

Rock-Koshkonong Lake District nears completion of economic impact report

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NEWVILLE—Establishing the value of Lake Koshkonong's water level might be what puts an end to a decade-long court battle between the Rock-Koshkonong Lake District and the Wisconsin Department of Natural Resources.

The lake district is close to receiving a final economic impact report that might convince DNR officials to use the Indianford Dam to raise water levels of the lake 7.2 inches during the summer, said Lake District Chairman Brian Christianson.

Lake Koshkonong is a shallow 10,500-acre impoundment of the Rock River with a history of flooding in the spring and declining water levels in the summer and fall months.

The district wants to raise the level in the summer to improve safety, give boaters a few more weeks out on the water and

ultimately provide economic benefits to the surrounding homes and businesses, Christianson has stated.

The DNR denied the district's first request in 2002 to exceed the department's mandate for maximum water levels. The lake district took the issue to Rock County Court in 2003. Ultimately the issue landed in the lap of the Wisconsin Supreme Court years later.

The Supreme Court in 2013 “reversed and remanded” an earlier appellate court decision, stating that the DNR misused the state constitution's public-trust doctrine to try to protect wetlands around the lake. The decision also stated the DNR must consider the economic impact of lower water levels.

The decision did not touch on whether the DNR should raise the water level or not. That's an issue that must be resolved in another legal battle if the DNR decides to deny a new request taking into consideration the economic impact of water levels.

The lake district has called the Supreme Court decision “epic,” since it applies to other local governing bodies of impounded lakes statewide. Legal costs have totaled about \$500,000, paid through annual lake district homeowner fees.

“What an incredibly expensive process that's been,” Christianson said.

The lake district OK'd another \$20,000 to be budgeted in 2015 for water level regulation legal fees.

The district is awaiting the finishing touches to an economic impact report that will be submitted to the DNR sometime between Sept. 15 and 30, Christianson said.

The submission of this report doesn't mean the DNR will automatically change the mandate, it only means the department must consider the impacts when making a decision on raising the water level, Christianson said.

If the DNR denies the request a second time, the lake district's last line of attack is taking the fight back to Rock County Court, starting over the lengthy legal battle, Christianson said.

Christianson wasn't sure what the district's legal council would advise them to do if that was the remaining option.

The Department of Justice and the Governor's office might help sway the DNR to end a fight that uses taxpayer money on both sides, Christianson said.

"We're going to use every political and legal button that we can press with the DNR," Christianson said.

The economic impact

The lake district hired UW-Whitewater professor of economics Russ Kashian of the UW-Whitewater Fiscal and Economic Research Center to create the economic impact report for \$10,000.

Kashian's report is meant to expand and refresh the same report he did for the lake in the early 2000s.

The DNR would have been required to come up with a report in-house if the lake district were to request to raise water levels again, but the lake district wanted to make sure the report was done right, Christianson said. The lake district decided to take responsibility to provide a report to the DNR, he said.

“DNR has never been required to do (an economic impact report) and they don't have the in-house staff to do it,” Christianson said.

At first Christianson was wary of the lake district funding the updated report, thinking it could be met with criticism down the road for being biased. That's why a meeting was held with the Department of Justice and the DNR to make sure it was clear the lake district was voluntarily taking on the cost of the report and keeping its distance from Kashian's research.

“Hopefully the DNR accepts it and analyzes it and sees they couldn't have done a more thorough job than what we did,” Christianson said.

Placing value on a body of water based on the effect water quality has on lakeshore properties is research that has been conducted for nearly 50 years, Kashian said.

Kashian modeled his research after the hedonic technique of pricing and valuing lakefront homes.

Kashian presented to lake district homeowners a rough synopsis of the economic report at the district's annual meeting Saturday. A draft version of the report points to the following key economic impacts of lower lake levels:

- Potential loss of functionality and use of piers
- Loss or diminishment of the ability to access the shoreline
- Degradation of the appearance of the shoreline
- Reduction of areas of navigability

—Exposure of rocks

The lake's water quality impacts include: distance from lake; water level; water clarity; and boating and fishing, according to the draft report.

The presentation included data points regarding spending habits, potential earnings and appreciated values among others. It also compared Lake Koshkonong to Lake Sinissippi, Big Muskego Lake and Beaver Dam Lake.

The draft report presentation concluded with the following points:

—Lower water levels decrease property value

—Inches of water can affect a lake

—Higher water levels equal higher property values and higher tax revenue

—More cohesive community

Paul Meyer, a lake district homeowner of Edgerton, was unhappy with the report's presentation.

“I expected more from it. If that's what we're going to DNR with, I don't have a great deal of confidence,” Meyer said.

After the meeting Christianson responded saying the presentation was only meant to provide a rough outline and nobody “wanted (Kashian) to get into the nitty gritty of the verbage,” Christianson said.

Once the report is submitted to the DNR, Christianson didn't know when the DNR would respond to the request taking into account the economic impact report.