



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #682

### **Premier Lakes Program (DNR -- Water Quality)**

[LFB 2001-03 Budget Summary: Page 492, #18]

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#### **CURRENT LAW**

Under 1999 Act 9, funding for lake management and classification grants were merged with lake planning grants to form the consolidated lake protection grant program. Lake protection grants may be awarded for a variety of purposes, including management projects that will improve or protect the quality of water in lakes, flowages, or natural ecosystems.

A grant for a lake management planning project may be made for up to 75% of the cost of the project, with a maximum of \$10,000 per grant. Counties, municipalities, non-profit conservation organizations, qualified lake associations, town sanitary districts, and public inland lake protection and rehabilitation districts are all eligible to apply for grants. Eligible activities include data collection, mapping, water quality assessment, nonpoint source pollution evaluation, management strategy development, and other projects that would provide baseline information on the status of lakes.

Grants for lake management projects may be made for up to 75% of the cost of the project, with a maximum of \$200,000 per grant. Groups or organizations eligible for lake management planning grants may also apply for grants to support lake management projects. Eligible activities include: (a) the purchase of land or conservation easements if the purchase will substantially contribute to the protection or improvement of a lake or natural lake ecosystem's water quality; (b) wetland restoration; (c) development of local regulations or ordinances that will protect or improve the water quality of a lake or natural ecosystem; (d) an activity that is approved by the DNR, and that is needed to implement a recommendation made as a result of a plan to improve or protect the quality of water in a lake or natural lake ecosystem.

## GOVERNOR

Establish a Premier Lakes program that allows lake associations which meet certain criteria to receive lake management planning grant funding for up to 75% of project costs, but no more than \$25,000 per grant. The current maximum allowable planning grant award of \$10,000 would remain for all other qualifying lake associations.

In addition, require DNR to give higher priority to any group that is designated a premier lake association in awarding grants under the lake management grant program (which provides for up to 75% of the cost of a project up to \$200,000 per grant). Expand the provisions of the lake management grant program to include restoration of shoreline habitat as an eligible activity. Permit DNR to expend up to \$5,000 each fiscal year for the design and manufacturing of signs, to be provided to premier lake associations, that identify the lakes for which the premier lake associations were incorporated.

To qualify for the premier lakes program, lake associations must be incorporated and meet all of the requirements of a qualified lake association. In addition, the premier lake associations would need to demonstrate that they (a) have as paid members at least 50% of the individuals that meet either of the following criteria: (1) own property on or within one mile of the lake; or (2) that live on or within one mile of the lake for at least one month of the year (but no less than 25 members); (b) held at least two regularly scheduled meetings of its members each year; (c) distribute at least one annual newsletter; (d) promote annual monitoring of private sewage systems, and encourage real estate owners who are eligible to be members to upgrade failing systems; (e) promote the use of phosphate-free or other environmentally safe soaps by residents and real estate owners who are eligible to be members; (f) promote water safety and the protection of the natural fish population in, as well as the wildlife population near, each inland lake for which the association was incorporated; (g) cooperate with any local, state, or federal programs that provide support for the protection or improvement of any of the inland lakes for which the association was incorporated; and (h) actively raise funds for all of the following activities: (1) signs at public access sites on inland lakes providing information on nuisance species; (2) washing stations for boats or boating equipment; (3) in-kind contributions to assist the DNR to control aquatic nuisance species; (4) manuals addressing the responsibility for managing the resources of inland lakes; and (5) surveys to monitor the water quality of inland lakes. Further, the bill would repeal the statutory \$10 minimum and \$25 maximum annual membership fee and grant DNR the authority to establish the minimum and maximum allowable membership fee requirements for eligibility by rule.

Expand the eligibility requirements to apply for a lake management planning grant to include school districts, provided that the district adopts a resolution to conduct a lake management planning project that would provide information or education on the use of lakes or natural lake ecosystems, on the quality of water in lakes, or on the quality of natural lake ecosystems. In addition, the school district would be required to allow another eligible recipient of lakes planning grants to cooperate with the school on the planning project. The scope of eligible planning projects would be expanded to include programs and materials that promote the

monitoring of private sewage systems, a reduction in the use of environmentally harmful chemicals, promotion of water safety activities and protection of natural lake ecosystems.

## **DISCUSSION POINTS**

1. Under the bill, lake protection planning and management grants are funded at the base level of \$2,675,400 annually from the water resources account of the conservation fund.

2. According to the *Wisconsin Lake List* directory, there are currently 710 organizations whose specific purpose focuses on lake issues. Of these, 435 are lake associations. Lake districts and sanitary districts comprise 247 (or 35%) of the remaining organizations. The Department indicates that it is not uncommon for lake communities to undertake management efforts using different organizational forms, including public inland lake districts, as well as through town or county governments and non-profit organizations. These entities are all currently eligible for lake planning and management grants. Often, several organizations may collaborate to manage a lake in the manner desired under the "premier" designation. Broadening the language to include all lake organizations and municipalities as eligible applicants for premier status would increase opportunities for communities without an active lake association.

3. Under the bill, it would be difficult for existing associations to meet the requirements to qualify as a premier lake association. Specifically, the membership requirement may be prohibitive (requiring one-half of property owners within one mile of the lake, or individuals who live within one mile of the lake at least one month of the year to be members). When consulted, DNR was not able to readily identify an existing lake association that met all of the criteria for membership eligibility. It may be argued that the intent of the provision may be better accomplished if instead of defining qualifications in terms of public support (as demonstrated through membership requirements) and level of activity (as demonstrated through actions and programs), the applicants for premier status were required to demonstrate public support and commitment to lake protection through qualifications appropriate to their organizational structure. Since qualifications for lake associations are the only criteria currently provided for under the bill, additional criteria expanding eligibility qualifications could be addressed by DNR through administrative rule. Alternatively, the provision could be deleted at this time. DNR and interested groups could advance future legislation if statutory eligibility criteria for the various organizations is developed.

4. For fiscal year 1999-00, DNR awarded grants totaling over \$1.9 million to 20 local governments and non-profit lake management organizations for lake restoration and protection projects. Grants amounts ranged from \$10,950 to three communities receiving the maximum grant award of \$200,000. The Department indicates that approximately \$1 million in grant requests went unfunded. While base funding for this program did increase by \$742,200 in 2000-01, demand continues to exceed available funding. From this perspective, it could be argued that increasing the amount of the maximum available planning grant for premier lakes may decrease the number of projects (and communities) that receive funding for lake management projects. In addition, it may increase the size and scope of eligible projects that communities are willing to undertake based on

the possibility of receiving a higher level of funding. Further, expanding eligible projects to include restoration of shoreline habitat can also be expected to increase demand for grants under the program. Finally, including schools as eligible grant recipients is likely to increase applications for funding under the lake management planning grants program. From this perspective, expanding program eligibility may not be desirable.

5. On the other hand, since the lake planning grants programs are competitive, it could be argued that increased demand should still result in only the most worthy projects being funded (within appropriated amounts). However, under the bill, DNR would be required to give priority to grant applications from premier lake associations.

6. The bill would also expand eligibility for lake management planning grants to include schools working in cooperation with other currently eligible partners in recognition of the benefits of involving additional members of a lake community in efforts to study water quality and natural lake ecosystems. From DNR's perspective, this eligibility expansion would have the dual effect of increasing local interest in lake management planning projects as well as communicating lake stewardship values to participating students.

7. DNR indicates that, in the past, it has received requests from a variety of different groups (including non-profit conservation organizations, lake associations, and local governments) expressing an interest in working cooperatively to undertake larger scale shoreline habitat restoration projects. Currently, DNR does not have the authority to provide lake grants for this purpose (though it is an eligible project for river grants). The bill would expand eligible activities to include shoreline habitat restoration in order to encourage the continued formation and growth of organizational partnerships focused on improving lake environments. However, expanding eligibility to school districts and to shoreline restoration will also increase demand for fixed program funding.

## **ALTERNATIVES TO BASE**

### **A. Premier Lakes**

1. Approve the Governor's recommendation to establish a Premier Lakes program that allows lake associations (which meet specified criteria) to receive lake management planning grant funding for up to 75% of project costs, but not more than \$25,000 per grant. In addition, require DNR to give higher priority to any group that is designated a premier lake association in awarding grants under the lake management grant program (which provides for up to 75% of the cost of a project up to \$200,000 per grant). Further, permit DNR to expend up to \$5,000 each fiscal year for the design and manufacturing of signs, to be provided to premier lake associations, that identify the lakes for which the premier lake associations were incorporated.

2. Approve the Governor's recommendation to establish a Premier Lakes program, as modified to expand eligibility to include counties, municipalities, non-profit conservation organizations, town sanitary districts, and public inland lake protection and rehabilitation districts, as well as qualified lake associations. Further, delete the statutory criteria in the bill and instead

specify that DNR promulgate administrative rules identifying eligibility requirements that the applicants for premier status would be required to meet, including an appropriate demonstration of public support and commitment to lake protection as these would apply to their organizational structure.

3. Delete the requirement that DNR give a higher priority to lake management grant applications from any group that is designated "premier".

4. Maintain current law.

**B. Lake Management Grants**

1. Approve the Governor's recommendation to expand the provisions of the lake management grant program to include restoration of shoreline habitat as an eligible activity. Further, expand eligibility requirements for lake management planning grants to school districts, provided that the district adopts a resolution to conduct an eligible lake management planning project, and the school district allows another eligible recipient of lakes planning grants to cooperate with the school on the planning project.

2. Maintain current law.

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