

SUBJECT: LAND ACQUISITION, DONATION AND PROJECT ESTABLISHMENT- TOTOGATIC WILD RIVER - WASHBURN AND DOUGLAS COUNTIES

FOR: JUNE 2010 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: The Department has obtained an agreement to purchase 2,113.72 acres of land from The Conservation Fund (TCF) for \$3,971,600.00 for the Totogatic Wild River, in Washburn and Douglas Counties. TCF recently purchased this tract from Wausau Paper Company. The item is being submitted because the purchase price exceeds \$150,000, to establish a new project and to accept a donation of \$400,000 toward the purchase price from the Doris Duke Foundation.

Wisconsin Act 32, of 2009 created State Statute 30.26(2)3m and designated nearly 70 miles of the Totogatic River, from its outlet of Totogatic Lake in Bayfield, through Sawyer, Washburn, and Douglas Counties to its mouth at the Namekagon River in Burnett County for preservation and protection under the Wild Rivers legislative designation. The intent of the legislation is to provide guidelines for the Department to create Wild Rivers projects on specific rivers in the state, which allow the *public to enjoy rivers in a free flowing condition, preserve them from development and protect and enhance the river's natural beauty and its unique recreational and inherent values.* Four impoundments along the Totogatic River's path were exempted from the designation since three have already been developed with buildings and all areas have a dam, which requires maintenance and repair with heavy equipment. The impoundments create Nelson Lake in Sawyer County, the Totogatic Flowage in Sawyer County, the Colton and the Minong Flowages in Washburn County. The primary goal of the designation is protecting the water quality, habitat, and scenic beauty of the river by protecting its sensitive bank areas, floodplain forests, high sand banks, and its watershed. With that come the terrestrial benefits of contiguous undeveloped land for wildlife, forestry, and recreation. This property will be open to the public for all non-motorized, nature-based outdoor recreational activities to include hunting, fishing, trapping, hiking, and cross-country skiing.

This large 2,113.72-acre property is seven different blocks, spread over three townships and two counties. The Totogatic River flows through many of the land blocks and the tract provides about six miles of the two-bank frontage on the Totogatic. In addition, the tract provides 1/2-mile of two-bank frontage on Five Mile Creek and 1/4-mile frontage on Minong Flowage. The property is approximately 90% upland woods and 10% lowland and swamp. The woodland has varying amounts of timber harvest, from clear-cut to select cuts and topography varies from rolling to steeply sloping along the river. Several town roads intersect the blocks creating points of access. In addition, the Department will obtain two easements for access where there are no town roads abutting the subject. The tracts are surrounded largely by other timber company property. However, the subject tract spans much of a gap between two county forests as well as abuts existing department ownership near the inlet of Minong Flowage in Douglas County.

The Conservation Fund parcel includes a critical segment of the newly designated Wild River, the Lower Totogatic River. Having been in an industrial forest ownership for many decades, the river frontage and associated backland is undeveloped. The property will also provide important habitat for diverse populations of wildlife including forest interior bird species and natural plant communities. While future land management will be better defined after a planning effort, the land will be maintained for public outdoor recreation. There is potential for some pine barrens restoration. Pine barrens found in Wisconsin are globally significant due to their distinctive ecological characteristics, restricted range and range-wide rarity.

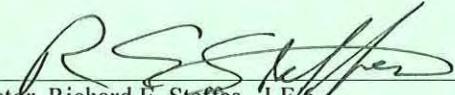
The Doris Duke Foundation is donating \$400,000 toward this purchase. That organization values the environmental qualities of wild and scenic rivers and wishes to support preservation in a very tangible way. The Department requests, along with acceptance of the donation and approval of the purchase, the establishment of a new project, the Totogatic Wild River. The project boundary will be set as the perimeter of the land currently proposed for purchase. If this acquisition is approved, the Totogatic Wild River will be scheduled for a master planning process in the next few years with citizen and local government involvement.

RECOMMENDATION: That the Board approve the establishment of the Totogatic Wild Rivers Project with an acreage goal of 2114 acres and approve the purchase of 2,113.72 acres for \$3,971,600.00 and accept a donation of \$400,000 from the Doris Duke Foundation.

LIST OF ATTACHED MATERIALS:

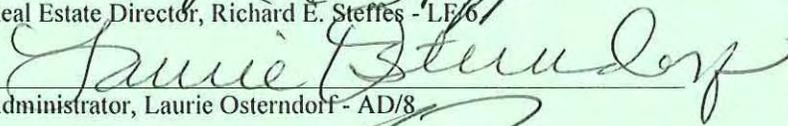
- | | | | |
|--|---|---|----------|
| No <input checked="" type="checkbox"/> | Fiscal Estimate Required | Yes <input type="checkbox"/> | Attached |
| No <input checked="" type="checkbox"/> | Environmental Assessment of Impact Statement Required | Yes <input type="checkbox"/> | Attached |
| No <input type="checkbox"/> | Background Memo | Yes <input checked="" type="checkbox"/> | Attached |

APPROVED:



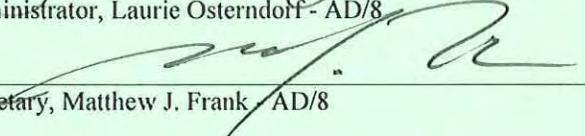
Real Estate Director, Richard E. Steffes - LF/6

5-7-10
Date



Administrator, Laurie Osterndorf - AD/8

5/11/10
Date



Secretary, Matthew J. Frank - AD/8

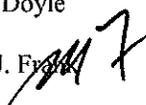
6-11-10
Date

- cc: S. Miller - LF/6
R. Steffes - LF/6
L. Ross - AD/8
J. Gozdialski - NOR/Spooner

CORRESPONDENCE/MEMORANDUM

DATE: May 14, 2010 FILE REF: WR 70031

TO: Governor Doyle

FROM: Matthew J. Frank 

SUBJECT: Proposed Land Acquisition, The Conservation Fund Tract, File # WR 70031,
Requested Approval by August 2, 2010

1. PARCEL DESCRIPTION:

Totogatic Wild River
Washburn County

Grantor:

The Conservation Fund
c/o Tom Duffus, Upper Midwest Director
394 Lake Avenue South, Suite 404
Duluth, MN 55802

Acres: 2,113.72Price: \$3,971,600.00 (net cost of \$3,571,600 after accounting for \$400,000 donation)Appraised Value: \$2,959,278, \$3,488,000, \$3,805,000 and \$4,544,606Interest: Fee Title PurchaseImprovements: NoneLocation: The property is located in Washburn County 25 miles northwest of the City of Spooner.Land Description: The subject land is level to gently rolling.

<u>Covertypes Breakdown:</u>	<u>Type:</u>	<u>Acreage:</u>
	Upland Woodland	1,902.40
	Lowland Woodland	170.00
	Water	41.37
	TOTAL:	2,113.72

Zoning: Forestry and Recreational ConservancyPresent Use: Timber ProductionProposed Use: Forest Management, Scenic Protection and Public RecreationTenure: Long-term industrial forest ownership; acquired by The Conservation Fund in late April of 2010 for \$3,805,000.Property Taxes: \$301.84 (FCL and MFL)Agreement Date: April 12, 2010Stewardship Land Access: This property will be open to the public for all non-motorized, nature-based outdoor recreational activities to include hunting, fishing, trapping, hiking and cross-country skiing.2. JUSTIFICATION:

The Department has obtained an agreement to purchase 2,113.72 acres of land from The Conservation Fund (TCF) for \$3,971,600.00 for the Totogatic Wild River, in Washburn and Douglas Counties. TCF has contracted to purchase this tract from Wausau Paper Company. The lands will be held by TCF and then purchased by the Department using FY11 funding. The Department will also reimburse TCF for interest, property taxes, closing fees, and administrative fees. These additional fees have been lumped into the cost above.

Wisconsin Act 32, of 2009 created State Statute 30.26(2)3m and designated nearly 70 miles of the Totogatic River, from its outlet of Totogatic Lake in Bayfield, though Sawyer, Washburn, and Douglas Counties to its mouth at the Namekagon River in Burnett County for preservation and protection under the Wild Rivers legislative designation. The intent of the legislation is to provide guidelines for the Department to create Wild Rivers projects on specific rivers in the state, which allows the *public to enjoy rivers in a free flowing condition, preserve them from development and to protect and enhance the river's natural beauty and its unique recreational and inherent values.* Four impoundments along the Totogatic River's path were exempted from the designation since three have already been developed with buildings and all areas have a dam, which requires maintenance and repair with heavy equipment. The impoundments create Nelson Lake in Sawyer County, the Totogatic Flowage in Sawyer County, the Colton and Minong Flowages in Washburn County.

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3. FINANCING:

State Stewardship (FY11) bond funds are anticipated:

Funds allotted to program:	Balance after proposed transaction:
\$50,000,000	\$26,845,046

4. ACQUISITION STATUS OF THE TOTOGATIC WILD RIVER:

Established: 2010
Acres Purchased to Date: 0.00
Acquisition Goal: 2,114 Acres
Percent Complete: 0.00%
Cost to Date: \$0.00

5. APPRAISAL:

Appraiser: Peter Wolter (Department Review Appraiser)
Valuation Date: October 23, 2009
Appraised Value: \$3,805,000.00*
Highest and Best Use: timber production

Allocation of Values:

- a. land: 2,113.72 acres @ \$1,800.10 per acre: \$3,805,000.00
- b. market data approach used, nine comparable sales cited
- c. adjusted value range: \$1,655.00 to \$1,881.00 per acre

Appraisal Review – Richard Steffes - February 15, 2010

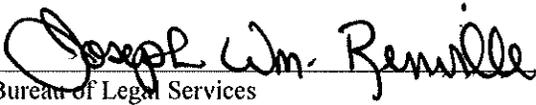
*Comment: Four private appraisers, Michael Augustyn, Wendy Walker, William Steigerwalt (Compass Land Consulting), and Lee Steigerwaldt (Steigerwaldt Land Services) prepared appraisals on the subject 2113.72-acre property. Valuations recommended in each appraisal ranged from \$1,400/acre to \$2,150/acre. Peter Wolter prepared a reconciliation of reports in an Opinion of Value using the better comparable sales compiled by the private appraisers. The reviewer's conclusion in the opinion of value recommended a price of \$1,800 per acre.

RECOMMENDED:



 Richard E. Steffes

 Date 5-7-10



 Bureau of Legal Services

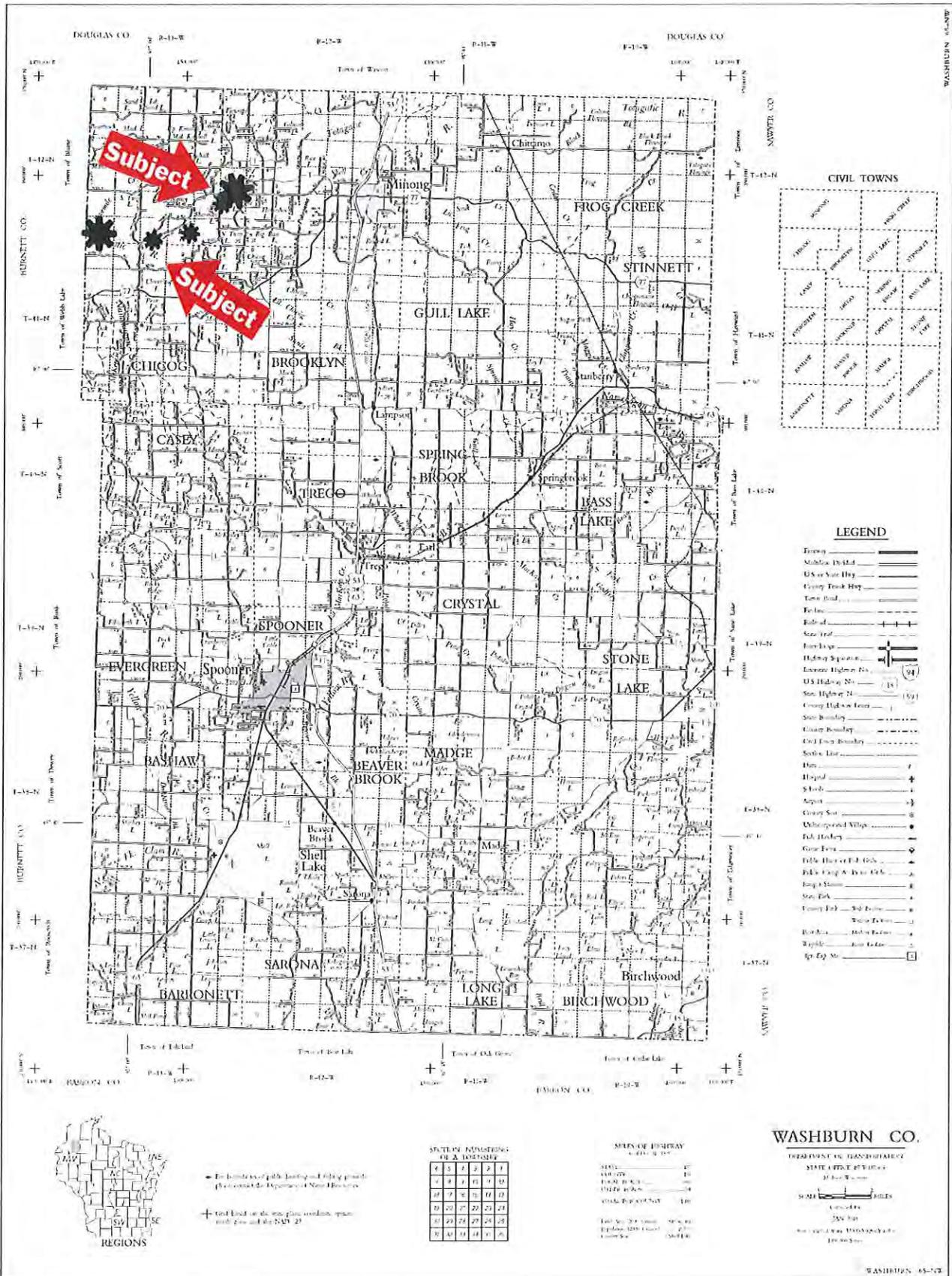
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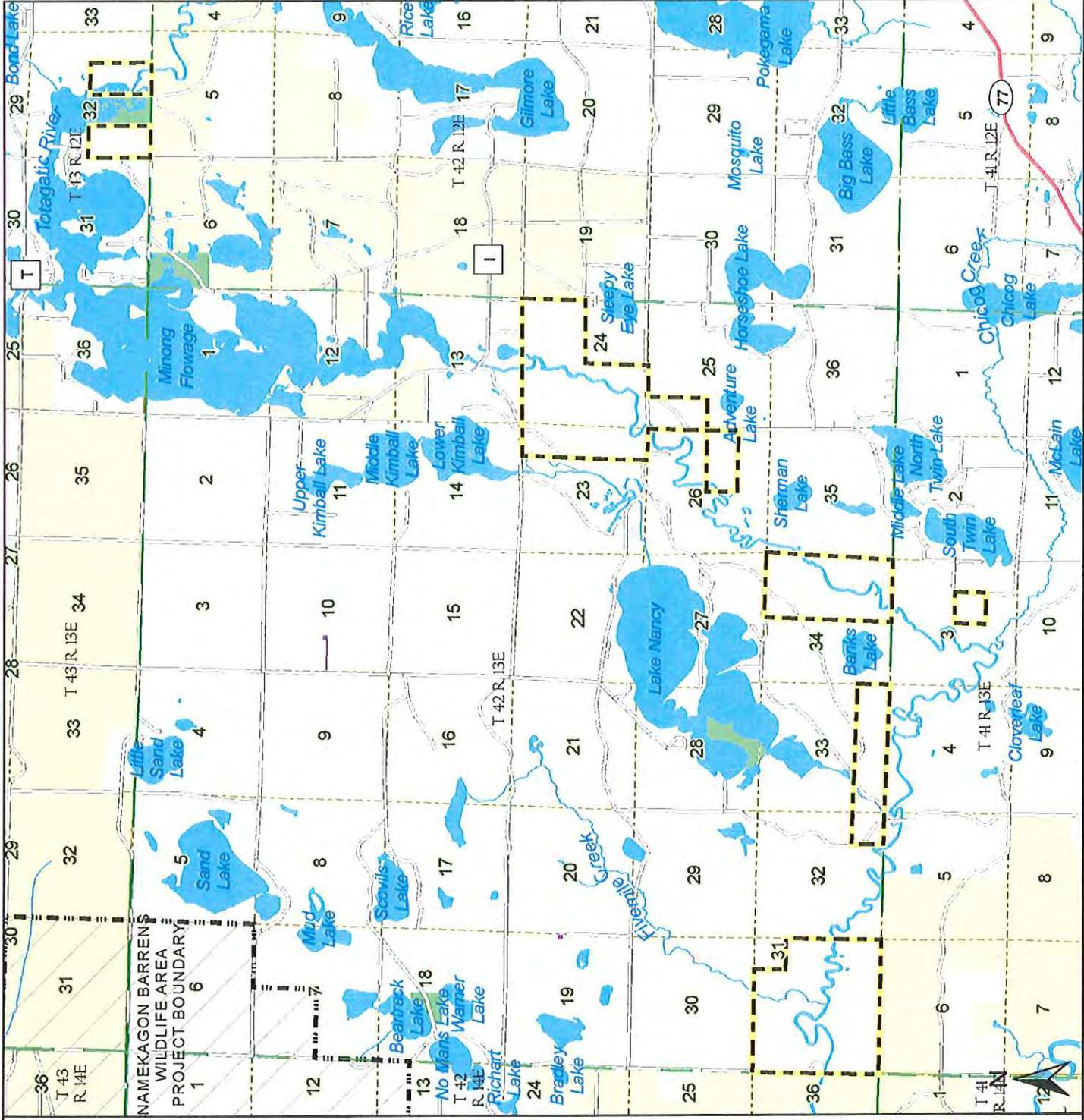


 Laurie Osterdorf

 Date 5/11/10

RES:ch



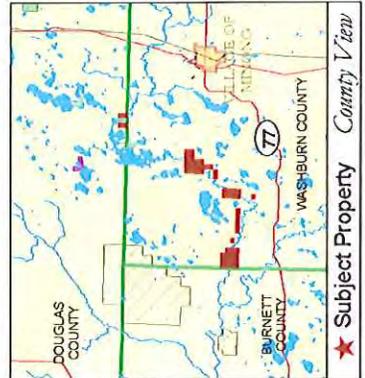


**The Conservation Fund
Parcel
WR 70031**

Totogatic Forest Legacy
 Various Sections in:
 T41N R13W
 T42N R13W
 T43N R12W
 Washburn County, WI
 (2,113.72 Acres)

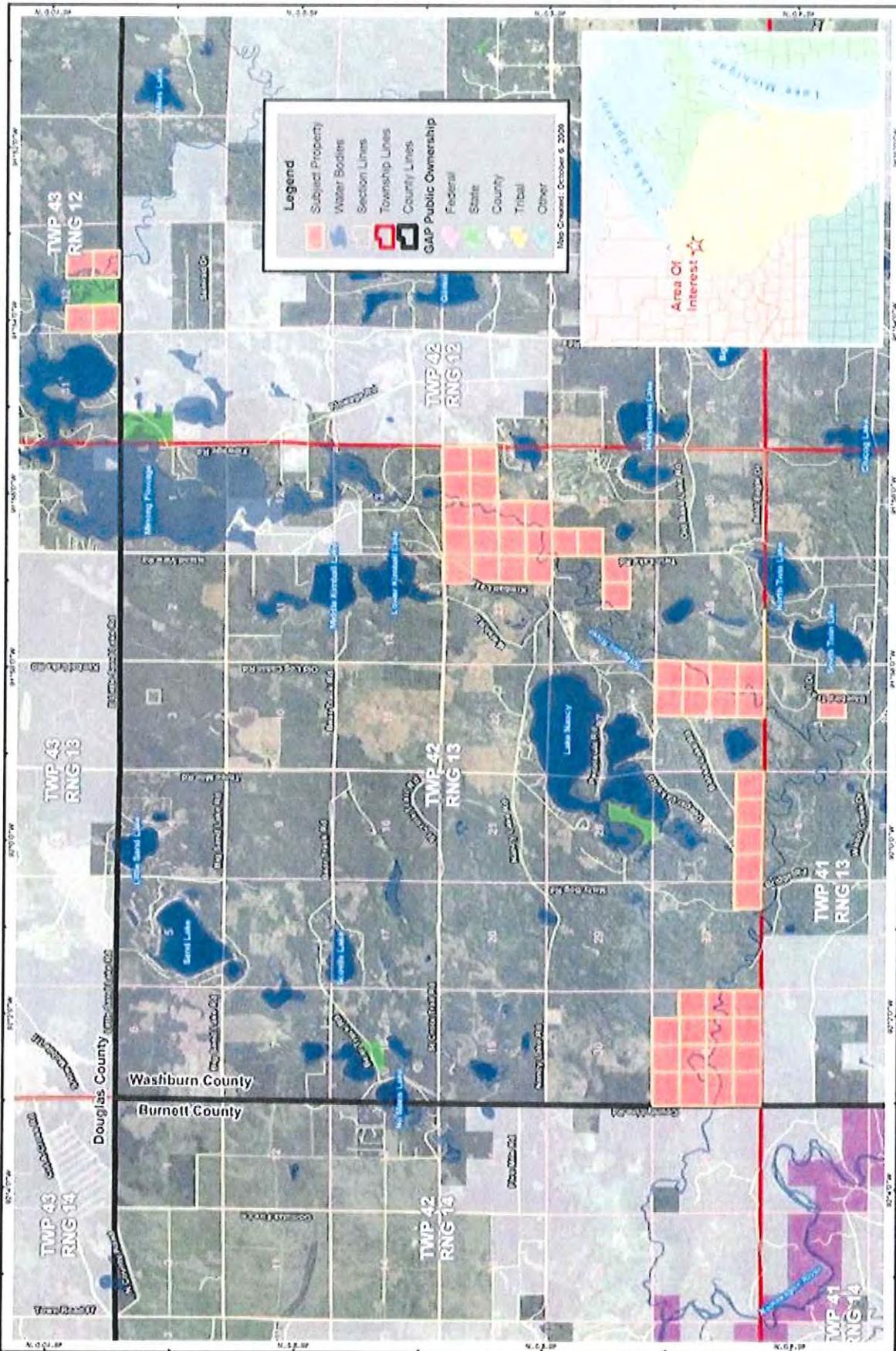
Subject Property
 Fee Simple
 Easement
 Ingress/Egress

Legend
 DNR Project Boundary
 State Natural Area
 PLSS Section Line
 County Boundary
 DNR Owned
 DNR Easement
 County Forest



The DNR Managed Lands represent the boundaries of lands managed by the Wisconsin Department of Natural Resources. The Wisconsin DNR manages these lands through ownership, easement or lease rights. This dataset is a spatial representation of the Circle Land Records. System maintained by the DNR, Bureau of Facilities and Lands, (L7), and may include errors and/or omissions. This dataset is not intended for use as a land management tool; it is a listing of all DNR real estate transactions that have occurred on these lands over time. For information about the actual management, including public use and public access of the lands, contact the nearest DNR Regional Office. Contact information for DNR Regional Offices and Service Centers is provided on the following internet site: <http://www.dnr.state.wi.us/org/csr/csl/servicecenter/facilities.htm>. Updates to this data set are ongoing, and will be incorporated into future versions when available.

Site: Wisconsin Wild Rivers-Totagatic - Tract: Wausau Timberland Company LLC



Legend

- Subject Property
- Water Bodies
- Section Lines
- Township Lines
- County Lines
- GAP Public Ownership
 - Federal
 - State
 - County
 - Tribal
 - Other

Map Created: October 6, 2009



Scale: 1 : 75,000

0 0.5 1 Miles



THE CONSERVATION FUND
 Wausau Timberland Company LLC

Douglas County, WI - Twp. 43 N. Rng. 12 W. Sec. 32 & 33
 Washburn County, WI - Twp. 42 N. Rng. 13 W. Sec. 23, 24,
 25, 26, 31, 32, 33, 34, & 35
 Washburn County, WI - Twp. 41 N. Rng. 13 W. Sec. 3



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