

**SUBJECT: Easement Purchase – Forest Legacy Program– Iron County**

**FOR: MAY 2014 BOARD MEETING**

**TO BE PRESENTED BY:** Douglas J. Haag

**SUMMARY:** The Department has reached an agreement with The Conservation Fund to purchase a 13,692-acre working forest easement for \$4,472,252 for the Forest Legacy Program in Iron County, known as the Twin Lakes working forest easement. The item is being submitted because the purchase price exceeds \$150,000.

The purpose of the Forest Legacy Program in Wisconsin is to:

- preserve and protect the land for continued sustainable forestry and resource management and to maintain the undeveloped character of the property by precluding buildings, deforestation or any significant topographical change;
- manage the property as part of the underlying landowner's commercial timber harvest base while providing open space;
- provide for the public the right to access the property for public outdoor recreational uses; and
- accomplish these goals permanently and at lower cost than fee title purchase.

The conservation easement area spans the Townships of Knight and Mercer in Iron County and is adjacent to County owned land, providing an additional 13,692 contiguous acres for public recreation. Main access roads are via Moose Lake Road and Island Lake Road from USH 51 and Pleasant Lake Road heading south from STH 77. Other linkages include Six Mile Lake Road, Swamp Creek Road, O'Brien Lake Road and County Forest Road 701. Numerous woods roads and trails cross the tract providing good interior access for management purposes.

In addition to the town road system, the Department is acquiring rights for the public to use licensed motor vehicles on approximately 10.5 miles of private woods roads located on the property. These additional access rights will ensure that the public can reach interior portions of the property for recreational use. The easement requires that the roads have a gravel base and that maintenance occur on a regular basis to ensure they remain in a condition that supports vehicular use by the public. At a minimum, the easement requires that the roads be graded periodically and that brushing and tree removal occur as required to ensure the roads are open to motorized access. Temporary road closures may be permitted under the easement when timber management activities conflict with public use of the roads, but no more than 3.5 miles of road can be closed at any time. The easement requires that the owner and Department meet to explore alternative road access to maximize public use prior to any road being closed. The easement also requires that funds be set aside in an endowment or trust for the purpose of carrying out road maintenance requirements specified in the easement and that these funds run with title to the land to ensure that adequate resources exist to carry out road access maintenance responsibilities for the public benefit.

The property is 89% forested and has been in continuous forest management with a focus on the production of hardwood (pulpwood and logs) and softwood fiber. Hardwood forests occupy 52% of the land base along with lowland mixed conifers, aspen, and softwood plantations. The dominant products on the property are hardwood and conifer pulpwood and hard maple sawlogs.

This area contains important habitat for the only state listed endangered mammal, the American marten (*Martes americana*). This is the only location in Wisconsin where marten have established not directly from reintroductions. Martens apparently colonized the area on their own from marten released into the Clam Lake area of the Chequamegon National Forest to the west and from marten to the east in Michigan. The Iron County marten population which includes much of the Twin Lakes area represents important connections of marten populations between northwest Wisconsin and western Upper Michigan. That marten found and established in the area on their own speaks to the value of this area as marten habitat. Sound ecological management of the Twin Lakes area will benefit the health of the local marten population.

The Twin Lakes land area also represents important habitat for a variety of Wisconsin's larger mammals such as white tailed deer, wolves, bear, bobcat, the occasional moose and perhaps occasionally the rare Canada lynx. This location has a very healthy bear population and is important as a bear hunting area. It has also been important habitat for gray wolves (*Canis lupus*) in the state. Wolf packs have occupied the area since the early 1990s. Adequate management and sound conservation of lands such as the Twin Lakes area will help maintain the health and viability of several of the state's large mammal populations.

There are many lakes and streams on the subject tract providing opportunities for trapping, fishing and waterfowl hunting. The Twin Lakes, two adjoining lakes encompassing 52 acres with 8,700 feet of shoreline contain bass and panfish. There are also four other small lakes totaling 19 acres with 9,900 feet of frontage on the tract. LeClair Creek and Apple Creek are both Class I trout streams and have a combined 3 miles of frontage. Class II trout streams include Swamp Creek and Norman Creek with approximately 4 miles of frontage and Tyler Forks River and Magee Creek are Class III trout streams with combined 3.5 miles of frontage. There are approximately 4 miles of frontage on Shine Creek, a Class II and III trout stream. All the streams contain brook trout, with Tyler Forks River also known for brown and rainbow trout. Public outdoor recreation is an important component of this Forest Legacy easement. The entire property will be open for hiking, fishing, hunting, trapping, cross-country skiing, and berry picking.

The conservation easement will ensure continued opportunities for sustainable forest management on a large block of forestland in northern Wisconsin while providing habitat management opportunities for many wildlife species including the state listed endangered American marten. In addition, the easement will secure the property's economic values as Wisconsin leads the nation in the number of employees and the value of shipments in the forest products sector at \$18 billion annually. The enrichment of sustainable forestry practices on forest ownerships directly benefits our state's economy and environment.

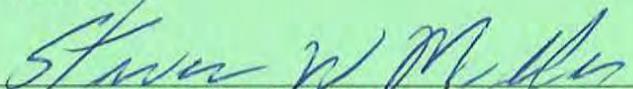
Acquisition of this 13,692 acre Forest Legacy easement will help protect and preserve the integrity of these northern forestlands in perpetuity, prevent forest fragmentation and promote the sustainable use of the northern forests. The tracts that comprise the easement area are critical in connecting existing public lands in addition to providing land and road access for public outdoor recreation. The property included in this easement will be managed by private owners as working forestland with many opportunities for public recreation.

**RECOMMENDATION:** That the Board approve the purchase of the conservation easement and associated woods road access rights from The Conservation Fund on 13,692 acres of land for the Forest Legacy Program the Iron County.

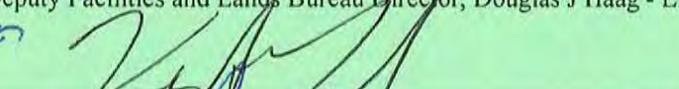
**LIST OF ATTACHED MATERIALS:**

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

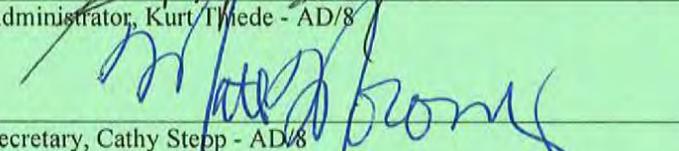
**APPROVED:**

  
Deputy Facilities and Lands Bureau Director, Douglas J Haag - LF/6

5-19-14  
Date

  
Administrator, Kurt Thiede - AD/8

5-20-14  
Date

  
Secretary, Cathy Stepp - AD/8

5/20/14  
Date

cc: S. Miller - LF/6  
D. Haag - LF/6  
L. Ross - AD/5  
T. Marty - FR/4  
P. Bruggink - NOD - WOODRUFF

CORRESPONDENCE/MEMORANDUM

DATE: May 15, 2014 FILE REF: NF 30100
TO: Governor Walker
FROM: Cathy Stepp
SUBJECT: Proposed Easement Acquisition on The Conservation Fund Tract, File # NF 30100

1. PARCEL DESCRIPTION:

FOREST LEGACY PROGRAM
Iron County

Grantor:

The Conservation Fund
Attn: Mr. Tom Duffus
394 Lake Avenue South, Ste. 404
Duluth, WI 55802

Acres: 13,692
Price: \$4,472,252
Interest: Easement
Improvements: None

Location: The tract is located in the Townships of Knight and Mercer in Iron County.
Land Description: The subject land is level to gently rolling and is mostly forested.

Covertypes Breakdown:

Table with 2 columns: Type, Acreage. Rows include Pine Plantation (497), Upland Woodland (11,779), Water (94), Urban / Developed (Roads) (77), Lowland Woodland (1,245), and Total (13,692).

Zoning: F-1 Forestry
Present Use: Timber and Real Estate Investment
Proposed Use: Public Recreation

Tenure: The Conservation Fund has a signed contract/offer to purchase this property from the current owner, RMK Select Timberland Investment Fund II, LLC. The sale to The Conservation Fund is scheduled to close on July 24, 2014. The Department's Option to purchase the conservation easement on the property is contingent upon the successful closing between RMK Select Timberland Investment Fund II, LLC and The Conservation Fund. The anticipated closing for the Department's acquisition of the conservation easement from The Conservation Fund is September 30, 2014.

Stewardship Land Access: This property will be open to the public for all nature based outdoor recreational activities to include hunting, fishing, trapping, hiking and cross-country skiing. Physical features of the property may not be conducive to all of these activities.



2. JUSTIFICATION:

The Department has reached an agreement with The Conservation Fund to purchase a 13,692 acre working forest easement for \$4,472,252 for the Forest Legacy Program in Iron County, known as the Twin Lakes working forest easement. The item is being submitted because the purchase price exceeds \$150,000.

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The Twin Lakes land area also represents important habitat for a variety of Wisconsin's larger mammals such as white tailed deer, wolves, bear, bobcat, the occasional moose and perhaps occasionally the rare Canada lynx. This location has a very healthy bear population and is important as a bear hunting area. It has also been important habitat for gray wolves (*Canis lupus*) in the state. Wolf packs have occupied the area since the early 1990s. Adequate management and sound conservation of lands such as the Twin Lakes area will help maintain the health and viability of several of the state's large mammal populations.

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Creek and Apple Creek are both Class I trout streams and have a combined 3 miles of frontage. Class II trout streams include Swamp Creek and Norman Creek with approximately 4 miles of frontage and Tyler Forks River and Magee Creek are Class III trout streams with combined 3.5 miles of frontage. There are approximately 4 miles of frontage on Shine Creek, a Class II and III trout stream. All the streams contain brook trout, with Tyler Forks River also known for brown and rainbow trout. Public outdoor recreation is an important component of this Forest Legacy easement. It is intended that the entire property will be open for hiking, fishing, hunting, trapping, cross-country skiing, and berry picking, however physical features of the property may not be conducive to all of these activities at all times.

The conservation easement will ensure continued opportunities for sustainable forest management on a large block of forestland in northern Wisconsin while providing habitat management opportunities for many wildlife species including the state listed endangered American marten. In addition, the easement will secure the property's economic values as Wisconsin leads the nation in the number of employees and the value of shipments in the forest products sector at \$18 billion annually. The enrichment of sustainable forestry practices on forest ownerships directly benefits our state's economy and environment.

Acquisition of this 13,692 acre Forest Legacy easement will help protect and preserve the integrity of these northern forestlands in perpetuity, prevent forest fragmentation and promote the sustainable use of the northern forests. The tracts that comprise the easement area are critical in connecting existing public lands in addition to providing land and road access for public outdoor recreation. The property included in this easement will be managed by private owners as working forestland with many opportunities for public recreation.

3. LAND MANAGEMENT:

The 13,692 acre Twin Lakes working forest property, will continue to be owned and managed by a private landowner. The easement ensures the property continues to be available for industrial forest management as well as public use. Management must be conducted in compliance with a Department approved Forest Management Plan consistent with the requirements of the Managed Forest Law program.

In general the Twin Lakes area represent important habitat for animals that benefit from large wild remote habitat. The area is important habitat for wolves, martens, bear, bobcat, as well as the occasional moose (*Alces alces*), and perhaps occasionally the rare Canada lynx (*Lynx canadensis*). Sound management of this property will help maintain its wild character and provide habitat for many wildlife species while providing outstanding opportunities for remote recreational activities.

4. FINANCING:

State Stewardship bond funds are anticipated:

Funds allotted to program:	Balance after proposed transaction:
\$6,205,628	\$1,452,058

5. ACQUISITION STATUS OF THE FOREST LEGACY PROGRAM:

Established: 2002

Acres Purchased to Date: 203,058.22

6. APPRAISAL 1:

Appraiser: William Steigerwaldt

Valuation Date: January 24, 2014

Appraised Value: \$5,359,000

Highest and Best Use: Timber Investment

Allocation of Values:

Before Value: \$12,359,000 (\$924 acre)  
After Value: \$ 7,000,000 (\$523 acre)  
Easement: \$ 5,359,000 (divided by 13,732 m/l acres and rounded to = \$390 per acre)

Appraisal Review:

Peter Wolter Date: 3/17/2014

Comments:

- Sale #4 in the before value sales comparison approach was not a good comparable. It sold for \$1894/acre which was more than 200% than the final value conclusion in the before value of \$900/acre.
- After removal of sale #4, the appraiser has a final before value range of \$794-\$927/acre. The subject reportedly sold in 2008 for \$815/acre. Land values have been relatively flat in Iron County over the past 5-6 years with some small gains and declines. The appraiser chooses a final before value of \$900/acre, which is too high in the range.
- The Reviewer has constructed his own Opinion of Value.

APPRAISAL 2:

Appraiser: Michael Augustyn  
Valuation Date: March 3, 2014  
Appraised Value: \$3,138,000  
Highest and Best Use: Timber Investment

Allocation of Values:

Before Value: \$10,710,960 (\$780 per acre)  
After Value: \$ 7,552,600 (\$550 per acre)  
Easement: \$ 3,158,360 (\$230 per acre)

Appraisal Review:

Peter Wolter Date: 3/17/2014

Comments:

- Comparable sale #4 used in the before value sales comparison approach was not a good comparable. It sold for \$1655/acre which was more than 200% then the final value conclusion in the before value of \$780/acre. The sale should have been given an adjustment for being superior in location to the subject property.
- In the after value under the sales comparison approach, sales #2 and #3 should also have been given an adjustment for being superior in location to the subject.
- The Reviewer has constructed his own Opinion of Value.

OPINION OF VALUE:

Appraiser: Peter Wolter  
Valuation Date: March 3, 2014  
Appraised Value: \$4,119,600  
Allocation of Values:

Before Value: \$11,328,900 (\$825 acre)  
After Value: \$ 7,209,300 (\$525 acre)  
Easement: \$ 4,119,600 (divided by 13,732 acres = \$300 per acre)

Comments: The Review Appraiser selected what he considered the best 5 sales out of both appraisals for the before value and the best 4 sales out of both reports for the after value. For the before value, 3 sales were chosen from the

Augustyn report and 4 sales were chosen from the Steigerwaldt report. Two of those sales overlapped in both reports; therefore there was a total of five sales to determine the before value. For the after value, 3 sales were chosen from the Augustyn report and two sales were chosen from the Steigerwaldt report. One of those sales overlapped therefore there was a total of 4 sales chosen to determine the after value.

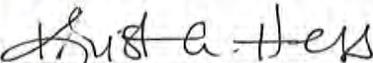
FINAL VALUE COMMENTS:

Both appraisals and the appraiser's opinion of value were completed prior to the Seller concluding negotiations to purchase the property and prior to the Department and the Seller working out the details on public vehicular access to the woods roads and final acreage of 13,692. The final offering price was negotiated based on the reviewers opinion of value, the seller's actual purchase of the fee simple interest to the property, estimates received from Department staff and William Steigerwaldt related to road maintenance costs, the costs to gravel additional roads and the rights of the public to actually use the roads and acreage. The Department's final purchase price for the Conservation Easement and road access rights is \$4,472,252 or approximately \$326.63 per acre.

RECOMMENDED:

  
\_\_\_\_\_  
Douglas J Haag, Deputy Facilities and Lands Bureau Director

5-19-14  
Date

  
\_\_\_\_\_  
Kristin A. Hess, Bureau of Legal Services

5/19/14  
Date

  
\_\_\_\_\_  
Kurt Thiede, Land Division Administrator

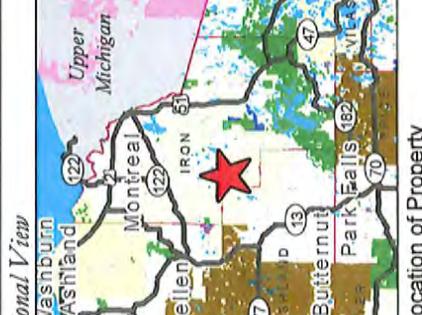
5/20/14  
Date

**The Conservation Fund  
(former RMK  
Select Timberland)**  
Forest Legacy  
Program  
**NF 30100**

T43N R2E Sec 5, 6, 7, 8,  
17, 18, 19  
T44N R1E Sec 5, 6, 7, 8,  
16, 17, 18, 19, 20, 21, 27, 28,  
29, 30, 31, 32, 33, 34, 35, 36  
Town of Mercer  
Iron County  
13,372 Acres

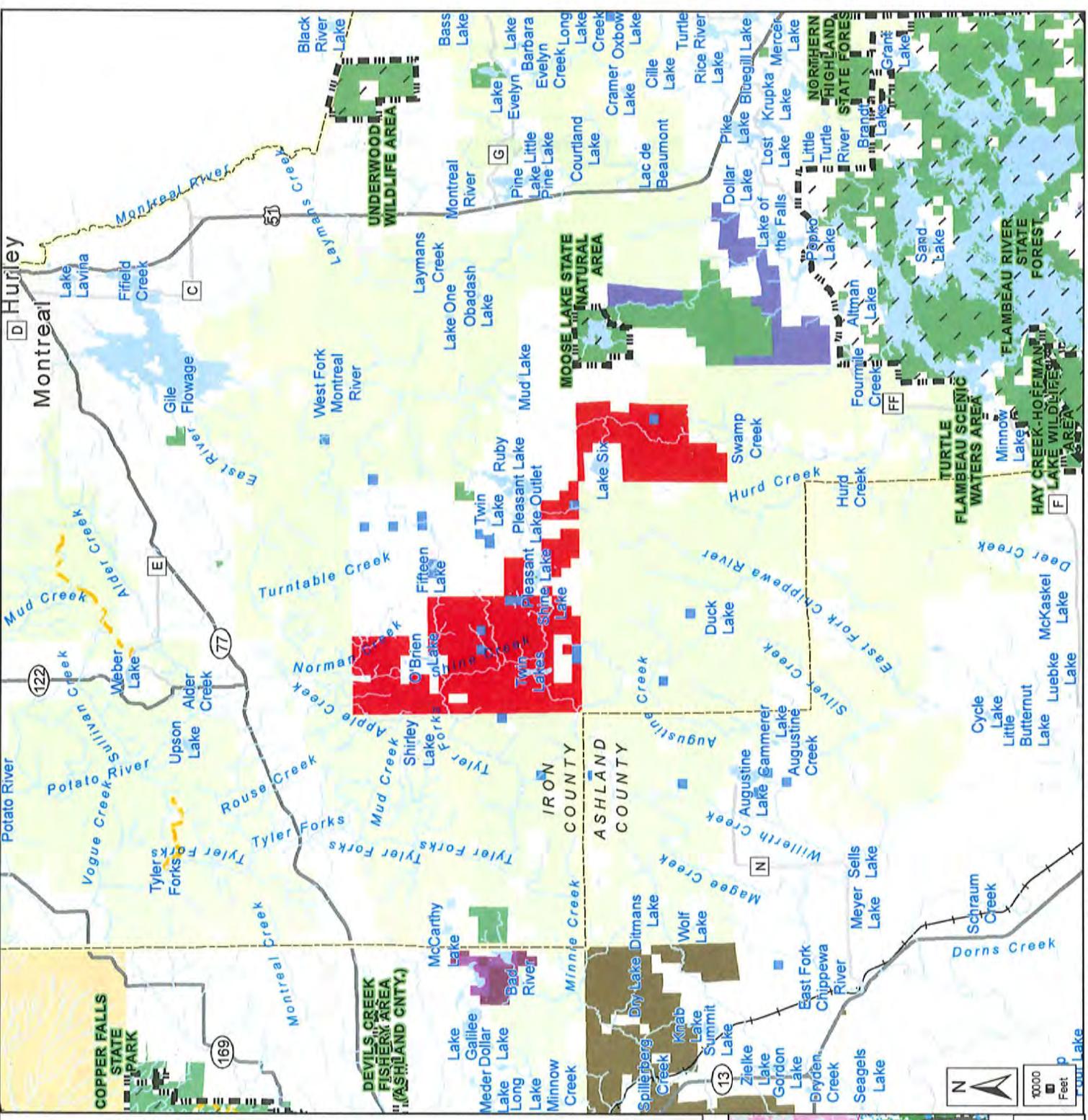
**Subject**

- DNR Fee Title
- DNR Easement
- DNR Easement (Closed to Public Access)
- DNR Project Boundary
- North Country Nat'l Scenic Trail
- U.S. Fish & Wildlife Service
- County Forest
- Tribal Land
- Board of Commissioners of Public Lands
- National Forest
- Public Land - Funded by Stewardship Grants



**Location of Property**

WISCONSIN DEPARTMENT  
OF NATURAL RESOURCES  
Bureau of Facilities of Lands  
Map Created: May 01, 2014 kmh



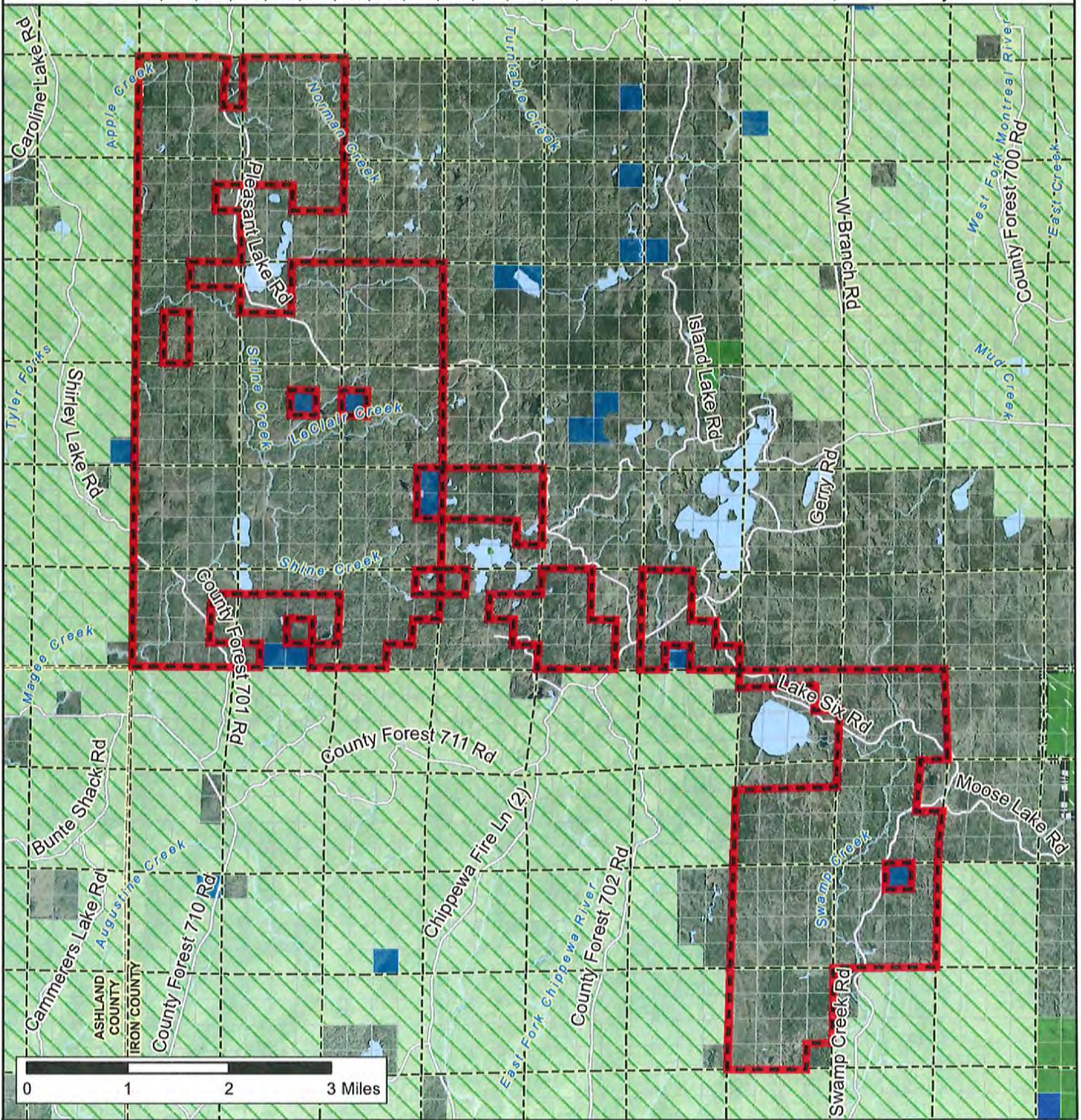
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# The Conservation Fund (former RMK Select Timberland)

T43N R2E Sec 5, 6, 7, 8, 17, 18, 19; T44N R1E Sec 5, 6, 7, 8, 16, 17, 18, 19, 20, 21, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36; Town of Mercer; Iron County



## Forest Legacy Program

 Subject

-  DNR Fee Title Land
-  DNR Easement Land
-  Board of Commissioners of Public Lands
-  DNR Project Boundary
-  County Forest
-  Section Line
-  QQ Section Lines

 N



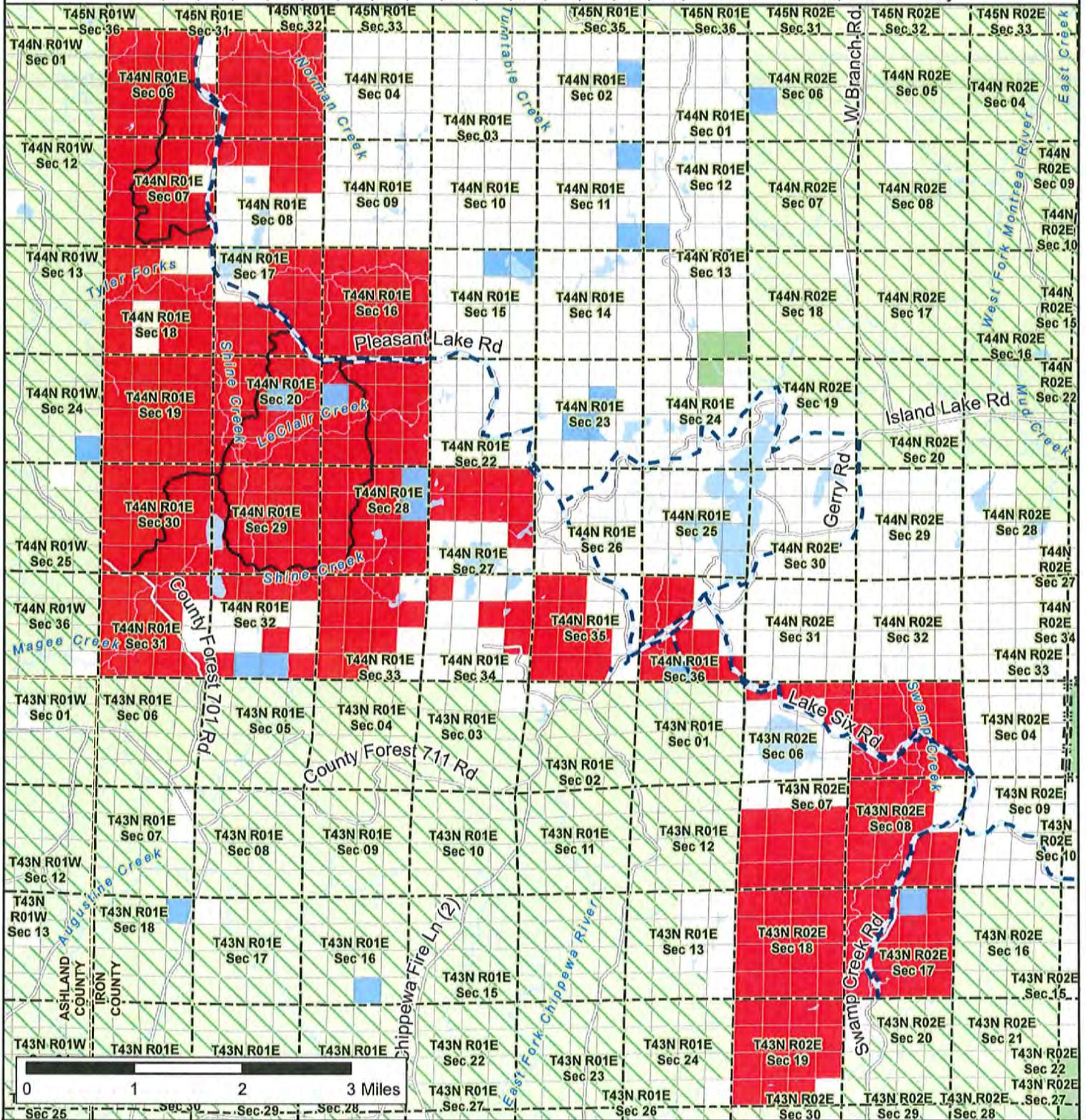
May 01, 2014 kmh

Real Estate Section  
Bureau of Facilities and Lands

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## Forest Legacy Program

Subject

Snowmobile/ATV Routes  DNR Project Boundary

Along Local Roads in Easement Area

County Forest

Woods Roads  
 (Designated Open in Easement)

Board of Commissioners of Public Lands

DNR Fee Title Land

Section Line

QQ Section Lines



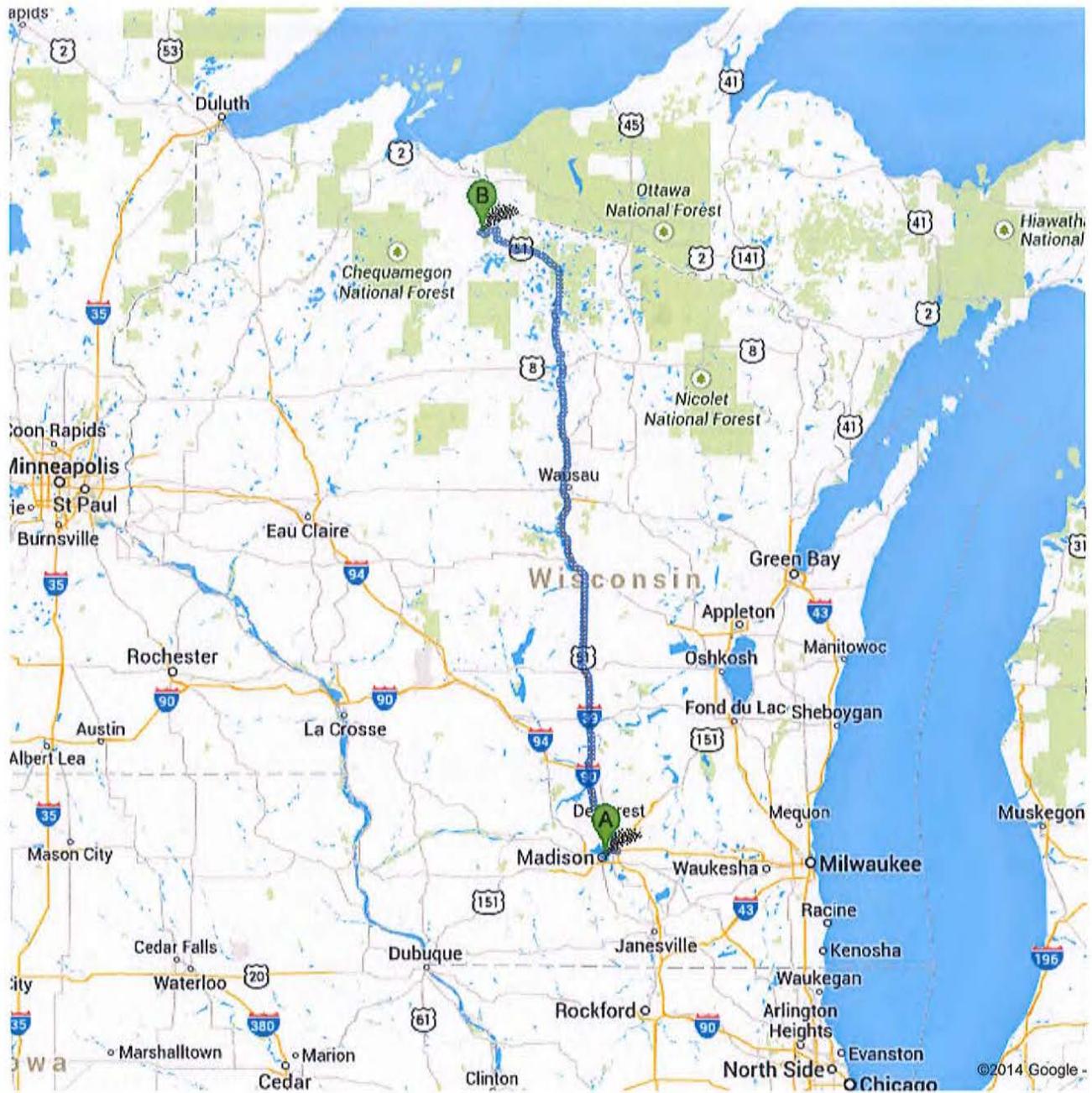
May 01, 2014 kmh

Real Estate Section  
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Directions to Moose Lake Rd  
256 mi – about 4 hours 26 mins



 101 S Webster St, Madison, WI 53703



1. Head **northwest** on **S Webster St** toward **E Main St**

go 0.1 mi  
total 0.1 mi



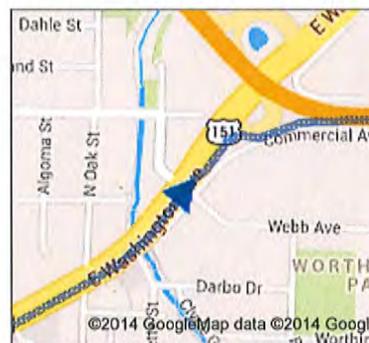
 2. Take the 2nd right onto **E Washington Ave**  
About 6 mins

go 2.9 mi  
total 3.0 mi



 3. Take the **Wisconsin 30 E ramp to Interstate 94/ Interstate 90**

go 0.2 mi  
total 3.3 mi



 4. Merge onto **WI-30 E**  
About 3 mins

go 2.6 mi  
total 5.8 mi





5. Take the exit on the left onto **I-39 N/I-90 W** toward **I-94 W/Wis Dells**  
About 26 mins



go 29.2 mi  
total 35.1 mi



6. Keep right to continue on **I-39 N**, follow signs for **Wisconsin 78 Trunk S/Merrimac/US-51/Wausau/Portage**  
About 1 hour 30 mins



go 103 mi  
total 138 mi



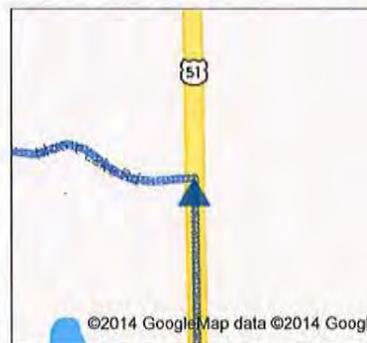
7. Continue onto **Hwy 51 N/US-51 N**  
About 1 hour 53 mins



go 112 mi  
total 250 mi



8. Turn left onto **Moose Lake Rd**  
About 12 mins



go 2.9 mi  
total 253 mi

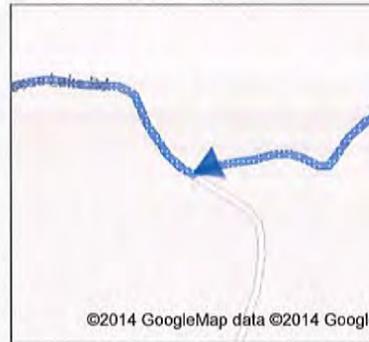


9. Turn left to stay on **Moose Lake Rd**  
About 8 mins



go 2.1 mi  
total 255 mi

10. Turn right to stay on **Moose Lake Rd**  
About 3 mins



go 0.7 mi  
total 256 mi

11. Take the 1st left to stay on **Moose Lake Rd**  
About 4 mins



go 1.0 mi  
total 256 mi

**B** Moose Lake Rd



These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

Map data ©2014 Google

Directions weren't right? Please find your route on [maps.google.com](https://maps.google.com) and click "Report a problem" at the bottom left.