



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 4, 2001

Joint Committee on Finance

Paper #263

Kickapoo Reserve Management Board Visitor Center (Building Program)

[LFB 2001-03 Budget Summary: Page 158-10, #9]

CURRENT LAW

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

Appropriations from the forestry account of the conservation fund support administrative functions for the Kickapoo Reserve Management Board. The Board is responsible for: (a) managing the land in the Kickapoo River valley to preserve and enhance its unique environmental, cultural and scenic features; (b) providing facilities for the use and enjoyment of visitors to the Reserve; and (c) promoting the Reserve as a destination for vacationing and recreation.

BUILDING COMMISSION

Provide \$2,370,000 SEG in 2001-02 from a new, continuing appropriation from the segregated forestry account of the conservation fund under the Department of Tourism to fund the construction of a visitor center and administration building at the Kickapoo Valley Reserve.

DISCUSSION POINTS

1. Building Commission plans call for the construction of an 8,300 square-foot visitor center and administration building, located near trailheads on the Reserve, on State Highway 131 in the Township of Stark. The building would include meeting space, exhibit and informational areas and offices. An outdoor restroom facility and storage area would also be constructed with the funds. It is anticipated the building could be completed in 2002.

2. Currently, the Board leases office space in a modified two-bedroom ranch house with attached garage in the Village of La Farge for over \$900 per month. The current facility is about a mile south of the Reserve. As well as providing space for the 2.0 permanent staff and other limited-term employees, the office is used to distribute state tourism publications, serve as a visitor information site and host educational classes. The Board is planning to expand their current summer educational program to offer courses year-round once the center is complete, which may provide the Board with additional revenue. According to Reserve officials, hunting and fishing licenses would also be sold from the visitor center. In addition, some have argued that a new center actually located on the Reserve will increase visits to both the center and the area, as well as increasing the number of people who pay required fees to use the Reserve.

3. It is anticipated that the number of visitors to the Reserve will increase, especially if the visitor center is completed. The Reserve estimates that approximately 10,000 people will visit the area annually. In addition, it has been estimated that over 1,000 hunters typically use the Reserve during the opening weekend of the gun deer hunting season.

4. The primary source of revenue deposited in the forestry account of the conservation fund is the forestry mill tax, a state tax on property of 0.2 mill (20¢ per \$1,000 of property value). Other sources of revenue to the forestry account include: (a) revenue from the sale of timber on state forest lands; (b) revenue from the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; and (d) severance and withdrawal payments from timber harvests on cooperatively-managed county forests and on privately-owned land entered under the forest crop land and management forest land programs.

5. Forestry account revenues are used to fund several forestry programs and related administrative activities in DNR. The main expenditure from the forestry account relates to the operations of state forest and nursery properties. Other DNR activities funded from the forestry account include: (a) forest management assistance for private landowners and county foresters; (b) aid payments under forest tax law programs; (c) county forest acreage payments and loans; and (d) forest fire control activities. The forestry account also funds programs in seven other agencies, the largest expenditures being for administrative and worker salary costs of the Wisconsin Conservation Corps and the gypsy moth suppression program in DATCP. In addition, forestry account revenues support administrative functions for the Kickapoo Reserve Management Board (\$194,100 SEG appropriated in 2000-01) and under the bill, forestry account revenue would be used for payments in lieu of property taxes for the Kickapoo Valley Reserve.

6. Some would argue that funding a building project at the Kickapoo Valley Reserve is not an appropriate use of forestry account revenues. Bonding from the stewardship fund or state building program has been used for similar projects in the past. The Department of Natural Resources (DNR) is authorized \$46 million in general obligation bonding authority annually through 2009-10 for stewardship 2000, with \$34.5 million specified for land acquisition and \$11.5 million for property development and local assistance. While using stewardship 2000 program bonding may seem an appropriate funding source to some, it would also reduce the amount of property DNR could purchase or improve. Further, the Building Commission recommendations would include earmarking \$7 million of stewardship 2000 bonding (\$1 million from land acquisition and \$6 million from property development and local assistance) for four projects (Lakeshore State Park, State Fair Park, an agricultural stewardship initiative and reconstructing a ski chalet at Rib Mountain State Park).

7. On the other hand, the majority of the Reserve is forestland and the Reserve has a forestry management plan that includes timber harvesting. In addition, forestry account revenues have been used to finance DNR ranger stations and state forest recreation buildings in the past. Under Committee action to date on SB 55, the forestry account is estimated to have a June 30, 2003 balance of \$2.24 million. If the segregated funds are appropriated for the Kickapoo Valley Reserve visitor center and administration building authorized expenditures would exceed expected revenues by approximately \$130,000. If forestry account revenues are available, it may be less expensive to provide cash rather than to pay debt service of approximately \$189,000 annually for 20 years, given a flat repayment schedule upon issuance of the bonds, or an estimated total of \$3.8 million over the 20-year period. Thus, funding a visitor center and administrative facility at the Reserve from the forestry account may be viewed as appropriate.

8. However, since the benefits of a visitor center would be realized for at least 20 years, some would find bonding an appropriate form of payment for the center. In addition, when inflationary costs are considered, bonding for the center may approximate the cost in real dollars of paying for the construction in cash. As alternatives, the Committee could consider using either forestry account or general fund supported bonding in lieu of cash financing. Given the estimated construction schedule, debt retirement costs of \$94,500 in 2002-03 would be expected.

ALTERNATIVES TO BASE

1. Approve the Building Commission’s recommendation to provide \$2,370,000 SEG in 2001-02 from a new continuing appropriation from the segregated forestry account of the conservation fund under the Department of Tourism to fund the construction of a visitor center and administration building at the Kickapoo Valley Reserve.

Alternative 1	SEG
2001-03 FUNDING (Change to Base)	\$2,370,000
<i>[Change to Bill]</i>	<i>\$2,370,000]</i>

2. Require DNR to earmark \$2,370,000 from stewardship 2000 program bonding for the construction of a visitor center and administration building at the Kickapoo Valley Reserve. Allow DNR to determine from which stewardship categories funding would be allocated.

3. Provide forestry account supported bonding of \$2,370,000 and create a sum sufficient debt retirement appropriation under the Department of Tourism for the construction of a visitor center and administration building at the Kickapoo Valley Reserve. Estimate debt service of \$94,500 SEG in 2002-03.

Alternative 3	SEG	BR
2001-03 FUNDING (Change to Base)	\$94,500	\$2,370,000
<i>[Change to Bill]</i>	<i>\$94,500</i>	<i>\$2,370,000]</i>

4. Provide general fund supported bonding of \$2,370,000 and create a sum sufficient debt retirement appropriation under the Department of Tourism for the construction of a visitor center and administration building at the Kickapoo Valley Reserve. Estimate debt service of \$94,500 GPR in 2002-03.

Alternative 4	GPR	BR
2001-03 FUNDING (Change to Base)	\$94,500	\$2,370,000
<i>[Change to Bill]</i>	<i>\$94,500</i>	<i>\$2,370,000]</i>

5. Maintain current law.

Prepared by: David Schug