

**BAYFIELD COUNTY  
FORESTRY AND PARKS DEPARTMENT**

**2023 BUDGET NARRATIVE**

**BUDGET SUMMARY AND HIGHLIGHTS:**

The proposed budget for the Forestry and Parks Department is as follows:

- **Revenue:** \$4,030,952
- **Expense:** \$2,273,368, an increase of 8% when compared to 2022;
- **Net Levy Contribution:** **\$1,757,584**, a decrease of 1.7% when compared to the 2022 adopted budget.

Timber revenue remains the primary economic driver of the Forestry and Parks Department budget. The COVID-19 pandemic continues to negatively impact timber markets, playing a major role in the significant reduction in stumpage prices and influencing the closure of prominent regional pulp mills. The poor timber markets are expected to persist well into 2023, though there is some indication that prices on some products may start to rebound. As a result, the budget for timber revenue remains conservative. However, continued recoveries (from the influence of COVID-19) and subsequent improvements in timber markets may have the potential to produce substantial gains in stumpage revenue. If market conditions improve, the actual net levy contribution could be higher in 2023.

**Revenues: Forest Management Program**

Traditionally, nearly all revenues received over the course of a year were generated from the management of the County Forest, primarily through stumpage. However, over the past few years, the Forestry Department has been assigned primary management responsibilities of both the county parks (added in 2011) and trails programs (added in 2013).

In addition to the revenues received from the sale of wood (stumpage), the Forestry and Parks Department now collects income from camping and other parks related activities, including the newly constructed yurts (two yurts were constructed in October/November 2016, one in Bayfield and one in Cable, and a third one, also in Bayfield, was completed in September 2018), as well as monies pertaining to state funded motorized trail maintenance, rehabilitation and construction.

***Sale of Wood (Timber Sales)***

The sale of wood is still the primary source of revenue for the Forestry and Parks Department (approximately 94% of total revenues received from the County Forest management program and roughly 86% Department wide, which now includes parks and trails).

Revenues from the sale of wood on the County Forest for the calendar year 2023 are projected to increase by roughly 2% when compared to the 2022 budget. The stumpage revenue figure for 2023 is \$3.165 million.

While some improvements in timber markets are expected in 2023, conditions are still unpredictable and unstable. As such, a cautious and conservative approach was used to establish the 2023 stumpage revenue budget.

The continued conservative approach to establishing the stumpage revenue budget is generally a result of the following: 1) COVID-19 influenced timber market conditions are still very volatile and are predicted to remain so into 2023. This has a direct impact on the demand for and consumption of wood fiber, which directly impacts stumpage prices and harvesting priorities; and 2) the two large Verso mills are still in flux. The Verso pulp mill in Wisconsin Rapids remains closed and the mill in Duluth, MN is being converted to consume primarily recycled material. Both were major consumers of Bayfield County wood. The Rapids mill, when operating at full capacity, has/had the ability to consume roughly 25% of all pulpwood produced in the state of Wisconsin! If the Rapids mill remains idle over the long term and the influence of COVID-19 persists well into 2023, then there is predicted to be a continued decrease in demand for pulp related products. An over supply of material and less demand for certain products generally equates to a decrease in price.

This combination of factors has the potential to keep stumpage prices low for most timber products throughout the remainder of 2022 and into 2023. There is still demand for the wood and glimmers that markets are starting to correct/rebound, but prices for some products remain at lowest level in recent memory. Low stumpage prices will result in less future revenue on new sales, but it will also impact current contracts. Many existing timber sales were purchased when market conditions were normal, which will influence timber sale activity and when revenue from older sales will actually be received.

Under the current financial climate, the stumpage rates on some contracts are now higher than the existing market. Persistent lower market rates will put a strain on existing contracts. If stumpage prices on existing contracts remain much higher than the market rates, many contractors will choose not to harvest them until conditions improve. A significant amount of revenue is generally received from timber sale contracts that are a few years old. If these sales are not harvested as per normal, the county could realize less revenue from them in 2023.

While a reduction in stumpage prices is likely, there may also be less demand for wood products that have traditionally been difficult to market, like ash pulp and balsam fir, and, more recently, oak and pine pulp. In addition to the general decrease in stumpage prices, the Department can expect to see a few more timber sales remain unsold.

The combination of a general decrease in stumpage prices on new sales, an increase in some timber sales remaining unsold and the potential issue with existing contracts (where some contracts contain higher stumpage rates than current market conditions), have all contributed to the predicted continued lower timber sale revenue figures in 2022 and 2023.

Table 1 displays the number of timber sales, acres and bid values from 2013-2023 (2022 & 2023 are estimates). The table also includes total actual revenues received from timber sales per year.

**Table 1: Bayfield County Forest Timber Sale Summary**

Calendar Year	Sales Offered	Acres Offered	Sales Sold	Acres Sold	Acres Not Sold	Timber Sale Bid Values	Bid Value per Acre	Timber Revenues
2013	54	4,275	53	4,177	98	\$3,614,091	\$865	\$3,904,104
2014	61	4,388	61	4,388	0	\$5,252,530	\$1,197	\$4,537,661
2015 <sup>a</sup>	57	5,215	54	4,958	257	\$6,507,887	\$1,313	\$5,006,565
2016 <sup>b</sup>	64	4,750	64	4,750	0	\$4,745,850	\$999	\$5,057,393
2017	53	4,272	50	4,101	171	\$3,719,320	\$907	\$5,009,892
2018	56	4,568	49	3,813	755	\$3,509,971	\$921	\$4,562,243
2019	59	5,031	52	4,267	764	\$4,163,432	\$976	\$4,171,667
2020 <sup>c</sup>	68	5,553	61	5,052	501	\$4,081,930	\$808	\$3,625,794
2021	56	5,002	48	4,114	888	\$3,028,909	\$736	\$3,852,290
2022	55	4,500	48	4,100	400	\$3,736,361	\$911	\$4,000,000
2023	55	4,500	48	4,100	400	\$3,500,000	\$854	\$3,165,000
Average	58	4,732	53	4,347	385	\$4,169,116	\$953	\$4,262,964

<sup>a</sup> Includes \$13,506.80 generated from the management of non-county forest lands.

<sup>b</sup> Includes \$15,393.90 generated from the management of non-county forest lands.

<sup>c</sup> Includes nine salvage sales covering 618 acres.

Periodically, the Forestry and Parks Department manages county owned forest land that is not part of the County Forest. Much of this land was included with the 2015 Stewardship grant and was enrolled in County Forest Law (CFL). However, a few parcels will remain as county owned, without the County Forest designation. When these parcels are managed, sale of wood revenues are designated as non-CFL in the budget. At this time, revenue from the management of non-CFL forest lands is not anticipated in 2022 or 2023.

Traditionally, timber markets have been fairly volatile and can fluctuate significantly, thus having the potential to produce substantial disparities in annual revenue. Because the annual sustainable timber harvest goals have remained relatively constant since 2011 (with the associated total volume of timber products advertised as part of those timber sales also remaining constant), the value of new sales sold per year is a solid indication of market conditions.

In 2014, the total value of new timber sales sold was over \$5.25 million. In 2015, new sales sold reached a peak of nearly \$6.51 million. However, market conditions began to recede in 2016 and, as a result, so too did the value of new sales, at nearly \$4.75. Timber markets continued to decline in 2017, with the value of new sales also dropping to nearly \$3.72 million. There was actually a brief increase in markets in 2019, before the sharp crash starting in 2020 as a result of the COVID-19 crisis. The unprecedented conditions over the past two years have made it nearly impossible to predict how markets will respond, both for the remainder of 2022, as well as all of 2023.

The average prices received per acre for sales sold from 2014 through 2016 was roughly \$1,170 (with a peak of over \$1,300 per acre in 2015). The average prices received per acre for sales sold in 2017 and 2018 was roughly \$915. Average prices in 2019 increased to roughly \$976/acre. But prices plummeted to roughly \$800/acre in 2020 before ending even lower in 2021 at less than \$740/acre. However, average prices have rebounded slightly in 2022, primarily due to strong (red pine) pole markets, as well as solid numbers for sand ground sales and red oak sawtimber. In general, the average per acre values of new sales sold since 2020 have declined by roughly 60% since the peak amount received in 2015 and around 20% since 2019. While some market stability is expected in 2023, the stumpage values for some products will likely remain at historically lower levels.

Table 2 displays the budgeted and actual sale of wood revenues since 2007. Sale of wood revenues occasionally include volumes harvested from non-CFL lands (the actual revenues for 2022 and 2023 are estimated):

**Table 2: Bayfield County Forest Sale of Wood Revenues**

<b>Calendar Year</b>	<b>Revenues Budget</b>	<b>Revenues Actual</b>	<i>Difference</i>
2013	\$2,400,000	\$3,904,104	\$1,504,104
2014 <sup>a</sup>	\$2,751,565	\$4,537,661	\$1,786,096
2015 <sup>b</sup>	\$3,404,306	\$5,006,565	\$1,602,259
2016 <sup>b</sup>	\$3,139,200	\$5,057,393	\$1,918,193
2017	\$3,110,000	\$5,009,892	\$1,899,892
2018	\$3,230,000	\$4,562,243	\$1,332,243
2019	\$3,325,000	\$4,171,667	\$846,667
2020	\$3,355,000	\$3,625,794	\$270,794
2021	\$3,000,000	\$3,852,290	\$852,290
2022	<i>\$3,115,000</i>	<i>\$4,000,000</i>	<i>\$885,000</i>
2023	<i>\$3,165,000</i>	<i>\$3,165,000</i>	<i>\$0</i>
<b>Average</b>	<b>\$3,090,461</b>	<b>\$4,262,964</b>	<b>\$1,172,503</b>

<sup>a</sup> Amended budget

<sup>b</sup> Amended budget. Includes revenue from county owned land not part of the county forest

At present, short and long term market conditions are nearly impossible to predict. Prior to 2011, the Department averaged approximately \$2.36 million in new timber sales sold per year. Since 2012, the average total value of new sales is approximately \$4.2 million, an increase of nearly 80%.

Fully capturing the sustainable harvest potential of the forest, combined with a very strong market, sparked the record revenues received from 2015 through 2017. However, as previously stated, timber markets are volatile and stumpage prices are a reflection of market conditions.

Over the long term, the sustainable harvest goal is projected to actually decrease slightly, but still remains the only part of the equation that is controllable. Markets are the other important variable and, unfortunately, are almost completely out of our control.

When markets are strong, stumpage revenues should hover around \$5.0 million per year (like they were from 2015-2017); when markets are poor, \$3.25 to \$3.75 million per year is a realistic expectation; when markets are good (average), stumpage revenues should average around \$4.0 to \$4.5 million per year.

However, during extended periods of market instability, there is no solid foundation upon which to make a prediction. In the end, continuing to realize the sustainable management potential of the forest and offer high quality sales for competitive bidding are two critical parts of the overall revenue model.

When analyzing timber sale revenues and the results from previous timber sale offerings, general patterns develop that allow the Department to estimate when to expect proceeds from existing contracts. Timber sale contracts are two years in length, with the potential for two one-year extensions (and sometimes more). In other words, it can take up to four years before the full value of a timber sale is realized.

Roughly 40% of the revenue generated during any calendar year comes from contracts sold during the previous year; approximately 30% comes from those sold during the current year; and the remainder from contracts 2+ years and older.

For example, based on the above model, for the 2023 budget, the general expectation is that 30% of the revenue generated in 2023 will come from sales sold in 2023 (which is an unknown); 40% from sales sold in 2022 (which, at the time of budget development, is a partial unknown, as sale offerings occur in May and November each year); and 30% from sales sold in 2021 or earlier. But market conditions will have a strong influence on when sales are actually active, especially on the older contracts.

Markets and weather conditions are also primary drivers of timber sale activity, both of which are extremely difficult to predict. However, many of the previously stated concerns heading into 2023, including the unprecedented market conditions, have the potential to impact this model (as it's based primarily on normal conditions). And is the primary reason for the very conservative timber sale revenue estimates for 2023.

When estimating timber sale revenue for 2023, all of the variables mentioned above are considered, leading to a conservative estimate of \$3.165 million.

If market conditions improve, timber sale revenue could very likely be much higher in 2023. Under normal (or near normal) market conditions, \$3.5 to \$4.0 million in timber sale revenue would be realistically attainable. If markets improve and if a higher revenue is predicted, a budget amendment may be required to reflect the improved conditions.

**Other Revenues: Grants, Aids and Loans**

Revenues from other sources, including grants, aids and leases, are estimated to remain relatively stable in 2023. Numerous fixed and miscellaneous competitive grants are applied for throughout the year and have the potential to provide additional significant revenues.

The fixed or known grants are included in the budget figures, while those that are competitive or unknown are not, though, if awarded, have the potential to significantly increase revenues. Substantial grant awards also generally require a budget amendment.

Deadlines for grant applications can vary widely, with many due well after budgets have been established. If awarded, some grants, especially those of significant size, have the potential to impact the annual budget and will require a budget amendment (which typically occurs around the end of the year).

Table 3 displays total actual revenues received per account type since 2013. Revenues for 2022 and 2023 are estimated.

**Table 3: Forest Management Program Revenues per Account Type (2022 & 2023 are estimates)**

Year	Sale of Wood <sup>1</sup>	Grants <sup>2</sup>	Road Aid	Permits	Sand/Gravel	Leases	Other <sup>3</sup>	Total
2013	\$3,904,104	\$117,504	\$11,896	\$2,320	\$0	\$8,275	\$3,978	\$4,048,077
2014	\$4,555,303	\$65,082	\$11,917	\$1,090	\$16,500	\$8,523	\$10,443	\$4,668,859
2015	\$5,006,565	\$2,337,972	\$11,918	\$1,835	\$0	\$8,779	\$3,492	\$7,370,561
2016	\$5,057,393	\$96,868	\$11,942	\$1,689	\$0	\$9,042	\$35,684	\$5,212,618
2017	\$5,009,892	\$125,502	\$11,953	\$1,800	\$19,125	\$9,314	\$90,472	\$5,268,058
2018	\$4,562,243	\$87,889	\$11,849	\$2,972	\$0	\$9,593	\$101,681	\$4,776,227
2019	\$4,171,667	\$130,888	\$11,836	\$1,750	\$0	\$9,881	\$14,894	\$4,340,916
2020	\$3,625,794	\$208,324	\$13,327	\$1,492	\$0	\$10,177	\$9,295	\$3,868,411
2021	\$3,852,290	\$202,758	\$13,309	\$2,350	\$20,328	\$39,517	\$19,965	\$4,150,516
2022	\$4,000,000	\$180,141	\$13,327	\$1,000	\$0	\$60,788	\$45,250	\$4,300,506
2023	\$3,165,000	\$120,150	\$13,327	\$1,000	\$0	\$12,604	\$52,000	\$3,364,081
Avg	\$4,264,568	\$333,916	\$12,418	\$1,754	\$5,087	\$16,954	\$35,196	\$4,669,894

<sup>1</sup> Includes revenue from county owned land not part of the county forest.

<sup>2</sup> CY 2015 includes revenue received from the Knowles-Nelson Steward Grant for land acquisition (\$2,259,857.46).

<sup>3</sup> Includes donations, equipment sales, land sales, use agreements, general fund transfers, etc.

The WDNR Sustainable Forestry Grant and Arbor Day Grant are two good examples of grants that have been received mid-budget. In 2015, a Knowles-Nelson Stewardship Land Acquisition grant was awarded to the Department.

The Stewardship grant was valued at \$2,259,857 and was used towards the purchase of 1,855 acres of forest land (747 acres of county owned, non-CFL lands was also part of the project – totaling 2,602 acres). Another Stewardship grant was awarded in late 2018, with a value of nearly \$500,000 (but was addressed in the capital account).

Table 4 isolates and summarizes the total actual amount of revenues received from the major grants, aids and leases awarded to the Department from 2013-2023, with an emphasis on the fixed or known awards (the amounts for 2022 and 2023 are estimated):

**Table 4: Bayfield County Forestry and Parks Department Revenue Summary from Major Grants, Aids, Leases & Agreements**

<i>Year</i>	<b>County Forest Admin.</b>	<b>Wildlife Habitat Improvement<sup>a</sup></b>	<b>County Forest Road Aid</b>	<b>Sustainable Forestry</b>	<b>County Conservation</b>	<b>Arbor Day<sup>b</sup></b>	<b>Tower Lease<sup>d</sup></b>	<i>GNA</i>	<b>Fire MOU</b>	<i>Total</i>
2013	\$47,814	\$8,416	\$11,896	\$46,329	\$0	\$12,450	\$8,275	\$0	\$0	\$135,179
2014	\$52,885	\$8,015	\$11,917	\$0	\$4,183	\$0	\$8,523	\$0	\$0	\$85,522
2015	\$51,210	\$7,991	\$11,918	\$0	\$0	\$13,260	\$8,779	\$0	\$0	\$93,158
2016	\$51,382	\$7,986	\$11,942	\$37,500	\$0	\$20,250	\$9,042	\$0	\$0	\$138,102
2017	\$53,595	\$8,068	\$11,953	\$0	\$24,211	\$4,340	\$9,314	\$39,628	\$0	\$151,109
2018	\$52,938	\$8,058	\$11,849	\$0	\$8,014	\$16,336	\$9,593	\$9,393	\$9,486	\$125,667
2019	\$60,704	\$20,057	\$11,836	\$4,375	\$4,235	\$5,000	\$9,881	\$41,516	\$0	\$157,604
2020	\$67,100	\$53,200	\$13,327	\$44,783	\$0	\$5,202	\$10,177	\$43,284	\$0	\$237,075
2021	\$70,349	\$100,395	\$13,309	\$0	\$0	\$17,344	\$39,517	\$32,014	\$0	\$272,927
2022 <sup>c</sup>	\$65,859	\$52,282	\$13,327	\$30,000	\$5,000	\$39,252	\$60,788	\$27,000	\$0	\$293,508
2023 <sup>c</sup>	\$68,000	\$8,150	\$13,327	\$10,000	\$4,000	\$21,000	\$12,604	\$30,000	\$0	\$167,081
Average	\$58,349	\$25,692	\$12,418	\$15,726	\$4,513	\$14,039	\$16,954	\$20,258	\$862	\$168,812

<sup>a</sup> starting in 2019, includes the Wisconsin Habitat Partnership Grant (Pittman-Robertson); starting in 2021, includes Turkey Stamp funds.

<sup>b</sup> includes similar donations.

<sup>c</sup> estimates.

<sup>d</sup> includes similar lease payments.

The County Forest Administrator grant, Wildlife Habitat Improvement grant, County Forest Road aids, County Conservation grant and Tower lease are all fixed awards/revenue sources and can be relied upon annually. However, many of the above mentioned awards are based upon formulas and capped at specific levels, so funding amounts can, and do, fluctuate slightly on an annual basis.

The Sustainable Forestry Grant and Arbor Day grant are both competitive and, as such, are not guaranteed. The agreement for the Good Neighbor Authority (GNA) will be relatively constant for as long as the program remains in place, while the Fire MOU is generally treated on an as needed basis. However, workloads associated with GNA will be highly variable and are primarily contingent upon the number of stands available for management, as well as the amount of staff interested in the additional workload. As a result, budgets are conservatively estimated.

In 2019-2022, revenues for the WDNR Wildlife Habitat Improvement grant also included funding from the newly created Wisconsin Habitat Partnership Fund (Pittman-Robertson or PR), as well as the Turkey Stamp grant (which started in 2021).

Neither the PR grant, nor the Turkey Stamp grant, have been confirmed in 2023 and were not included in the budget. But, if available, the general expectation is that projects will be developed to apply for one or both funding sources. The County Forest DOT Road Aids are expected to remain fully funded in 2023 at \$336/mile.

Starting in 2016, the Department entered into an agreement with the state to assist in the establishment of timber sales on federal land. Termed Good Neighbor Authority (GNA), as part of the agreement county staff are essentially contractors of the state with the goal of assisting in the management of Forest Service properties (exclusively on the Chequamegon-Nicolet National

Forest). All Departmental expenses associated with the establishment of timber sales, as part of GNA, are reimbursed through the agreement. In addition, the Department is reimbursed overhead, typically at a rate somewhere between 8 and 9% of total expenses.

The budget for GNA revenues is estimated to be \$30,000 in 2022 and was also set at \$30,000 for 2022. Expenses will generally offset revenues, but are estimated to be 8% lower, depending on the calculated overhead rates.

In 2018, the Department entered into another agreement (Fire MOU) with the state, this time to assist in the suppression of forest fires within the State of Wisconsin. When requested, and available, select Department staff will provide assistance, in the form of labor and equipment, in the suppression of forest fires. The budget for fire suppression was set at \$0.00 in 2021 and 2022, but could change if our services are required. Similar to GNA, if fire assistance is required as part of the MOU, all expenses incurred by the department are fully reimbursed by the state.

The total amount of revenue to be received from the various grants, aids and leases is estimated to be approximately \$184,605 in 2022, a slight increase when compared to 2021.

***Total Revenues: Forest Management Program***

Table 5 summarizes the adopted budget, amended budget and total actual amount of revenue allocated to the forest management program from 2010 – 2022 (2021 and 2022 are estimated).

**Table 5: Total Budgeted Revenues - Forest Management Program**

Calendar Year	Adopted Budget		Amended Budget		Actual		Sale of Wood
	Sale of Wood	Total	Sale of Wood	Total	Sale of Wood	Total	% of Total
2013	\$2,400,000	\$2,655,270	\$2,410,000	\$3,019,116	\$3,904,534	\$4,092,022	95%
2014	\$2,500,000	\$2,584,142	\$2,751,565	\$2,835,707	\$4,555,303	\$4,668,859	98%
2015 <sup>a</sup>	\$2,820,000	\$2,910,204	\$3,404,306	\$5,797,998	\$5,006,565	\$7,370,561	68%
2016	\$2,925,000	\$3,019,180	\$3,139,200	\$3,233,380	\$5,057,393	\$5,212,618	97%
2017	\$3,110,000	\$3,263,241	\$3,300,989	\$3,454,230	\$5,009,892	\$5,268,058	95%
2018	\$3,230,000	\$3,434,430	\$3,478,080	\$3,682,510	\$4,562,243	\$4,776,227	96%
2019	\$3,325,000	\$3,550,201	\$3,409,667	\$3,634,868	\$4,171,667	\$4,340,916	96%
2020	\$3,355,000	\$3,612,325	\$3,382,079	\$3,650,340	\$3,625,794	\$3,868,411	94%
2021	\$3,000,000	\$3,234,107	\$3,087,729	\$3,321,836	\$3,852,290	\$4,150,516	93%
2022	\$3,115,000	\$3,332,105	\$3,357,500	\$3,414,605	\$4,000,000	\$4,300,506	93%
2023	\$3,165,000	\$3,364,081	\$3,165,000	\$3,364,081	\$3,165,000	\$3,364,081	94%
Average	\$2,995,000	\$3,178,117	\$3,171,465	\$3,582,606	\$4,264,607	\$4,673,889	91%

<sup>a</sup> includes \$2.260 million Stewardship Grant for land acquisition.

In summary, 2023 budgeted sale of wood revenues increased by roughly 2% when compared to the adopted 2022 budget.

Total revenues for the forest management program are projected to be roughly \$3.364 million, which is roughly 1% higher than 2022.



## Revenues: Recreation/Parks Program

### Parks/Campgrounds

The Forestry Department was assigned the management of all county owned parks in 2011. The four county managed parks include three campgrounds: Twin Bear, Delta Lake and Big Rock; and one day use park: Atkins Lake.

Revenues for the parks come in a variety of forms, including camping (the primary revenue source), boat launch, boat mooring, and kayak/canoe rental, among others. Revenues received from camping generally account for roughly 89% of the total receipts from the parks program.

Table 6 summarizes the actual annual revenues per park (2022 and 2023 are estimated):

**Table 6: Annual Distribution of Net Revenues for the Parks Program (2022 and 2023 are estimated)**

Year	Twin Bear				Delta Lake				Big Rock				Atkins Lake				Grand Total
	Camp	Boat Launch	Other*	Total	Camp	Boat Launch	Other*	Total	Camp	Boat Launch	Other*	Total	Camp	Boat Launch**	Other*	Total	
2013	\$44,602	\$5,324	\$2,092	\$52,018	\$18,982	\$912	\$55	\$19,950	\$3,524	\$0	\$0	\$3,524	\$0	\$181	\$0	\$181	\$75,672
2014	\$46,523	\$4,649	\$2,649	\$53,822	\$18,201	\$1,005	\$97	\$19,303	\$3,733	\$0	\$0	\$3,733	\$0	\$689	\$0	\$689	\$77,547
2015	\$48,156	\$6,152	\$2,528	\$56,835	\$18,327	\$981	\$868	\$20,176	\$5,118	\$0	\$0	\$5,118	\$0	\$0	\$0	\$0	\$82,129
2016	\$48,472	\$6,109	\$2,673	\$57,254	\$23,399	\$952	\$908	\$25,258	\$6,209	\$0	\$0	\$6,209	\$0	\$0	\$0	\$0	\$88,721
2017	\$55,965	\$5,949	\$2,703	\$64,617	\$29,273	\$1,336	\$1,096	\$31,705	\$7,689	\$0	\$0	\$7,689	\$0	\$0	\$0	\$0	\$104,011
2018	\$53,928	\$7,559	\$2,710	\$64,197	\$32,601	\$910	\$1,128	\$34,639	\$7,246	\$0	\$0	\$7,246	\$0	\$0	\$0	\$0	\$106,082
2019	\$56,775	\$7,341	\$3,322	\$67,439	\$39,072	\$787	\$1,218	\$41,077	\$6,839	\$0	\$0	\$6,839	\$0	\$0	\$0	\$0	\$115,355
2020	\$49,088	\$7,630	\$3,863	\$60,581	\$38,296	\$1,592	\$1,256	\$41,145	\$11,263	\$0	\$0	\$11,263	\$0	\$0	\$0	\$0	\$112,988
2021	\$57,014	\$7,768	\$4,816	\$69,598	\$48,240	\$2,263	\$1,438	\$51,941	\$13,437	\$0	\$0	\$13,437	\$0	\$0	\$0	\$0	\$134,976
2022	\$51,000	\$7,500	\$4,500	\$63,000	\$46,000	\$1,500	\$1,500	\$49,000	\$8,000	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0	\$120,000
2023	\$51,000	\$7,500	\$4,500	\$63,000	\$46,000	\$1,500	\$1,500	\$49,000	\$8,000	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0	\$120,000
Avg	\$51,138	\$6,680	\$3,305	\$61,124	\$32,581	\$1,249	\$1,006	\$34,836	\$7,369	\$0	\$0	\$7,369	\$0	\$79	\$0	\$79	\$103,407

\* Includes boat mooring, boat rental, dump station and shower fees, if applicable.

\*\* Starting in 2015, there is no charge for the use of the Atkins Lake boat launch.

In 2016, the parks program established a new record in total revenues at \$88,721. In 2017, that record was shattered, as total revenues exceeded the \$100,000 mark (at just over \$104,000). In 2018, total revenues established yet another record at \$106,082, which was promptly eclipsed by the amount received in 2019 (\$115,355).

The campgrounds were completely re-structured in 2020 to address potential public health and safety concerns surrounding COVID-19. As a result, transient camping was eliminated at Twin Bear and Delta Lake campgrounds, while seasonal camping was increased. Numerous additional changes were also made throughout the campgrounds to address COVID-19 related concerns. Even with the changes, total revenue in 2020 exceeded expectations and resulted in the second highest amount on record at nearly \$113,000.

Twin Bear and Delta Lake campgrounds were both managed with a seasonal only structure in 2021. Precautions related to COVID-19 was the reason to continue with a seasonal only structure. The number of seasonal sites were increased, as were the rates. As a result, another record revenue for the parks program will be realized in 2021, with nearly \$135,000 received.

Since 2011, when the management of the parks first moved to Forestry, total revenues have increased by over 65%. Achieving that milestone is a direct result of significant modifications made throughout all facilities, particularly the two most prominent campgrounds, Twin Bear and Delta Lake.

Prior to the past few seasons, park revenues had peaked in 2012, which was directly correlated to a period of time when the total number of seasonal campsites were at an all-time high. Since 2012, the Department restructured the number and placement of seasonal sites, with an emphasis on designating prime locations for transient use and significantly reducing the number of campsites that could be rented for an entire season.

The goal of that re-structure was to attract a greater number of transient and day users, with the hope that more families and individuals could enjoy the facilities. Seasonal sites essentially provided upfront, guaranteed revenue. So, reducing the number of seasonal campsites available would come at a short term cost.

As with any modification, expected results can be somewhat slow to develop. Revenues declined slightly in 2013, but slowly increased every year thereafter, until reaching new record levels in 2016 through 2021.

In addition to the revenue generating activities like camping and the boat launch, improvements to the beaches, the installation of new playground equipment and investments made in additional fishing piers have contributed to the dramatic increase in day use, especially at Twin Bear and Delta Lake. Plus, Wi-Fi was added at both Twin Bear and Delta Lake (which is included in the rental price).

As previously stated, the new model hit a minor speed bump in 2020 and 2021 when changes were made to address the COVID-19 crisis. While the seasonal only structure continued in 2021, transient camping was again included with the start of the 2022 season.

For CY 2022 and 2023, total revenues from the Parks program are estimated at \$120,000. Weather conditions can have a significant impact on potential revenues, which factors into the conservative estimate. The state of the COVID-19 crisis will also likely have some level of influence on the 2023 season.

Table 7 summarizes actual revenues received as part of the Parks program per major category (2022 and 2023 are estimated):

**Table 7: Total Parks Revenue by Category**

Year	Camping	Boat Launch	Other	Total
2013	\$67,108	\$6,418	\$2,147	\$75,672
2014	\$68,458	\$6,343	\$2,746	\$77,547
2015	\$71,600	\$7,133	\$3,396	\$82,129
2016	\$78,080	\$7,061	\$3,581	\$88,721
2017	\$92,927	\$7,285	\$3,799	\$104,011
2018	\$93,774	\$8,469	\$3,838	\$106,082
2019	\$102,686	\$8,128	\$4,540	\$115,355
2020	\$98,647	\$9,223	\$5,118	\$112,988
2021	\$118,691	\$10,031	\$6,254	\$134,976
2022	\$105,000	\$9,000	\$6,000	\$120,000
2023	\$105,000	\$9,000	\$6,000	\$120,000
Avg.	\$91,088	\$8,008	\$4,311	\$103,407

In 2023, camping revenues are predicted to roughly \$40,000 greater than the amount received in 2011. Boat launch returns are expected to remain relatively constant, but other revenues are also expected to increase (primarily as a result of additional boat mooring options). The average total revenue received over the past three years (2021-2023) are roughly 65% higher than the average received between 2013-2015.

To put the camping revenue increase into perspective, one seasonal site produces camping opportunities for one family (for the entire season). At Twin Bear and Delta Lake, a transient camping site (non-seasonal) costs \$30/night (with some price modifications if rented by the week, or longer). Because seasonal campsites were significantly reduced in number, the increase in camping revenues are mainly directly related to an increase in transient campers.

An additional \$10,000 in transient camping translates into about 330 nightly rentals (individuals or families). So far, the Department has accomplished the goal of increasing the overall use of our facilities and have significantly increased revenues as a result.

### **Yurts – County Forest**

In late 2016, the Department finished the construction of two rustic yurts. These yurts are located on county forest land, with the goal of providing rustic camping opportunities to the public. One yurt is located in the Town of Bayfield, west of Mt. Ashwabay, and the other is located in the Town of Cable, east of the North End cabin. Both yurts are located adjacent to designated and maintained non-motorized recreational networks and have direct, four season access to mountain bike, cross-country ski, snowshoe and hiking trails.

Each yurt comes equipped with a deck, wood burning stove (firewood provided), two bunkbeds (full mattresses on bottom and twins on the top), outdoor pit toilet, outdoor fire pit area, and numerous picnic tables. No power. No linens. No access to potable water. No garbage bins. Pack out what you pack in ethics apply and people are expected to clean up after themselves. To date, use has wildly exceeded expectations and yurt renters are absolutely loving the experience.

The yurt in Bayfield (now called Evergreen) commands an exceptional view of Lake Superior and the Onion River Valley, while the yurt in Cable provides a classic back country, Northwoods experience. Both are 5 to 10 minute hikes from the designated parking areas (no motorized public access). Both yurts are listed and managed, by the Department, exclusively through Airbnb, currently at the rate of \$90.00/night (with a max occupancy of 6 people), with some price fluctuations during the off-season and winter months.

In the September 2018, construction was completed on a third rustic yurt. The third unit (now called Terra Cotta) is located about ¼ mile away from the existing yurt at the Bayfield location. This yurt also has a commanding view of Lake Superior, facing towards Pike’s Bay. Terra Cotta has a slightly larger deck than Evergreen (to soak in the sunrises over Lake Superior), but, otherwise, is nearly identical to the previous two. Terra Cotta is also available to rent through Airbnb at \$90.00/night, with similar price fluctuations during the off-season and winter months.

Table 8 summarizes the occupancy rates and net revenues received from each yurt, per location (2022 and 2023 are estimated).

**Table 8: Yurt Occupancy (Nights Rented) and Total Net Revenue<sup>1</sup>**

Year	Bayfield - Evergreen <sup>2</sup>		Bayfield - Terra Cotta <sup>3</sup>		Cable <sup>4</sup>		Total	
	Occupancy	Net Revenue	Occupancy	Net Revenue	Occupancy	Net Revenue	Occupancy	Net Revenue
2016	42	\$2,368.60	0	\$0.00	15	\$837.90	57	\$3,206.50
2017	269	\$15,640.51	0	\$0.00	168	\$9,904.86	437	\$25,545.37
2018	260	\$14,840.87	30	\$1,712.41	180	\$11,452.48	470	\$28,005.76
2019	255	\$15,982.10	238	\$16,114.74	167	\$10,357.22	660	\$42,454.06
2020	208	\$13,753.85	214	\$14,150.59	194	\$11,896.93	616	\$39,801.37
2021	318	\$21,415.22	329	\$21,870.32	236	\$16,132.84	883	\$59,418.39
2022	215	\$16,500.00	230	\$17,500.00	145	\$11,000.00	590	\$45,000.00
2023	225	\$17,500.00	240	\$18,500.00	150	\$11,500.00	615	\$47,500.00
Total	1,792	\$118,001.15	1,281	\$89,848.06	1255	\$83,082.23	4,328	\$290,931.45
Average <sup>5</sup>	250	\$16,518.94	250	\$17,627.13	177	\$11,749.19	610	\$41,103.56

<sup>1</sup> The following fees/taxes apply to each reservation: Airbnb 3%; State sales tax 5.5% (Airbnb started collecting state sales tax in 2018);

Cable room tax 4% (only at Cable location); Bayfield room tax 6.5% (only at Bayfield locations).

<sup>2</sup> The Bayfield - Evergreen location went live on October 8, 2016. Starting in 2022, the rental rate ranges from \$75-\$90/night.

<sup>3</sup> The Bayfield - Terra Cotta location went live in September 2018. Starting in 2022, the rental rate ranges from \$75-\$90/night.

<sup>4</sup> The Cable location went live on November 12, 2016. Starting in 2022, the rental rate ranges from \$75-\$90/night.

<sup>5</sup> Averages based on one full year of occupancy: Evergreen and Cable since 2017 and Terra Cotta since 2019

In 2017, the revenue budget for yurt rentals was set at a conservative \$12,000, which equates to an occupancy rate of about 25% for each yurt. Actual total yurt net revenues for 2017 were more than double the budget at just over \$25,500 (occupancy rates at the Bayfield and Cable locations were 73% and 45%, respectively). In 2018, a total of 470 nights were rented across all yurts, generating a little over \$28,000 in total revenue and in 2019 a combined total of 660 nights were rented generating nearly \$42,500 in return.

Slightly more revenues were expected in 2020, but everything changed with COVID-19. The yurts were closed for the second half of March, as well as all of April and most of May. Once they were re-opened, numerous days per month were blocked from rental to allow for additional cleaning and rest time. However, occupancy rates were strong through the rest of 2020 as people

were seeking low risk, outdoor recreational opportunities. As a result, a total of nearly 620 nights and \$40,000 in revenue were realized in 2020.

The strong demand for outdoor related recreational opportunities persisted throughout all of 2021. Total yurt occupancy and revenue were at an all-time high in 2021. The collective occupancy rate between all three yurts was an astounding 81% in 2021 and total net revenue was just under \$60,000.

Currently, in 2022, occupancy rates have declined slightly, likely a result of post-COVID-19 related changes in travel plans. However, total occupancy and revenue are expected to be between 55%-60% and \$45,000-\$50,000, respectively.

The addition of the third yurt has increased the overall revenue from rentals. A total of \$47,500 is budgeted for 2023. If revenues remain close to predicted, the yurts will have generated a total of nearly \$300,000 by the end of 2023. The total cost of constructing all three yurts (combined) was roughly \$115,000. When also considering routine maintenance expenses, if revenue predictions hold true, the return on investment (ROI) will be roughly 5 years.

Because current demands at both Bayfield locations remain high, especially during the summer months (in 2017 through 2022, between the months of June through August, the occupancy rates at the two Bayfield locations has ranged between 90% and 100%), it may take a few years to understand the full potential of this area. As a result, use rates are being estimated conservatively, as are total revenues. Also, the current COVID-19 crisis may continue to impact use rates in 2023.

As part of the 2023 budget, a fourth yurt is being proposed. If approved, it's likely that the new yurt would also be constructed in the Bayfield area, along the Ashwabay ridge, in proximity to Evergreen and Terra Cotta. Bringing the total number of yurts in that same general location to three. Having three yurts in that location would also minimize the costs associated with maintenance (since all three would be in the same general area and serviced at the same time). Also, a fourth yurt would also increase the total amount of revenue received in 2023.

In summary, revenues for yurt rentals in 2023 are estimated to be \$47,500. This number would likely increase by roughly 20% if a fourth yurt is constructed (depending on when it would be available to rent).

### **Revenues: Trails Program**

The primary source of revenue for the Trails program comes from the State of Wisconsin in the form of maintenance on existing, state funded motorized trails. The Forestry and Parks Department was assigned the management of the county trails program starting the summer of 2013. This primarily includes the active field management of the county wide, state funded ATV/UTV and snowmobile trail programs. Promotion and advertising of the state funded trail system will still be handled by the Tourism Department, but with direct assistance from Forestry and Parks.

Table 9 summarizes the total amount of annual maintenance funds received per trail type:

**Table 9: Mileage and Funding For Trails Managed by Bayfield County**

Trail Type	Miles	Rate/Mile	Total
Snowmobile	461.10	\$300	\$138,330
ATV Summer	66.00	\$600	\$39,600
ATV Winter	171.43	\$200	\$34,286
UTV Summer	66.00	\$200	\$13,200
Total	764.53		\$225,416

Additional state grants for new trails, or repairs to existing infrastructure, are also applied for annually. Awards are based primarily on available funding and are not guaranteed from year to year. Bayfield County also typically receives a state supplemental snowmobile trail grant every year (if applicable). These grants can be used to help cover the costs of maintaining trails, where routine maintenance has exceeded available funds.

Supplemental funds are also subjected to availability, are pro-rated based on the amount requested from other county applications throughout the state and, therefore, are not guaranteed to cover 100% of the overage. Depending on these factors, Bayfield County has seen supplemental requests funded at rates from 60% to 100%.

Table 10 describes the total amount of snowmobile supplemental payments received since 2016 (2022 and 2023 are estimated).

**Table 10: Snowmobile Supplemental Payments**

Year	Payment
2016	\$56,933
2017	\$0
2018	\$89,230
2019	\$60,925
2020	\$169,041
2021	\$56,665
2022	\$139,493
2023	\$81,755
Average	\$81,755

Most new project grants and supplemental awards (on eligible expenses) are issued after the completion of the budget. Budgets are typically amended to reflect the value of awarded new projects.

Over the past few years, the supplemental snowmobile payment has been awarded to cover 100% of all eligible expenses. While the expectation is for that trend to continue, the award is contingent upon available funds and the level of other related claims (for other counties). The average amount of supplemental funds received since 2016 is roughly \$82,000, with a record amount of nearly \$170,000 in 2020. A total of \$81,755 in supplemental is being budgeted in 2023.

Starting in 2023, the total miles of ATV trail administered by the Department will decrease from 86.75 to 66. The reduction is based solely on a detailed recalculation of trail miles on GIS and not associated with a trail closure. A recent analysis of the trail network on GIS discovered the discrepancy in total mileage. As a result, the total maintenance funds dedicated to the ATV trail program will reduce accordingly.

The total estimated revenue budget for trails in 2023 is \$314,371 (which reflects the amounts associated with routine annual maintenance, snowmobile supplemental and one funded trail re-route project). This represents a decrease of roughly 8% when compared to 2022, primarily due to a decrease in total ATV miles and the associated decrease in maintenance funds.

### **Total Revenues: Forestry, Parks and Trails**

Total revenues for the combined management of the Forestry, Parks/Recreation and Trails programs are estimated to be \$3,845,952 in 2023. This represents a decrease of 1% when compared to the 2022 budget. Total estimated revenues are expected to be roughly \$4.91 million in 2022 (roughly 26% greater than the adopted budget).

Table 11 describes total budgeted revenues per program type from 2013-2023 (2022 and 2023 are estimated).

**Table 11: Total Budgeted Revenues Per Program<sup>1</sup>**

<b>Calendar Year</b>	<b>Forest Management</b>	<b>Parks<sup>2</sup></b>	<b>Recreation<sup>3</sup></b>	<b>Parks &amp; Rec. Total</b>	<i>Total</i>
2013	\$2,655,270	\$80,000	\$352,878	\$432,878	\$3,088,148
2014	\$2,584,142	\$80,000	\$195,465	\$275,465	\$2,859,607
2015	\$2,910,204	\$83,000	\$272,832	\$355,832	\$3,266,036
2016	\$3,019,180	\$78,000	\$220,385	\$298,385	\$3,317,565
2017	\$3,263,241	\$97,500	\$186,790	\$284,290	\$3,547,531
2018	\$3,434,430	\$115,500	\$230,490	\$345,990	\$3,780,420
2019	\$3,550,201	\$136,932	\$257,437	\$394,369	\$3,944,570
2020	\$3,612,325	\$206,000	\$287,008	\$493,008	\$4,105,333
2021	\$3,234,107	\$155,000	\$323,036	\$478,036	\$3,712,143
2022	\$3,332,105	\$167,500	\$394,551	\$562,051	\$3,894,156
2023	\$3,364,081	\$167,500	\$314,371	\$481,871	\$3,845,952
Average	\$3,178,117	\$124,267	\$275,931	\$400,198	\$3,578,315

<sup>1</sup> Adopted Budget

<sup>2</sup> Starting in 2017, includes revenue from yurts.

<sup>3</sup> 2013 figure includes already approved new trail construction grants when transferred to Forestry

As previously stated, due to a variety of reasons, sale of wood revenue has traditionally been estimated conservatively. As a result, actual revenues have routinely exceeded the budget, oftentimes significantly. From 2007 through 2019, actual sale of wood revenues has exceeded budgeted revenues every year, by an average of nearly 40%, with 2013 through 2017 generating substantial surpluses (see Table 2).

From 2011 through 2019 a total of nearly \$12.0 million in surplus timber sale revenues have been deposited into the general fund. Surplus is generally defined as revenue received above and beyond what has been budgeted. For example, from 2011-2019 a total of nearly \$37.5 million in timber sale revenue has been received by the Department. Of that total, roughly \$25.5 million was budgeted, with the rest coming as surplus (see Table 2).

Since 2020, timber markets in 2020 have been significantly influenced by COVID-19. As predicted, total timber sale revenues in 2020 and 2021 were much lower than average, but still more than the budgeted amount. The budget for stumpage revenue was lowered in 2021 and 2022 to address the unpredictable timber markets. However, estimated total timber revenues are expected to approach (or exceed) \$4.0 million in 2022 (which is nearly 30% greater than the budgeted amount).

In general, the reasons for conservative stumpage estimates are primarily three-fold: 1) as a reaction to the long-term nature of the standard timber sale contract (as described previously); 2) due to relative instabilities in wood markets; 3) difficulty predicting when some of the older contracts will actually be harvested; and 4) due to unpredictable weather/seasonal conditions.

To budget accurately, the Department is projecting when a sale will be harvested (at some point over, potentially, a four-year period, or longer) and forecasting market conditions at the time when future sales are sold. Both predictions combine elements of risk and speculation, hence the conservative estimates. And, more recently, the complications pertaining to COVID-19 have created even more uncertainty and market instability.

Since 2007, the Department has steadily increased budgeted sale of wood revenues, with the amount budgeted in 2020 nearly doubling the figure from 2007. In general, the budget for sale of wood revenues has increased by a total of nearly \$1.1 million since 2011 (see Table 2). That equates to an average increase of roughly \$100,000 per year over that same time period. The stumpage revenue budget for 2023 was increased by \$50,000 when compared to the adopted 2022 budget.

If timber markets improve in 2023, it is very likely that sale of wood revenues will also increase. However, the current financial climate and extreme timber market volatility make it nearly impossible to predict revenues for next year.

### **Potential Revenue: Forest Carbon**

Throughout most of 2020, the Department was actively involved in developing a forest carbon project, with the goal of participating in the voluntary market (selling carbon offsets) under the American Carbon Registry (ACR). In February 2021, Bayfield County officially approved moving forward with a forest carbon offset/marketing project that would involve most of the county forest (roughly 158,000 acres), but only if it was determined to be a good fit with the current mission of the Department, and it didn't conflict with County Forest Law. After both contingencies were satisfied, in early April 2021, Bayfield County entered into an agreement with Bluesource, LLC (now called Anew) to help develop, register, verify and administer the project.



Anew will assist the county in all aspects of the carbon project including, but not limited to: development, listing, inventory (through the use of existing CFI plots and data), growth and yield monitoring, verification, registration, maintenance, administration, and marketing. The agreement with Anew will be for the first 10 years of the project (with an exclusive option to extend), but the terms of use with ACR will be for a 40 year period.

The results of any forest carbon project could have the potential to alter and/or modify certain approaches or strategies regarding the sustainable management of the County Forest, as determined by the Administrator and/or Committee. It also has the potential to positively impact the budget. Depending on the amount of carbon offsets available to market, as well as the price per unit during the time of sale, Bayfield County could realize a significant new source of annual revenue.

The carbon project is expected to be fully verified by ACR in September 2022. Once the project is verified, the first sale from the issuance of carbon credits is expected to occur in late Q4 2022 or early Q1 2023.

While the revenue from the first round of carbon credits is expected to arrive late 2022, there is a chance the funds aren't received until early 2023. In addition, all expenses associated with the carbon project are addressed in the payment to the county. As such, there will be no direct, budgeted expenses associated with this carbon project.

Because the carbon program is new, with no established history, anticipated revenue has not yet been budgeted and has not been included in the 2023 budget. However, substantial returns are expected within the next calendar year. Budget amendments attributable to the carbon program are expected within the next year, which will also address anticipated project development and associated expenses. The development of a carbon reserve fund, which would help define how some of the future carbon returns are spent is also expected, likely in conjunction with the first carbon offset payment.

### **Expenditures: Forest Management Program**

The forest management program accounts for the vast majority of total expenses within the Department. The most significant expenses include personnel, general operating costs associated with managing the roughly 176,000-acre county forest, reforestation, and payments to each township that contain county forest acreage.

#### **Personnel Expenses**

The single most significant expense incurred by the Forestry and Parks Department is personnel, which includes wages and fringe benefits. Fringe includes costs associated with health insurance, life insurance, retirement, FICA/Medicare contributions, Forestry and Parks Committee per diems and health reimbursement accounts (HRA), if applicable.

In 2011, the management of county parks and campgrounds was transferred from Tourism to Forestry. In the summer of 2013, the Trails Program was also moved from Tourism to Forestry

and Parks. As part of those transitions, the Department created a new full-time position – Recreation Forester. In 2022, Recreation Forester was changed to become Recreation Specialist and a second position was added.

In 2018, the Department began the implementation of a Continuous Forest Inventory program (CFI). In addition to CFI, the Department also made a commitment to fully implement a system of forest regeneration monitoring, which began as the Forest Regeneration Metric (FRM), but has since evolved into the Continuous Regeneration Survey (CRS). As a result, a new position, Inventory and Analysis Forester, was created. In addition to managing the CFI and CRS programs, this position is also be charged with performing various analyses of the data; the management of various databases; the development of various summaries and reports; and numerous other field forestry related tasks, including timber sale establishment. Monitoring and reforestation are both fundamental components of forest management. Please refer to the Forestry and Parks Work Plan for more detailed information on CFI and CRS.

The Department currently consists of 11 full time positions including: 4 Foresters, 1 Inventory and Analysis Forester, 2 Recreation Specialists, 1 Forest Technician, 1 Office Manager, 1 Assistant Administrator and 1 Administrator (note: nearly half of the Administrator’s salary and benefits are reimbursed to the county by the Wisconsin DNR, through the County Forest Administrator grant). In addition to full time staff, one, and sometimes two, interns are also added during the summer months. However, in 2023, a summer intern is not being considered.

Table 12 summarizes the total budgeted expenses pertaining to wages and fringe benefits from 2013 through 2023 (2022 and 2023 are estimated).

**Table 12: Summary of Budgeted Personnel Related Expenses** <sup>1,2,3,4</sup>

<b>Year</b>	<b>Wages</b>	<b>Fringe<sup>1</sup></b>	<b>Total</b>
2013	\$417,372	\$208,933	\$626,305
2014	\$459,743	\$233,632	\$693,375
2015	\$479,882	\$236,163	\$716,045
2016	\$501,233	\$244,795	\$746,028
2017	\$505,777	\$255,124	\$760,901
2018	\$590,108	\$326,656	\$916,764
2019	\$614,886	\$322,266	\$937,152
2020	\$637,274	\$314,915	\$952,189
2021	\$646,437	\$288,779	\$935,216
2022	\$718,768	\$281,509	\$1,000,277
2023	\$769,594	\$297,709	\$1,067,303
<b>Average</b>	<b>\$576,461</b>	<b>\$273,680</b>	<b>\$850,141</b>

<sup>1</sup> includes insurances, retirement & FICA

<sup>2</sup> The Recreation Forester was added in 2014.

<sup>3</sup> Budgeting for work associated with GNA began in 2018.

<sup>4</sup> The Inventory and Analysis Forester was added in 2018.

<sup>4</sup> An additional Recreation Specialist position was added in 2022.

Even though the responsibilities of the Rec Specialist are almost exclusively tied to the Parks and Recreation programs, the wage and fringe for the position are included in Table 12 to summarize the overall impact of personnel related expenses on the budget.

Aside from the additions of new full-time staff (Forester added in 2011; Rec Specialist added in 2013 and 2022; Inventory and Analysis Forester added in 2018), the cost of health insurance has been the biggest contributor to the increase in personnel expenses.

Since 2013, the total cost associated with wages has increased by nearly 85%, primarily driven by the addition of three new full-time positions during that time. While the cost of fringe has increased by over 40% during that same time frame, primarily a result of increases in health insurance.

In 2023, total personnel expenses, are expected to be around \$1,067,000, which is an increase of roughly 6% when compared to 2022.

**Township Payments**

The second most significant recurring budgeted expense(s) are combined payments to towns. Townships that contain county forest acreage receive a state mandated payment equal to ten (10) percent of net revenues generated from the sale of wood (stumpage) on county forest lands. The distribution of this money is based solely on the percentage of acreage contained within each township, regardless of where actual timber harvesting occurred.

Table 13 summarizes the total annual payments distributed by the towns since 2013 (2022 and 2023 are estimated). Again, only those towns that contain county forest lands receive compensation. The 10% timber sale (stumpage) payments, as well as the Town Road Aids are distributed by the county, while the DNR PILT payment is distributed by the state.

**Table 13: Total Annual Payments to Townships**

<b>Year</b>	<b>10% Timber Sales</b>	<b>Town Road Aids<sup>1</sup></b>	<b>DNR PILT<sup>2</sup></b>	<b>Total</b>
2013	\$390,410	\$28,264	\$51,434	\$470,108
2014	\$453,483	\$80,201	\$51,434	\$585,118
2015	\$499,306	\$72,837	\$51,434	\$623,577
2016	\$504,200	\$85,267	\$51,598	\$641,065
2017	\$500,990	\$67,034	\$51,598	\$619,622
2018	\$456,224	\$81,700	\$51,598	\$589,522
2019	\$417,166	\$71,500	\$52,725	\$541,391
2020	\$362,579	\$85,750	\$52,725	\$501,054
2021	\$385,229	\$63,468	\$52,725	\$501,421
2022	\$400,000	\$60,000	\$110,722	\$570,722
2023	\$316,500	\$60,000	\$109,927	\$486,427
Avg.	\$426,008	\$68,729	\$57,799	\$552,536

<sup>1</sup> Town Road Aids increased in 2014 and 2020.

<sup>2</sup> Payment made by the DNR based on \$0.30 per acre of county forest land in each Township

<sup>2</sup> PILT payment increased to \$0.63 per acre starting in 2022.

The Department has also established an additional funding source for towns. The Town Road Aid fund was established to assist towns with the maintenance of core town roads that service county forest lands. Every spring, towns that contain county forest lands are eligible to apply for road aids that target repairs/improvements to specific roads. The additional funding source will help town maintain quality infrastructure that provides access into county forest lands, which, in turn, has the potential to significantly improve public benefits.

Record high 10% stumpage payments were distributed to the towns from 2015 through 2017 (\$499,305, \$504,199 and \$500,990, respectively). This coincided with the record level of stumpage revenue received by the county.

In 2019, over \$417,000 was distributed. However, as stated in the revenue section above, markets have receded over the past two seasons and have been significantly impacted since 2020. As a result, so too have stumpage prices and revenues. The 10% revenue sharing payment to the towns was a little over \$385,000 in 2021 and is estimated to be \$400,000 in 2022 and \$316,500 in 2023.

As part of the large Knowles-Nelson Stewardship land acquisition project in 2015, county forest land was added to a variety of towns. Of the 2,602 acres added to the county forest in 2016, roughly 1,220 was in the Town of Barnes, 630 acres in the Town of Hughes, and 200 acres in the Town of Bayview. In addition, approximately 547 acres was added to the Town of Namakagon, which, previously, did not contain county forest land.

In 2010, the Department adopted a Town Road Improvement Aid program. This program appropriated 1% of the total sale of wood revenues to town road improvement projects (triggered when actual revenues exceed budgeted revenues by 1%).

In 2014, the Forestry and Parks Committee increased this fund to 2% of the sale of wood revenues, with a cap of \$80,000, and removed the trigger. As a result, roughly \$80,000 in town road improvement projects were approved from 2015 - 2018. A total of \$75,000 was budgeted in 2019 (due to anticipated revenues being lower than \$4.0 million).

In 2019, the Forestry and Parks Committee voted to increase the fund up to 3% and remove the cap. As a result, a total of \$90,000 was budgeted in 2020. However, with the unstable, COVID-19 influenced timber markets, and subsequent reduction in the stumpage revenue budget, Town Road Aids were lowered to \$60,000 in 2021 and 2022. A total of \$60,000 will also be budgeted in 2023.

Of special note, the DNR PILT payment (payment in-lieu of taxes) will be increased starting in 2022. PILT payments are made directly to the towns by the DNR, so have no direct bearing on the county's budget. But, they are a significant source of revenue to the towns. As part of the PILT payment, each town is compensated at a rate of \$0.30/ac for every acre of county forest land located within each township.

Starting in 2022, the rate of compensation will increase to \$0.63/ac. Bayfield County lobbied strongly for this increase, which hadn't been adjusted in over 30 years.

Table 14 describes the total acres of county forest land contained within each township (as of July 1, 2022).

**Table 14: County Forest Acres per Township**

Township	Acres	% of Total
Barnes	40,540.36	23.23%
Bayfield	32,766.15	18.78%
Hughes	24,660.73	14.13%
Bell	15,095.03	8.65%
Bayview	13,151.18	7.54%
Port Wing	8,876.18	5.09%
Russell	7,402.25	4.24%
Tripp	6,539.52	3.75%
Iron River	6,126.37	3.51%
Cable	5,556.33	3.18%
Clover	5,386.57	3.09%
Orienta	4,720.00	2.71%
Grand View	2,520.00	1.44%
Namakagon	546.80	0.31%
Lincoln	480.00	0.28%
Washburn	80.00	0.05%
Mason	40.00	0.02%
Total	174,487.47	100.00%

The larger the sale of wood revenues received by the county, the greater the collective payment distributed to each town. As such, average town payments distributed between 2013 through 2019 have been significantly greater than the average leading up to 2012 (approximately \$578,000.00 compared to \$316,000.00, respectively, or an increase of about 84%!), with a peak total payment of over \$641,000 in 2016. The Department’s goal of capturing the sustainable management potential of the forest (starting CY 2011) provides direct financial benefits to the towns as well.

The total compensation to townships is expected to be roughly \$570,000 in 2022 and nearly \$490,000 in 2023 (which, again, is based upon a conservative timber sale revenue estimate, that has been significantly influenced by the COVID-19 pandemic).

**Reforestation**

Bayfield County maintains one of the larger public land reforestation programs in the state. Reforestation expenses come in a variety of forms including planting, seeding, competition control or release, site preparation, and, on occasion, seedling protection. The treatment of invasive species has also been recently added to the list.

Table 15 summarizes total reforestation expenses from 2013 through 2023 (2022 and 2023 are estimated).

**Table 15: Reforestation Expenses (2013-2023)<sup>1</sup>**

<b>Year</b>	<b>Budget</b>	<b>Actual</b>
2013	\$117,500.00	\$92,485.72
2014	\$100,000.00	\$96,288.77
2015	\$165,000.00	\$134,095.32
2016	\$175,000.00	\$144,771.21
2017	\$145,000.00	\$120,031.63
2018	\$140,000.00	\$103,423.48
2019	\$91,630.00	\$72,301.74
2020	\$95,000.00	\$103,396.87
2021	\$111,816.00	\$106,983.69
2022	\$133,000.00	\$133,000.00
2023	\$222,215.00	\$222,215.00
Avg.	\$136,014.64	\$120,817.58

<sup>1</sup> Starting in 2015, many actual expenses covered by grants/aids.

<sup>1</sup> Also includes barrens related expenses.

In the past, most of the reforestation budget revolved around artificial regeneration (planting and seeding). Expenses related to natural regeneration (red oak, northern hardwoods, paper birch, etc) are starting to increase and are predicted to become a more prominent component of the reforestation budget. Natural reforestation activities such as site preparation, competition control, and protection from browsing (by white-tailed deer) are all expected to increase significantly in the coming years and have the potential to equal or even exceed costs associated with artificial regeneration.

Total expenses associated with the reforestation account for 2023 are estimated to be \$222,215. This represents an increase of about 67% when compared to budgeted costs in 2022. The primary reasons for the significant increase are as follows: 1) significant increase in labor costs associated with the planting and site preparation contracts; 2) a sizeable increase in the number of acres planted; 3) re-adoption of the bud capping program to minimize deer browse impacts on young plantations; and 4) Significant increases in costs associated with the planting and site prep programs, primarily associated with contract work

Various grants and aids are commonly used to help offset some expenses associated with the reforestation and barrens management programs. Most are competitive and unknown during the time of budget development. Some of the more regular and/or substantial grants or aids that have been awarded in the past include DNR Wildlife Habitat Partnership (Pittman-Robertson), DNR Turkey Stamp and Arbor Day. These awards have the potential to significantly decrease direct out of pocket expenses associated with the reforestation program. Similar grants will be pursued in 2023. If grants are awarded in 2023, some reforestation and barrens management/development expenses could be offset through additional revenue sources.

Grants or aid applications that are still pending at the time of budget development, but awarded during the year, will be reflected as savings when compared to the budgeted amount (i.e. 2018 and 2019). In general, every year, the Department receives some form of grant or aids that are used to offset some of the costs associated with the reforestation and/or barrens programs.

The reforestation budget doesn't totally reflect the true breadth and scope of the reforestation program. As previously stated, throughout the year, numerous grants and/or aids are awarded that help offset some costs. In most cases, budgets for these grants are unique and tracked through dedicated, separate accounts. The total actual cost of the reforestation program is generally about 20 to 40% higher than the budgeted amount (in the reforestation account), depending on the number and size of grants and/or aids received during the calendar year.

Of the 2023 budget for reforestation, roughly \$101,000 is for planting and seeding related expenses. Approximately \$51,000 is for site preparation, plantation maintenance and competition control. Roughly \$30,000 is slated for deer browse protection (bud capping) and \$25,000 is for barrens management and/or development projects. The remaining amount, roughly \$15,000, is for the control of invasive species (primarily on forest roads in the Barrens area).

### **Operating Expenses**

Operating expense is a general synthesis of various accounts that include nearly everything required to administer all programs associated with the management of the county forest. The most significant operating expenses include: mileage for the fleet of vehicles; materials and supplies for the establishment of timber sales; utilities for the garage; data processing and office supplies; repair, maintenance and improvements of roads and trails; repair and maintenance of field equipment and vehicles (ATV's, snowmobiles, etc.); the expenditure of numerous grants, aids, awards, agreements and/or loans; publications, communications (i.e. cell phones), subscriptions, dues and professional development; and, more recently, expenses pertaining to the development, improvement and maintenance of recreational trails (located on county forest land).

The budget for 2023 includes funding from the DNR Sustainable Forestry Grant, as well as additional expenses for the Good Neighbor Authority (GNA) agreement. Both are offset by an equal amount of revenue. The completion of other previously approved grants (which are also offset by added revenue) also contribute to operating expenses.

Operating expenses are projected to be roughly \$181,000 for 2022, which is a decrease of roughly 6% when compared to the budgeted expenses for 2021 (see Table 16 below).

### **Total Expenses: Forest Management Program**

Table 16 displays total budgeted expenses incurred per account type since 2007 (2021 and 2022 are estimated):

**Table 16: Forest Management Program Expense Summary per Account Type**

Year	Personnel	Operating	Reforestation	Town Payment	Total
2013	\$626,305	\$161,684	\$117,500	\$266,000	\$1,171,489
2014	\$638,444	\$201,731	\$100,000	\$280,000	\$1,220,175
2015	\$657,213	\$200,318	\$165,000	\$355,000	\$1,377,531
2016	\$683,966	\$506,921	\$175,000	\$370,000	\$1,735,887
2017	\$684,563	\$189,106	\$145,000	\$580,989	\$1,599,658
2018	\$838,367	\$167,150	\$140,000	\$536,224	\$1,681,741
2019	\$851,743	\$183,935	\$91,630	\$492,167	\$1,619,475
2020	\$863,431	\$204,003	\$95,000	\$452,579	\$1,615,013
2021	\$847,537	\$280,007	\$111,816	\$445,229	\$1,684,589
2022	\$832,067	\$184,884	\$133,000	\$379,000	\$1,528,951
2023	\$897,192	\$185,716	\$222,215	\$376,500	\$1,681,623
Average	\$765,530	\$224,132	\$136,015	\$412,153	\$1,537,830

Total forest management program expenses are estimated to be \$1,681,623 in 2023. This represents an increase of roughly 10% when compared to 2022. The significant jump in reforestation expense is the primary reason for the increase.

### Expenses: Parks Program

Expenses relating to the management of the parks program are far less than those associated with managing the county forest. For the purposes of the budget, the parks program consists of three campgrounds (Twin Bear, Delta Lake and Big Rock), one day use park (Atkins Lake) and the three rustic yurts.

Table 17 displays the annual budgeted expenses for the parks program since 2013 (2022 and 2023 are estimated).

**Table 17: Annual Budgeted Expenses For the Parks Program**

Year	Contractual Services	Utilities	Repair & Maintenance <sup>1</sup>	Other <sup>2</sup>	Total	Actual
2013	\$31,270	\$10,125	\$12,000	\$1,400	\$54,795	\$53,839
2014	\$32,543	\$10,625	\$12,000	\$1,400	\$56,568	\$50,655
2015	\$35,000	\$14,525	\$12,000	\$1,400	\$62,925	\$54,956
2016	\$35,000	\$11,950	\$11,000	\$1,400	\$59,350	\$56,409
2017	\$34,000	\$11,650	\$12,500	\$1,350	\$59,500	\$56,775
2018	\$37,000	\$11,750	\$9,000	\$1,155	\$58,905	\$71,175
2019	\$38,500	\$12,650	\$10,000	\$1,850	\$63,000	\$70,123
2020	\$44,000	\$14,750	\$10,250	\$2,575	\$71,575	\$71,037
2021	\$45,000	\$14,500	\$9,750	\$1,950	\$71,200	\$79,561
2022	\$46,000	\$15,150	\$12,900	\$1,725	\$75,775	\$75,775
2023	\$46,506	\$15,650	\$15,400	\$1,935	\$79,491	\$79,491
Average	\$38,620	\$12,768	\$11,140	\$1,621	\$64,148	\$65,436

<sup>1</sup> Yurt related expenses added for 2017

<sup>2</sup> Printing and Permit Related Expenses



Primary expenses include contractual services for the caretaking of the grounds and facilities, waste management (garbage removal), utilities (electric and propane) and general repair and maintenance.

The largest recurring direct expense associated with managing the three rustic yurts is firewood (the Department maintains a regular supply of dry firewood on site). Contractual services are the largest parks management expense.

Repair and maintenance of the two county forest yurts were first added to the budget in 2017. A third yurt was constructed in 2018. Expenses that are typically associated with the maintenance of the yurts are: firewood (for the woodstoves), restocking basic supplies (i.e. toilet paper); pumping out the pit toilets (when necessary); permit fees; road and trail maintenance (that provide access to the yurts); and other general supplies and repairs.

In the campgrounds, the caretaking of the facilities and grounds, as well as hosting and managing reservations are all duties performed by a contractor. The estimated cost of these services is \$46,506 in 2023. The repair and maintenance of all four parks and three yurts, as well as all utilities, communications and miscellaneous fees are estimated to be approximately \$33,000.

Total expenses for the parks program (including yurts) in 2023 is estimated to be \$79,491. This represents an increase of about 5% when compared to the budget for 2022. An increase in contractual services and utility costs, combined with added expenses associated with a third yurt are the primary reasons for the rise in expenses.

### **Expenses: Trails Program**

The management of the trails program primarily involves maintaining existing motorized trail networks (snowmobile, ATV, UTV and Winter ATV). In a nutshell, this generally means utilizing the annual allocation of maintenance funds provided by the State of Wisconsin, with expenditures generally offsetting revenues.

Occasionally, new grants are awarded for the construction of new trails or major repairs to existing ones (trail rehabilitation). Expenditures also typically equal revenues on all new construction or trail rehabilitation grants. All new construction or rehabilitation grants, as well as any supplemental grants, are typically awarded after the budget is approved, and, if necessary, would require a budget amendment.

Table 18 summarizes the expense budget for the recreation program (2022 and 2023 are estimated).

**Table 18: Recreation Expenses<sup>1</sup>**

<b>Year</b>	<b>Budget<sup>2</sup></b>	<b>Actual</b>
2013	\$352,878	\$337,609
2014	\$196,965	\$213,168
2015	\$272,832	\$299,598
2016	\$339,997	\$369,493
2017	\$186,790	\$155,931
2018	\$609,620	\$673,234
2019	\$332,792	\$336,744
2020	\$404,760	\$353,657
2021	\$316,286	\$335,398
2022	\$340,013	\$340,013
2023	\$321,121	\$321,121
Avg.	\$334,005	\$339,633

<sup>1</sup> Trail and rec property related expenses.

<sup>2</sup> Amended budget.

Total expenditures for managing the state funded motorized trails in 2023 is estimated to generally equal revenues at roughly \$314,000 (see Tables 9 and 10).

Over the past decade, the Department has made it a priority to better capture the sustainable management potential of the county forest. This goal was multi-faceted, as the county forest provides a myriad of different benefits.

Phase one of the internal goal was accomplished a few years ago. Various components were analyzed and direction was established to better capture the true sustainable potential of all forest management programs. The result: a sustainably managed forest that is capable of generating over \$2.0 million more in stumpage revenues when compared to accomplishments prior to the adjustments (when timber markets are at least normal).

County forests were established primarily to optimize the production of forest products. Again, this goal was accomplished a few years ago. Realizing the sustainable timber management potential not only benefits the county directly through timber sale receipts, but also provides raw forest products to local and regional businesses. In general, for every \$1.00 generated by the county through stumpage revenue, an additional \$27.00 is stimulated within local and regional economies.

Other uses, like recreation, are also recognized as important functions of the county forest. Recently, the Department began increasing efforts to improve and/or expand recreational opportunities on the county forest. The yurt projects and improvements to the Lost Creek Falls hiking trail are two good examples.

Since improving the Lost Creek Falls trail, average use has increased by about twenty-fold, from around 10 users a week to nearly 200 per week. In 2021 there were a total of over 17,000 individual uses at Lost Creek Falls. Improving recreational opportunities has some direct

benefits to the county i.e. revenues from the new yurt projects, but most of the benefit derived from recreation is indirect.

Improved recreational access has the potential to attract users and draw people to certain areas. The better the attraction and experience, the more use an area will receive. If the county provides enough good, as well as diverse, recreational opportunities, areas will start to attract people interested in recreation-based day trips or longer stay vacations. More use has the potential to increase spending (which benefits local communities), which increases sales tax revenue and thus directly benefits the county.

Clearly, recreational opportunities reach beyond the economic potential. It provides opportunities for individuals and families, whether local or transient, to get out and enjoy our beautiful natural resources. And there's a lot to enjoy. With nearly 500,000 acres of public land, Bayfield County has more public forests than any other county in Wisconsin.

Increases in recreation also creates additional challenges. As previously stated, county forests were established to optimize the production of forest products. Those who choose to recreate on the county forest will likely encounter timber management. The challenge will be to develop more effective ways to communicate the goals and objectives of the forest management program and provide educational opportunities to those recreating near harvested areas. Informational signs or kiosks along well used trails will be one way to start the process.

Over the past few years, Bayfield County has acquired numerous recreational properties. Siskiwit Falls (in 2018) and Fire Hill (in 2019) are both roughly 100 acre properties that will be managed, in part, for various public recreational uses.

Combined with the Jolly/Pike's Creek property that was acquired in 2005 (with improvement occurring in 2008/2009), Bayfield County has significantly increased public recreational opportunities (and associated workloads). See the Forestry and Parks Department Annual Work Plan for more information on the various rec properties.

In addition to managing the state funded motorized trails, the 2023 budget includes roughly \$6,750 for non-motorized trail maintenance and development. Other trail/rec improvement projects are being planned in 2023 and could include Siskiwit Falls, Fire Hill, Jolly and/or Big Rock campground (within the 40 acre wooded parcel). If additional funding has been secured, a future budget amendment may be required.

### **Total Expenses: Parks and Recreation Programs**

Table 19 represents the total budgeted expenses for the parks and recreations programs. This also includes personnel related expenses attributed to the Recreation position(s).

**Table 19: Total Expenses: Parks and Recreation Programs<sup>1</sup>**

Year	Parks <sup>2</sup>	Recreation			Total
		Motorized Trails <sup>3</sup>	County Recreation <sup>4</sup>	Total Recreation	
2013	\$54,795	\$352,878	\$0	\$352,878	\$407,673
2014	\$56,568	\$196,965	\$54,931	\$251,896	\$308,464
2015	\$62,925	\$272,832	\$58,832	\$331,664	\$394,589
2016	\$59,350	\$339,997	\$62,062	\$402,059	\$461,409
2017	\$59,500	\$186,790	\$76,338	\$263,128	\$322,628
2018	\$58,905	\$609,620	\$78,307	\$687,927	\$746,832
2019	\$63,000	\$231,537	\$186,664	\$418,201	\$481,201
2020	\$71,575	\$336,760	\$156,758	\$493,518	\$565,093
2021	\$71,200	\$312,036	\$92,429	\$404,465	\$475,665
2022	\$75,775	\$317,263	\$190,960	\$508,223	\$583,998
2023	\$79,491	\$314,371	\$176,861	\$491,232	\$570,723
Average	\$64,826	\$315,668	\$106,365	\$418,654	\$483,480

<sup>1</sup> amended budget.

<sup>2</sup> includes all campgrounds, yurts and Atkins Lake park.

<sup>3</sup> includes all state funded motorized trails (snowmobile and ATV/UTV).

<sup>4</sup> includes non-motorized trails, other rec properties (i.e. Siskiwit Falls, Jolly) and costs associated with the Recreation Specialist positions.

The total combined expenses for the parks and recreation programs is estimated to be roughly \$571,000 in 2023. This represents a decrease of roughly 2% when compared to 2022. A decrease in total ATV miles and associated maintenance costs, as well as the completion (close-out) of various, previously awarded rec grants, are the primary reasons for the decrease.

### **Total Expenditures: Forestry, Parks and Trails**

Total expenses for the combined management of the Forestry, Parks and Trails/Recreation programs are estimated to be approximately \$2.252 million for 2023. This represents an increase of roughly 6.5% when compared to the 2022 budget. Costs associated with reforestation, as well as wage and fringe increases are the primary reason for the change.

Table 20 describes the total budgeted expenses for the Forestry and Parks Department per program type since 2013 (2022 and 2023 are estimated). The parks program was added in 2011 and trails in 2013.

**Table 20: Total Budgeted Expenses per Program**

<b>Year</b>	<b>Forest Management</b>	<b>Parks and Recreation</b>	<b>Total</b>
2013	\$1,171,489	\$407,673	\$1,579,162
2014	\$1,165,244	\$308,464	\$1,473,708
2015	\$1,318,697	\$394,591	\$1,713,288
2016	\$1,735,887	\$461,409	\$2,197,296
2017	\$1,599,658	\$322,628	\$1,922,286
2018	\$1,681,741	\$746,832	\$2,428,573
2019	\$1,619,475	\$481,201	\$2,100,676
2020	\$1,615,013	\$565,093	\$2,180,106
2021	\$1,684,589	\$475,665	\$2,160,254
2022	\$1,528,951	\$583,998	\$2,112,949
2023	\$1,681,623	\$570,723	\$2,252,346
Average	\$1,527,488	\$483,480	\$2,010,968

*amended budget*

Since 2013, expenses pertaining to the management of the county forest have increased approximately 44%. The additional positions (Forester added in 2011 and Inventory and Analysis Forester added in 2018), increases in general personnel costs, fluctuating reforestation expenses and larger payments to townships (as per 10% revenue sharing and increases in the Town Road Aid fund) all contribute to this overall increase.

As a note: the Recreation positions, one added in 2013 and another in 2022, were primarily created to address the additional workloads associated with the parks and rec/trails programs. As such, the increases in expenses associated with those positions are not directly attributed to the Forest Management program, but have been applied to the costs associated with Parks and Recreation.

Park expenses have remained relatively stable over the past few years, but fluctuations in motorized trail costs are largely associated with maintenance funding levels, snowmobile supplemental payments and awarded rehab/improvement project grants.

Trail expenses are based on the total value of the annual maintenance funds, as well as any other previously awarded grant that was not expended during the previous year.

Motorized trail grants are typically zero sum items in the budget, meaning revenues offset expenditures (as with most grants), but they still contribute to the overall bottom line.

Additionally, starting in 2019, a dedicated amount of funds were allocated to non-motorized trail maintenance and development. More significant projects are addressed through capital requests, but \$11,750 was budgeted in 2019, \$8,000 in 2020, \$4,250 in 2021 and \$6,750 in 2022 and 2023 to manage existing non-motorized trail infrastructure.

## Capital Expenditures: Forestry, Parks and Trails

Capital expenditures are more discretionary in nature and are tracked separately from dedicated Forestry and Parks accounts, but still contribute to the overall bottom line of the budget.

The capital expenses were included to illustrate the total impact of the Forestry and Parks Department on the overall county budget. The value of capital projects listed for 2023 are proposed and are subject to modification, as per the final budget development process.

Table 21 displays the total budgeted and actual capital expenditures since 20013 (2022 and 2023 are estimated):

**Table 21: Total Capital Expenses<sup>1</sup>**

<i>Year</i>	<i>Revenue</i>		<i>Expense</i>	
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
2013	\$0	\$0	\$120,250	\$36,994
2014 <sup>2</sup>	\$77,500	\$77,500	\$354,438	\$349,848
2015	\$1,500	\$19,282	\$87,506	\$126,299
2016	\$0	\$0	\$78,100	\$69,338
2017	\$0	\$0	\$110,503	\$85,469
2018	\$0	\$0	\$79,000	\$78,789
2019	\$0	\$0	\$109,500	\$175,460
2020 <sup>2</sup>	\$657,400	\$315,422	\$734,100	\$7,082
2021 <sup>2</sup>	\$797,506	\$696	\$837,750	\$22,297
2022 <sup>2</sup>	\$2,725,000	\$2,725,113	\$3,397,002	\$3,307,054
2023	\$0	\$0	\$399,000	\$399,000
Average	\$387,173	\$285,274	\$573,377	\$423,421

<sup>1</sup> Adopted budget.

<sup>2</sup> Amended budget.

The major capital project scheduled for the past four years has been the repair of the Delta Landfill. The landfill was damaged as part of the 2018 storms. The project was originally approved as part of the 2018 FEMA disaster declaration at an estimated cost of approximately \$350,000. However, this project has been delayed numerous times, awaiting FEMA approval of various proposed project changes.

The project changes, included a requested increase in funding, were approved by FEMA in August 2021. The project is now expected to cost roughly \$600,000, with 87.5% funding come from FEMA and the state of Wisconsin. Bayfield County would be required to contribute the remaining 12.5% (or roughly \$75,000). The project is expected to be completed in fall 2022.

In 2023, the requested capital projects include: tractor replacement; ATV and snowmobile replacements; tracks for the recently purchased UTV; a new yurt (4<sup>th</sup> unit); a ¾ ton truck (replacement); heavy equipment trailer; rec trailer; GPS/survey equipment; fishing dock (at Twin Bear) interpretive signs; park/rec/yurt improvements; retaining wall repair (Twin Bear); overflow

parking lot development (Twin Bear); office improvements; and rec plan development (Fire Hill). These items are estimated to cost a total of \$399,000.

As part of the 2022 estimated capital budget, the county completed the last sale of county forest land to the Red Cliff Band of Lake Superior Chippewa. As part of this and previous transactions, the Department is in the process of completing a roughly \$2.525 million land acquisition project (roughly 2,000 acres in the Towns of Bayfield and Bell). Another 160 acre, roughly \$240k land acquisition project is also expected to be completed in 2022 (in the Town of Bell). The two land acquisition projects, combined with the landfill repair, are the primary reasons for the sizeable capital budget in 2022. There is a chance that the closing on one or both acquisition projects will occur in early 2023. If so, the budget would be amended accordingly.

The Department is also working on a third sizeable land acquisition project (roughly 1,600 acres in the Town of Clover), which could also involve additional grant funds. This project is valued at nearly \$1.0 million. If it is approved, there will likely be a budget amendment to the 2022 or 2023 budget.

Carbon offset revenue will have a significant influence on future budgets, including capital projects and associated expenses. The first two full carbon offset payments (for the 2021/2022 and 2022/2023 carbon project reporting periods) are expected to be received between Q4 2022 and Q3 2023. In general, the capital projects currently reflected in the 2023 budget represent only a fraction of the anticipated future development and improvements needs of the Department. Recreational development and improvement projects, including trail work and park infrastructure rehabilitation, as well as addressing various forest management concerns/issues are expected to have an increasingly greater impact on future budgets.

The 2023-2024 outlook for capital projects, that is expected to be influenced by future carbon returns (and administered via the carbon reserve fund) will include, but not be limited to: the development and administration of a long-term recreation grant; extensive repairs and improvements to park/campground infrastructure; recreational development and improvement projects on various properties, including Big Rock, Jolly, Siskiwit Falls, Fire Hill and Lost Creek Falls; upgrades and improvements to numerous county forest roads (to improve sustainability and public accessibility); additional yurt or camping structure (to bring the total number of camping structures to five); high priority parcels for land acquisition projects; insects, disease and invasive species issues; wildlife habitat development and improvement; and projects pertaining to silvicultural challenges and climate resiliency. Many of these categories are expected to become annual requests and will require long-term commitments. In 2023-2024, the additional capital requests are expected to be between \$1.0-\$1.5 million, with a significant percentage of those expenses addressed through carbon funds.

### **NET RETURNS: FORESTRY, PARKS AND TRAILS**

Table 22 best communicates the overall impact of the Forestry and Parks Department on the county budget: the total budgeted and actual net returns (excluding capital) from the Forestry, Parks and Trails programs from 2016 through 2023 (2021 and 2022 are estimated).

**Table 22: Forestry and Parks Department Budget Summary: Total Levy Contributions<sup>1</sup>**

Calendar Year	Forest Management				Parks & Recreation				Total Levy Contribution Budgeted	Total Levy Contribution Actual
	Revenue		Expense		Revenue		Expense			
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual		
2016	\$3,233,380	\$5,306,142	\$1,735,887	\$1,725,600	\$417,997	\$321,505	\$461,409	\$437,978	\$1,454,081	\$3,464,068
2017	\$3,454,230	\$5,267,906	\$1,599,658	\$1,613,202	\$284,290	\$370,524	\$322,628	\$214,066	\$1,816,234	\$3,811,161
2018	\$3,682,510	\$4,776,227	\$1,681,741	\$1,641,093	\$625,265	\$671,962	\$746,832	\$759,409	\$1,879,202	\$3,047,687
2019	\$3,634,868	\$4,340,916	\$1,619,475	\$1,525,231	\$483,874	\$527,289	\$481,201	\$492,277	\$2,018,066	\$2,850,697
2020	\$3,650,340	\$3,868,411	\$1,615,013	\$1,616,669	\$534,085	\$545,546	\$565,093	\$423,964	\$2,004,319	\$2,373,323
2021	\$3,411,483	\$4,150,516	\$1,684,589	\$1,719,981	\$478,036	\$583,437	\$475,665	\$434,087	\$1,729,265	\$2,579,885
2022	\$3,414,605	\$4,300,506	\$1,528,951	\$1,632,157	\$562,051	\$608,649	\$583,998	\$648,220	\$1,863,707	\$2,628,778
2023	\$3,364,081	\$3,364,081	\$1,681,623	\$1,681,623	\$481,871	\$481,871	\$570,723	\$570,723	\$1,593,606	\$1,593,606
Average	\$3,480,687	\$4,421,838	\$1,643,367	\$1,644,445	\$483,434	\$513,848	\$525,944	\$497,590	\$1,794,810	\$2,793,651

<sup>1</sup> Amended budget

The figures presented in Table 22 are based upon the amended budget. The amended budget provides an accurate representation of actual overall activity for each given year. However, when contrasting one budget to another, it is a challenge to produce equal and objective comparisons between a proposed budget (or one that is just adopted) to one that has been adjusted (or amended) throughout the year. Unless otherwise noted, nearly all of the tables and associated discussion contained within this narrative are based upon the adopted budget for each respective year.

Forestry and Parks is one of only a few county departments that actually contributes to the county levy (meaning more money is deposited into the general fund than is spent by the department). The budgeted levy contribution (or net deposits into the county general fund) for 2023 is expected to be nearly of \$1.6 million. This represents a decrease of roughly \$270,000 or roughly 17%, when compared to the amended budgeted for 2022.

The actual net levy contribution for 2022 is expected to be around \$2.6 million. This would be about 40% higher than the budgeted net levy contribution for 2022 and roughly 2% higher than the actual contribution in 2021. Stronger than expected timber sale revenue is the primary reason for the substantial increase in levy contribution.

Nearly all of the substantial net levy contributions (Table 22) are attributed to solid sale of wood figures, primarily associated with past strong markets for new timber sales, as well as efforts to fully capture the sustainable harvest potential of the county forest (see Table 1). However, as previously stated, markets have receded, which has been intensified by the current COVID-19 situation. As a result, stumpage revenues are expected to remain on the lower side of average into 2023.

**To summarize the proposed 2023 budget, which includes the Forest Management, Parks and Trails/Recreation programs: total levy contribution (net return/deposit) for 2023 is budgeted to be \$1,593,606. This represents a decrease of approximately 11% when compared to the budgeted contribution for 2022.**



## **OTHER REFERENCE MATERIAL**

For additional information regarding the forest management and recreation programs, please review the Annual Work Plan, Annual Accomplishment Report and Comprehensive Land Use Plan. All documents are available on the Department's website at:

<https://www.bayfieldcounty.wi.gov/243/Plans-Reports>

## **DEPARTMENT ORGANIZATIONAL CHART**

### **FORESTRY AND PARKS COMMITTEE**

Fred Strand, Chair  
Jeff Silbert, Vice-Chair  
Steve Sandstrom

Larry Fickbohm  
Charly Ray

### **DEPARTMENT STAFF**