

NATURAL RESOURCES BOARD AGENDA ITEM

SUBJECT: 2007-09 Biennial Budget Recommendations

FOR: DECEMBER 2006 BOARD MEETING

TO BE PRESENTED BY: Joe Polasek, Budget Director

SUMMARY:

The Department's supplemental 2007-09 biennial budget recommendations include requests for \$455,600 in expenditure authority and 5.0 FTE in 2007-08; \$599,200 in expenditure authority and 8.00 FTE in 2008-09; and \$15.5 million in bonding authority for nonpoint source pollution abatement (\$10.5 million) and environmental repair (\$5 million). The Department's recommendations also include revenue proposals and proposed statutory language changes. These expenditure authority requests, revenue proposals, and statutory language proposals are detailed in the attached documentation.

Additionally, to comply with the Governor's budget instructions, the Department is submitting a proposed budget reduction plan equal to ten percent of selected non-federal administrative appropriations (\$4,471,000 annually). These budget reduction proposals are also detailed in the attached documentation.

RECOMMENDATION: Recommend approval of the supplemental 2007-09 biennial budget requests and proposed budget reduction plan. Authorize the Secretary to make technical adjustments if necessary.

LIST OF ATTACHED MATERIALS:

- | | | | | | |
|----|-------------------------------------|---|-----|-------------------------------------|----------|
| No | <input checked="" type="checkbox"/> | Fiscal Estimate Required | Yes | <input type="checkbox"/> | Attached |
| No | <input checked="" type="checkbox"/> | Environmental Assessment or Impact Statement Required | Yes | <input type="checkbox"/> | Attached |
| No | <input type="checkbox"/> | Background Memo | Yes | <input checked="" type="checkbox"/> | Attached |

APPROVED:

/s/
Bureau Director, Joe Polasek

11/30/2006
Date

Administrator, N/A
/s/

Date

Secretary, Scott Hassett

11/30/2006
Date

cc: Amy J. Arthur - AD/5

DATE: 30 November 2006

TO: Natural Resources Board Members

FROM: Scott Hassett, Secretary

SUBJECT: Supplemental 2007-09 Biennial Budget Request and Budget Reduction Plan

Enclosed for your review and action are my recommendations for the Department's supplemental 2007-09 biennial budget requests. As detailed in the attached documentation, these requests include proposed operating budget expenditures of \$455,600 and 5.0 FTE in 2007-08, and \$599,200 and 8.0 FTE in 2008-09 related to important Department initiatives. The Department's request also includes revenue proposals and statutory language change requests, each of which is described in the attached documentation.

The Governor's budget instructions for the 2007-09 biennium also require state agencies to submit a budget reduction plan equal to ten percent of selected non-federal administrative appropriations. The Department's proposed budget reduction plan is also enclosed for your review and action.

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

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PROGRAM: LAND & FORESTRY

SUBPROGRAM: LANDS OPERATIONS

DECISION ITEM 1: NATURE IS OUR BUSINESS - SECTOR SPECIALIST

	<u>2007-08</u>			<u>2008-09</u>	
PR-S	\$109,500	1.0 FTE	PR-S	\$126,000	1.0_FTE

The Department requests \$109,500 in FY 08; \$126,000 in FY 09; and 1.0 FTE beginning in FY 08 from Tribal Gaming revenue to work with external stakeholders to promote tourism related to natural resource based recreational pursuits. This initiative is part of a multi-faceted effort to implement key elements of the Department’s strategic plan. Funds are needed to engage external partners, coordinate internal implementation activities, and produce a variety of promotional, educational and communication materials. In December 2005 the Department adopted a number of critical initiatives to implement elements of the strategic plan. One of these, called “Nature Is Our Business,” has as its purpose to implement the goal of providing a full range of outdoor recreation opportunities by integrating outdoor recreation and nature-based tourism initiatives and programs through public-private partnerships. The overall concept is to engage with external partners to provide and maintain safe and accessible places and programs for enjoying outdoor nature-based recreation, and to plan for existing and emerging recreational needs.

The Department has made several efforts to initiate a multi-partner stakeholder group but progress has suffered due to the lack of staff time available to solicit participants, organize planning teams, develop implementation strategies, and secure other necessary resources. The FTE position requested here would coordinate, support and implement the Nature Is Our Business (NIOB) initiative. This position will help develop and promote nature-based recreation opportunities, including the Great Wisconsin Birding and Nature Trail (GWBNT).

In addition to salary and fringe benefits, this request includes \$60,000 for supplies and services for various marketing efforts such as: printing GWBNT brochures; holding meetings with partners and other stakeholders; developing, presenting and attending educational workshops; intra-state travel; and office equipment and supplies.

The stakeholder group, currently being recruited will comprise an association of organizations that promote and depend on nature-based recreation in the State of Wisconsin. Stakeholder group members will be those having a stake in the health of nature-based recreation in the state. For example, four years of work devoted to establishing the GWBNT have shown a broad range of education and communication benefits and hundreds of endorsing partners who understand the value that ecotourism holds for their businesses, communities, and quality of life.

The Nature Is Our Business Specialist is needed to work with a rapidly increasing array of partners and stakeholders across the state. The position would lead and support continued development of the GWBNT and develop a broad platform of support for NIOB through building diverse partnerships between state and federal agencies, nonprofit organizations, and private businesses.

The position would provide staff support for eight major strategies the Department is pursuing under the NIOB theme:

1. Support external partners in the nature-based recreation business to develop a self-sustained group that will advocate for resource support.
2. Get help with marketing and messaging.
3. Identify places for people to go, provide access to these places, and encourage people to take advantage of them.
4. Collaborate with external partners in securing a stable and secure funding source for natural resources conservation.
5. Collaborate with external partners to educate outdoor recreation providers on regional and local ecotourism approaches and opportunities.
6. Collaborate with our partners to plan for existing and emerging outdoor recreation needs and provide facilities to meet those needs.
7. Increase recruitment of outdoor enthusiasts, including but not limited to bird watchers, boaters, anglers, hunters, campers, hikers, etc.
8. Meet the needs of an aging, diverse and increasingly urbanized population of recreation enthusiasts.

PROGRAM: LAND & FORESTRY

SUBPROGRAM: PARKS & RECREATION

DECISION ITEM 2: OPERATIONS - NEW FACILITIES & CAMPGROUND EXPANSIONS

<u>2007-08</u>		<u>2008-09</u>	
\$	CON SEG	\$138,100	3.0_FTE

The Department requests \$138,100 and 3.0 FTE beginning in FY 09 to support a new 75-unit campground at Harrington Beach State Park (2.0 FTE), and a 30-unit campground addition at Kohler Andrae State Park. The Department has a companion request in the September budget for supplies and services and LTE funding for these facilities; however, FTEs are needed to address the additional workload associated with an increased number of campers using the new and expanded campgrounds. Both of these campgrounds have been approved by the Building Commission and construction is proceeding, with completion planned for Spring 2008.

Harrington Beach State Park is one of the busiest day-use parks in the state park system, hosting more than 150,000 visitors each year. There is currently only one FTE position assigned to the park. The new campground at Harrington Beach State Park will convert the park from a day use park to a 24/7 operation. In addition to the new 75-unit campground, additional development at the park will include a flush toilet and shower facility, vault toilet buildings, electrical and water service, roadways, camp driveways, traffics signs and electrical post installations. Due to the park's proximity to the Milwaukee urban area, its location on Lake Michigan, and the fact that Milwaukee County has few overnight campsites available, the Department estimates that camping at Harrington Beach will be very popular beginning immediately after the camping becomes available.

The addition of overnight camping at Harrington Beach State Park necessitates the additional positions, as well as an increase in the supplies and services and LTE budgets. The current budget is merely adequate for a day-use park and cannot sustain a 75-unit campground. Without additional resources, the current park staff would not be able to properly manage the campground. The addition of a 75-unit campground at Harrington Beach State Park would also help to generate an estimated \$147,000 in annual revenue for the Parks account of the Conservation Fund.

Kohler-Andrae State Park is one of the last natural preserves along the Lake Michigan shore. With its existing 105 camping sites, Kohler-Andrae State Park is the Wisconsin State Park System's busiest campground. The State Building Commission has approved a 30-unit campground addition to Kohler Andrae State Park. Coupled with the addition of 75 campsites at nearby Harrington Beach State Park, this 30-unit addition will help the Department address the extensive demand for camping along the eastern shore of Lake Michigan. This budget request includes one additional FTE position to go along with an additional funding request for new LTE staff and supplies and services to manage and maintain the new 30-unit campground loop. The new campground at Kohler Andrae State Park is estimated to generate additional revenues of \$96,400 annually.

PROGRAM: LAND & FORESTRY

SUBPROGRAM: FORESTRY

DECISION ITEM 3: BUILDING SUSTAINABLE ATV TRAIL SYSTEMS

	<u>2007-08</u>		<u>2008-09</u>
CON SEG	\$104,100	CON SEG	\$80,000

The Department requests \$104,100 in FY 08 (\$24,100 one-time) and \$80,000 in FY 09 from the ATV account of the Conservation Fund to support a sustainable ATV trail system on the Northern State Forests. Survey data indicate that the number of people riding ATVs has increased significantly, leading to increased demand for ATV trails on public land. There are approximately 120 miles of designated trails for ATV use on state forest properties--a figure that has not increased since the mid-1980s. The requested funding would be used to assess the suitability of existing trails; evaluate locations for new trails to minimize potential ecological damage; and to improve trail safety through proper trail maintenance, increased information and education, and increased enforcement.

The public forests of Wisconsin are experiencing increasing numbers of recreational users and changes in preferred choices of recreational activities, leading to growing user conflicts. Off-road motorized vehicles are increasingly present in the forests. The demand for ATV trails is escalating rapidly, putting pressure on the public land base. The competition for trail systems, especially by users of motorized recreational vehicles, is creating significant demand for new trails, growing concerns regarding ecological damage, increasing enforcement needs, and interest in ATV regulations. Trail user and landowner concerns include crowding on the trails, exhaust fumes, noise, erosion and soil damage, and potential introductions of invasive species. Active planning and collaboration are needed to find methods to minimize user conflicts and to maintain the sustainability of the forest resource.

ATV account funding will enable the Department to evaluate the suitability of existing trails and appropriate locations for new trail miles through specific guidelines including angle of slope, soil type, and terrain. The effort would also help ensure that ATV trails are designed and maintained in a manner to minimize potential ecological damage to areas adjacent to the trails. Improper design can lead to significant ecological damage to the trails including rutting, soil compaction and erosion. Additionally, the areas surrounding the trails can suffer ecological damage, including wetland damage, silt build up in waterways, loss of aquatic habitat and the spread of invasive species. Funding would be used to improve trail safety by earmarking specific funds for ATV law enforcement and to provide ATV riders as well as the general public with an understanding of the interconnections between people, the environment, and technology through an education program that fosters ownership in local trails.

PROGRAM: AIR AND WASTE

SUBPROGRAM: REMEDIATION AND REDEVELOPMENT

DECISION ITEM 4: ENVIRONMENTAL REPAIR BONDING

	<u>2007-08</u>	<u>2008-09</u>
BR	\$5,000,000	\$

The Department requests \$5,000,000 in general obligation bonding to fund investigations and remedial actions at contamination sites throughout the state. This includes the state's share of federal Superfund projects as well as projects for which the state takes the lead on cleanup. In addition to federal Superfund sites, potential cleanup sites include landfills, dry cleaning facilities, industrial and petroleum sites where there is no viable responsible party, and environmental emergencies. The Department also has the opportunity to participate in partnership projects where state funds leverage significant voluntary or municipal funding for remediation and redevelopment efforts. Approximately \$2.3 million in bonding authority remains at the end of the current biennium. When combined with the request for \$5 million in increased authority, the state would be able to undertake \$7.3 million in projects, roughly 19% of a conservative estimate of potential projects.

DEPARTMENT OF NATURAL RESOURCES
2007-09 BIENNIAL BUDGET
ISSUE PAPER

PROGRAM: AIR AND WASTE

SUBPROGRAM: REMEDIATION AND REDEVELOPMENT

DECISION ITEM 4: ENVIRONMENTAL REPAIR BONDING

Issue

The Remediation and Redevelopment Program uses state bonding revenue to resolve major environmental problems when no one responsible for the contamination can be identified or required to clean it up. Bonding is used for major projects, such as repairs to old landfills that are contaminating groundwater, or venting of explosive gases from landfills or from petroleum leaks and spills. Other uses include excavation and safe disposal of buried drums of hazardous waste. Current authorized bonding authority is not adequate to address the need for environmental projects that has been identified.

Request

The Department requests \$5 million in general obligation bonding authority to fund investigations and remedial actions at contamination sites throughout the state.

Background

The state is obligated by law [Wis. Stat. s. 292.31(2)(cm)] to undertake cleanups where human health and the environment are threatened and no responsible party is willing or able to undertake remediation. Bonding revenues have been utilized effectively to address many contamination cases to date. Nevertheless, the statutory obligation to initiate cleanups at all sites by the year 2000 was not possible, despite the Department's best efforts. Continued efforts to address the list of contamination cases can only occur with adequate funding.

Most cleanups in Wisconsin are undertaken and funded by private sector responsible parties. While many responsible parties accept their responsibility and move forward expeditiously with cleanups, some are unwilling or use delaying tactics. Prior to moving into expensive and time consuming enforcement, the Department tries to convince such responsible parties of the importance and cost savings of undertaking the cleanup themselves, rather than having the state do the cleanup and initiate cost recovery. The bonding authority becomes a leveraging tool used by the Department when faced with these negotiations. Without an increase in funding, the Department will have less leverage when negotiating with these recalcitrant responsible parties.

Bonding authority also allows the Department to contribute state funds toward a cleanup that others are willing to cost-share, even though they are not responsible for the contamination. Providing some of the cleanup costs helps get brownfields cleaned up and redeveloped, contributing to the tax base and

new property uses that stimulate employment. Another significant benefit of bonding relates to federal funding. Federal Superfund funding requires a minimum 10 percent state share. Bonding authority meets this need and allows the Department to bring in federal dollars to address some of the most severely contaminated sites in Wisconsin. Finally, another significant benefit is the safety net provided by the bonding authority. New brownfield grant programs created by the Legislature have given local governments reason to actively identify their brownfields. Some of these will not receive grants, or will not receive sufficient grants to fully resolve the environmental problems. Bonding authority provides the safety net to clean up the worst of these newly identified sites.

Analysis of Need

From 1989 to May 2006, DNR has expended or encumbered \$41.2 million of the available \$44 million in bonding authority at dozens of sites. The Department has utilized this bonding authority for recent projects including::

Hog Island Inlet (Douglas Co.)	\$2,000,000
Quicfrez, Fond du Lac	\$1,400,000
Waukesha West Avenue Landfill	\$1,500,000
H&R Landfill (Green Bay)	\$325,000

Future Need:

Additional bonding authority is needed to initiate cleanup at additional sites, and to provide state share at Superfund sites. Examples of future site needs include:

Estabrook Park PCBs (state share Legacy or Superfund)	\$5 - \$10 million?
Midwest Plating	\$500,000
Ellenboro	\$100,000
Neillsville Foundry	\$175,000
Hustler Hardware	\$140,000
Former Getzen/Elkhorn Site	\$275,000

The Department estimates the need for bonding over the next four to six years at up to \$88 million, but lacks sufficient staffing to properly oversee that amount. Projects undertaken with bonding require significant staff time to develop the scope of work, review service providers, contract with qualified environmental consultants and monitor the work performed under the contracts. The Department is requesting an additional \$5 million in bonding authority at this time due to state budget constraints and uncertainty about future staffing levels.

Estimated Need For Bonding in Next 4-6 Years

Privately Owned Landfills	\$3.5 to 8 million
Municipal Landfills	\$3.0 to 20 million
Dry Cleaning Solvent Spills & Dumping	\$0.4 to 2 million
Industrial/Manufacturing Facilities, No Viable Responsible Party	\$10 million
Environmental Accidents/Emergencies	\$3 million
Petroleum Contamination, No Viable Responsible Party	\$4 to 15 million
Safety Net: New Sites Found through Voluntary Clean-Up Programs	\$10 to 25 million
Superfund Remediation Cost Share Requirements	\$5 million

Total

\$38.9 to 88 million

Types of Future Projects

The following is a partial list of projects that have been identified as needing state-funded cleanup. This list is an estimate of costs for the initial investigations and does not reflect total costs to adequately address the contamination problems. Any of these listed projects could evolve into a major cleanup requiring bonding funds in the future:

Potential State Lead Projects 2007-09

DNR Region	Project	Estimated Cost of Initial Investigation
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SER	Town of Jackson	\$6,000
	Quad Graphics, Pewaukee	\$20,000
	ETD Manufacturing, Elkhorn	\$100,000
	Hartland Municipal Well #3, Hartland	\$50,000
	ABC Service Property, Kenosha	\$150,000
SCR	Oconomowoc Electroplating	\$60,000
	Sanitary Transfer & Landfill	\$80,000
	Refuse Hideaway	\$100,000
	Stoughton Landfill O&M	\$25,000
NER	David White Property, New Berlin remediation	\$100,000
	Hansen Property, Old Dutch Mill, FDL, sampling	\$10,000
	Ripon Water Supply, TCE	\$100,000
	Kewaunee Marsh investigation	\$2,000,000
	Manitowoc Groundwater	\$30,000
	American Quality Fibers, Menasha	\$50,000
	Mauthe, Kaukauna	\$50,000
	Shilobrit Dry Cleaner's, Oshkosh	\$75,000
	Lakewood/Pelkey	\$8,000
	Gordon Grube, Brothertown	\$5,000
	Waupaca Well	\$5,000
	Midwest Plating	\$5,000
WCR	Galloway Well, Marathon County	\$80,000
	Onalaska Superfund O&M	\$110,000
	Halbesleben, Aniwa	\$60,000
	Jay Loomis Property, Marathon	\$60,000
	Kraus Property, tratford	\$40,000
	Lonsdorf, Wausau	\$60,000
	Hwy 13 Auto Salvage	\$100,000
	Kramer Service Station	\$100,000
	Ed Frank, Mauston	\$40,000
NOR	Minocqua Cleaners	\$100,000

Price Rite, Hayward \$40,000
Penta Wood Products. Burnett County (\$100,000/year) \$500,000

PROGRAM: ENFORCEMENT AND SCIENCE

SUBPROGRAM: LAW ENFORCEMENT

DECISION ITEM 5: WILDLIFE VIOLATOR COMPACT POSITION

	<u>2007-08</u>			<u>2008-09</u>	
CON SEG	\$46,500	1.0 FTE	CON SEG	\$59,600	1.0 FTE

The Department requests \$46,500 in FY 08; \$59,600 in FY 09; and 1.0 FTE beginning in FY 08 to support the wildlife violator compact. This position will be classified as a Natural Resources Program Specialist. In addition to the salary related costs, this request includes \$7,000 annually in supply dollars to fund the costs associated with sending notifications of revocations by certified mail, as required by the compact.

2005 Wisconsin Act 282 allows the state to enter into a wildlife violator compact with other states. The compact enables the state to track violators who have had their hunting, fishing, or trapping privileges revoked or suspended in other states. This tracking will aid in keeping offenders from participating in those activities in Wisconsin as well as in other compact states. The position requested here will work with current law enforcement database systems to accommodate data-sharing among compact states. (The Department has submitted a companion request in its September submittal for the 2007-09 biennial budget to update the database systems associated with the compact.)

The program cannot be fully implemented without an FTE designated to run the program. Based on information from participating compact states, temporary or part-time employees cannot provide the expertise or long-term commitment that is needed to run the critical program. This request would add a permanent position to perform activities required by the compact, as well as provide supplemental support to the Violation Hotline and other law enforcement information management functions.

PROGRAM: ENFORCEMENT AND SCIENCE

SUBPROGRAM: SCIENCE SERVICES

DECISION ITEM 6: DOT ENVIRONMENTAL ANALYSIS LIASIONS

	<u>2007-08</u>			<u>2008-09</u>	
PR-S	\$0	3.0 FTE	PR-S	\$0	3.0 FTE

The Department requests 3.0 FTE beginning in FY 08 to support the environmental analysis of Department of Transportation (DOT) and local government transportation projects. Funding for the three permanent positions is provided by DOT under the terms and conditions of the annual DNR/DOT Joint Funding Agreement (Agreement). The positions will be assigned to the DNR's Bureau of Science Services, Environmental Analysis and Review Program. The positions, classified as Regional Environmental Analysis and Review Specialists, would be responsible for: transportation related liaison duties and project reviews in assigned counties; coordinating Wisconsin Environmental Policy Act (WEPA) compliance and National Environmental Policy Act (NEPA) reviews in assigned counties; coordinating specially assigned Department projects and project reviews; and managing and coordinating other assigned regional responsibilities outside the normal scope of the Regional Environmental Analysis Program.

The three positions are critical to achieving more efficient service to local government units for the review of non-DOT transportation projects consistent with an action plan ("Local Roads Initiative") developed by the DNR, DOT, and the Local Roads and Streets Council (LRSC). The action plan was based on recommendations of a March 2003 workshop that included the agencies, LRSC, and key stakeholder groups including representatives of Trout Unlimited and the Wisconsin Transportation Builders Association. The workshop participants recommended that DNR have a single point of contact for local municipal highway projects and that the process be simplified and tailored to these projects.

DNR worked with DOT and the LRSC to study alternatives for more effective review of local municipal highway projects to address confusion, inefficiencies, and misunderstandings among local units of government, DNR staff, and DOT staff. A key feature of the Local Roads Initiative is to consolidate the workload of many programs into one within DNR for local municipal projects and to assure that DNR has the appropriate number of transportation liaisons to handle all DOT and non-DOT transportation project reviews. The goal is to save costs by creating an efficient process that will also yield better environmental results when projects are constructed. The current regulatory processes for local municipal highway projects are confusing for local units of government, DNR staff, and DOT staff. Some projects are reviewed under the DNR/DOT interagency agreement, while others can require an array of permits from several DNR programs. Inefficiencies and misunderstandings are slowing down the decision-making process and hampering the implementation of projects that may not have significant impacts on natural resources. The current regulatory processes often do not recognize that public transportation projects differ from private projects in purpose and need. Current regulations and procedures provide few mechanisms or opportunities for assuring that the environmental goals established in regulatory decisions are actually met during the construction of projects.

Some transportation projects are conducted by local governments using DOT funds (either state or federal) and these are regulated under the Cooperative Agreement, since the contracts are let by DOT. The Cooperative Agreement exempts the projects from state permits, while requiring a collaborative process to assure environmental protection goals are met. Some projects are planned and built with purely local funds and require permitting and coordination with many DNR programs, such as Fisheries Management, Watershed Management, and Endangered Resources. Some projects do not clearly fall into one of these categories.

This budget initiative would bolster the Department's DOT Liaison capability and consolidate the workload of many programs into one program for local projects. The result would be a program that is adequately staffed to handle all DOT and non-DOT transportation project reviews.

The 3.0 FTE request is based on an analysis of the local transportation permit workload statewide for waterway/wetland review (approximately 2.0 FTE) and for stormwater and erosion prevention permitting (approximately 1.0 FTE).

DNR and DOT recognized that additional resources would be needed so that the DNR can fulfill its obligation to streamline review of local municipal highway projects, as well as dedicate staff to adequately provide a single point-of-contact for local units of government.

PROGRAM: WATER

SUBPROGRAM: WATERSHED MANAGEMENT

DECISION ITEM 7: NONPOINT SOURCE BONDING

	<u>2007-08</u>		<u>2008-09</u>
BR	\$10,500,000	BR	\$

The Department requests \$10,500,000 BR for nonpoint source pollution abatement efforts. This is in addition to the \$15,500,000 BR that had previously been approved by the Board in September. The following table summarizes the difference between what has already been approved by the Board and the supplemental amounts that are being proposed.

2007-09 Nonpoint Source Bonding Request			
Program	Approved September Submission	Proposed November Submission	Total
Priority Watershed	\$4 million	\$1 million	\$5 million
Targeted Runoff Management (TRM)	\$10 million	--	\$10 million
Urban Nonpoint/Storm Water Mgmt. & Municipal Floodplain	\$1.5 million	\$9.5 million	\$11 million
Total	\$15.5 million	\$10.5 million	\$26 million

- The Department requests \$1 million in general obligation bonding authority for the priority watershed and priority lake program grants, which is in addition to the \$4 million in bonding authority that was approved by the Board in September. The combined amount of \$5 million would increase the authorization limit in s. 20.866 (2)(te) from \$89,310,400 to \$94,310,400.

The program funds nonpoint source water pollution abatement grants to county land and water conservation departments who, in turn, contract with landowners to install best management practices (BMPs) on the land. Some examples of BMPs include manure storage facilities, barnyard runoff control plans, shoreline and streambank protection and riparian buffers. Although the program is scheduled to be phased out at the conclusion of the 2007-09 biennium, 17 projects remain active from the original 12-year commitment. The Department estimates that \$5 million will fund those projects through to completion.

- The Department requests \$9.5 million in general obligation bonding authority for the urban nonpoint source & storm water management program and the municipal floodplain and riparian restoration program, which is in addition to the \$1.5 million in bonding authority that was approved by the Board in September. The combined \$11 million request would increase the authorization limit in s. 20.866 (2)(th) from \$23,900,000 to \$34,900,000. Both programs were created in 1999 Wis. Act 99 to address degraded stream water quality, flooding, and loss of riparian habitat in urban areas. The programs' primary objectives are to reduce the economic and social impact on municipalities of meeting storm

water management requirements, to facilitate reductions in flooding, and to improve water quality and habitat.

The urban nonpoint program provides funds for municipalities to construct BMPs to improve storm water discharge quality. The municipal floodplain program provides municipalities with funding to remove structures located in flood hazard areas, thus providing match for federal funding, and also provides support for restoring degraded riparian areas.

PROGRAM: WATER

SUBPROGRAM: WATERSHED MANAGEMENT

DECISION ITEM 8: WATERWAY & WETLAND PERMIT FEE EQUITY

	<u>2007-08</u>		<u>2008-09</u>
PR	\$173,500	PR	\$173,500

The Department requests \$ 173,500 annually for limited term staff and travel support to achieve timely data entry and web posting to (1) show navigability and ordinary high water mark data on maps; (2) deliver easy-to-use web-site content tailored to both professional and lay persons in real estate and site design; and (3) provide external user support (help desk hotline) to both professional and lay persons who need help finding and using basic information and application forms related to site assessment, best management practices, permit requirements, and information on the status of pending permits. This proposal would provide funding for: a) Web developer (project or LTE) \$56,000; b) limited term user support staff \$60,000; c) marketing of web site (contract) \$35,000; and d) printing and distribution \$22,500.

Revenue to support this request would be generated by eliminating the statutory limitation by which only the single highest permit fee is charged for projects with multiple structures or alterations to lakes, streams or wetlands. Under this proposal, permit applicants would pay the listed fee for Department review each proposed structure or alteration. Under current law, individual property owners are paying a disproportionate amount in fees for waterway and wetland permit reviews as a result of a statutory provision in the permit fee schedule. Applicants conducting multiple regulated activities pay only the single highest fee. As an example, an individual putting in a culvert pays the same fee as an applicant for a complex commercial or residential development. A minor statutory language change will remedy this inequity - and generate revenue sufficient to fund this request. This change would affect an estimated 200 applicants, bringing the total fee for multi-activity projects from the current \$300-\$500 into a range averaging from \$600 to \$1,500.

People buying or using property need full information about the physical limitations of their land as well as essential information about protective regulations and construction and other techniques that avoid environmental impacts and resulting regulatory burden. Through this initiative, the Department will provide property owners and buyers with readily accessible, up-to-date information about water features on or near land parcels and best management practices for those parcels.

PROGRAM: WATER

SUBPROGRAM: DRINKING WATER AND GROUNDWATER

DECISION ITEM 9: GROUNDWATER QUANTITY ADMINISTRATION

	<u>2007-08</u>		<u>2008-09</u>
PR	\$22,000	PR	\$22,000

The Department requests \$22,000 PR annually for groundwater quantity administration to cover transactional expenses incurred when well notification fees are remitted via the Automated License Issuance System (ALIS). Wisconsin's new groundwater quantity legislation (2003 Wisconsin Act 310) established an administration appropriation funded by a \$50 well notification fee paid by a landowner prior to the construction of a well, and a \$500 high capacity well fee. The well notification fees are remitted through the ALIS system, and for each \$50 fee paid, the Department pays a transactional fee to the ALIS contractor and to the ALIS agent that collected the fee. In FY 2006, ALIS transactional fees totaled \$21,700 and future expenses are expected to be comparable to that amount. The ALIS transaction fees are paid from the supplies line of the groundwater quality administration appropriation. The appropriation's base supplies budget of \$61,000 is not sufficient to adequately fund contract expenditures and necessary travel for 5.0 program FTE in addition to the ALIS transaction fees. Consequently, the Department seeks the additional expenditure authority related to the ALIS transaction fees.

DEPARTMENT OF NATURAL RESOURCES

REVENUE REQUEST

REVENUE ISSUE TITLE: Elk Tag Application Fee - \$10 (Statutory Language)

NEW REVENUE GENERATED: The Department conservatively estimates that 20,000 hunters will apply for an elk hunting license and pay the application fee, generating \$200,000 in revenue.

CURRENT REVENUE GENERATED: None. There is no current Elk Tag Application Fee.

REVENUE PROPOSAL: The framework for an elk hunting season has been established in Ch. 29, Stats. and in DNR Administrative Code, and will begin when the Department determines it is biologically feasible – possibly as early as December 2009. When elk hunting begins, license numbers will be very limited, but the Department expects that applications for those few licenses will be numerous.

DEPARTMENT OF NATURAL RESOURCES

REVENUE REQUEST

REVENUE ISSUE TITLE: Parks Camping Fee Increase

NEW REVENUE GENERATED: The Department estimates that a combination of statutory changes and NR 45 administrative code changes (not included in Department's budget request) to Parks camping fees will generate \$352,100 in FY 08 and \$1,173,600 in FY 09.

CURRENT REVENUE GENERATED: Campsite fees currently generate about \$4,751,000 annually.

REVENUE PROPOSAL: The Department requests an across-the-board increase of \$2 (from \$1 to \$3) in the Department's discretionary authority to charge a fee in addition to the base statutory camping fee [Wis. Stat. ss. 27.01(10)(g)(1) and (2)]. Also, through revisions to Wisconsin Administrative Code Chapter NR 45, the Department proposes to add seven parks to the "high demand" category to allow an additional \$3/night camping fee (for a total of 15 parks in the "high demand" category). Also, the Department will propose to eliminate the weekend/weekday differential in NR 45, allowing the Department to charge the same (weekend) rate at all times.

SPENDING ASSOCIATED WITH REVENUE INCREASE: This revenue will support normal Parks operations funded by the Parks Account of the Conservation Fund including spending proposals in the Department's 2007-09 biennial budget. Projections indicate that with the new revenue generated by the camping fees, the Parks account will have a small positive balance at the end of the 2007-09 biennium. New spending initiatives include staffing and operations at 3 new campgrounds projected to open in FY 09 at Harrington Beach State Park, Kohler Andrae State Park, and Willow River State Park, and operations at Lakeshore State Park.

DEPARTMENT OF NATURAL RESOURCES

REVENUE REQUEST

REVENUE ISSUE TITLE: Boat Registration Fee Increase

REVENUE PROPOSAL: The Department proposes to increase all of the current boat registration fees by approximately 30%. Boat registration is on a three-year registration cycle.

Registration Type		Current	New
Non-Motorized	Volunteer	\$9.75	\$13.00
	Sailboat	\$15.00	\$20.00
Motorized	Under 16'	\$16.50	\$21.50
	16' to 26'	\$24.00	\$31.00
	26' to 40'	\$45.00	\$59.00
	Over 40'	\$75.00	\$98.00

NEW REVENUE GENERATED: Based on a predicted 1.3% annual increase in the number of registered boats, the Department assumes the fee increase will generate an additional \$602,000 in FY 2007-08; \$1.5 million in FY 2008-09; and \$1.8 million in FY 2009-10.

CURRENT REVENUE GENERATED: In FY 2005-06 boat registration fees generated \$5,165,700 in revenue. The chart below compares revenue with and without the proposed fee increase.

Boat Registration Fee Revenue without a Fee Increase						
Fiscal Year	2005	2006	2007	2008	2009	2010
Revenue	\$2,000,400	\$5,165,700	\$5,948,400	\$2,026,400	\$5,232,800	\$6,025,700
Boat Registration Fee Revenue with the Proposed 30% Fee Increase						
Fiscal Year	2005	2006	2007	2008	2009	2010
Revenue	\$2,000,400	\$5,165,700	\$5,948,400	\$2,628,400	\$6,785,900	\$7,817,400

SPENDING ASSOCIATED WITH REVENUE INCREASE: The fee increase will maintain the current level of expenditures in the segregated boat account of the Conservation Fund. These registration fees currently fund 21.0 FTE in Law Enforcement associated with boat safety and enforcement, municipal boat enforcement aids, customer service and licensing boating efforts, and other DNR administrative expenditures.

DEPARTMENT OF NATURAL RESOURCES

REVENUE REQUEST

REVENUE ISSUE TITLE: Environmental Repair Tipping Fee Increase

REVENUE PROPOSAL: The Department proposes to increase to \$1.00 per ton the current Environmental Repair tipping fee, which, per existing Wis. Stat. s. 289.67(1)(cp) is 50¢/ton for each ton or equivalent volume of solid or hazardous waste disposed of at a licensed solid or hazardous waste disposal facility.

NEW REVENUE GENERATED: The Department estimates that this fee increase would generate approximately \$4 million in additional revenue annually to the Environmental Management Account of the Environmental Fund.

CURRENT REVENUE GENERATED: Approved facilities that dispose of municipal, hazardous or non-high volume industrial waste (high-volume industrial waste includes paper mill sludge, bottom ash, foundry process waste and fly ash) pay 50¢ per ton. The calendar year 2004 amount generated was 7.5 million tons, which, at the 50¢/ton rate, resulted in approximately \$3.8 million in revenue. The calendar year 2005 amount generated was 7.9 million tons, which at the 50¢/ton rate, resulted in approximately \$4 million in revenue.

SPENDING ASSOCIATED WITH REVENUE INCREASE: This proposed revenue increase would stabilize funding for programs funded from the Environmental Management Account of the Segregated Environmental Fund. In the DNR, these programs include: brownfields redevelopment; state funded remediation site response; Bureau of Remediation and Redevelopment grant programs; spill response; groundwater management; waste and materials management; and environmental enforcement. In addition to these programs, the Environmental Fund supports substantial efforts in the Department of Agriculture, Trade, and Consumer Protection, the Department of Commerce, the UW System, the Department of Health and Family Services and Department of Military Affairs.

DEPARTMENT OF NATURAL RESOURCES

REVENUE REQUEST

REVENUE ISSUE TITLE: Vehicle Title Transfer Fee Increase

NEW REVENUE GENERATED: \$2,135,000 annually

CURRENT REVENUE GENERATED: \$10,672,000

REVENUE PROPOSAL: The Department requests an increase of \$1.50 in the vehicle title transfer fee, from \$7.50 to \$9 in order to address a structural deficit in the nonpoint account of the environmental fund that is currently estimated at \$2.4 million annually. Adopted in 1991, the fee has remained at \$7.50 since its enactment and is the sole source of revenue for the nonpoint account. A \$1.50 increase in the fee is estimated to generate in excess of \$2.1 million annually.

The Department also requests a statutory change in Wis. Stat. s.20.855 (4)(f) that would direct the proceeds from the \$1.50 fee increase directly to the nonpoint account. Under current law, title transfer fee revenue is credited to the transportation fund. The nonpoint account of the environmental fund is then credited a GPR amount equivalent to the total amount of title transfer fees that are deposited into the transportation fund for a fiscal year. For FY 2007, \$10.7 million in GPR equivalent revenues has been deposited in the account.

SPENDING ASSOCIATED WITH REVENUE INCREASE: The DNR and the Department of Agriculture, Trade and Consumer Protection (DATCP) are appropriated funds from the nonpoint account. DNR is appropriated funds for a variety of nonpoint-related programs in the Bureaus of Watershed Management, Science Services, and Customer Assistance and Licensing. The funding, in turn, is used for such activities as the development of total maximum daily load (TMDL) plans, nonpoint source contracts with the University of Wisconsin-Extension, nutrient management plans and technical assistance for Concentrated Animal Feeding Operations (CAFOs), and nonpoint research and monitoring efforts. DATCP is appropriated funds for its soil and water management program, which designs, funds (via grants) and analyzes nonpoint pollution abatement efforts and establishes technical standards for nonpoint pollution.

Statutory Language Changes

1. **Notice of Discharge Funding**: The Department requests a statutory change to Wis. Stat. s. 281.65 to allow the Department to allocate, on a case-by-case basis, a portion of the money otherwise used under the Nonpoint grant programs to fund proper manure management practices under the NOD program. This will allow the Department to directly fund and address impacts the Department believes warrant immediate action in order to protect fish and aquatic life or human health. Without this ability, localized impacts may remain unabated for up to a year or not at all depending on the ability of other funding sources such as TRM to be used to address the impact.
2. **Waterway & Wetland Permit Fee Equity**: The Department proposes to eliminate the statutory limitation in Chapter 30 of the Statutes by which only the single highest permit fee is charged for projects with multiple structures or alterations to lakes, streams or wetlands. Under this proposal, permit applicants would pay the listed fee for Department review each proposed structure or alteration. Under current law, individual property owners are paying a disproportionate amount in fees for waterway and wetland permit reviews as a result of a statutory provision in the permit fee schedule.

**DEPARTMENT OF NATURAL RESOURCES
2007-09 BIENNIAL BUDGET REDUCTION PROPOSALS**

Summary of Reductions and Table of Contents

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<u>Wildlife Management</u>			
1. Game Farm Funding	\$ 155,200	\$ 155,200	1
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2. Damage Program Payments	\$ 40,000	\$ 40,000	1
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3. Basin Education	\$ 291,300	\$ 291,300	1
4. Soils Inventory & Assessment	\$ 132,600	\$ 132,600	2
5. RPC Contract	\$ 40,000	\$ 40,000	2
6. WLWCA Tech. Asst. Contract	\$ 31,000	\$ 31,000	2
<u>AIR & WASTE DIVISION</u>			
7. Environmental Repair	\$ 940,800	\$ 940,800	2
<u>ENFORCEMENT & SCIENCE DIVISION</u>			
<u>Law Enforcement</u>			
8. Car Killed Deer Funding	\$1,029,200	\$1,029,200	3
<u>WATER DIVISION</u>			
<u>Watershed Management</u>			
9. Basin Educators	\$ 293,200	\$ 293,200	3
<u>Fisheries Management</u>			
10. Warm Water Habitat Development	\$ 100,000	\$ 100,000	3
11. Fisheries Surveys	\$ 300,000	\$ 300,000	4
<u>CUSTOMER AND EMPLOYEE SERVICES DIVISION</u>			
12. Position Reductions	\$ 275,000	\$ 275,000	4.00 FTE 4
<u>Education & Information</u>			
13. MacKenzie Center Maintenance	\$ 37,900	\$ 37,900	0.90 FTE 4
14. LTE & Supplies Reduction	\$ 60,000	\$ 60,000	4
<u>Customer Service & Licensing</u>			
15. ALIS Contract	\$ 200,000	\$ 200,000	5
16. Service Center Cuts	<u>\$ 544,800</u>	<u>\$ 544,800</u>	<u>9.45 FTE</u> 5
Total	\$4,471,000	\$4,471,000	14.35 FTE

LAND DIVISION

1. WILDLIFE MANAGEMENT – GAME FARM FUNDING

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-155,200	CON SEG \$-155,200

The Department proposes to reduce funding for the State Game Farm at Poynette by \$155,200 annually, representing nearly 25% of FY 2005-06 expenditures to maintain the Game Farm. This funding cut would reduce by 25% to 30% the number of adult birds raised annually. In 2005-06, approximately 50,000 adult birds were released on public hunting grounds; and approximately 50,000 day-old chicks were provided to conservation clubs for release onto private land open to public hunting. As a result of this reduction, the Game Farm would be funded primarily by pheasant stamp revenue. As an alternative, private sources of day-old chicks and full grown pheasants are available for purchase by conservation clubs.

2. ENDANGERED RESOURCES – DAMAGE PROGRAM PAYMENTS

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-40,000	CON SEG \$-40,000

The Department proposes to eliminate the portion of the Endangered and Threatened Species (ET) Damage Program payments related to damage to hunting dogs and pets by gray wolves.

The ET damage program was designed to compensate for damage done by endangered or threatened species. Gray wolves have been removed from the Wisconsin Endangered and Threatened Species list and are scheduled to be de-listed federally by Spring 2007. This change would make the ET damage program consistent with the Department’s other damage payment programs – which pay for agricultural losses and not for loss or damage to personal property.

FORESTRY DIVISION

3. FORESTRY – BASIN EDUCATION

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-291,300	CON SEG \$-291,300

The Department proposes to eliminate \$291,300 annually of support for the Watershed and River Basin Education Program. Currently this funding supports four Basin Educators and provides ecosystem-focused programs related to land resources within specific river basins. This program was originally designed to support a citizen-based watershed level model that has not proven to be the most effective for engaging the public in the protection and sustainable management of Wisconsin’s forests. Efforts currently underway to reconfigure the program to more effectively engage the public on forestry issues will be curtailed.

4. FORESTRY – FOREST SOILS INVENTORY AND ASSESSMENT

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-132,600	CON SEG \$-132,600

The Department proposes to cut \$132,600 annually, representing funding to support an inventory and assessment of forest soils and their relationship to forest ecosystems.

5. FORESTRY – REGIONAL PLANNING COMMISSION CONTRACT

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-40,000	CON SEG \$-40,000

The Department proposes to cut \$40,000 annually in funding that currently supports a contract with a regional planning commission for projects designed to enhance forest-based economic development. More broad-based economic development programs can be used to achieve these goals.

6. FORESTRY – WLWCA TECHNICAL ASSISTANCE CONTRACT

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-31,000	CON SEG \$-31,000

The Department proposes to cut a portion of the funding currently allocated to a contract with the Wisconsin Land and Water Conservation Association (WLWCA) to provide technical assistance to private landowners for non-forestry projects funded through the Wisconsin Forest Landowner Grant Program (WFLGP.) WFLGP provides cost sharing assistance to private landowners to implement sustainable forestry projects on private lands. Assistance for non-forestry projects will need to be provided by willing counties or the private sector.

AIR & WASTE DIVISION

7. AIR & WASTE – ENVIRONMENTAL REPAIR

<u>FY 2007-08</u>	<u>FY 2008-09</u>
ENV SEG \$-940,800	CON SEG \$-940,800

The Department proposes to reduce the environmental repair, spills, and abandoned containers appropriation by \$940,800 annually. The appropriation is used to fund contaminated soils, sediments, and groundwater clean-up projects for which the state takes the lead after no viable responsible party can be found. In addition, a smaller portion of the appropriated funding is used to respond to spill emergencies throughout the state. Based on 2006-07 expenditure authority, this reduction would leave \$1.5 million in remaining expenditure authority.

ENFORCEMENT & SCIENCE DIVISION

8. LAW ENFORCMENT AND – CAR KILLED DEER FUNDING

<u>FY 2007-08</u>	<u>FY 2008-09</u>
GPR \$-514,600	GPR \$-514,600
CON SEG \$-514,600	CON SEG \$-514,600

The Department proposes to reduce all expenditures related to contracting for the disposition of deer killed by motor vehicles. Currently, the Department is provided two appropriations—one GPR, the other Conservation SEG—to pay the costs of removal and disposal of car killed deer from the highways. This reduction would in effect transfer responsibility for removal and disposal of car killed deer to another state agency or local agencies. The Department believes there are efficiencies to be gained through adding responsibility for car killed deer removal and disposal to other road maintenance functions and contracts.

WATER DIVISION

9. WATERSHED MANAGEMENT – BASIN EDUCATORS

<u>FY 2007-08</u>	<u>FY 2008-09</u>
ENV SEG \$-293,200	ENV SEG \$-293,200

The Department proposes to reduce \$293,200 in funding provided to the UW Extension for the basin educator program. The program funds a total of 15 basin educators covering 19 of the state’s major river and Great Lakes basins. Program activities include information and education efforts for stormwater, agricultural nonpoint BMPs, construction site erosion control, and shoreland zoning. Basin educators also assist the Department with education efforts targeting municipal officials, farmers, developers and riparian owners. The reduction would reduce Water Division expenditures on the basin educator program to \$449,800 annually, and result in the elimination of 3 basin educator positions. Because the Department is directed by statute to allocate \$500,000 annually for the basin educator program, this reduction would require a statutory modification.

10. FISHERIES MANAGEMENT – WARM WATER HABITAT DEVELOPMENT

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-100,000	CON SEG \$-100,000

The Department proposes to reduce funding for the development of warm water habitat (e.g. spawning reefs, shallow lakes restoration, warm water river habitat, carp control) from \$162,000 annually to \$62,000 annually. The Department would have to seek alternative funding for these projects and rely on cooperation from local lake associations and angling groups.

11. FISHERIES MANAGEMENT – FISHERIES SURVEYS

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-300,000	CON SEG \$-300,000

The Department proposes to reduce by \$300,000 annually funding for fisheries surveys not directly related to statewide monitoring efforts. As a result, the Department would suspend most surveys concerning the fishery in specific lakes and streams and would focus on following the statewide survey rotation (normally six years) for all significant waters.

CUSTOMER AND EMPLOYEE SERVICES DIVISION

12. CAES DIVISION – POSITION REDUCTIONS

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-275,000 (-4.00 FTE)	CON SEG \$-275,000 (-4.00 FTE)

The Department proposes to eliminate 1.0 FTE position in the Bureau of Finance, 2.0 FTE positions in the Bureau of Technology Services and 1.0 FTE position in the Bureau of Education and Information. The positions eliminated will result from reprioritizing bureau functions, while minimizing the impact to bureau staff.

13. EDUCATION & INFORMATION – MACKENZIE CENTER MAINTENANCE

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-37,900 (-0.90 FTE)	CON SEG \$-37,900 (-0.90 FTE)

The Department proposes to eliminate a vacant 0.90 FTE maintenance position at the MacKenzie Environmental Education Center. Currently, the Wisconsin Wildlife Federation operates the MacKenzie Environmental Education Center under a lease from the Department. This vacant maintenance position is not affected by the lease with the Wisconsin Wildlife Federation.

14. EDUCATION & INFORMATION – LTE & SUPPLIES REDUCTION

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-60,000	CON SEG \$-60,000

The Department proposes to eliminate \$60,000 of LTE and Supplies funding annually from the education and information bureau. The reduction will result in less intensive education efforts in the recycling youth education program, air quality youth education program, and administrative support for statewide K-12 teacher training in such projects as: Learning Tree (forestry); WILD (wildlife); and WET (water education).

15. CUSTOMER SERVICE & LICENSING – ALIS CONTRACT

<u>FY 2007-08</u>	<u>FY 2008-09</u>
CON SEG \$-200,000	CON SEG \$-200,000

The Department proposes to cut \$200,000 annually pertaining to the Automated License Issuance System (ALIS). The Department is currently renegotiating the ALIS contract and expects to save \$200,000 annually compared to the existing contract, beginning in FY 2007-08. This reduction eliminates expenditure authority that would otherwise be available for use by Customer Service and Licensing for customer service needs.

16. CUSTOMER SERVICE & LICENSING – SERVICE CENTER CUTS

<u>FY 2007-08</u>		<u>FY 2008-09</u>	
GPR	\$ -21,700 (-0.50 FTE)	GPR	\$ -21,700 (-0.50 FTE)
CON SEG	\$ -501,100 (-8.45 FTE)	CON SEG	\$ -501,100 (-8.45 FTE)
ENV SEG	\$ -22,000 (-0.50 FTE)	ENV SEG	\$ -22,000 (-0.50 FTE)

The Department proposes to close five services centers (Ashland, Cumberland, Ladysmith, Peshtigo, and Poynette) and reduce the customer service and licensing bureau's LTE expenditures by \$74,100 annually. The bureau will also eliminate one additional position. The position reduction will be handled by realigning resources to minimize impact to existing staff.