Form 1100-001N (Rev. 09/15)

Wisconsin Department of Natural Resources
Natural Resources Board Agenda Item

Item No. 2.D.1.

SUBJECT: Request Approval of the Department's 2017-19 Biennial Budget including Operating, Capital, and Environmental Improvement Fund components.

FOR: September 2016 Board meeting

TO BE PRESENTED BY: Joe Polasek, Director, Bureau of Management and Budget; and Terry Bay, Director, Bureau of Facilities and Lands

SUMMARY:

The Department's 2017-19 Biennial Budget includes Operating, Capital, and Environmental Improvement Fund components.

1. 2017-19 Biennial Operating Budget---- The proposed two-year DNR operating budget is $550.7 million for 2017-18 and $550.3 million for 2018-19. In total, the two-year budget includes a 2 year decrease of about $23.4 million over the 2015-17 Biennial Budget. $25.8 million of this two year decrease represents standard budget adjustments as defined by DOA, which are primarily composed of the difference in amounts budgeted for salaries versus actual salary costs and reducing one-time financing items from the previous budget.

This budget in total reflects a 2.1% decrease compared to the 2016-17 base. There are no GPR increases included in the budget. Increases that are included are primarily Conservation Fund financed. These increases will be used to maintain Park and Forest operations.

This budget includes a decrease of 9.5 FTE to the Department's base staffing, bringing overall staffing to 2,539.60.

2. The Capital Development Budget provides the Department the funding necessary for maintaining and improving public access and public recreational facilities on DNR owned lands, and funding for maintaining and improving various customer service and employee support facilities. This budget would authorize a total of $48.9 million ($44.1 million State funding, $4.8 million Federal/Gifts/Grants) for capital development projects as outlined in the attached material.
3. The Environmental Improvement Fund (EIF) is a mix of federal funds, state revenue bonds, state general obligation bonds, program supported revenue bonds, and repayments from past loan projects that are awarded to municipalities as loans to construct or upgrade municipal wastewater or drinking water treatment facilities. The Biennial Finance Plan for the EIF includes no additional general obligation bonding authority, or revenue bonding authority, for the Clean Water Fund. It also includes $8.4 million in general obligation bonding authority for the Safe Drinking Water Fund.
4. In addition, there will be a presentation of the proposal to move the headquarters of the Division of Forestry (FR HQ) to a northern location as directed to do so by the 2015-2017 Wisconsin state budget (2015 WI Act 55)

RECOMMENDATION: Recommend approval of the 2017-19 operating and capital budgets, and the EIF Biennial Finance Plan. Authorize the Secretary to make technical adjustments if necessary.

LIST OF ATTACHED MATERIALS (check all that are applicable):

- ☐ Background memo
- ☐ Type name of attachment if applicable
- ☐ Type name of attachment if applicable
- ☐ Type name of attachment if applicable
- ☐ Type name of attachment if applicable

Approved by	Signature	Date
Joe Polasek and Terry Bay, Bureau Directors	Terry Bay	9-16-16
Type division administrator or equivalent name and title N/A		
for Cathy Stepp, Secretary		9/16/16

cc: Board Liaison – AD/8

State of Wisconsin

DEPARTMENT OF NATURAL RESOURCES

2017-2019 BIENNIAL BUDGET PROPOSAL

Recommended by:

Cathy L. Stepp, Secretary

To the Natural Resources Board

September 2016

State of Wisconsin

CORRESPONDENCE/MEMORANDUM

DATE: September 15, 2016

TO: Natural Resources Board

FROM: Cathy L. Stepp, Secretary
Department of Natural Resources

SUBJECT: Proposed 2017-19 Department of Natural Resources State Budget

Enclosed for your review and action are my recommendations for the Department of Natural Resources 2017-19 Biennial State Budget.

This is a restrained budget package, reflecting our desire to operate the Department within available resources and the Department of Administration's policy guidance. The proposed two-year DNR operating budget is $550.7 million for 2017-18 and $550.3 million for 2018-19. In total, the two-year budget includes a 2 year decrease of about $23.4 million compared to the 2015-17 Biennial Budget. $25.8 million of this two year decrease represents standard budget adjustments as defined by DOA, which are primarily composed of the difference in amounts budgeted for salaries versus actual salary costs and reducing one-time financing items from the previous budget.

This budget in total reflects a 2.1% decrease compared to the 2016-17 base. There are no GPR increases included in the budget. Increases that are included are primarily Conservation Fund financed. These increases will be used to maintain Park and Forest operations.

This budget includes a decrease of 9.5 FTE to the Department's base staffing, bringing overall staffing to 2,539.60.

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

2017-19 DNR BIENNIAL BUDGET
(in millions of $)
(Subtotals may vary slightly due to rounding)

Secretary's Recommendations	DNR 2016-17 Base Doubled	Cost to Continue	Requests Beyond Base	2017-19 TOTAL Budget Request	% Change to Base	% of Total Budget
General Purpose Revenues	$221.5	-$1.5		$220.0	-0.7%	20.0%
Conservation Fund	506.8	-17.9	$2.5	491.3	-3.0%	44.6%
Environmental Fund	132.5	-2.9		129.5	-2.2%	11.8%
Clean Water Fund	4.3	-0.1		4.2	-2.3%	0.4%
PECFA-SEG	22.2	-0.1		22.1	-0.5%	2.0%
Dry Cleaner Environmental Response Fund	2.1			2.1	0.0%	0.2%
Program Revenue	68.6	-2.3		66.3	-3.4%	6.0%
Tribal Gaming Agreement Revenue	3.1	-0.1		3.1	-3.2%	0.3%
Federal Revenues	163.3	-0.8		162.4	-0.5%	14.8%
Total	$1,124.4	-$25.8	$2.5	$1,101.1	-2.1%	100.0%

Department of Natural Resource Staffing by Funding Source				
Secretary's Recommendations	DNR 2016-17 Base (FTE)	Changes to Base (FTE)	2018-19 TOTAL Budget Request (FTE)	% of Total Budget
General Purpose Revenues	230.02		230.02	9.1%
Conservation Fund	1,414.30	(1.00)	1,413.30	55.7%
Environmental Fund	121.60		121.60	4.8%
Clean Water Fund	15.00		15.00	0.6%
PECFA-SEG	41.45		41.45	1.6%
Dry Cleaner Environmental Response Fund	3.00		3.00	0.1%
Program Revenue	231.89	(1.00)	230.89	9.1%
Tribal Gaming Agreement Revenue	12.00		12.00	0.5%
Federal Revenues	479.84	(7.50)	472.34	18.6%
Total	2,642.04	(9.50)	2,539.60	100.0%

Department of Natural Resources
2017-19 Biennial Budget Request

		FY 2017-18 $$$	FY 2018-19 $$$	FTE
1	**2016-17 Adjusted Base Budget**	562,214,000	562,214,000	2,549.10
2	**Standard Budget Adjustments**	-12,773,200	-13,066,200	-9.50

2017-19 DNR Funding Requests

			2017-18	2018-19
Wildlife Management	1	Bong Recreational Area Fees	$100,000	$100,000
Forestry Operations	2	Firefighter Radio Operations Funding	$434,200	$434,200
	3	Firefighter Safety Equipment	$152,500	$125,000
	4	Forest Fire Aerial Detection Supplement	$119,000	$119,000
	5	Inter-Agency Type 2 Incident Management Team	$161,900	$63,000
	6	Master Lease-Forestry Field Data Recorders	$76,900	$76,900
	7	Master Lease-Forestry Law Enforcement Computers	$30,000	$30,000
	8	Tractor Plower Operator Training	$100,000	$100,000
	9	Forestry New Facilities Operations	$78,500	$78,500
Parks Operations	10	Master Lease-Parks Law Enforcement Computers	$47,400	$47,400
CAFO Staffing Reallocation (4.0 FTE)	11	CAFO Program Improvements-Staffing		
		Total Request for New Funding	$1,300,400	$1,174,000

DEPARTMENT OF NATURAL RESOURCES

CAPITAL DEVELOPMENT BUDGET

Funding Source	2015-17 Final	2017-19 (9/14/2016)	Comments
Stewardship Recreation Development	$7,500,000	$7,500,000	
Kettle Moraine Springs Fish Hatchery	19,600,000	0	$26.6M Total Enumeration ($7M in 2013-15; 19.6M in 2015-17 Existing Stewardship Land Authority
Willow River Little Falls Dam	5,000,000	Unknown	Supplement expected - Project in Pre-design; $8,041,700 15-17 Enumeration ($5M Existing Stewardship Land Authority, $3.041M GFSB)
General Fund Supported Borrowing (Majors)	3,041,700	0	15-17: Willow River Little Falls Dam
All Agency (Minors)	0	6,659,000	
Fish Conservation Segregated Bonds	0	1,865,700	
Wildlife Conservation Segregated Bonds	0	0	
Forestry Conservation Segregated Bonds	1,050,500	8,504,900	
Facilities/Contingency Conservation Segregated Bonds	750,000	6,567,700	SOC Purchase, CWD to SOC, $1M Contingency
Environmental Segregated Bonds	16,300	982,700	Existing Bonding Authority
Total Bonding	**$36,958,500**	**$32,080,000**	
GPR	1,145,400	1,445,800	
GPR-Historic Sites	365,800	300,000	
Multi-Program Admin. Facility	288,800	358,800	
Total GPR	**$1,800,000**	**$2,104,600**	
Fish Seg.	222,548	225,000	
Forestry Seg.	1,333,105	1,546,200	Includes $200K Forestry Roads
Wildlife Seg.	222,548	225,000	
Property Development of DNR Lands - For Seg	6,000,000	0	Not Expected in 17-19
Roads (DNR Roads) - For Seg	2,666,667	3,666,666	
Road Aids (for Local Government Roads) - For Seg	1,333,333	1,833,334	
Seg. Administrative Facilities	744,800	757,000	
Operations (ATV, Snowmobile)	330,800	329,000	
LE Boat - State	200,000	200,000	
Boat (Motor fuel tax, Boat 773 & 775)	554,400	600,000	
Rental/Other	360,000	360,000	
Mississippi River (EMP)	115,400	125,000	
Total Conservation & Other DNR	**$14,083,601**	**$9,867,200**	
DEVELOPMENT - Regular DNR Funded	**$52,842,101**	**$44,051,800**	**Target: $45,000,000**
Federal (Including SFR, PR, NRTA, Boat RBF, LE Boat - Fed, LAWCON)	4,069,400	2,848,900	
Gifts & Grants	0	1,955,000	
Total Fed & Other Non-DNR	**$4,069,400**	**$4,803,900**	
TOTAL DEVELOPMENT	**$56,911,501**	**$48,855,700**	

DNR 2017-19 Biennial Capital Budget

September 14, 2016

Major Projects (> $760 K)				
Priority	Property	Project	Funding	Project Cost
A1	PATTISON RANGER STATION	PATTISON RADIO TOWER	FORESTRY, SEG BONDING	$1,241,700
B1	PENINSULA STATE PARK	SOUTH NICOLET BAY CAMPGROUND 800'S TOILET/SHOWER BUILDING REPLACEMENT	STEWARDSHIP	$839,300
B1	SCR FISHERIES OPERATIONS	NEVIN CONSOLIDATED FISHERIES AND WATER QUALITY OPERATIONS CENTER	ENVIRON SEG BONDING, SEG BONDING	$2,848,400
B1	GRESHAM RANGER STATION	CONSTRUCT JOINT REPLACEMENT RANGER STATION AT GRESHAM	FORESTRY, SEG BONDING	$2,153,700
B1	BLACK RIVER FALLS SERVICE CENTER	BRF JOINT FOREST FIRE OPERATIONS CONSOLIDATED FACILITY	SEG BONDING	$2,086,800
B1	RHINELANDER SERVICE CENTER	RHINELANDER STORAGE BUILDING REPLACEMENT	SEG BONDING	$761,900
B1	CORNELL RANGER STATION	CORNELL RANGER STATION REPLACEMENT	SEG BONDING	$1,964,500
B1	GRANTSBURG RANGER STATION	REPLACE/CONSOLIDATE EQUIPMENT MAINTENANCE SHOP	SEG BONDING	$1,158,200
B1	SCIENCES OPERATIONS CENTER	PURCHASE THE SCIENCE OPERATIONS CENTER (SOC) & CWD LAB ADDITION	SEG BONDING	$4,805,800
D1	HIGH CLIFF STATE PARK	FAMILY CAMPGROUND EXPANSION	STEWARDSHIP	$841,700
D1	PENINSULA STATE PARK	RECONSTRUCT EAGLE TOWER	GIFTS AND GRANTS	$1,772,100
			Total:	$20,474,100

DNR 2017-19 Biennial Capital Budget

September 14, 2016

Minor Projects (< $760 K and > $185K)

Priority	Property	Project	Funding	Project Cost
A1	PENINSULA STATE PARK	WASTE WATER TREATMENT PLANT REPAIRS	ALL AGENCY	$838,800
A1	COPPER FALLS STATE PARK	WASTEWATER TREATMENT FACILITY REPAIRS	ALL AGENCY	$643,400
A1	PENINSULA STATE PARK	WATERLINE REPLACEMENTS IN CAMPGROUNDS	ALL AGENCY	$729,300
A1	PRINCETON LOCK AND DAM	PRINCETON DAM RENOVATION	ALL AGENCY	$1,700,500
A1	PENINSULA STATE PARK	SUNSET BIKE TRAIL REPAIRS	STEWARDSHIP, RECREATION	$239,200
A1	GOVERNOR DODGE STATE PARK	ABANDON HALVERSON DAM	STEWARDSHIP	$296,200
B1	PENINSULA STATE PARK	FLUSH TOILET & SHOWER BUILDINGS REPAIRS	STEWARDSHIP	$861,100
B1	BRULE RIVER STATE FOREST	RESURFACE ROADS AND LOTS	ROADS - SEG	$234,100
B1	ELROY-SPARTA STATE TRAIL	HISTORIC TRAIL TUNNEL PORTAL REPAIRS	RECREATION	$287,500
B1	GOVERNOR DODGE STATE PARK	TWIN VALLEY BOAT LAUNCH RENOVATION	TRAILS - D, BOAT SFR, STEWARDSHIP	$219,700
B1	HIGH CLIFF STATE PARK	BOAT LAUNCH RELOCATION	BOAT RBF, STEWARDSHIP	$545,600
B1	KOHLER ANDRAE STATE PARK	DAY USE AREAS PARKING LOT IMPROVEMENTS	ROADS - SEG	$333,300
B1	LAKE WISSOTA STATE PARK	REPLACE ASPHALT ON MAIN ROADS AND HIGH-USE AREAS	ROADS - SEG	$549,900
B1	MERRICK STATE PARK	UPPER BOAT LAUNCH PARKING EXPANSION	RIVERS, STEWARDSHIP	$266,800
B1	NORTHERN HIGHLAND AMERICAN LEGION STATE FOREST	EXPAND LAUNCH & PARKING LOT AT STACKS BAY BOAT LANDING	BOAT 775, STEWARDSHIP	$341,600
B1	PENINSULA STATE PARK	WEBORG SHELTER UPGRADES & ASBESTOS ABATEMENT	STEWARDSHIP	$329,700
B1	PERROT STATE PARK	PULVERIZE AND REPAVE PARK MAIN ROAD - PHASE 2	ROADS - SEG	$581,500
B1	POTAWATOMI STATE PARK	REPLACE ADA FISHING PIER	GIFTS AND GRANTS, SFR FISH,	$312,900
B1	RICHARD BONG STATE RECREATION AREA	ROAD REPAIRS - ENTRANCE ROAD LOT C TO SUNSET CAMPGROUND	ROADS - SEG	$680,500

DNR 2017-19 Biennial Capital Budget

September 14, 2016

Minor Proiects (< $760 K and > $185K)

Priority	Property	Project	Funding	Project Cost
B1	SAND LAKE PUBLIC ACCESS	SAND LAKE BOAT LAUNCH RENOVATION	BOAT 775, STEWARDSHIP	$387,900
B1	YELLOWSTONE LAKE STATE PARK	REPLACE PARK ELECTRICAL INFRASTRUCTURE SYSTEM	ALL AGENCY	$337,600
B2	BARRON/POLK COUNTIES WILDLIFE AREAS	SWEENEY POND DAM - PRINCIPAL SPILLWAY RENOVATION	STEWARDSHIP	$236,500
B2	BIG FOOT BEACH STATE PARK	REPLACE VAULT TOILETS IN CAMPGROUND - PHASE 1	ALL AGENCY	$185,800
B2	BLUE MOUND STATE PARK	REPLACE VAULT TOILETS IN CAMPGROUND	ALL AGENCY	$292,800
B2	GOVERNOR DODGE STATE PARK	REPLACE VAULT TOILETS - PHASE 2	ALL AGENCY	$448,600
B2	NORTHERN HIGHLAND AMERICAN LEGION STATE FOREST	REPLACE VAULT TOILETS - FIREFLY CAMPGROUND	ALL AGENCY	$400,000
B2	WYALUSING STATE PARK	REPLACE VAULT TOILETS AT TRAILHEADS AND CAMPGROUND - PHASE 3	ALL AGENCY	$381,400
D1	ARMY LAKE PUBLIC ACCESS	CONSTRUCT ARMY LAKE BOAT LAUNCH	BOAT 773, BOAT SFR	$214,600
D1	LOWER WISCONSIN STATE RIVERWAY	DEVELOP MAZOMANIE WEST DAY USE AREA AND CANOE ACCESS	STEWARDSHIP	$220,800
			Total:	$13,097,600