. Forests) to conduct an assessment and for the initial development of point of sale systems to process and track the system's \$21.5 million in annual revenues. Parks currently relies on a predominately manual system to sell product and collect revenues. This request will enable the Parks to contract with experts to help analyze current needs, develop system specifications to meet business needs, programming for electronic interfaces and potentially equipment to implement the system.

Background/Analysis: The Wisconsin State Park System collects approximately \$21.5 million in revenues each year. The bulk of these revenues are generated from thousands of individual sales of vehicle admission fees, admission stickers and trail passes sold at various properties. While a few properties use a cash register to track sales, the majority of these sales transactions are conducted without any electronic tracking or monitoring. Employees' complete manual, paper-based sales tracking on a daily basis. The system's current reliance on manual sales reporting and cash tracking is not only inefficient and impacted by human errors, but also potentially exposes the state to lost revenue. In an effort to properly track state revenues and maximize the state's return on investment, the Department of Administration is expected to require electronic sweeping of Park revenue accounts on a daily basis in the near future. Currently, no financial system is in place to accomplish this goal.

If these costs are not funded during the 09-11 budget, the ability of the Parks program to respond to DOA mandated banking requirements as well as increased efficiencies will be non-existent. As the state moves forward with the development and implementation of an integrated business information system, the need for point-of-sale technology has become more acute for the Parks. DOA already requires daily sweeps of the Lakeshore State Park account. Complying with this single order has been difficult, and would likely be impossible if required for the system as a whole at this time. Funding this initiative would likely improve revenues over time, and would lead to greater efficiencies within the system, thus freeing current staff to address other needs.

DECISION ITEM: 5144-- ROAD AND PARKING LOT MAINTENANCE

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
Forestry SEG	\$30,000		\$30,000	
Parks SEG	\$70,000		\$70,000	

Request: The Department requests an additional \$100,000 in each of FY 09 and FY 10 to address road maintenance issues (\$70,000-Parks, \$30,000-S. Forests). These funds will enable the Parks program to address routine, minor road maintenance as well as provide funds for grading and snow removal

throughout the Parks system. The objective is to provide a matching source of funding for state and federal aid for road construction and maintenance which will address the deteriorating condition of roads and highways. Also, these funds will provide additional relief for properties that have seasonal grading and snow removal issues. These activities currently impact the operational budgets of WSPS properties.

Background/Analysis: As available funding to address road maintenance was cut in previous biennia, the quality of the roads, parking lots and trails throughout the state park system has degraded. Further, the ability of the Parks program to remove snow and grade graveled roads and trails is difficult given the current funding levels for the system. Providing a continuing source of funding for these needs would enable the program to begin to address the current backlog of necessary road maintenance at multiple properties throughout the system, and would provide a dedicated source of funds to address these needs in future years.

A recent recreation facility inventory showed the Department manages over 71,000 acres of parks and trails, 55,000 acres of southern forests and about 440,000 acres of northern forests, including 5,200 campsites, as well as nearly 3,000 miles of roadways and extensive parking lots with a value of approximately \$300 million. The Department intends to place major emphasis on infrastructure maintenance. It is imperative to protect the investment already made in Department properties and facilities, including roads. Funds are needed to ensure upkeep and/or replacement of existing Department owned roads and parking lots and to work with local units of government where their roads are the primary access to DNR use areas. The current Department Six Year Facilities Plan includes a backlog of \$12,000,000 of previously identified road maintenance projects and has not yet been adjusted to reflect the current costs.

In recent past biennia, Parks had been receiving a GPR funding for road maintenance at approximately \$400,000/year or \$800,000 for the biennium. The funds were gradually scaled back and were completely eliminated in recent budgets. These funds were crucial for the upkeep and maintenance of Parks roadways. Currently, staff time devoted to road and trail maintenance activities averages approximately 375 hrs/year. Property managers are increasingly reporting their inability to fund regular road maintenance as other fixed costs have increased dramatically. On average, property managers who spent 30% of their operating budgets on fixed costs in FY 00 are now spending almost 50% of their total operating funds on fixed costs.

Typical expenses related to road maintenance have also dramatically increased in recent years. The costs of filling pot holes (both hot and cold patch) as well as asphalt have gone up by approximately 30% over the past five years, and as fuel costs rise, the ability of properties to adequately grade roads and plow snow decreases. Parks has identified approximately \$7 million in existing road repair and replacement needs within the system, and road maintenance costs of over \$1 million annually. Additional resources will begin to address this backlog of maintenance and repair as well as address ongoing costs related to road maintenance.

DECISION ITEM: 5145-- UTILITIES FOR ELECTRIFIED CAMPSITES

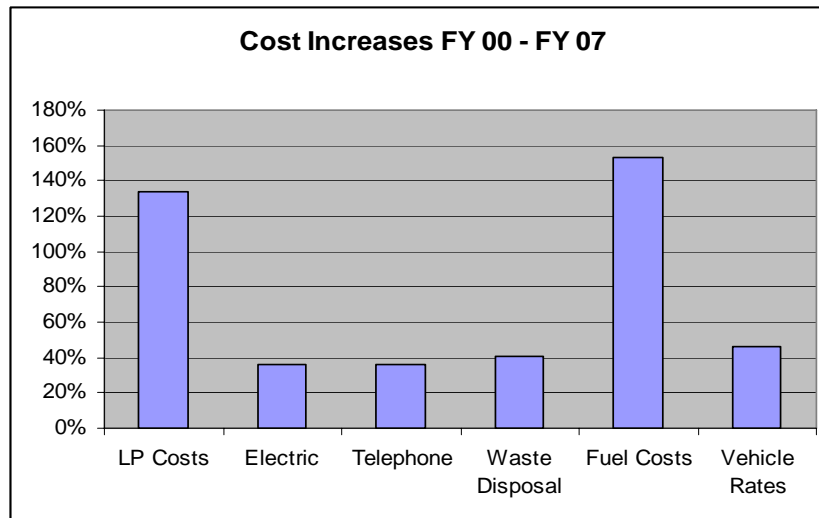
	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
Forestry SEG	\$3,800		\$3,800	
Parks SEG	\$72,000		\$72,000	

Request: The Department requests an additional \$75,800 SEG in each year of the 2009-11 biennium for anticipated utility and operational expenses associated with electrical service to campsites at multiple state parks and southern forests. Funds will also be used to offset additional utilities costs incurred by adding 200 electrified campsites at 5 Park properties and 1 Southern Forest property, and a small amount will offset increased LTE costs associated with the higher occupancy rates at electrical sites. It is anticipated that the additional sites will bring in \$171,900 in new revenue generated by the electrified sites

of which a portion will be used to cover the expenses incurred at these properties. The remainder of the additional revenues generated by these sites supports other aspects of operating the State Park system.

Background/Analysis: Currently, the Parks system is supporting 1,037 electrified campsites at multiple properties many of which have not been previously supplemented with additional utility funding. This equates to \$306,700 for Parks and \$90,800 for Southern Forests in increased utility and operations costs to support these campsites. These costs are mitigated by an additional \$677,100 per year in additional revenues to the system. The utility and maintenance costs related to each of these sites are currently absorbed by each property's operations budget. As fixed costs continue to rise, the ability of these properties to absorb the additional costs decreases. All of these sites are currently operational.

The increasing costs for necessary supplies and utility services have eroded WSPS property operating budgets over time. Most property budgets at this time are struggling to cover only the fixed costs of operating, much less improving WSPS properties. Property managers have little or no ability to respond to emergency or unanticipated repairs, road and trail maintenance, facility upkeep and resource management.



To pay for these increasing costs, the WSPS has had to reallocate funding from buildings and ground maintenance to address the costs of utilities. These are fixed costs that cannot be eliminated or reduced for extended periods of time as they will jeopardize the safety of property visitors and staff and will also reduce the expected life of property improvements, thus mitigating the investment in new facilities.

Facilities and Lands

DECISION ITEM: 5180 – LAND CONTROL SUPPORT

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
CON SEG	\$75,000		\$75,000	

Request: The Department requests \$75,000 in each year of the biennium to provide funding to conduct surveys (by contract) as needed to protect and manage the Department's lands. The amount of funding requested would permit the Department to conduct an estimated 15 to 25 surveys per year depending upon cost. Though modest, this level of effort would be a considerable improvement over the current situation. This funding would be used for all Department lands across all programs.

Issue: The Department currently manages over 1.6 million acres of land. This land has been acquired over the past 125 years. However, over 450,000 acres has been acquired since just 1990 due to the Knowles-Nelson Stewardship Program. Land control issues such as boundary disputes, encroachments, and timber trespass are becoming a significant workload for property managers and real estate staff. These matters often involve lengthy negotiations and court action is sometimes required to resolve the issues. It is impossible to move toward any settlement without first having a survey of the boundary in question.

Background/Analysis: The Department had a budget for surveying lands at one time, but with budget reductions over the past 6-8 years the funding source was eliminated. The elimination of these funds has led to a growing backlog of boundary management issues and reemphasizes the need for a base level of funding for surveys. A legal survey is essential for resolving most contested boundary matters.

The number of boundary disputes is on the increase. This is directly related to several factors including: 1) as private lands adjacent to DNR properties are sold or subdivided those transactions often bring into question long standing boundary lines and problems generally result; 2) survey equipment has become more advanced in recent years and this greater level of accuracy has brought attention to many past errors or misunderstandings related to legal descriptions and legal boundaries; and 3) many counties are re-monumenting section corners and that process generally results in a change to commonly accepted ownership boundaries. All of these factors affect the Department's ability to manage, enforce and protect its properties and in some cases may affect public use of those lands. Generally, the Department can only conduct surveys needed to address pending court actions. Currently the most pressing survey needs are addressed by reallocating funds from other land management projects. Increasing the capability to conduct surveys will help protect the investment the Department has made in public lands using the Stewardship Program.

Surveys would be conducted by contract. The Bureau of Facilities and Lands would administer the contracts via the Engineering and Construction Section. The Bureau has one staff engineer certified to do surveying who would work with the programs and property managers in need of surveys.

FORESTRY

DECISION ITEM: 5120 -- MAINTAINING BASE OPERATIONS

SEG	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
	\$908,600	0.39	\$908,600	0.39

Request: The Department requests 0.39 FTE and \$908,600 from the Forestry Account of the Conservation Fund to maintain Forestry's basic, existing operations that are strategically located across the state. This request is comprised of eight components:

1. Heat For Existing Facilities- \$28,000 per year is requested to support increased heating costs associated with Forestry's existing facilities.
2. Heat For New Facilities- \$58,000 per year is requested to support increased heating costs associated Forestry's new facilities.
3. Personal Mileage Expenses - \$63,600 per year is requested to support cost increases associated with the payment of personal vehicle mileage costs.
4. Radio Repeater Master Lease - \$300,000 per year is requested for the fifth and sixth master lease payments that support the FY 2006 lease/purchase of radio tower repeaters. The previous two biennia authorized funding for the first four payments.
5. Radio Replacement Master Lease - \$275,000 per year is requested for the first and second year payments of a six year master lease that would support the proposed replacement of Forestry's radios. The funding would support the replacement of 232 mobile radios, 209 portable radios and 11 aviation specific radios.
6. Seasonal Nursery FTE - \$19,800 per year is requested to add a total of 0.39 FTE to the five existing seasonal forest technician positions at the Griffith and Wilson nurseries. The request is to increase each of the five positions to 0.75 FTE.
7. Nursery Operations Expenses - \$104,200 per year is requested to cover operational costs at the Hayward, Griffith and Wilson State Nurseries and to cover the cost increases associated with contracting for forest tree genetics expertise from the University of Wisconsin.
8. Forest Certification Expenses - \$60,000 per year is requested of support for direct forest certification expenses.

Issue: The Division of Forestry's operational expense budgets, which directly supports 467 Forestry Division personnel, are experiencing operational funding shortfalls. Allocations are inadequate to support the costs associated with office heat, mileage expenses, state nursery operations and for the costs associated with third-party forest certification. In addition, funding is needed to support the payment for dependable communications equipment that would enable Forestry personnel to safely detect, prepare and suppress wildfires. Therefore, this request is designed to maintain Forestry's basic, existing operations. Without adequate base funding, Forestry will lose the ability to fully meet its mission of sustainably managing and protecting the resources of the state.

Background/Analysis:

1. Heat For Existing Facilities

Oil, natural gas, and propane costs have seen sharp increases over the last two years. Propane prices alone have increased 46% since 2005. Newly constructed ranger station facilities are experiencing an increase in operational costs due to more square foot space. These facility heating costs are directly

related to the increased cost of the fuel product and to the use of heated garage areas for fire suppression equipment in place of cold storage garages. These increased energy costs are requiring a larger share of the operational budgets.

Utilizing data from the U.S. Department of Energy, which tracks the average heating fuel prices, the heating fuel prices for 2009 are projected below:

Calendar Year	Natural Gas	Propane	Heating Oil
2005	\$11.76	\$1.43	\$2.00
US Govt. Anticipated 2009	\$12.71	\$2.13	\$3.08
Estimated % Increase Between 2005 and 2009	8%	49%	54%

Applying percents from the table above to actual Forestry heating fuel expenditures, costs are projected to increase by \$28,000.

Calendar Year	Natural Gas	Propane	Heating Oil
2005 Expenditures	\$73,087	\$31,842	\$2,438
2009 Projected Cost	\$78,934	\$47,444	\$3,754
2% Cost Increase for 2010	\$80,513	\$48,393	\$3,829
2% Cost Increase for 2011	\$82,123	\$49,360	\$3,905
Funding Increase Requested	\$9,036	\$17,518	\$1,467

2. Heat For New Facilities

The Forestry Division has and is constructing new ranger stations and storage facilities across the state. These facilities are built to provide for today's compliment of personnel and equipment and are built larger than the facilities that are being replaced. For this reason, the heating costs at the 19 new stations and at storage garages are higher than for the previous facilities. Therefore, \$58,000 per year is being requested to support the additional heating costs at these new facilities.

3. Personal Mileage Expenses

Increased fuel prices are resulting in additional costs for Forestry staff that are using personal vehicles for state business. Without adequate funding, all work that requires transportation—such as meeting forest landowners at the work site, management activities at the state forests, liaison activities with Forestry's partners and fire preparedness work—will need to be reduced. The following table details the request for \$63,600 in additional funding to cover personal mileage expenses:

Personal Mileage Calculation	
2005 personal mileage rate (with non-availability slip)	\$0.33
2009 personal mileage rate (with non-availability slip)	\$0.49
\$ increase over period	\$0.16
% increase over period	49.23%
Personal mileage cost 2005	\$129,230
Current cost:	\$192,851

Overall Cost Increase:	\$63,621
Request rounded to nearest \$100	\$63,600

4. Radio Repeater Master Lease

The 2005-07 biennial budget authorized the Division of Forestry to replace radio repeaters and associated radio communication equipment across the state. The budget also authorized the use of a master lease to purchase and install the communication equipment. The equipment has been purchased and installed.

The master lease is six years in length. The 2005-07 budget provided funding for the first two payments, the 2007-09 budget provided funding for the third and fourth payments, and \$300,000 per year is requested to fund the fifth year (FY 2010) and sixth year (FY 2011) payments.

Base station repeaters make up the DNR's public safety communications network utilized primarily for forest fire detection and control. These base station repeaters are critical for the early detection of forest fires. With early detection the fires can be caught and controlled before lives are threatened or there is extensive damage to valuable forest lands and personal properties. An un-repairable outage to this critical link in the system can be extremely serious.

A repeater, when strategically located on top of a tower or high building can greatly enhance the performance of a wireless radio network by allowing communications over distances much greater than would be possible without it.

5. Radio Replacement Master Lease

Protection of our forests from wildfire is a high priority for Forestry. The Department must be able to communicate with other agencies and comply with Federal Homeland Security directives. Since September 11, 2001 and Hurricane Katrina in 2005, new communications standards for interoperability have been established. Anyone with public safety responsibilities has been encouraged to upgrade to what is referred to as the "P25 standard". The P25 digital radio is the standard for all risk response for which DNR Forestry is heavily tasked. Currently 14 Wisconsin Counties are fully P25 digital or P25 digital capable.

The Federal Communications Commission (FCC) has mandated all VHF radio communications move to narrow band effective January 1, 2013. Concurrently, the State Interoperability Executive Council has recommended and is directing Homeland Security Administration (HSA) funding to go toward a statewide digital trunking infrastructure that is P25 compliant. HSA spending requires that the trunking system be purchased by 2010.

The US Forest Service has indicated that P25 radios must be installed in all fire aircraft by January 1, 2010. The Department's fire detection aircraft will require new radios to be in compliance with this directive.

\$275,000 per year is requested for the first and second year payments of a six year master lease that would support the proposed replacement of Forestry's radios. This request will replace all of Forestry's fire radios with radios that are both narrow band and trunking compatible. The funding would support the replacement of 232 mobile radios, 209 portable radios and 11 aviation specific radios.

6. Seasonal Nursery FTE—There are currently five seasonal forestry technicians within the nursery system; four 0.67 FTEs at the Griffith Nursery and one 0.68 FTE at the Wilson Nursery. Changing production needs such as fall lifting and an increase in graded stock orders requires more time to complete than is available from the current seasonal time allocation. Forestry requests that each of the positions be increased to 0.75 FTE, which will result in an additional \$19,800 per year in salary and fringe benefit expenses. The position numbers associated with these Forestry Technician classifications are: 27725, 27944, 28611, 27365, and 25734.

7. Nursery Operations Expenses

As detailed in the following table, Forestry is requesting \$97,200 to cover operational shortfalls at the Hayward, Griffith and Wilson State Nurseries.

Activity	Cost Increase Per Unit	Units Used Per Year	Request
Fertilizer	+\$196/ton	22 tons	\$4,310
Peat	+\$9/yard	2,200 yards	\$19,800
Fumigation – contract application	+\$810/acre	26 acres	\$21,060
Fumigation – fumigant	+\$2.12/pound	6,500 pounds	\$13,780
Packaging	+\$0.85/box	45,000 boxes	\$38,250
Total			\$97,200

Costs Associated with Changing Production - Due to the increased interest in plantation diversity and cost share program requirements, hardwood production has been steadily increasing since the 1980s. Annual hardwood production has risen 300% from around one million seedlings in the 1980s to approximately three million seedlings today (i.e., average from 2001-2007). This increase of two million hardwood seedlings annually translates to a significant increase in operation costs. Growing, storing, and distributing hardwoods are very different from conifers. Hardwoods require more than twice the bed space as conifers, as well as significantly different cultural practices. This means that more ground and materials are needed to grow the hardwoods. Production costs increase since all activities such as plowing, leveling, fumigating, seeding, fertilizing, spraying, cultivating, irrigating, conducting stock inventory, and harvesting are done over a larger acreage. Hardwoods also require three to four times the space to store and package. This increases the cost of packaging and cooler space as well as the cost of increased handling. The table below outlines some of the most significant cost increases associated with additional hardwood production.

Comparison of annual nursery operating costs for producing two million hardwoods vs. two million conifers based on 2007 prices.			
Item	Annual Cost for Conifers	Annual Cost for Hardwoods	Annual Cost Increase
Fumigation	\$2,400	\$9,000	+ \$6,600
Packaging	\$7,400	\$18,000	+ \$10,600
Seed	\$4,900	\$18,800	+ \$13,900
Total Annual Increase			+ \$31,100

Production has also changed with respect to graded and bulk orders, with the number of graded orders increasing by 49% between 1991 and 2007. As outlined in the table below, grading is performed primarily by LTE labor and therefore directly impacts nursery operating budgets.

Annual LTE costs associated with increased graded tree orders between 1991 and 2007. (1991 LTE wage = \$4.25/hr, 2007 LTE wage = \$7.25/hr)		
Year	No. of Trees Graded	LTE Cost of Grading
1991	3,427,133	\$23,300
2007	4,678,013	\$83,700
Total Annual Increase	1,250,880	+ \$60,400

Forestry is also requesting \$7,000 per year to cover the cost increases associated with contracting for forest tree genetics expertise from the University of Wisconsin. The Tree Improvement Program provides genetically superior seed for the state nursery program by developing and managing seed orchards, as well as providing forest genetics data used to guide the appropriate movement of seed sources. This forest genetics work is possible through long-term cooperative research agreements with the University of

Wisconsin – Madison. The inflation of salary and fringe has increased the cost of these contracts by \$7,000 from 2001 to 2008. Without the long-term ability to fund these contracts the Forestry Division may lose the services of a full-time tree improvement research specialist who oversees much of the progeny testing, breeding, and orchard development.

8. Forest Certification Expenses

Forest certification is a process in which a forest landowner undergoes an audit of their practices by a third party organization. If the forest practices of the landowner meet the standards for long-term sustainability, the third party organization will certify that the forest is “well managed” and that wood products originating from that forest were grown and harvested in a way that will assure long-term sustainability for biological, social and economic benefits.

A total of 517,700 acres of northern and southern Wisconsin State Forests were certified under Forest Stewardship Council (FSC) and Sustainable Forest Initiative (SFI) standards in 2004. Wisconsin County Forests with 2.4 million acres administered under DNR oversight were FSC/SFI certified in 2005. Another 2 million acres of private woodland enrolled under the Wisconsin Managed Forest Law were certified under American Tree Farm Standards in 2005. An FSC audit of the Managed Forest Lands was recently completed.

The requested \$60,000, together with the \$83,100 that is already in the Department’s base budget, will purchase the following items in support of the Department’s forest certification project.

Activity	FY 2010	FY 2011	FY 2012	FY 2013
State Forests				
Surveillance Audit	\$26,775	\$27,311	\$27,857	\$27,857
SFI License	\$1,250	\$1,250	\$1,500	\$1,500
FSC Accreditation Fee	\$2,406	\$2,455	\$2,504	\$2,504
	\$30,431	\$31,016	\$31,861	\$31,861
County Forests				
Full Field Assessment	\$70,000			
Surveillance Audit		\$18,207	\$18,564	\$18,935
FSC Accreditation Fee	\$1,500	\$1,500	\$1,500	\$1,500
	\$71,500	\$19,707	\$20,064	\$20,435
Managed Forest Law				
Full Tree Farm & FSC Assessment	\$35,000			\$90,000
Surveillance Audit		\$14,280	\$14,566	
Tree Farm License	\$5,000	\$5,000	\$5,000	\$5,000
FSC Accreditation	\$100	\$100	\$100	\$100
	\$40,100	\$19,380	\$19,666	\$95,100
Total Annual Expenditure	\$142,031	\$70,103	\$71,591	\$147,396

Certification expenses fluctuate from year-to-year as the department cycles through a combination of full field reviews and annual surveillance audits for the various DNR land management programs. Any funding balance in years with lower direct costs will be applied to related expenses such as biotic inventories, biomass evaluations, coarse woody debris inventories, follow-up on corrective action requests and resource monitoring that is necessary for maintaining the certifications.

The Department has clearly benefited from the affirmation provided by certification. Certification strengthens marketability of products from participating land and helps retain manufacturers who demand certified forest materials. Annual reviews by external auditors help identify opportunities to solve

problems, augmenting continual improvement. Auditors provide objective collaboration that procedural changes or additional resources are truly needed. Forest certification can also defuse public controversy about the land management program.

DECISION ITEM: 5121—TRANSFER FTE FROM FEDERAL TO FORESTRY SEG

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
FOR SEG	\$21,300	0.25	\$21,300	0.25
Federal		(0.25)		(0.25)

Request: The Department requests \$21,300 from the Forestry Account of the Conservation Fund to convert the funding for 0.25 permanent FTE (25% of position number 26951) from Federal to Forestry SEG. The Department’s invasive plant coordinator (plant pest and disease specialist), is 25% funded from the federal Forest Health Management grant. However, funding for the grant is due to end on September 30, 2008, prompting the request to convert the funding source to Forestry SEG.

Background/Analysis: This is a request for 0.25 permanent FTE to fill-out the existing 0.75 FTE invasive plant coordinator position. The 0.75 FTE was reallocated within Forestry during the previous biennia to provide leadership for the forest invasive plant program statewide.

The invasive plant coordinator provides leadership for the forest invasive plant program statewide. It serves as the Division’s expert on forest invasive plants guiding the development, implementation, monitoring, and enhancement of forestry best management practices for invasive species through applied field and research techniques.

A major role of the position has been coordination with the DNR Invasive Species Team, the DNR/DATCP workgroup, the Wisconsin Council on Invasive Species (and its standing committees on Regulation and Research), the Wisconsin Council on Forestry, and FILT (Forestry Invasives Leadership Team). This work is resulting in administrative rules that will classify invasive species into regulatory categories, and identify criteria and a process for placing species in categories. The 0.75 FTE position is insufficient to fulfill all of these obligations in addition to coordinating inventory and monitoring, planning, education, biocontrols, data system development, and regional initiatives.

For a temporary period Forestry has been able to utilize Federal Forest Health grant funding to support a 0.25 FTE to make the position whole. This funding opportunity is ending; the funding was a one-time supplement to the Forest Health grant.

DECISION ITEM: 5123-- CONTINUING APPROPRIATION FOR URBAN FORESTRY RESOURCE AIDS

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
FOR SEG				

Request: The Department requests a split of the current appropriation for urban forestry and county forest grants [s. 20.370 (5)(bw)] into two separate appropriations. Under this proposal, urban forestry grants would be housed in a new, continuing appropriation 20.370 (5)(bp), while county forestry grants would continue to be housed in s. 20.370 (5) (bw) and remain as an annual appropriation. This request is budget neutral—that is, \$529,900 would be transferred from existing appropriation s. 20.370 (5)(bw) to the new, continuing appropriation for urban forestry grants, while \$1,598,000 would continue to be available for county forest administration grants.

Issue: Demand for urban forestry grants outstrips available funding. Grants are awarded in December of each year with funding first made available on January 1. When a grantee is unable to use all of the funding awarded to them, the Department does not become aware of this underspending until late in the same fiscal year that the grant was awarded or in the subsequent fiscal year. Therefore, the underspent dollars lapse back to the forestry account, as required under an annual appropriation. The Department would prefer to redirect those under spent funds to communities who were unable to receive grants in the previous award cycle. Establishing a separate, continuing appropriation for urban forestry grants will enable the Department to utilize underspent funds, as needed, without the prospect of those funds lapsing to the forestry account.

Background/Analysis: The Urban Forestry Grant Program awards grants to communities to preserve and manage green spaces. Grants can range from \$1,000 up to the maximum of \$25,000 and can be used for such purposes as the development of an invasive species readiness plan, tree inventories, forestry plans, public education and information programs, staff training, tree planting, etc. Applicants must match the grant dollar-for-dollar (i.e. 50% state cost-share, 50% local cost-share). In addition, 2007 Act 13 recently added a component to the program that addresses catastrophic storm damage. Communities with urban areas that have been affected by a catastrophic storm event are eligible for grants and do not have to provide a local cost-share to receive these funds.

A continuing appropriation for the Urban Forestry Grant Program affords the Department the most flexibility to redirect unused funds to communities with unmet needs, especially for those communities with unmet needs that have arisen from a catastrophic storm event.

ENFORCEMENT AND SCIENCE

Law Enforcement

DECISION ITEM 5300: INVASIVES ENFORCEMENT

	<u>2009-2010</u>	<u>FTE</u>	<u>2010-2011</u>	<u>FTE</u>
CON SEG	\$264,300	1.0	\$283,700	1.0

Request: The Department requests \$264,300 in FY10, \$283,700 in FY11 and 1.0 FTE, in each year of the biennium, from the Boat Account of the Conservation Fund, to increase staff working on the enforcement of invasive aquatic species. The 1.0 FTE and the associated salary will be used to fund a warden to supervise the existing Water Guard Program. The additional \$200,000 will be used to provide overtime for existing wardens' increased time spent on aquatic invasives enforcement. The \$200,000 of requested overtime will allow for an additional 4,300 hours of patrol effort or approximately 32 hours of overtime per conservation warden.

Background/Analysis: In FY07, the Bureau of Law Enforcement implemented a pilot, community-based educational effort related to water-based invasives over the July 4th weekend. Law enforcement conducted saturated patrols at boat landings and water areas to educate the public about the ill effects of water-based invasive species. Based on a DNR assessment, the effort was well received by the public, received wide-spread media attention, and attained more results in a 2-day time period than had been achieved over a period of years.

Building on the success of this pilot effort, the Department received additional support in the 2007-09 Biennial Budget to combat aquatic invasives: the Water Guard Program. This program, funded at \$215,500 in FY09 from the Boat Account, provided for 9.0 deputy warden LTE staff at boat landings throughout the state for the late-summer boating season in calendar year 2008. It will pick-up at the beginning of the calendar year 2009 boating season. This LTE-based program is expected to continue into the future and is expected to contribute significantly to the effort. However, in the long term, the enforcement of aquatic invasives will need continued supervisory support, rule-enforcement effort, enforcement-provided education and enforcement-provided collaboration. These efforts will require permanent law enforcement oversight.

In this request, additional law enforcement effort, in particular invasives rule enforcement, will be provided for by the overtime request. The overtime will be additional effort provided by full-time conservation warden personnel; this effort is necessary because LTE staff is limited in capacity and authority. Once the program begins to place a higher emphasis on law enforcement, such as citation issuance, the LTE staff will be expected to continue in the education and collaboration efforts, with some rule enforcement effort.

DECISION ITEM 5301: WARDEN RECRUIT CLASS SUPPORT

	<u>2009-2010</u>	<u>2010-2011</u>
CON SEG	\$104,400	\$218,200
ENV SEG	\$5,100	\$10,600
REC SEG	\$1,500	\$3,200
	\$111,000	\$232,000

Request: The Department requests \$111,000 in FY10 and \$232,000 in FY11 for additional support for the warden recruit class. These dollars will fund the costs of police certification which had not been covered in earlier years. The Department expects to begin an eight member recruit class in calendar year 2010 and another in calendar year 2011. Based on the need for cost savings and retirement deferrals, there will not be a recruit class in calendar year 2009.

Background/Analysis: Prior to FY06, the Law Enforcement Program never had a base amount of funding associated with the cost of recruiting, hiring, and training new conservation warden recruits. In FY06, the Legislature authorized a permanent base of \$198,000; the Department request for that biennium was for a permanent funding base of \$225,000. Previous to that, funding was taken from existing operating budgets.

The cost to fund a warden recruit class in calendar year 2010 is estimated at \$420,000 and in calendar year 2011 is estimated to cost \$440,000. These costs assume a minimum warden class of 8 new recruit wardens, and their needed supplies and equipment. The estimated costs also include an additional \$175,000 related to providing police certification using Department of Justice certification guidelines.

Nationally, competition for existing law enforcement personnel has made it more difficult for law enforcement agencies to recruit applicants, especially for agencies with stringent entry-level requirements. In the past DNR applicants were required to come to the Department with a criminal justice background, complete with police certification. In 2006, the Bureau of Law Enforcement revamped its recruitment and training requirements in an effort to broaden its pool of applicants. The Department will now provide police certification using Department of Justice certification guidelines. The Department believes that the certification that is now provided by the bureau will encourage potential applicants to seek employment with this agency and promote long term employment.

2009-11 Warden Recruit Class Training Costs			
Two 8 Member Recruit Classes	Class 1 Calendar Year 2010		Class 2 Calendar Year 2011
Total Class Cost	\$420,000		\$440,000
Current Budget	\$198,000		\$198,000
Net New Budget Request	\$222,000		\$242,000
	FY 10	FY 11	FY 12
Fiscal Year Breakout of Request	\$111,000	\$111,000	\$121,000

DECISION ITEM 5302: WARDEN OPERATIONS SUPPORT

	<u>2009-2010</u>	<u>2010-2011</u>
CON SEG	\$237,500	\$237,500
ENV SEG	\$11,600	\$11,600
REC SEG	<u>\$3,400</u>	<u>\$3,400</u>
	\$252,500	\$252,500

Request: The Department requests \$252,500 in each year of the biennium to cover expected shortfalls in warden-related fleet costs.

In FY08, the Law Enforcement budget was set at \$550 per month per vehicle. This provided wardens with 1,300 miles per month of travel. That equated to approximately 3.1 million total law enforcement miles. Law Enforcement has made a commitment to reduce mileage by 20% in FY09 and beyond. The Department

expects a FY09 fleet rate of \$0.63 per mile. Assuming the 20% mileage reduction, the higher rate is expected to cost the warden force about \$1.6 million. This is \$252,500 higher than the FY08 amounts.

	FY '08	FY '09	Difference
Warden Monthly Vehicle Budget	\$550	\$655	\$105
Per Mile Vehicle Rate	\$0.42	\$0.63	\$0.21
Monthly Miles	1,300	1,040	-260
Total Annual Miles for 200 Vehicles	3,120,000	2,496,000	-624,000
Total Funding	\$1,320,000	\$1,572,500	\$252,500

Approval of this request is necessary to enable conservation wardens to meet existing workload relevant to workplans which are aimed at protecting natural resources, public health and safety, and educational efforts. Without this additional support, individual managers and wardens would have to decrease vehicle operations for patrol and investigation of violations, which will be noticed by the public.

DECISION ITEM 5303: WARDEN OVERTIME

	<u>2009-2010</u>	<u>2010-2011</u>
CON SEG	\$168,200	\$168,200
ENV SEG	\$8,200	\$8,200
REC SEG	<u>\$2,400</u>	<u>\$2,400</u>
	\$178,800	\$178,800

Request: The Department requests \$178,800 in both FY10 and FY11 to support overtime worked by conservation wardens in public safety and resource protection efforts, investigating accidents, and conducting safety education courses. In addition, this request will allow the Department to fund overtime authorized by collective bargaining agreements. Currently, there is not sufficient funding for the 420 hours of overtime provided for by the union bargaining agreement.

Background/Analysis: Wardens provide the 24-hour, 7-day per week response the public expects from the Department. Many counties have only one warden, with most remaining counties having two. Wardens cannot maintain three shifts worth of response for the agency with a single shift of conservation wardens. State citizens rely heavily on the ability to call the conservation warden during "off" hours and get a response. Conservation wardens are called out on overtime status to investigate hunting, ATV, snowmobile and boating accidents, and to conduct recreational safety enforcement patrols during high use periods. The gun deer season creates a heavy demand for overtime hours. The current disease and invasives enforcement efforts also increase the amount of overtime coverage needed.

In the previous budget, conservation warden salaries were increased, as were all other state law enforcement officer salaries. The regular salary increase was provided in the Department's base budget, however, adjustments to cover increased warden overtime costs were not made.

In order to calculate the needed overtime amounts, the Department started with the assumption that FY09 warden overtime amounts will be the same as that needed in FY08, which was \$1,973,500 or

\$99,400 over the authorized amount. The FY09 budgeted amount increased warden overtime salary from FY08 by \$39,600; it is assumed the shortfall in FY09 will be \$59,800.

Two contractual changes occurred in FY08 which affect the warden overtime. First, 16 hours of holiday pay which was formerly taken as compensatory time; it is assumed that it will now be taken as overtime. Second, the first 6 hours of overtime worked was previously billed as straight time and the remaining hours of overtime were billed at 1.5 time. This contract change also made the first 6 hours paid at 1.5 time.

Warden Overtime	FY10	FY11
Shortfall from FY09 Base	\$59,800	\$59,800
Contractual 16 Hrs Comp Time (16 X \$24.5 Wage X 1.5 X 180 Wardens)	\$105,800	\$105,800
Contractual First 6 Hrs (6 X \$24.5 Wage X 1.5 X 180 Wardens)	\$13,200	\$13,200
Projected Shortfall	\$178,800	\$178,800

When the warden overtime account is insufficient, as it has been over the last several years, the Department must supplement it by moving supplies and services dollars to the salary line to cover the overtime costs. Consequently, public safety and enforcement needs will be jeopardized if the Department is unable to support overtime costs, and wardens' safety and efficiency suffers if needed equipment and training are continually deferred.

DECISION ITEM 5304: WARDEN COMPUTER MASTER LEASE PAYMENT

	<u>2009-2010</u>	<u>2010-2011</u>
CON SEG	\$235,200	
ENV SEG	\$11,400	
REC SEG	<u>\$3,400</u>	
	\$250,000	

Request: The Department requests \$250,000 in FY10 to make a final master lease payment on "ruggedized" laptop computers for law enforcement wardens. The first two payments were authorized in FY08 and FY09.

Background/Analysis: The new computers were necessary for the following reasons: warden laptops were at the end of their 3-year warranty; new computers were necessary to stay consistent with the equipment employed by the Division of State Patrol and other emergency responders; and the new laptops allowed the wardens to quickly access critical systems, such as investigation systems, wanted person information, license checks, and state statutes and code.

DECISION ITEM 5305: SNOWMOBILE ACCIDENT PREVENTION

	<u>2009-2010</u>	<u>2010-2011</u>
CON SEG	\$128,000	\$128,000

Request: The Department requests \$128,000 in each year of the biennium from the Snowmobile Account of the Conservation Fund to address snowmobile safety concerns. This request provides \$80,000 in overtime for wardens on the traveling Snowmobile Accident Reduction Team (SART) and additional hours for locally stationed wardens. The additional \$48,000 is for warden supplies and travel costs.

Background/Analysis: Currently, the Bureau of Law Enforcement is allocated 9.0 FTE positions, or 16,200 hours, of dedicated enforcement and educational outreach work in the snowmobile enforcement program. Nine positions to address a growing program are insufficient. Certain pressing tasks must immediately be addressed, such as: investigation of accidents, conduct of the safety education courses, and investigation of violations in progress. To handle some of these tasks, Law Enforcement has created SART to perform high visibility patrols focused on speed and alcohol violations. Building on the successes of the previous SART patrols and increasing enforcement overtime hours will allow for greater future SART visibility. This should result in improved compliance with the law and safer snowmobiling for all.

The number of Wisconsin registered snowmobiles has remained constant, however snowmobile fatalities are up, with the annual average at 27.5 fatalities. It should be noted that out-of-state snowmobiles from Minnesota and Illinois are not included in the registration count, but out-of-state riders contribute significantly to the law enforcement workload. Conservation wardens investigate all fatal snowmobile incidents. Wisconsin Law requires that a conservation warden or law enforcement officer be notified immediately of any incident that results in a fatality or an injury requiring medical treatment by a physician. See table of snowmobile trends below.

Snowmobile Trends			
Snow Season	2005-06	2006-07	2007-08
Registered Snowmobiles	218,349	211,444	219,328
Non-Resident Trail Passes	37,209	27,083	39,557
Fatalities	36	26	25
Citations Issued for Violations	1,284	1,224	1,221

If this request is approved, law enforcement will be able to improve snowmobile enforcement and educational efforts, and reduce fatal incidents and injury accidents. These improvements in enforcement and on the trail educational efforts will allow law enforcement to focus their activities to reduce the number of accidents through highly visible enforcement patrols in key accident prone areas.

DECISION ITEM 5306: WILDLIFE VIOLATOR COMPACT COORDINATOR

	<u>2009-2010</u>	<u>FTE</u>	<u>2010-2011</u>	<u>FTE</u>
CON SEG	\$39,400	1.0	\$52,300	1.0

Request: The Department requests \$39,400 in FY10 and \$52,300 in FY11 and 1.0 permanent FTE coordinator for the Wildlife Violator Compact (compact). In the 2007-09 biennial budget, the Department was authorized a .75 project FTE to administer the compact. That position and its associated funding are being deleted in the cost to continue portion of the Department's budget. Therefore, this request represents a net increase of 0.25 FTE for this effort. Based on consultation with other compact states

and current program goals, the Department is finding that program demands would be best met by 1.0 permanent FTE.

Background/Analysis: 2005 Wisconsin Act 282 allows the state to enter into a compact with other states. The compact allows the state to track violators who have had their hunting, fishing, or trapping privileges revoked or suspended. This tracking will aid in keeping offenders from participating in those activities in this state as well as in other compact states.

Science Services

DECISION ITEM 5340: ENVIRONMENTAL ANALYSIS REGIONAL SUPPORT

	<u>2009-2010</u>	<u>2010-2011</u>
ENV SEG	\$25,000	\$25,000

Request: The Department requests \$25,000 in ENV SEG funding in both years of the biennium to supplement the existing supplies and services budget for Environmental Analysis (EA) program activities. The Department's regional EA program has an intensive field component that requires frequent travel for on-site construction project evaluations and meetings with permit applicants and permittees. Escalating travel costs have outpaced existing supply-line budgets, and a funding supplement is necessary to continue expedient and efficient project review.

Background/Analysis: Since the late 1990's, the EA program has trimmed regional supply budgets as the program was reorganized from bureau to section status. The program in 2005 was again reorganized as a component of the Office of Energy and Environmental Analysis. A significant component of the program continues to be administered from Department regional offices, from which staff must travel frequently for meetings and project review activities.

DECISION ITEM 5341: CONSOLIDATED BILLING FTE TRANSFER

	<u>2009-2010</u>	<u>FTE</u>	<u>2010-2011</u>	<u>FTE</u>
ENV SEG		0.5		0.5
PR		-0.5		-0.5

Request: The Department requests a transfer of 0.5 FTE currently authorized in the Lab Certification Program, with program revenue funding, to the Consolidated Billing Program, with Environmental Segregated funding. The Department also requests a transfer of \$20,400 in existing ENV SEG supply-line funding to the permanent salary and fringe lines to cover the costs of the transferred 0.5 FTE. This FTE will be assigned sole responsibility for coordinating the Department's environmental fee billing and collection processes. This transfer will provide the FTE currently responsible for process coordination, as well as electronic infrastructure support, the capacity to focus exclusively on maintenance and development of the billing system's continuously expanding electronic infrastructure. Since this request involves reallocation of existing funding and an existing position, it does not represent a net increase in Department funding or FTE.

Background/Analysis: The Bureau of Science Services is responsible for administering the Department's consolidated environmental fee billing program and maintaining the supporting electronic infrastructure. The spectrum of environmental fees that the Department assesses spans multiple divisions. Before the consolidated system was implemented, each of the Department's fee-based bureaus was responsible for preparing, sorting, mailing, collecting, remitting, and tracking its own subset of invoices and fee payments,

each of which was based on a different calendar. This scenario often resulted in considerable confusion and frustration for the Department's customers, as well as Department staff.

The consolidated bills consist of annual fees which are combined onto one bill per municipal or business customer which is sent out in late May of each year. The bill can contain one, many or all of the following regulatory fees: air emissions, hazardous or infectious waste generation, stormwater permits, wastewater discharges, landfill tonnage, solid and hazardous waste licenses and laboratory certification. In May 2008, the system generated and mailed invoices totaling over \$40 million in environmental fees to more than 8,000 businesses and municipalities.

The size and complexity of the supporting electronic infrastructure and the workload associated with maintaining and developing it to meet evolving Department and external customer needs has also increased. This workload, along with that associated with coordinating the billing process, has expanded beyond the capacity of the FTE currently assigned these responsibilities to effectively address them.

WATER

Watershed Management

DECISION ITEM: 5400— IMPAIRED WATERS/TMDL DEVELOPMENT

SEG	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
	\$105,000	2.0	\$140,000	2.0

Request: The Department requests 2.0 FTE and \$105,000 in FY 2010 and \$140,000 in FY 2011 from the Nonpoint Account of the Environmental Fund to enhance the state's effort at developing Total Maximum Daily Load (TMDL) plans.

Background/Analysis: Federal 106-Surface Water and 319-Nonpoint Source Management grants that support Wisconsin's water quality programs require an assessment of all lakes, rivers, and streams to determine if water quality standards are being met. The Department receives about \$10.2 million/year in funding from these grants. Of that amount, about \$744,000, in addition to 3.95 permanent and 2.0 project positions, are dedicated toward the development and implementation of TMDL plans.

When determining the water quality of a water body, Wisconsin identifies waters that are *impaired* and places them onto its *Impaired Waters List*, also referred to as the "303(d) list" in recognition of the section of the federal Clean Water Act that requires the list. Wisconsin currently has about 770 water bodies on its proposed 303(d) list, and the impairments on 380 of these water bodies are caused or contributed by nonpoint sources of pollution, hence the identification of the nonpoint account as a funding source for this proposal.

The Department lacks sufficient data on the waterbodies that are on the 303(d) list. This data is necessary for the Department to complete TMDL plans, which will establish water quality standards that water bodies must meet in order to be removed from the 303(d) list. Federal law mandates that a TMDL plan be developed for each of these waters within 8-13 years of its inclusion on the list. Therefore, this request is to support the collection of data and the requisite analysis and public involvement that is necessary to begin addressing the water quality issues for these *impaired* waters and to identify the necessary corrective actions.

With existing staffing levels, the Department is able to complete approximately 9-15 TMDLs per year in response to the aforementioned Federal mandate, but it is not meeting EPA deadlines for report submittal, thus placing the integrity of the federal grants in jeopardy. With 2 additional TMDL staff, the Department's goal would be to increase the amount of TMDLs completed to 30 per year. This would still fall short of the staffing resources needed for full performance, but would still enable the Department to significantly increase its TMDL output.

Once a TMDL plan is developed, the DNR and stakeholders work together to implement the results. Implementation will involve developing and evaluating different wasteload allocation schemes to determine the most affordable and effective way to achieve target pollution reduction goals for the waterbody. This may mean new point source discharge limits, active pollution abatement by nonpoint sources, and funding reallocation to ensure that pollution reductions occur. If a wastewater discharger applies for an additional permit or an increase to an existing permit, water quality modeling and further analysis may be necessary to determine if the waterbody can accommodate the increased load or if adjustments to the allocation scheme are needed.

DECISION ITEM: 5401 -- DAM SAFETY GRANT FUNDING

	<u>2009-10</u>	<u>2010-11</u>
BR	\$3,000,000	

Request: The Department requests \$3 million in General Fund supported general obligation bonding authority to provide matching grants for the repair, reconstruction, or removal of municipal dams. In addition, the funds can be used to provide matching grants to owners of small dams for voluntary removal, or for grants to remove an abandoned dam.

Background/Analysis: Beginning with the 1989-91 biennium, the Department has administered a grant program to repair, reconstruct or remove municipally owned dams. More recently, a component of the program was added to remove small or abandoned dams. Nearly all of the \$12.1 million that has been authorized for the program is spent or committed.

The intent of this proposal is to provide grants to municipal dam owners to meet directives to repair or replace a dam, or to respond to other dam owners who want to remove their dams. Some of the funds could also be used to remove abandoned dams. In general, repair or reconstruction costs tend to run at least 3 times the cost of removing a dam.

As demonstrated by the August 2007 and the June 2008 flooding events, there is a strong need for funding to address dams that could potentially fail. Preliminary estimates indicate that the June 2008 floods alone may have caused as much as \$20 million in damage to municipally-owned or privately-owned dams. Additional bonding authority for this program would enable the Department to start addressing the mounting infrastructure damage and would provide communities with a financial incentive to address dam safety issues more proactively. Moreover, the reconstruction of a single dam can improve public safety and avert property losses that would be exponentially higher than the actual cost of the dam project.

**DEPARTMENT OF NATURAL RESOURCES
2009-11 BIENNIAL BUDGET
ISSUE PAPER**

PROGRAM: Water Division
SUBPROGRAM: Watershed Management
DECISION ITEM: 5401 -- Dam Safety Grant Funding

Issue:

Beginning with the 1989-91 biennium, the Department has administered a grant program to repair, reconstruct or remove municipally-owned dams. More recently, a component to the program was added to remove small or abandoned dams. Nearly all of the \$12.1 million authorized for the program has been spent or committed.

Request:

The Department requests an additional \$3 million in General Fund supported general obligation bonding authority to provide matching grants for the repair, reconstruction, or removal of municipal dams. In addition, the funds can be used to provide matching grants to owners of small dams for voluntary removal, or for grants to remove an abandoned dam.

With additional funding, several statutory language changes are requested to improve the program's administration and flexibility and to meet the needs of potential applicants:

- Modify s. 31.385(2)(a)(3) to increase the cap on the state contribution for a municipal dam project from \$200,000 to \$400,000.
- Remove the term "small" from s. 31.385(2)(ag) and repeal the definition for "small dam" in s. 31.385(1b)(b) so that owners of dams of any size can apply for grants to voluntarily remove their dams.
- Repeal s. 31.385(4), which requires stricter public notification and record keeping requirements than for any other dam project. These requirements increase indirect costs to the applicant and the Department and increase grant processing time for projects.
- Revise s. 31.385, to provide a financial incentive for dam owners to consider dam removal as a viable option by providing full funding for dam removal projects up to the maximum state contribution while funding repair or reconstruction projects of municipal dams as a 50/50 matching grant up to the maximum state contribution

Background:

Chapter 31 of the Wisconsin Statutes provides for several grant programs to help dam owners bring their dams into compliance with dam safety regulations. The largest program, the municipal dam grant program, provides a 50% matching grant to repair, reconstruct, or remove municipally owned dams. The grants are currently capped at a maximum state contribution of \$200,000. This program has been active since 1991, providing nearly \$11.5 million in funding for:

- 98 municipal dam repair, reconstruction or removal projects
- 7 small dam removal projects
- 3 abandoned dam projects.

The following table details the bonding authorization history of the program:

HISTORY OF BONDING AUTHORIZATION FOR DAM SAFETY GRANTS	
Biennial Budget Act	Amount*
1989 Act 31	2,500,000
1991 Act 39	3,000,000
1993 Act 16	3,000,000
1995 Act 27	1,000,000
1997 Act 27	2,350,000
1999 Act 9	
2001 Act 16**	250,000
2003 Act 33	
2005 Act 25	
2007 Act 20	
Total Bonding Authorized	\$12,100,000

Notes:

* Statutory citation for bonding authorization is s. 20.866 (2)(tL) & s. 20.866 (2)(tx)

** Earmarked for repair of dam in the Village of Cazenovia, Richland County

As the table illustrates, the 1997-99 biennium was the last time that the program received additional bonding authorization that was not earmarked. In the ensuing years the Department has conducted over 500 dam inspections. Experience has shown that approximately 75% of the dams inspected have safety deficiencies and require repair. Of the dams with safety deficiencies, about 1 out of 4 of them is found to be in poor condition, necessitating either complete reconstruction or removal.

Additionally, more and more owners are deciding that they cannot afford to maintain their dam or do not want the liability for their dam and are looking to remove the dam and restore the stream to a natural condition. Finally, ownerless dams continue to pose additional problems. When a dam is found to be ownerless, the Department works with the surrounding community to find a party willing to take responsibility for the structure, bring it into regulatory compliance, and operate and maintain it in a safe manner. In many cases, no one is willing to take on that responsibility, so the only alternatives are to leave the dam as is, thus creating a potential hazard, or to ask the Department to remove the dam. Without funding to remove abandoned dams, the Department is unable to address the potential safety hazards they pose.

Providing funding for these grant programs will help owners with a portion of the cost to address safety issues at their dams. It will also provide money to mitigate unsafe abandoned dams and help owners who want to remove their dams and restore the stream. Without these programs more dams will be left in an unsafe condition and owners will have more difficulty complying with Department directives or orders to address safety deficiencies. This ends up costing the Department significant resources and time to push for compliance.

Analysis of Need:

Demand clearly exists for funding that would address deficiencies in dam safety. This demand existed even prior to the flooding events of August 2007 and June 2008. Although it is unclear that an adequately funded dam reconstruction program would have averted the recent disasters and associated property and highway damages at Lake Delton, Pardeeville, Primmer Yttri dam (Vernon County) and Hidden Valley (Vernon County), an aggressive program based on state grants would provide many communities with an

incentive to address dam infrastructure problems before significant damage or loss of life and property occur. The reconstruction of a single dam can improve public safety and avert property losses that would be exponentially higher than the actual cost of the dam project. In addition, the response efforts by department staff, local government, private individuals, time lost by residents that are faced with evacuations and the constant monitoring of dam incidents will lessen if the infrastructure is in better condition and attains modern design standards.

In the past budget cycles, dam grant programs were funded at the level of \$1-3 million per biennium. Most of the money was spent on the municipal grant program with approximately \$385,000 spent on abandoned dam removals and small dam removals. At that level, the Department was able to meet most, but not all, funding demand. Department staff receives several phone inquiries each month for dam safety funding; however, we have not been encouraging new applications and do not have a list of potential applicants for new funds since nearly all of the funding has been committed. Since the last time the grant program was authorized, over 500 dam inspections have been conducted. This inspection effort has created an increasingly larger potential pool of applicants for a new round of funding, many of which are dam owners that are actively seeking funding sources to help them comply with inspection directives and orders.

Federal legislation has been introduced to start a federally-backed grant program to repair or remove dams. If this federal budget proposal is enacted, some of funding could be available to help repair our most critical dams. As proposed, this federal grant program would require a 35% local match, so the potential for leveraging both state and federal funds would be a great incentive to dam owners to undertake their dam safety projects in a timely manner.

Dam safety is an issue that the state will need to address for the foreseeable future, given that the dams in the state are aging and will continue to degrade until reconstruction or removal of the dam is the only option. Having the grant programs for the last 15 years has also helped resolve ownership issues at a number of dams and put them in the care of an owner that is committed to operating and maintaining the dam in a safe manner.

DECISION ITEM: 5402 -- CONVERT PR-S POSITION TO FED

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
PR-S	\$-84,800	-1.00	\$-84,800	-1.00
FED	\$84,800	1.00	\$84,800	1.00

Request: The Department requests conversion of a program and planning analyst position (#307444) in the Bureau of Watershed Management from PR-S funding [s. 20.370 (4) (mk)] to FED funding [s. 20.370 (4) (mm)]. This funding source conversion will better align it with its true funding source.

Background/Analysis: The position used to be funded via a transfer of federal FEMA funds from Wisconsin Emergency Management (WEM) to DNR. Now DNR receives funding for the position directly from FEMA and the position should more accurately be categorized as federally funded.

Fisheries Management

DECISION ITEM: 5410 -- INCREASE LTE SALARY AND FRINGE COSTS

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
CON SEG	\$ 38,200		\$ 76,300	

Request : The Department requests \$38,200 in FY 10 and \$76,300 in FY 11 to increase LTE salary and fringe funding. This request is equivalent to a 5% increase in LTE funding for FY10 and an additional 5% increase for FY11. The funding source for this request is the Fish and Wildlife Account of the Conservation Fund.

Background/Analysis: LTEs comprise a significant component of the operations of the Bureau of Fisheries Management and are critical to its core work. Approximately 150 LTEs are employed by the Bureau statewide that are assigned to such activities as:

- Routine hatchery operations (spawning, feeding, stocking and cleaning)
- Habitat restoration work (trout stream improvements and maintenance projects)
- Fisheries surveys (assisting biologists with counting and measuring fish, collecting data, etc.)
- Creel surveys (interviewing anglers and estimating how many fish are harvested)

Minimum wage and benefit costs have risen significantly over the last 10 years, as have the LTE salaries that are paid by the Bureau of Fisheries Management. According to the U.S. Department of Labor, the federal minimum wage has increased more than 27% since 1997. Therefore, this request is important to maintain a fair level of compensation for LTEs and enable the bureau to compete with the private sector for labor.

Drinking and Groundwater

DECISION ITEM: 5420 -- WATER QUANTITY DATA MANAGEMENT

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
PR	\$58,200	1.0	\$71,000	1.0

Request: The Department requests \$58,200 in FY 10; \$71,000 in FY 11; and 1.0 FTE beginning in FY 10 to develop and manage data systems for water use information throughout the state. The Department proposes that the position be funded through the existing program revenue appropriation for groundwater quantity management. Revenue to the groundwater quantity administration appropriation is provided from high capacity well approval fees and well notification fees under Chapter 281 of the statutes. The Department anticipates that revenue to the appropriation will be sufficient to cover the cost of this position.

Issue: The Department lacks sufficient staffing resources to manage water use related data required to fully implement the Groundwater Protection Act (2003 Wisconsin Act 310) and the Great Lakes – St. Lawrence River Basin Water Resources Compact (See 2007 Wisconsin Act 227).

Background/Analysis: As noted in the Wisconsin Groundwater Advisory Committee's 2007 Report to the Legislature, one of the highest priority needs in the Department's groundwater quantity program is data systems management. The Department currently has one FTE for groundwater quantity data system management; however, this is insufficient for proper data management given the amount and complexity of the data. An inadequate staffing level threatens to undermine the usefulness of the state's water use data.

Groundwater quantity data systems include:

- Well Notifications – Approximately 12,000-17,000 well notifications are received, quality checked, and transferred to a Department data system each year. If properly managed, well notification information can be extremely useful to the Department's well construction oversight program.
- Water Use – Ch. 281, Stats., directs the Department to collect annual pumping data from an estimated 3,700 high capacity well owners. The Department plans to use the data to:
 - Evaluate impacts of proposed withdrawals at local scale;
 - Monitor permit/approval conditions;
 - Identify trends and flag potential areas of concern;
 - Develop hydrologic budgets (a means for evaluating the availability and sustainability of a water supply) at a watershed or basin scale;
 - Improve estimates of water use; and
 - Provide public education
- Springs Inventory – The Department plans to conduct a major project over the next two to three years to locate and characterize springs in the state with a flow greater than 0.25 cubic feet per second (cfs). This inventory will enhance the Department's ability to effectively implement 2003 Act 310 as it relates to protecting springs from the impact of high capacity wells. An advanced data system is also necessary to effectively manage this springs inventory.

In addition, the recently passed Great Lakes Compact (2007 Act 227) requires that the Department collect, manage and report on a significant amount of data. These data include:

- Water Use – This requirement is intended to provide annual information on water use in the state. These data will provide information needed to better manage water resources on a watershed scale. Ch. 281, Stats., directs high capacity well owners to report water withdrawal information to

the Department; s. 30.18 requires that surface water withdrawers operating under a s. 30.18 permit keep annual records of water use available to the Department upon request; and public water utilities are required to report water withdrawals to the Public Service Commission. The Compact (Act 227) requires annual water use reporting by any person withdrawing over 100,000 gallons per day or more in any 30-day period. As a result, a number of water users who have not previously had to report their water use, including several industries withdrawing from a surface source, will now have to report their water use. The Department in turn will report water use information to a data base repository.

- Interbasin transfers – The Compact prohibits interbasin transfers with some exceptions. A person may apply for a new or increased interbasin transfer if they are a straddling community, a community in a straddling county, or transferring water from one Great Lake to another. The Compact also requires annual reporting of monthly volumes of interbasin transfers.
- Water loss from consumptive use –meaning that portion of the water withdrawn or withheld from the Basin that is lost or otherwise not returned to the Basin due to evaporation, incorporation into products, or other processes. The Compact requires annual reporting of monthly volumes of consumptive use.

In order to implement the Great Lakes Compact and take full advantage of the wealth of information being collected on groundwater for better water resources management, the Department must be able to properly maintain, manage, and integrate the data into existing data and reporting systems. The position requested will allow the Department to better address this critical workload.

CONSERVATION AIDS

Recreational Vehicle Aids

DECISION ITEM: 5530 -- ATV TRAIL AIDS

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
CON SEG	- \$388,500		- \$330,600	

Request: The Department requests a reestimate of the expenditure authority for its All Terrain Vehicle (ATV) Trail Aids appropriations based on projected available revenue. The ATV program receives its funding from 3 sources. The program receives revenue from all-terrain vehicle registration, a non-resident trail pass and a formula transfer of gasoline excise tax for trail grants. Registration fees are utilized for all phases of the ATV program. Non-resident trail pass revenues are earmarked for the new Landowner Incentive Grant program established by Act 20, the 2007-09 Biennial Budget. The formula transfer of gas tax funds is used solely for the county trail aids program.

Description	2009-2010	2010-2011
ATV Trail/Area Aids (SEG-registration)	-\$408,000	-\$310,000
ATV Trail Aids – Formula (SEG – motor fuel)	\$19,500	-\$20,600
TOTAL	-\$388,500	-\$330,600

- ATV Trail/Area Aids (SEG-registration). The Department requests a decrease of \$408,000 in FY10 and a decrease of \$310,000 in FY11 in funding for ATV trail aids and grants. The 2008-09 base budget is \$2,000,000, it is anticipated that a decrease is warranted. There are several elements that lead to this net decrease. Registration renewal revenue is projected to decrease based upon the number of ATVs that were registered in 2007-08. With the approval of a Lightweight Utility Vehicle (LUV) Pilot program, it is anticipated that registrations will drop as a percentage of the population purchases the new LUV machines which are currently not required to be registered with DNR, therefore reducing the overall ATV revenue. The creation of the Landowner Incentive Program redirected all non-resident trail pass revenues to the new appropriation 5(cx). This redirection results in a decrease of \$220,000 in the ATV Trail/Area Aids in both fiscal years.
- ATV Trail Aids – Formula (SEG – motor fuel) – Currently, the trail grant program receives a formula transfer of motor fuel tax revenues from the Transportation Fund. The formula assumes that every all-terrain vehicle registered by the last day of February in the previous fiscal year consumes 25 gallons of gasoline annually. Then the formula transfers the per gallon fuel tax generated by those gallons to the ATV Account. The Department estimates an increase of \$19,500 in FY10 and a decrease of \$20,600 in FY11 based on the Department of Transportation fuel tax of \$.309 per gallon for 2009-2011 and DNR estimates of public all-terrain vehicle registrations.

DECISION ITEM: 5531 -- SNOWMOBILE TRAIL AIDS

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
CON SEG	-\$114,000		-\$196,000	

Request: The Department requests a reestimate of the expenditure authority for its Snowmobile Trail Aids appropriations based on projected available revenue. The snowmobile program receives its funding from 4 funding sources, several of which are targeted at particular portions of the snowmobile program. The program receives revenue from snowmobile registration, including student fees for safety education, a formula transfer of motor fuel tax for trail grants, a non-resident trail pass and Tribal gaming funds used for the Department's conservation warden enforcement and education activities. Registration revenues are used for all phases of the program, while motor fuel tax funds are only directed at grants for trail maintenance. Currently, \$15 of the non-resident fee goes toward trail maintenance with the balance going to other portions of the program.

Description	2009-2010	2010-2011
Snowmobile Trails – Formula (SEG-gas tax)	-\$114,000	-\$196,000
TOTAL	-\$114,000	-\$196,000

Background/Analysis: Currently, the trail grant program receives a formula transfer of motor fuel tax revenues from the Transportation Fund. The formula is based on 50 gallons of gasoline consumed by every snowmobile registered by the last day of March in the previous fiscal year. The gas tax is set at .309 cents per gallon. Although there was a slight increase in the number of new snowmobiles that were registered in 2007-08 due to the higher than average snowfall in the winter of 2008; the general trend for snowmobile registrations has seen declining numbers.

In the 2001-2003 biennial budget a formula was established that multiplies the number of non-resident trail passes sold the previous snowmobile season by \$15 of the \$18 non-resident trail pass fee and directed this money to be used for supplemental snowmobile trail maintenance. The *2007 Wisconsin Act 226* increased the non-resident trail pass to \$35.00 from a previous \$18.00, however the formula was not changed and the amount directed to supplemental snowmobile trail pass remains at \$15.00 per pass.

**ENVIRONMENTAL IMPROVEMENT FUND
BIENNIAL FINANCE PLAN
2008**

EXECUTIVE SUMMARY

The Environmental Improvement Fund (EIF) is jointly administered by the Department of Natural Resources and the Department of Administration. The EIF comprises the Clean Water Fund Program, the Safe Drinking Water Loan Program, and the Land Recycling Loan Program. These programs provide low interest rate loans to municipalities to construct wastewater and drinking water facilities and to remediate brownfields.

The EIF is budgeted as a separate agency. Therefore, any debt authorization for the EIF does not appear within the Department's budget. The statute requires the two agencies to jointly prepare a Biennial Finance Plan detailing the amount of general obligation bonding authority, revenue bonding authority, and present value subsidy authority needed for each of the three loan programs. The Biennial Finance Plan is submitted to the Joint Finance Committee, the standing environmental committees of the Legislature, and the Building Commission. The legislative committees make recommendations to the Building Commission, which ultimately either approves, modifies or denies the requested authorizations.

The following table provides the authorizations for each of the three loan programs which will be requested in the Biennial Finance Plan. The requests total \$125.4 million of general obligation borrowing authority, \$418.8 million of revenue bonding authority, and \$186.6 million of present value subsidy authority.

**PROPOSED FUNDING LEVELS FOR THE ENVIRONMENTAL IMPROVEMENT FUND BONDING
AUTHORITY AND PRESENT VALUE SUBSIDY LIMIT
(in millions of dollars)**

	CHANGE IN AMOUNT	CUMULATIVE									
A. CLEAN WATER FUND PROGRAM											
General Obligation Bonding	\$116.0*	\$813.6									
Revenue Bonding	418.8	2402.9									
Present Value Subsidy	166.3	n/a									
Bonding and present value subsidy levels are expected to be sufficient to meet all of the estimated non-hardship requests.											
B. SAFE DRINKING WATER LOAN PROGRAM											
General Obligation Bonding	\$9.4*	\$47.8									
Present Value Subsidy	17.6	n/a									
<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">CHANGE IN AMOUNT</th> <th style="text-align: center;">CUMULATIVE</th> </tr> </thead> <tbody> <tr> <td colspan="3">C. LAND RECYCLING LOAN PROGRAM</td> </tr> <tr> <td>Present Value Subsidy</td> <td style="text-align: right;">\$2.7</td> <td style="text-align: right;">n/a</td> </tr> </tbody> </table>				CHANGE IN AMOUNT	CUMULATIVE	C. LAND RECYCLING LOAN PROGRAM			Present Value Subsidy	\$2.7	n/a
	CHANGE IN AMOUNT	CUMULATIVE									
C. LAND RECYCLING LOAN PROGRAM											
Present Value Subsidy	\$2.7	n/a									

Notes:

* For the 2009-11 biennium it is estimated that the Clean Water Fund Program and the Safe Drinking Water Loan Program will together require \$125.4 million of new general obligation bonding authority to fund \$857.9 million in new projects expected to apply during that period. The new authority requested, along with amounts expected to carry over from previous biennia, will provide amounts sufficient to fund

the subsidies, reserves, federal capitalization grant matching amounts, and hardship grants for the biennium.

The proposed funding levels of general obligation bonding, revenue bonding and present value authority are based on estimates of future needs for funding. These needs estimates, and the associated funding levels, may change as more data becomes available and as the budget development process proceeds.

DEBT SERVICE AND DEVELOPMENT

CAPITAL DEVELOPMENT

The Department's plans and requests for capital development are reviewed separately from the operating budget, which is summarized in this document. Summaries excerpted from the Department's capital budget are included here for information purposes. They indicate the Department's plans for major development over the 2009-11 biennium.

**DEPARTMENT OF NATURAL RESOURCES
CAPITAL DEVELOPMENT BUDGET
2009-2011**

COMPARISON OF 2009-11 REQUEST TO 2007-09 BY SOURCE

Funding Source	2007-09 Request	2007-09 Final	2009-11 Request
Stewardship Recreation Development	\$14,000,000	\$14,000,000	\$18,500,000*
All Agency	300,000	700,000	752,700
General Fund Supported Borrowing	2,018,300	0	7,067,400
Conservation Segregated Borrowing	17,949,700	18,199,600	11,009,300
Environmental Segregated Borrowing	<u>1,385,200</u>	<u>2,849,800</u>	<u>7,570,000</u>
Total Bonding	\$35,653,200	\$35,749,400	\$44,899,400
GPR-Recreation Development	\$1,588,800	\$1,588,800	\$1,624,600
GPR-Historic Structures	200,000	200,000	164,200
Building Trust Funds-Planning	0	0	0
Multi-Program Admin. Facility	<u>341,800</u>	<u>341,800</u>	<u>341,800</u>
Total GPR	\$2,130,600	\$2,130,600	\$2,130,600
GPR Roads	\$642,800	\$642,800	\$642,800
DOT Roads	4,000,000	0	4,000,000
Town & Co. Road Aids	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>
Total Road Funds	\$6,642,800	\$642,800	\$6,642,800
Fish & Wildlife Seg.	\$449,400	\$449,400	\$449,600
Forestry	1,346,800	1,346,800	1,346,600
Seg. Administrative Facilities	753,600	753,600	753,600
Boat (Motor fuel tax, Boat 7, 16, LE)	799,082	800,000	800,000
Stamps (Salmon, Waterfowl)	147,500	147,500	11,000
Mississippi River (EMP)	<u>124,000</u>	<u>125,000</u>	<u>125,000</u>
Total Conservation	\$3,620,382	\$3,622,300	\$3,485,800
Fed (Including SFR, PR, NRTA, COE)	\$1,610,400	\$1,610,400	\$3,377,000
Ducks Unlimited	0	0	0
Rental/Other	15,000	15,000	74,000
Gifts & Grants	<u>3,524,440</u>	<u>3,524,440</u>	<u>1,428,399</u>
Total Fed & Other	\$5,149,840	\$5,149,840	\$4,879,399
TOTAL DEVELOPMENT REQUEST	\$53,196,822	\$47,294,940	\$62,037,999
Operations (ATV, Snowmobile))	<u>\$261,110</u>	<u>\$261,110</u>	<u>\$292,235</u>
GRAND TOTAL DEVELOPMENT	\$53,457,932	\$47,556,050	\$62,330,234

* Includes \$1.5 million transferred from the Stewardship grant allocation for the Hank Aaron State Trail Menomonee Valley Partners as part of the Airline Yard Development.

2009-11 CAPITAL BUDGET BY SUBPROGRAM AND SOURCE

Source	Fisheries/ Watershed	Wildlife	Forestry	Park & Rec.	Law Enf./ISS	End. Res.	Fac. & Lands (Includes pending).	I & E	Total
STEWARD		\$123,100	\$1,624,600	\$13,596,825			\$3,155,475		\$18,500,000*
GFSB							7,067,400		7,067,400
ALL AGENCY**							752,700		752,700
CON SEG BONDING	\$2,154,100		4,090,300				4,764,900		11,009,300
ENV SEG BONDING							7,570,000		7,570,000
GPR		28,700	36,700	699,200		60,000	800,000		1,624,600
MFM (AFM)							341,800		341,800
HISTORIC				127,800			36,400		164,200
DOT/GPR ROADS		77,700	37,400	3,575,200		37,600	895,400	19,500	4,642,800
ROAD AIDS							2,000,000		2,000,000
CON SEG	140,000	250,000	935,300	17,000			453,900		1,796,200
SEG ADM							753,600		753,600
BOAT, LE-STATE					200,000		600,000		800,000
BTF-PLANNING									
MISS RIVER EMP	125,000								125,000
DU/STAMP**		11,000							11,000
RENTAL/ATV/SNOW MOBIL/OTHER***				105,125			261,110		366,235
FED (SFR,PR, COE, NRTA, LE)		49,900	453,600	388,100	401,600		2,083,800		3,377,000
GIFTS/GRANTS				1,428,399					1,428,399
TOTAL	\$2,419,100	\$540,400	\$7,177,900	\$19,937,649	\$601,600	\$97,600	\$31,536,485	\$19,500	\$62,330,234

* Includes \$1.5 million transferred from the Stewardship grant allocation for the Hank Aaron State Trail Menomonee Valley Partners as part of the Airline Yard Development. **Estimate. All Agency funds must be competed for through DOA. ***Rental and grant amounts can increased

**DEPARTMENT OF NATURAL RESOURCES
CAPITAL DEVELOPMENT BUDGET
2009-2011**

PROPOSED PROJECT AND FUNDING SUMMARY BY PROGRAM

PROGRAM	AMOUNT
FISHERIES/WATERSHED	\$2,419,100
WILDLIFE	540,400
FORESTRY	7,177,900
PARKS AND RECREATION	19,937,649
LAW ENFORCEMENT/SCIENCE SERVICES	601,600
ENDANGERED RESOURCES	97,600
LANDS	389,900
ADMINISTRATIVE FACILITIES & PENDING AMOUNTS	31,536,485
INFORMATION & EDUCATION	19,500
TOTAL	\$62,330,234*

* Includes \$1.5 million transferred from the Stewardship grant allocation for the Hank Aaron State Trail Menomonee Valley Partners as part of the Airline Yard Development.

**DEPARTMENT OF NATURAL RESOURCES
CAPITAL DEVELOPMENT BUDGET
2009-11**

MAJOR PROJECTS PRIORITY LIST

1. Wild Rose State Fish Hatchery Renovation Project Phase 3 \$1,979,700
2. Southeast Region Headquarters/Service Center..... \$17,668,400
3. Statewide Fire Control Heavy Unit Drive-Thru Storage Buildings (Boscobel, Brule,
Poynette, Wausaukee ranger stations) \$2,889,500
4. Rib Mt. State Park Sewer, Water, Road and Park Entrance Visitors Station (PEVS)\$6,116,900 *
5. Governor Thompson State Park/Peshtigo State Forest (Phase 2 family campground,
road construction, Woods Lake Beach and Caldron Falls Day Use Facilities \$2,722,700
6. Black River State Forest (Castle Mound Campground) Vehicle Maintenance and
Equipment Storage Building..... \$778,400
7. Statewide Park Entrance and Visitors Stations (Black River State Forest-Castle Mound
Campground, Lake Kegonsa State Park)..... \$1,611,800

* Consists of \$5,023,900 of 2009-11 Stewardship Borrowing and \$1,093,000 of 2003-05 Stewardship Borrowing

CUSTOMER AND EMPLOYEE SERVICES

Community Financial Assistance

Knowles-Nelson Stewardship Grant Program

DECISION ITEM: 5940 -- TRACKING NATURE-BASED OUTDOOR ACTIVITIES ON STEWARDSHIP PROPERTIES

	<u>2009-10</u>	<u>FTE</u>	<u>2010-11</u>	<u>FTE</u>
CON SEG	\$17,800		\$17,800	

Request: The Department requests \$17,800 each year of the 2009-11 Biennium, in additional LTE staff funding for the Bureau of Community Financial Assistance to gather data related to the grant portion of the Knowles-Nelson Stewardship Program for inclusion in a report due to the Legislature no later than October 27, 2011.

Background: 2007 Wisconsin Act 20 reauthorized the Knowles-Nelson Stewardship Program. Included in the reauthorization was a provision which requires that Nature Based Outdoor Activities (NBOA) are now mandated on all properties acquired in whole or in part with Stewardship Program funds. Nature-based outdoor activities are defined as: hunting, fishing, trapping, hiking, and cross-country skiing. This is the case unless the Natural Resources Board determines that restrictions are possible for one of three stated reasons.

- Protect public safety
- Protect a unique plant or animal community
- To accommodate usership patterns, as defined by rule.

In addition, 2007 Wisconsin Act 20 requires the DNR to "... provide a list of all stewardship land that was acquired before the effective date of this paragraph [October 27, 2007] and for which public access [NBOA] has been restricted or prohibited and the reasons for that action...". [See s. 23.09165(3)(e), Wis. Stats.] This report is due to the Legislature on October 27, 2011.

No additional resources were provided the DNR for the creation of the 2011 Report. Data for the report will come from both the Bureau of Facilities & Lands and the Bureau of Community Financial Assistance (CFA). The CFA Bureau will need help gathering data about the 817 past grant projects so that a complete report can be submitted to the Legislature in 2011. Grant files for these projects are stored in regional offices around Wisconsin, must be retrieve, project sponsors must be contacted, documentation about NBOA must be secured, data obtained must be entered into the existing Grants database, and the grant file then returned to the regional office. All of this is workload existing staff are unable to undertake.

It is estimated that it will take 3 hour to secure NBOA data for each of 817 projects.

817 projects x 3 hours = 2,451 hours total

2,451 hours total/1043 hours per LTE = 2.35 LTE needed

Rounded down to 2.0 LTE to account for multiple projects with one project sponsor

2.0 LTE x 1043 hours/LTE = 2,086 hours x \$12.655/hour = \$26,400 rounded salary

\$26,400 salary x 27.23% fringe benefits = \$7,200 fringe benefits

\$26,400 salary + \$7,200 fringe benefits + \$2,000 for supplies, etc = \$35,600

2009-11 Statutory Language Proposals

Forestry Issues:

Continuing Appropriation for Urban Forestry Resource Aids The Department requests a split of the current appropriation for urban forestry and county forest grants [s. 20.370 (5)(bw)] into two separate appropriations. Under this proposal, urban forestry grants would be housed in a new, continuing appropriation, while county forestry grants would continue to be housed in s. 20.370 (5) (bw) and remain as an annual appropriation.

The suggested statutory language changes are as follow:

- Create s.20.370 (5)(bp) for urban forestry grants to read as follows:
Resource aids – urban forestry grants. As a continuing appropriation, the amounts in the schedule for urban forestry grants under s. 23.097. Funding for this appropriation would be \$529,900 per year.
- Modify s.20.370 (5)(bw) for county forestry grants to read as follows:
Resource aids – county sustainable forestry, and county forest administration grants. The amounts in the schedule for county sustainable forestry grants under s. 28.11 (5r), county forest administration grants under s. 28.11 (5m). Funding for this appropriation would be \$1,598,200 per year.

Rename Sub-Section 1 (Land) of Statute 20.370 to Land & Forestry Currently Wisconsin statute 20.370 (1) is simply titled Lands despite the fact that subsection (1) also includes the Division of Forestry as well as Lands. This proposal would provide the necessary clarification by titling subsection (1) "Lands and Forestry".

Air And Waste Issues:

Vehicle Environmental Impact Fee Sunset Deletion -- This proposal would amend Wis. Stat. s.342.14 to eliminate the 12/31/2009 sunset for the \$9 environmental impact fee referenced in that section. The fee, established in 1997 Wisconsin Act 27, is imposed on the filing of new and used vehicle title applications. Revenue from this fee is deposited into the Environmental Fund.

Cost Recovery Installment -- This proposal would require an interest charge per month on outstanding cost recovery balances on remedial cleanups. Currently, environmental cleanups that are conducted by the Department under WI s.292 are reimbursable if there is a known responsible party. On occasion, these reimbursement settlements have been repaid over an agreed-upon time period; to date, none of these payment plans have included interest on the unpaid balances. This interest will be, just as the current cost recovery amounts are, deposited into the Environmental Fund.

Water Issues:

Dam Safety Grant Funding-- The Department requests an additional \$3 million in general obligation bonding authority to provide matching grants for the repair, reconstruction, or removal of municipal dams. In addition, the funds can be used to provide matching grants to owners of small dams for voluntary removal, or for grants to remove an abandoned dam.

With additional funding, several statutory language changes are requested to improve the program's administration and flexibility and to meet the needs of potential applicants:

- Modify s. 31.385(2)(a)(3) to increase the cap on the state contribution for a municipal dam project from \$200,000 to \$400,000.

- Remove the term “small” from s. 31.385(2)(ag) and repeal the definition for “small dam” in s. 31.385 (1b)(b) so that owners of dams of any size can apply for grants to voluntarily remove their dams.
- Repeal s. 31.385(4), which requires stricter public notification and record keeping requirements than for any other dam project. These requirements increase indirect costs to the applicant and the Department and increase grant processing time for projects.
- Revise s. 31.385, to provide a financial incentive for dam owners to consider dam removal as a viable option by providing full funding for dam removal projects up to the maximum state contribution while continuing to fund repair or reconstruction projects of municipal dams as a 50/50 matching grant up to the maximum state contribution

Notice of Discharge (NOD) Project Funding-- The 2007-09 biennial budget bill established a statutory mechanism for the Department to fund a notice of discharge (NOD) project outside of the targeted runoff management (TRM) program. The statutory language has been workable in the short term, but one key change needs to be made in order to maintain a funding source past CY 2009, and several additional changes need to be made to improve the functionality of the NOD program.

The Department’s requested changes include:

- Modifying s. 20.866(2)(tf) so that this source of bonding can also be used for NOD Projects under s. 281.65(4e).
- Allow DNR to provide an NOD grant directly to a landowner so that required cost-share offers can be made in counties that do not want to apply for grants.
- Allow DNR to provide cost-sharing to resolve notices of intent (NOIs), thus allowing resolution of the problem earlier in the notification process.
- Allow DNR to provide cost-sharing to resolve NODs based on groundwater impacts (instead of only surface water impacts, as currently worded).
- To expedite the NOD process, allow for resolution of a NOD site without requiring the Land and Water Conservation Board (LWCB) to approve the cost share rate.
- Restrict economic hardship to situations where the NOD is based on a performance standard or prohibition violation (for consistency with statutory cost-share requirements under s. 281.16, and chs. NR 153 and 243).

A Notice of Discharge (NOD) is a notification by the Department to a livestock owner or operator that their operation is discharging pollutants into the waters of the state. The notice includes specific actions that must be taken to address the problem, the offer of state cost-sharing assistance to implement the actions, and a deadline by which those actions must be completed. The capability to fund NOD projects is important because it provides a shorter time frame for resolving critical pollution problems. These proposed statutory changes will allow the Department to continue funding these NOD projects after the priority watershed program ends in FY 2009. In addition, the changes will help to facilitate cost-share grants to farmers, provide protection to all waters of the state (both surface water and groundwater), and will make economic hardship cost-share policy more consistent with other statutes.

Habitat Assessment Surcharge -- Violations of Chapter 30 (Navigable Waters), 31 (Dams and Bridges Affecting Navigable Waters) and 281 (Wetlands) of the state statutes generally involve the destruction of fish and wildlife habitat. In addition, the state incurs significant expenses when dealing with formal enforcement cases that are ultimately referred to a circuit court. In order to recapture state dollars that have been spent on waterway and wetland violations, the Department proposes several statutory changes that would establish surcharges to fines and forfeitures for the purpose of reimbursing the Departments of Justice and Natural Resources for the cost of investigating, documenting and prosecuting waterway and wetland violations and act as a deterrent for future violations.

The proposed statutory changes are as follows:

1. Amend s. 30.298 to establish a court assessment for the costs that the Department of Justice (DOJ) incurs for investigating and prosecuting a Ch. 30 violation under sections s. 30.03 to s. 30.29 or a Ch. 31 violation under sections s. 31.02 to s. 31.34, including the cost of attorney fees. DOJ shall deposit in the state treasury for deposit into the general fund all moneys that the court awards to the Department or the state under this subsection. The costs of investigation and the expenses of the prosecution, including attorney fees, shall be credited to the appropriation account under s. 20.455 (1) (gh).

The intent of this statutory change is to apply to Ch. 30 and 31 cases what is already in current law for Ch. 281 violations [(see s. 281.98(2)].

2. Create s. 30.299 and amend s. 281.98 (2) to establish a habitat assessment surcharge if a court imposes a fine or forfeiture for a violation of a provision or an order issued under:
 - a. sections s. 30.03 to s. 30.29
 - b. sections s. 31.02 to s. 31.34, and
 - c. sections s. 281.17 (10), 281.36 or 281.37

The surcharge would equal 75% of the amount of the fine or forfeiture. If a fine or forfeiture is suspended in whole or in part, the habitat protection assessment shall be reduced in proportion to the suspension.

For citations issued by conservation wardens, the person paying the fine or forfeiture shall also deposit a sufficient amount to include the habitat protection assessment prescribed in this section. For violations that evolve into court cases, the clerk of court shall collect and transmit the habitat protection assessment to the county treasurer. The county treasurer shall then make payment to the state treasurer, who in turn shall deposit the amount of the habitat protection assessment to DNR appropriation s. 20.370 (4) (bi).

Water Resources Account Lapses-- The Department requests that the proposed lapses be taken from continuing appropriations that are funded from the water resources account of the conservation fund. These lapses are part of a Department-wide effort to address a deficit in the water resources account. The appropriations and amounts are as follows:

Appropriation Number	Appropriation Alpha/Title	FY 2010 Lapse	FY 2011 Lapse
560	20.370 (5) (aw) Resource aids— nonprofit conservation organizations	\$17,400	\$10,900
573	20.370 (5) (cq) Recreational aids- recreational boating and other projects	\$70,000	\$43,800
663	20.370 (6) (ar) Environmental aids— lake protection	\$379,100	\$208,900
676	20.370 (6) (aw) Environmental aids— river protection; nonprofit org contracts	\$8,500	\$5,300
773	20.370 (7) (fr) Resource acquisition & development—boating access to SE lakes	\$11,200	\$7,000
775	20.370 (7) (ft) Resource acquisition & development—boating access	\$22,500	\$14,100
776	20.370 (7) (fw) Resource acq. & dev.— Mississippi and St. Croix rivers management	\$7,000	\$4,400
781	20.370 (7) (hq) Facilities acquisition; development & maintenance	\$1,000	\$600
	Total	\$516,700	\$295,000

Aquatic Invasive Species Prevention & Control-- The Department requests that s. 281.68 be modified to allow the Department to use up to 10% of the AIS grants appropriation for Citizen Lake Monitoring Network (CLMN) expenses and to expand the definition of eligible expenses to include contracts for providing technical assistance to entities that have applied for or received AIS grants. With current AIS grant funding set at \$4.3 million annually, the Department could use up to \$430,000 of grant funding for additional CLMN activities. This request is “budget neutral”—that is, it is funded with existing spending authority and results in no additional FTE since CLMN activities would be carried out through external contractors.

CLMN, a statewide network of volunteers authorized under s. 281.68 (1t), provides valuable information to the Department by conducting water quality sampling and detecting new or recurring AIS infestations. Under current law [s. 281.68 (2)(b)], the Department can use up to 10% of the amount authorized annually for lake protection and planning grants [s. 20.370 (6)(ar)] on CLMN-related costs, which include those associated with training and supplying volunteers, with handling, shipping and analyzing water samples, and with developing and maintaining a database of water quality samples.

When 2007 Act 20 (the 2007-09 biennial budget act) shifted funds from the lake protection and planning grant appropriation to the newly-established AIS grants appropriation [s. 20.370 (6)(as)], it, in effect, resulted in a 35% cut to CLMN funding from pre-Act 20 levels because the statutes were not changed to allow the Department to use up to 10% of the new AIS grants appropriation. In addition, it also had the effect of removing the legal authority for the Department to use funds to support the network of citizens conducting AIS monitoring.

Funding for aquatic invasive species (AIS) grants has grown exponentially in recent years, from \$500,000 in FY 2005 to \$4.3 million in FY 2009. This increase has triggered a demand among grant applicants (i.e., local units of government, lake and river management organizations, tribes, etc.) for more technical support to enhance the quality and effectiveness of their AIS project. The Department’s current technical assistance effort is only 1 FTE statewide.

Issuing Fee For Well Notification Transactions -- Approximately 12,000-17,000 Well notifications are currently issued through the Department’s Automated Licensing Issuance System (ALIS) system each year. ALIS has proven to be a very efficient and cost-effective method for processing well notification transactions. However, due to a lack of statutory authority, the Department currently reimburses an ALIS agent \$0.50 less for each well notification transaction that it processes than it does for all other license and permit transactions. The intent of the fee is to equitably compensate the agent for the services that it provides to the Department in processing transactions.

Request: Modify s. 281.34(3), Stats., as follows:

281.34 Groundwater Withdrawals

(3) NOTIFICATION REQUIRED FOR OTHER WELLS. (a) An owner shall notify the department of the location of a well that is not a high capacity well before construction of the well begins. An owner notifying the department under this subsection shall pay a fee of \$50.

(b) The department may appoint any person who is not an employee of the department as the department’s agent to accept and process well notifications and collect the fees.

(c) Any person, including the department, who accepts and processes a well notification shall collect in addition to the fee under par. (a) an issuing fee of 50 cents. The agent may retain the issuing fee to compensate the agent for the agent’s services in accepting and processing the notification.

WASTE MANAGEMENT PLAN

Wisconsin State Statutes, 289.68(7) requires the Natural Resource Board to submit with the biennial budget a report on the fiscal status of the Waste Management Fund.

The Waste Management Fund was established by the Legislature to provide for the long-term care and environmental repair of municipal solid waste disposal facilities after the owner's financial responsibility has terminated. As authorized, revenues to the fund were obtained through a tipping fee collected from owners or operators of sites licensed for the disposal of solid or hazardous waste

Fiscal Status of the Waste Management Fund

Cash Balance, 07/01/07	\$7,463,537
Fiscal Year 2008 Revenue	300,944
Fiscal Year 2008 Expenditures	<u>(116,182)</u>
Cash Balance, 06/30/08	\$7,648,299

The fiscal year 2008 beginning cash balance consists of \$1,999,172 from fee revenue, \$4,519,469 from interest earned on the fee revenue, and \$944,896 from various legal actions and interest earned on those deposits. Revenue received in fiscal year 2008 includes \$260,535 of interest earned on fee revenue and \$40,409 of interest earned on revenue from judgments and other legal actions. Expenditures of \$116,182 were for closure and long-term care work at several landfills.

The only steady source of revenue to the Waste Management Fund is interest generated by the Fund. Revenue from judgments/legal actions is infrequent and unpredictable. The Department cannot anticipate what specific expenditures will be made from the Fund in future years, other than to say they would be necessary to repair or provide long-term care for a municipal solid waste disposal facility.