



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

April 7, 2021

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Stewardship Grant for Ashland Ore Dock -- Agenda Item I

### REQUEST

On February 27, 2020, the Department of Natural Resources (DNR) requested approval under s. 23.0917(6m) of the statutes to provide a local assistance grant of \$300,000 from the Warren Knowles-Gaylord Nelson Stewardship program to the City of Ashland, Ashland County, using fiscal year 2019-20 funds. An objection to the request was made on March 18, 2020.

### BACKGROUND

#### Local Assistance Grants

Under the property development and local assistance subprogram, DNR may award stewardship grants to local units of government for nature-based recreational development on local conservation land. DNR may award up to \$6 million in local assistance grants each fiscal year through 2021-22. Funding obligated for local assistance may be used for: (a) grants for acquisition of urban green space; (b) grants for acquisition and development of local parks; (c) grants for acquisition of property development rights; and (d) grants for acquisition and development of urban rivers. Stewardship funds may generally be provided for up to 50% of eligible project costs.

#### Ashland Ore Dock

For much of Ashland's history, the Lake Superior waterfront has been an industrial area. Recently, many of the former industrial users have withdrawn from the city, and the city has prioritized converting these spaces, including the ore dock and Kreher Park -- another stewardship proposal under Committee review -- to public use.

The Ashland ore dock is a pier that runs 1,800 feet from the Lake Superior shoreline in the

City of Ashland. The dock was built in two sections. The original structure, running 900 feet from the shoreline, was built in 1916. In 1923, Wisconsin Central Line railroad built an additional 900 feet on the ore dock, extending the pier to 1,800 feet long and 60 feet wide. The extended section (hereafter, the "1923 section") is characterized by several large diamond-shaped holes that open to the bay below. The ore dock served to load raw ores from Soo Line (a Wisconsin Central subsidiary) railroad cars onto lake freighters. The railroad discontinued use of the ore dock in 1965, and the dock super structure and attendant rail spurs were demolished in 2013. In 2014, Ashland began planning to develop a public park along the former industrial waterfront and the remaining ore dock pier.

In 2018, the Committee approved under passive review a stewardship grant of \$300,000 to the City of Ashland to add amenities including lighting and benches on the landward 900 feet of the pier (hereafter, the "1916 section") and build decking for a boardwalk over the 1923 section. However, Ashland subsequently altered the scope of the original project, as described in a following section, and only the 1916 section is currently open to the public. The current proposal would award Ashland \$300,000 to complete the decking and a walkway over the 1923 section, as well as add fencing, lighting, and other amenities for public access across the entire remaining length of the pier.

The stewardship application indicates that the city intends to allow fishing along the pier and within the 1923 section. The city is required by the Army Corps of Engineers to build safety railings around the diamonds to prevent people from falling into the water below.

## **ANALYSIS**

The current request would continue on the work begun in 2018. The grant would be used to fund the construction of railings and other safety features, as well as lighting and amenities on the 1923 section. The phases of the ore dock project are each described in the following paragraphs.

*Phase One Project.* In 2018, the Committee approved the request for a stewardship grant of \$300,000 to build decking over the 1923 section and to install amenities, lighting, and seating on the 1916 section. In its 2018 stewardship grant application, the city requested \$300,000, with additional funding of approximately \$1.8 million provided from other sources, including city funds and funds provided by charitable trusts.

It is common for elements of the design, project financing, and costs to change over the course of a local development project. Prior to opening the ore dock project for bids, the City of Ashland received an engineering estimate of the cost of the project. The estimate was higher than anticipated, and the city reduced the scope of the first phase of the project to redevelopment of the 1916 section. Construction began in September, 2018, and was completed in September, 2020. As of April, 2021, the project has cost approximately \$520,400. The city has been reimbursed \$260,200. Ashland continues to develop the 1916 section and intends to procure lighting, benches, and other amenities, which could be reimbursed with the remaining \$39,800 available under the 2018 grant.

As noted above, stewardship grants are awarded based on estimated project costs. When awards are made, DNR agrees to reimburse a sponsor for half the cost of eligible project expenses, up to the award amount. That is, if a project's actual costs are less than the estimated budget, DNR will only reimburse half the cost of eligible project expenses; conversely, if a project's actual costs

exceed the estimated budget, final reimbursement may only be as high as the initial award amount. This means that, after construction is completed, Ashland is eligible to be reimbursed for half of the project costs, up to \$300,000, even though the city reduced the scope of the project.

*Phase Two Project.* The current request would allow Ashland to continue building decking, curb stops, fencing, and other safety features on the 1923 section of the pier. In May, 2020, the city sought bids for the phase two project. The following table shows currently estimated phase two project costs, as reported by Ashland staff.

### **Ashland Ore Dock -- Phase Two Estimated Costs**

Elevated Walkway Construction and Installation	\$639,960
Site Preparation	630,000
Railings	390,300
Bridge Construction and Installation	<u>253,350</u>
Total	\$1,913,610

In combination with completed or ongoing site work under the initial stewardship grant, the total stewardship share \$600,000 would be estimated at up to one quarter of total project costs, assuming total costs of at least \$2.5 million. In addition to the stewardship grant, Ashland has received a National Oceanic and Atmospheric Administration (NOAA) coastal management grant for \$150,000 for the ore dock project. Ashland reports that the grant is likely to be rescinded unless construction begins by the end of calendar year 2021. Ashland reports that it cannot accept bids on the phase two project without secured funding, and the city has not identified alternative funds should the stewardship grant not be provided.

The Committee could consider approving the DNR request to provide a \$300,000 grant to the City of Ashland [Alternative 1]. In addition to the 2018 grant, this would allow the city to be reimbursed up to \$600,000 for the project. DNR typically awards funds in the year in which a request is approved unless otherwise directed by the Legislature. The ore dock request was submitted in the 2019-20 fiscal year, which has ended, meaning funds would be awarded from the 2020-21 annual allotment for local assistance grants. On the other hand, because the ore dock project has received one allocation of stewardship funding, the Committee could consider denying the request [Alternative 2].

### **ALTERNATIVES**

1. Approve the DNR request to provide a \$300,000 grant to the City of Ashland for the second part of the ore dock project. Specify funding is to come from DNR's allotment for local assistance grants in the 2020-21 fiscal year.
2. Deny the request.

Prepared by: Eric Hepler