

Wisconsin Department of Natural Resources
Natural Resources Board Agenda Item

SUBJECT: Land Exchange and Donation – Scattered Forest Lands and Northern Highland State Forest – Vilas County

FOR: AUGUST 2016 BOARD MEETING

TO BE PRESENTED BY: Douglas J Haag

SUMMARY:

The Department has entered into an agreement with Rest Lake Apartments, LLC to exchange 1.75 acres of land located in Vilas County for 42.7 acres of land within the Northern Highland State Forest. The land the Department is conveying is located on Rest Lake in the Town of Manitowish Waters and the land the Department is receiving is located on Mann Lake in the Town of Boulder Junction. The land being conveyed is not located within a Department project and is accessible to the public through either Department lands or Town lands; there is no direct road access. The land the Department is receiving is located entirely within the Northern Highland State Forest, is surrounded by Department ownership on three sides and Mann Lake on the fourth. It is accessible to the public through Department ownership and through a primitive driveway off Vandercook Road, an unplowed seasonal road. The item is being submitted because the value of the land exceeds \$150,000.

The land being conveyed is located in Vilas County and consists of a narrow strip of frontage on Rest Lake, 100 feet wide by 765 feet long. The parcel adjoins land owned by Rest Lake Apartments, LLC along the entire 765 foot boundary. The 100 foot strip of land is located outside of the Northern Highland American Legion State Forest project boundary and was removed from the Northern Highland State Forest project boundary through past master planning efforts.

The Department conveyed the 15.8 acre parcel currently owned by Rest Lake Apartments, LLC to the Town of Manitowish Waters in 1994. The town planned to use the land for a housing development. The Department retained the 100 foot strip of land at that time. The housing development did not work out and the Town of Manitowish Waters sold the land to a private party. The parcel recently changed hands again and the current owners, Rest Lake Apartments, LLC, have requested sale of the 100 foot strip of waterfront to gain access to the lake.

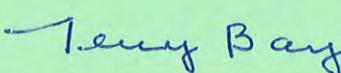
The land the Department is receiving will fill a gap in Department ownership in the Northern Highland American Legion State Forest and Mann Lake. This property will allow for management efficiencies, lessen trespass issues and provide 2,100 feet of public lake frontage on Mann Lake. The property is fully wooded, with a mixture of northern hardwood species.

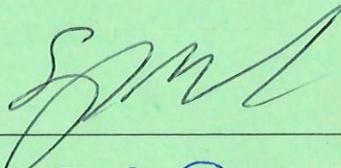
The Department obtained two appraisals on each property. The appraisals establish a broad range in market values for both properties. The parcel the Department is acquiring through this exchange is valued higher than the parcel being sold. Rest Lake Apartments, LLC has agreed to donate the difference in value with the exact amount of the donation to be determined by the Internal Revenue Service in accordance with their rules.

RECOMMENDATION: That the Board approves the exchange with Rest Lake Apartments, LLC of 1.75 acres of Scattered Forest Land for 42.7 acres of land within the boundary of the Northern Highland State Forest and recognize the difference in the value of the two parcels as a donation to the Department, and that a certificate of appreciation is sent to Rest Lake Apartments, LLC, and an expression of appreciation is made a part of the official records of the Natural Resources Board.

LIST OF ATTACHED MATERIALS (Check all that are applicable):

- Background Memo
- Maps and Documents

Approved By	Signature	Date
T. Bay Bureau Director		7/15/16

Sanjay Olson Division Administrator		7/18/16
Cathy Stepp, Secretary		7-20-16

CORRESPONDENCE/MEMORANDUM

DATE: July 14, 2016 FILE REF: WM 60294 and NF 30169
 TO: Governor Scott Walker
 FROM: Cathy Stepp
 SUBJECT: Proposed Land Exchange and Donation, Rest Lake Apartments, LLC Tract, File # WM 60294 and NF 30169, Option Expires November 3, 2016

1. PARCEL DESCRIPTION:

WM 60409-SCATTERED FOREST LANDS
 Vilas County

NF 30169-NORTHERN
 HIGHLAND STATE FOREST
 Vilas County

Grantors:

Rest Lake Apartments, LLC
 Attn: Mr. Richard Zordani
 12575 Uline Drive
 Pleasant Prairie, WI 53158

State Department of Natural Resources
 101 S. Webster Street
 Madison, WI 53707

<u>Acres:</u>	42.70	1.75
<u>Cost:</u>	Equal exchange and donation	Exchange
<u>Improvements:</u>	Depreciated/no value: cabin, boat house, garage and 3 storage sheds	None
<u>Interest:</u>	Fee Title	Fee Title

Location: The parcel to be conveyed is located 2.5 miles northwest of Manitowish Watters in Vilas County. The parcel the Department is receiving is located eight miles south of Boulder Junction in Vilas County.

Land Description: The parcel to be conveyed is level lowland woodland. The parcel to be received by the Department is rolling topography, decreasing in elevation towards the lake and is upland woodland cover.

Covertypes Breakdown:

Type	Acreage	Acreage
Lowland Woodland		1.75
Upland Woodland	42.70	
Total:	42.70	1.75

<u>Zoning:</u>	Forestry	Unzoned
<u>Present Use:</u>	Private Recreation/cabin site	Outdoor Public Recreation/Conservation
<u>Proposed Use:</u>	Public Recreation	Private Use
<u>Tenure:</u>	Recent	104 Years

Property Taxes:	\$4,588.67	Tax-Exempt
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Option Date: July 6, 2016

2. JUSTIFICATION:

The Department has entered into an agreement with Rest Lake Apartments, LLC to exchange 1.75 acres of land located in Vilas County for 42.7 acres of land within the Northern Highland State Forest. The land the Department is conveying is located on Rest Lake in the Town of Manitowish Waters and the land the Department is receiving is located on Mann Lake in the Town of Boulder Junction. The land being conveyed is not located within a Department project and is accessible to the public through either Department lands or Town lands; there is no direct road access. The land the Department is receiving is located entirely within the Northern Highland State Forest, is surrounded by Department ownership on three sides and Mann Lake on the fourth. It is accessible to the public through Department ownership and through a primitive driveway off Vandercook Road, an unplowed seasonal road. The item is being submitted because the value of the land exceeds \$150,000.

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3. LAND MANAGEMENT:

The property will be managed as a part of the larger Northern Highlands State Forest; no additional costs are anticipated for management.

4. FINANCING:

No funds are required for this exchange; the difference in value is being donated to the Department.

5. ACQUISITION STATUS OF THE SCATTERED FOREST LANDS:

Established: 1956
Acres Purchased to Date: 7,247.56
Acquisition Goal: 5,352.61
Percent Complete: 135.40 %
Cost to Date: \$3,147,997.27

ACQUISITION STATUS OF THE NORTHERN HIGHLANDS STATE FOREST:

Established: 1925
Acres Purchased to Date: 174,141.91
Acquisition Goal: 229,976.00
Percent Complete: 75.72 %
Cost to Date: \$40,158,889.14

6. APPRAISAL 1 DNR PROPERTY:

Appraiser: William Steigerwaldt
Valuation Date: February 09, 2015
Appraised Value: \$384,000.00
Highest and Best Use: Assemblage

Allocation of Values:

- a. land: 765 front feet @ \$501 per front foot: \$384,000.00
- b. "Before and After" market data approach used, 3 comparable sales cited for "before" value and 3 comparable sales cited for "after" value.

Administrative Review: Doug Haag

APPRAISAL 2 DNR PROPERTY:

Appraiser: Robert Karl
Valuation Date: June 10, 2015
Appraised Value: \$238,000.00
Highest and Best Use: Assemblage to adjoining condominium property

Allocation of Values:

- a. land: 765 front feet @ \$311.00 per front foot: \$238,000.00
- b. "Before and After" market data approach used, 4 comparable sales cited for "before" value and 5 comparable sales cited for "after" value.

Administrative Review: Doug Haag

Comments: Both appraisers used a before and after approach to value the subject property. The before value was based on the Rest Lake Apartments, LLC parcel without lake frontage and the after value was based on the Rest Lake Apartments, LLC parcel with lake frontage.

APPRAISAL 3 MANN LAKE PROPERTY:

Appraiser: David Steiro
Valuation Date: February 22, 2016
Appraised Value: \$250,000.00
Highest and Best Use: Rural residential/recreational use

Allocation of Values:

- a. land: 42.7 @ \$5,854.80 per acre: \$250,000.00
- b. market data approach used, 7 comparable sales cited
- c. adjusted value range: \$146,000.00 - \$315,000.00 per acre

Administrative Review: Doug Haag

APPRAISAL 4 MANN LAKE PROPERTY:

Appraiser: William Steigerwaldt
Valuation Date: January 8, 2016
Appraised Value: \$470,000.00
Highest and Best Use: Large-Parcel Residential

Allocation of Values:

- a. land: 42.7 @ \$11,007.03 per acre: \$470,000.00
- b. market data approach used, 4 comparable sales cited
- c. adjusted value range: \$8,821.00-\$15,833.00 per acre

Administrative Review: Doug Haag

LAND VALUATION SUMMARY:

Appraisals obtained by the Department establish a large range in value for both parcels. Rest Lake Apartment's purchased the Mann Lake parcel for \$400,000.00 which trends toward the high appraisal obtained by the Department for that parcel. The difference in values of the two parcels may qualify as a charitable contribution by the IRS. Specific valuation policies and procedures apply to such donations and the Department is not involved in the final allocation of value for IRS purposes. For that reason no final value allocations are made to the respective properties, rather the appraisals serve as general guide for making administrative decisions regarding the exchange.

RECOMMENDED:



Douglas J. Haag, Deputy Director, Bureau of Facilities and Lands

6-30-16

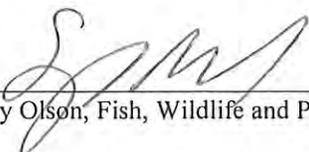
Date



Richard W. Henneger, Bureau of Legal Services

7/18/16

Date



Sanjay Olson, Fish, Wildlife and Parks Division Administrator

7/18/16

Date

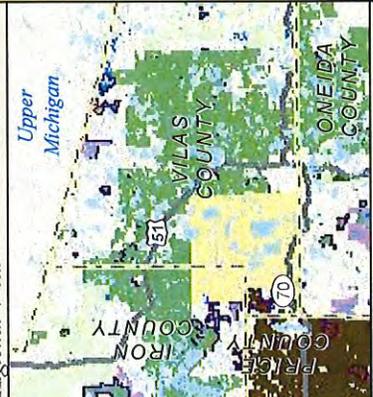
Rest Lake Apts., LLC & Wisconsin DNR - Exchange & Donation

Towns of Manitowish Waters
and Boulder Junction
Vilas County

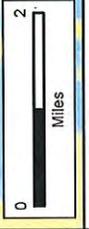
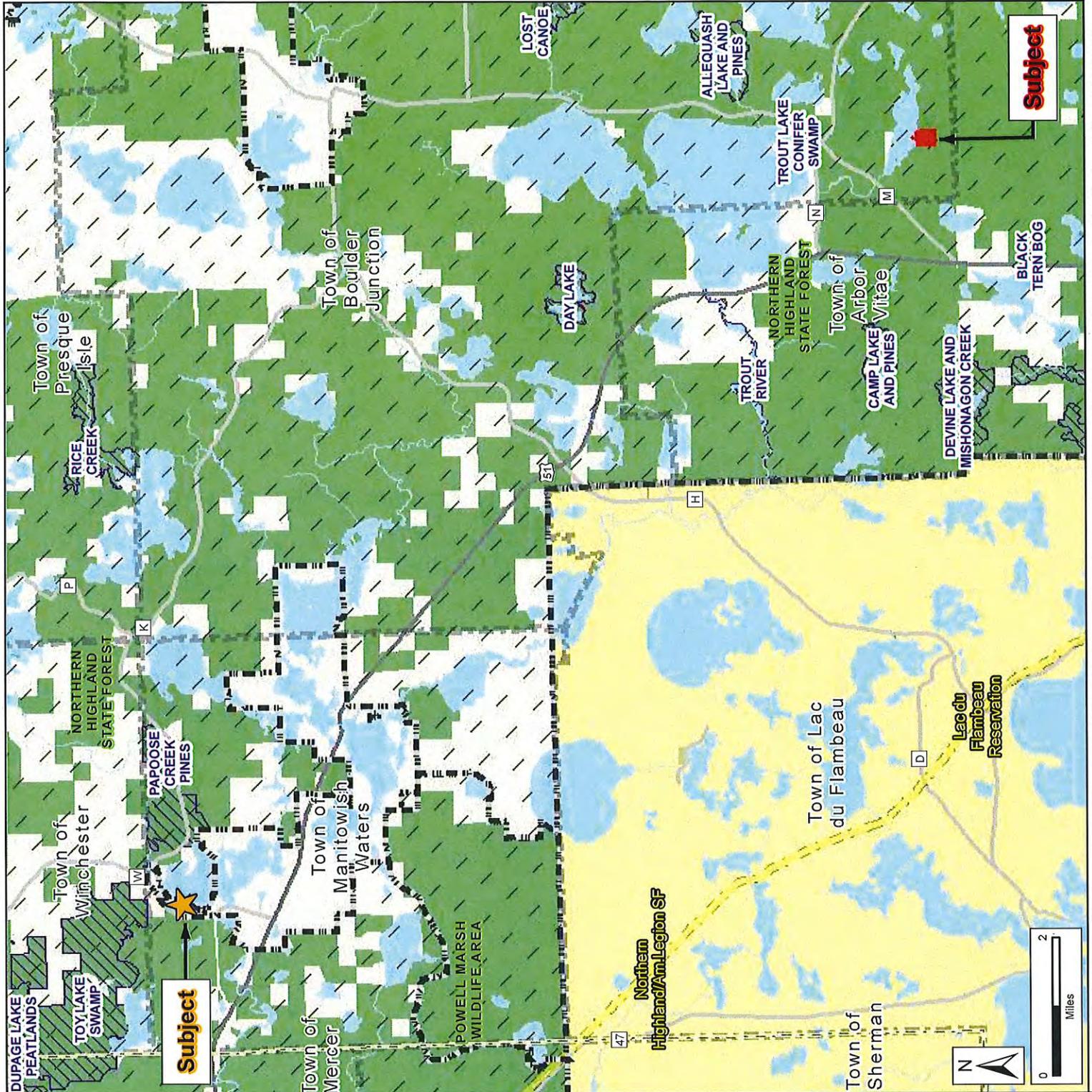
★ **Subject: WM60294**
■ **Subject: NF 30169**

-  Project Boundary Not Subject to Act 20 JFC Review
-  DNR Fee Title
-  DNR Easement
-  DNR Easement Closed to Public Access
-  Board of Commissioners of Public Lands
-  State Natural Area
-  Tribal Reservation
-  State Trail Network Project Boundary
-  County Boundary
-  Town Boundary

Regional View

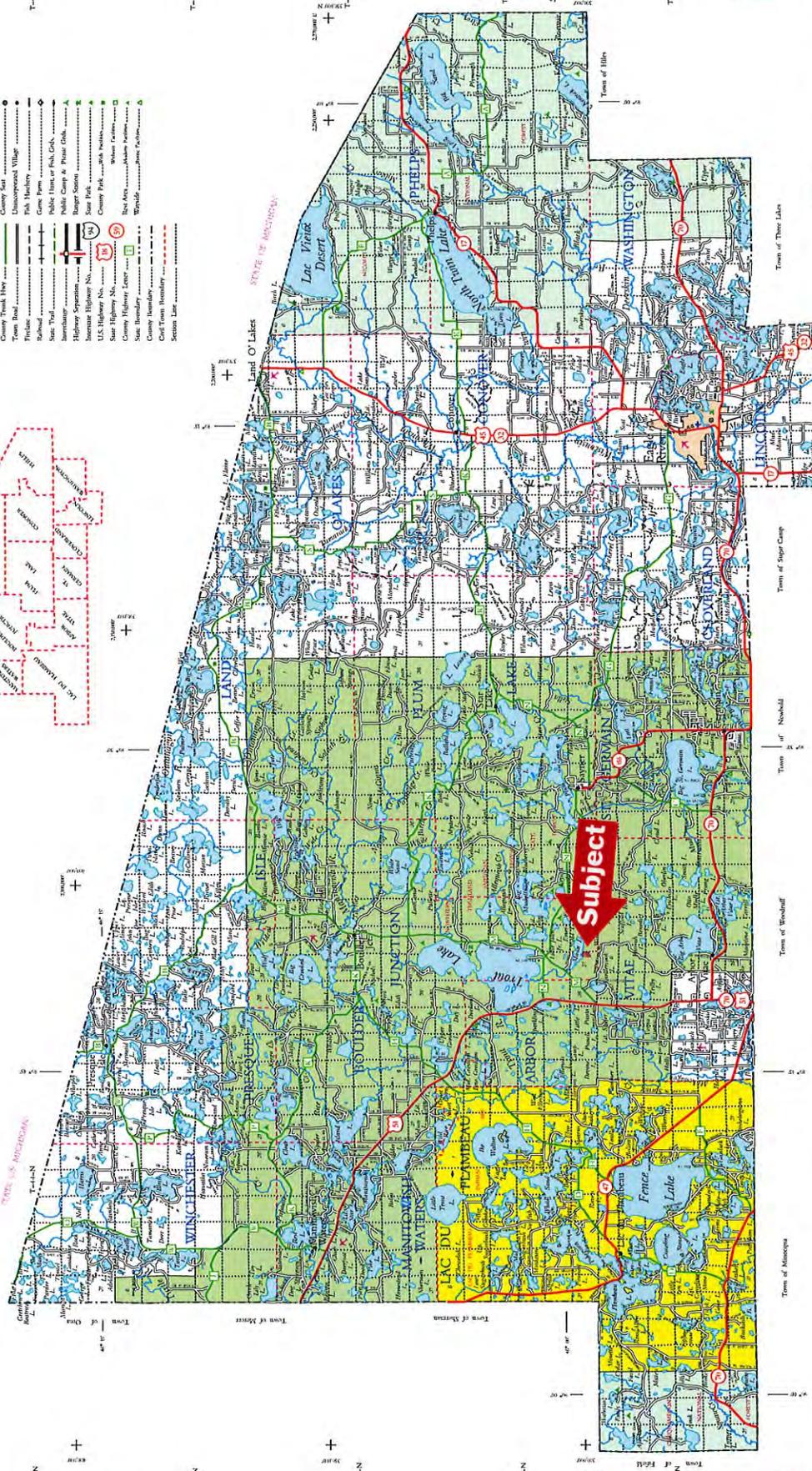
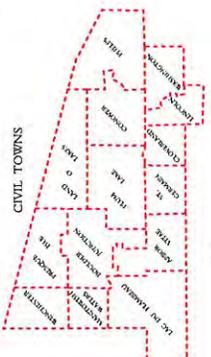


WISCONSIN DEPARTMENT
OF NATURAL RESOURCES
Bureau of Facilities or Lands
Map Created: Jun 29, 2016 .jst



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- LEGEND**
- Proximity
 - Multiline Divided
 - U.S. or State Hwy
 - County Trunk Hwy
 - Town Road
 - Trilliale
 - Subroad
 - Sand Trail
 - Interstate
 - Highway Separation
 - Public Camp & Power Gith
 - Range Station
 - Highway No.
 - U.S. Highway No.
 - County Highway Letter
 - State Boundary
 - County Boundary
 - Civil Town Boundary
 - Section Line
 - Dam
 - Hospital
 - County Seat
 - Unincorporated Village
 - Fish Hatchery
 - Game Farm
 - Public Camp & Power Gith
 - Range Station
 - Highway No.
 - U.S. Highway No.
 - County Highway Letter
 - State Boundary
 - County Boundary
 - Civil Town Boundary
 - Section Line



VILAS CO.
 DEPARTMENT OF TRANSPORTATION
 STATE OFFICE BUILDING
 ST. JOSEPH, MO.
 SCALE 1" = 2 MILES
 JAN 29, 1964
 Prepared by
 G. W. H. S. Co., Inc.

MILES OF HIGHWAY

STATE	16
COUNTY	34
OTHER TOWNS	15
TOTAL FOR COUNTY	65

Local and Other Counties: Barron, Eau Claire, Lincoln, Polk, Pierce, Richland, St. Louis, Vernon, Wisconsin

For boundaries of public housing and fishing grounds, please contact the Department of Natural Resources.

Grid based on the state plane coordinate system north zone and the NAD 27.



SECTION NUMBERS
 OF A TOWNSHIP

1	2	3	4	5	6	7	8	9	10	11	12
13	14	15	16	17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32	33	34	35	36

**Rest Lake Apartments,
LLC - Fee Exchange
& Donation**

Northern Highland
State Forest

NF 30169

T41N R7E Sec 31
Town of Boulder Junction
Vilas County

 Subject

 Project Boundary Not Subject
to Act 20 JFC Review

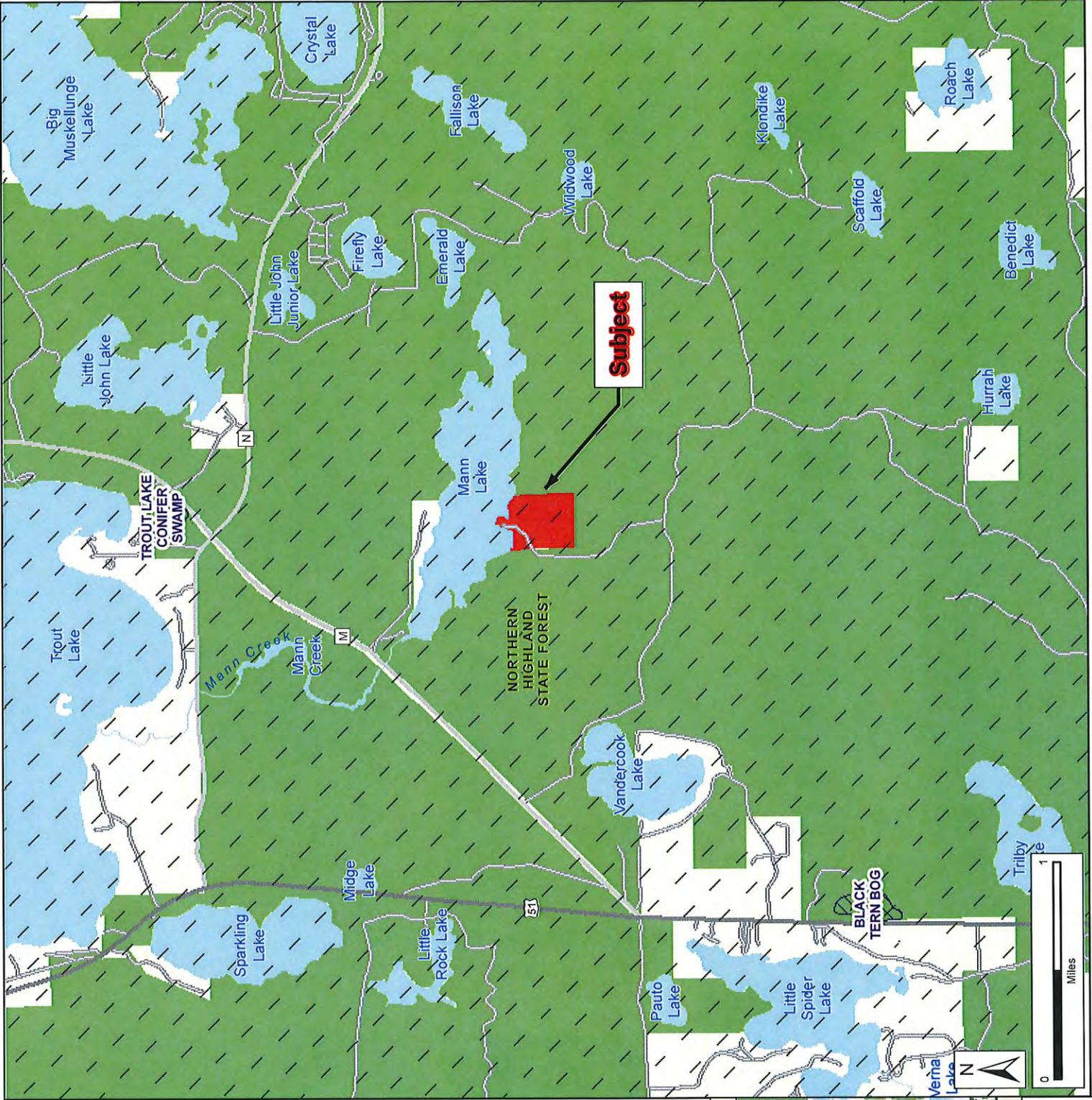
 DNR Fee Title

 State Natural Area



 Location of Property

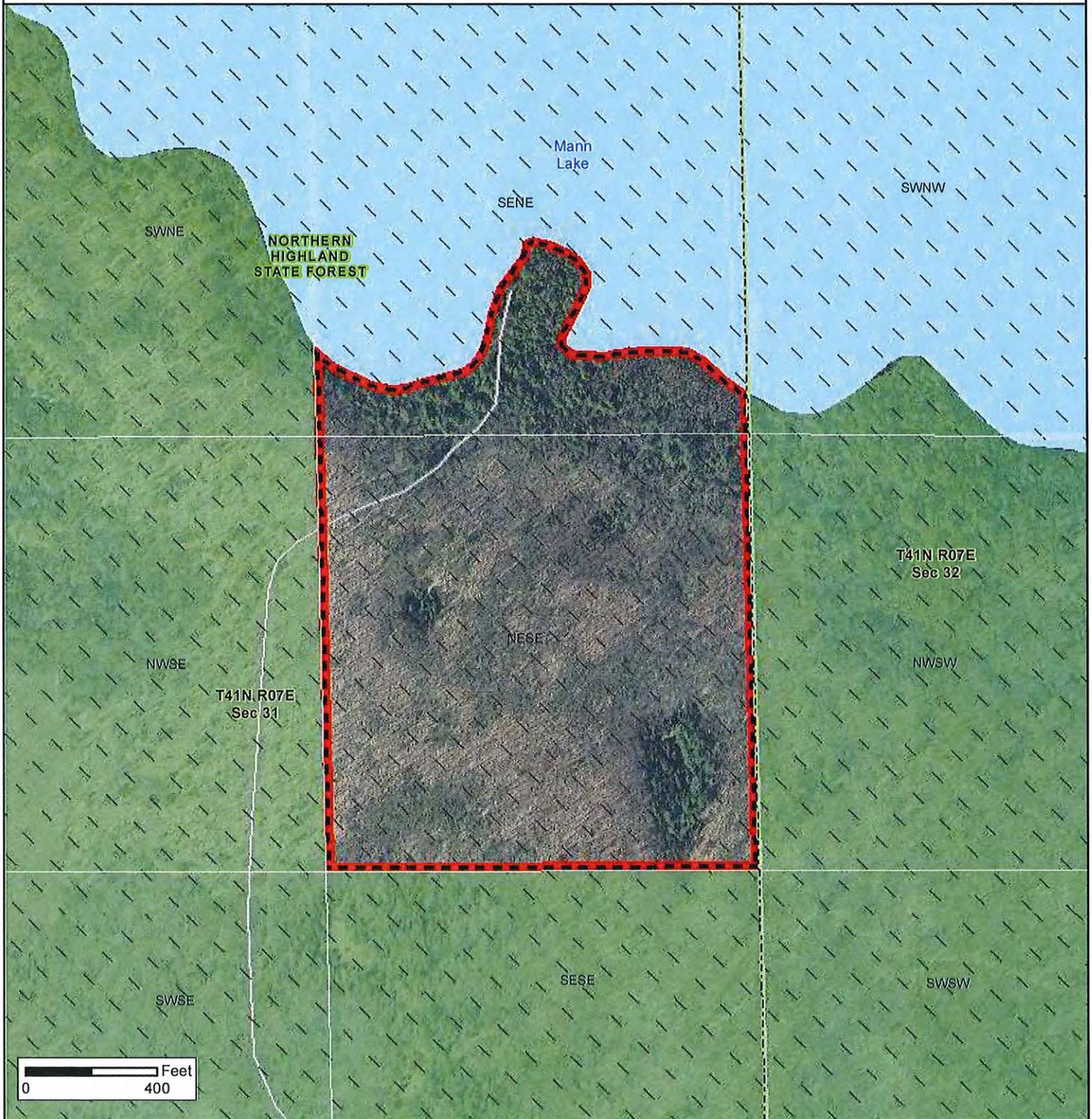
 WISCONSIN DEPARTMENT
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Map Created: Jun 28, 2016 jst



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Rest Lake Apartments, LLC - Fee Exchange & Donation

T41N R7E Sec 31, Town of Boulder Junction, Vilas County



Northern Highland State Forest

 **Subject**

 Project Boundary Not Subject to Act 20 JFC Review

 DNR Fee Title



Jun 28, 2016 jst

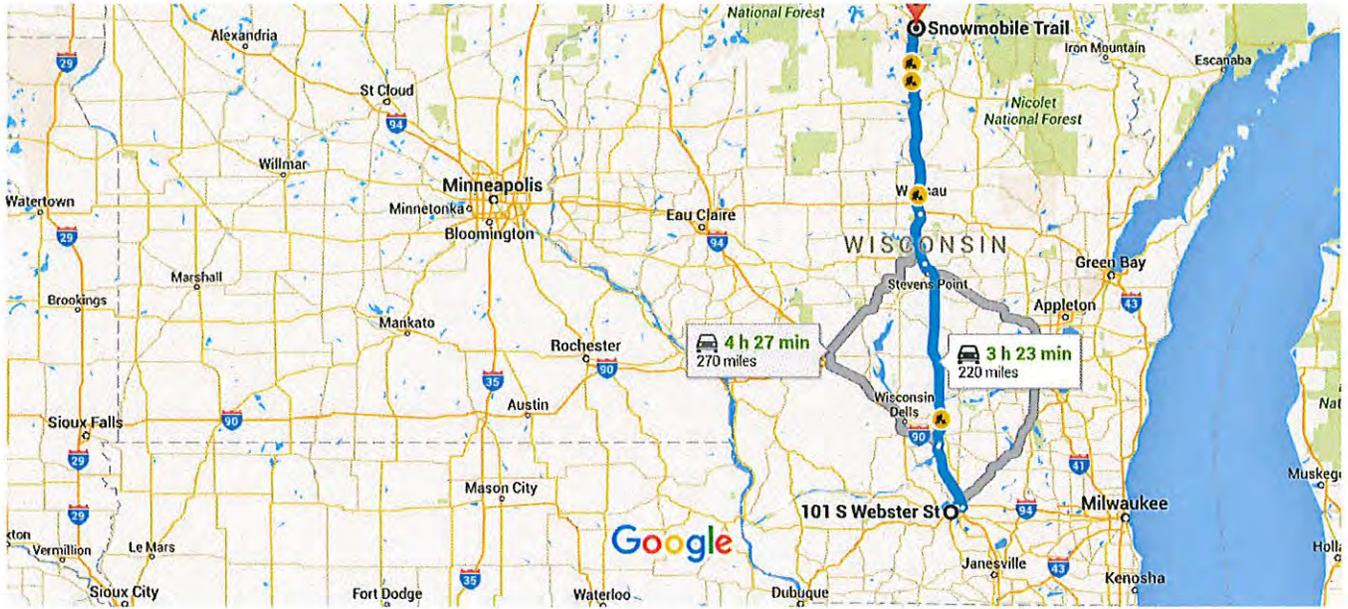
Real Estate Section
Bureau of Facilities and Lands

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8



101 S Webster St, Madison, WI to Snowmobile Trail, Boulder Junction, WI 54512 Drive 220 miles, 3 h 23 min



Map data ©2016 Google 50 mi

101 S Webster St
Madison, WI 53703

Get on WI-30 E

- ↑ 1. Head northwest on S Webster St toward E Main St 8 min (3.3 mi)
- ➡ 2. Use any lane to turn right at the 2nd cross street onto E Washington Ave 0.1 mi
- ⬆️ 3. Use the right lane to take the WI-30 E ramp to Interstate 94/Interstate 90 2.9 mi
- ⬆️ 4. Use the right lane to take the WI-30 E ramp to Interstate 94/Interstate 90 0.2 mi

Take I-39 N and US-51 N to Co Hwy M/Co Rd M in Arbor Vitae

- ↑ 4. Continue onto WI-30 E 3 h 14 min (215 mi)
- ↙ 5. Use the left lane to merge onto I-39 N/I-90 W toward I-94 W/Wis Dells 2.6 mi
- ➡ 6. Use the right 2 lanes to take exit 108 A-108 B for I-39 N toward US-51/Wausau/Portage 29.3 mi
- ↙ 7. Use the right 2 lanes to take exit 108 A-108 B for I-39 N toward US-51/Wausau/Portage 0.9 mi

9

- ↑ 7. Continue onto I-39 N 79.6 mi
- ↩ 8. Keep left to stay on I-39 N 22.5 mi
- ↑ 9. Continue onto US-51 N 79.9 mi

Continue on Co Hwy M/Co Rd M. Drive to Snowmobile Trail in Boulder Junction

- ↘ 10. Turn right onto Co Hwy M/Co Rd M 4 min (2.5 mi)
- ↘ 11. Turn right onto Snowmobile Trail 1.7 mi
- 0.8 mi

Snowmobile Trail

Boulder Junction, WI 54512

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.

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**Wisconsin Department
of Natural Resources -
Fee Exchange
& Donation**

• • •
*Northern Highland
State Forest*

WM 60294

T42N R5E Sec 4
Town of Manitowish Waters
Vilas County

Subject

 Project Boundary Not Subject
to Act 20 JFC Review

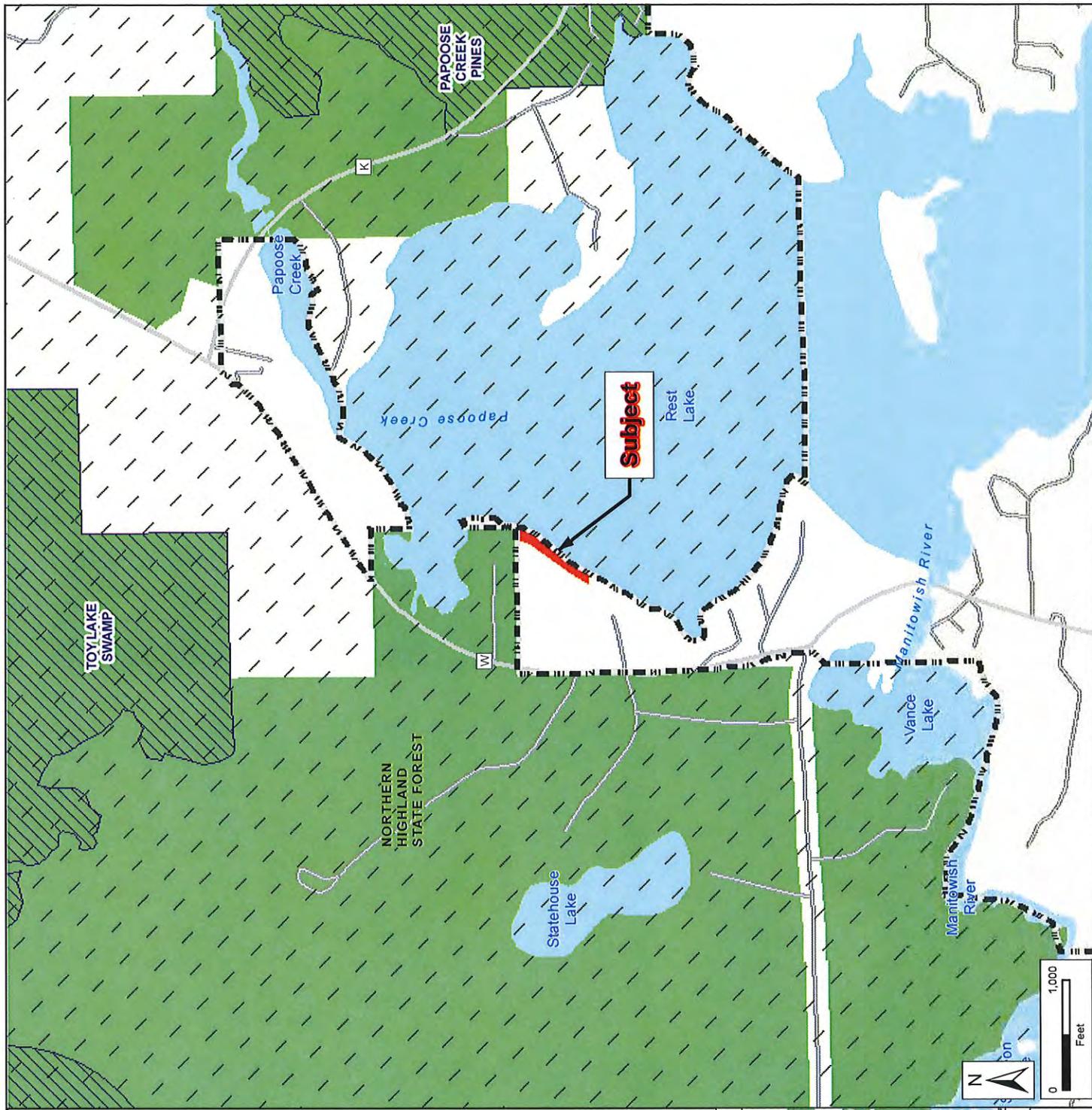
 DNR Fee Title

 State Natural Area



 Location of Property

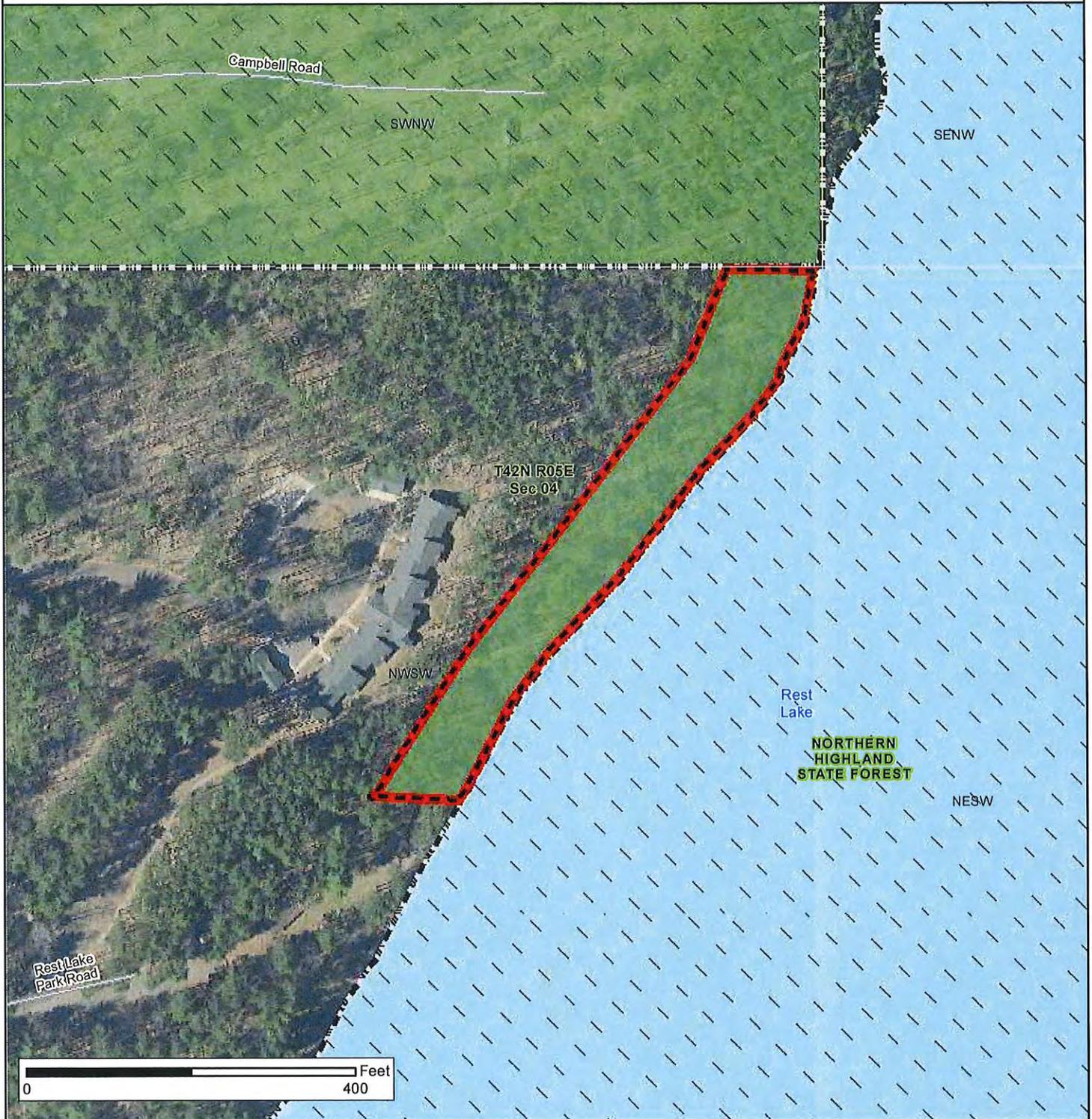

WISCONSIN DEPARTMENT
OF NATURAL RESOURCES
Bureau of Facilities of Lands
Map Created: Jun 28, 2016 .jst



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Wisconsin Department of Natural Resources - Fee Exchange & Donation

T42N R5E Sec 4, Town of Manitowish Waters, Vilas County



Northern Highland State Forest

 **Subject**



Project Boundary Not Subject to Act 20 JFC Review



DNR Fee Title



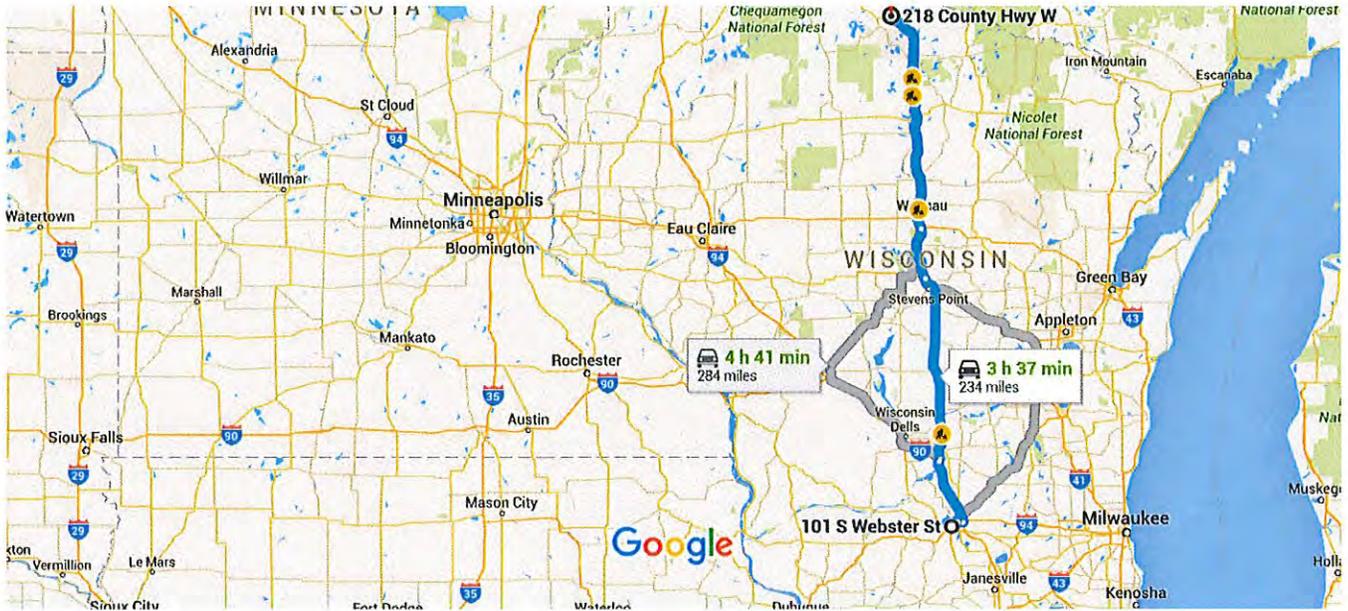
Jun 28, 2016 jst

Real Estate Section
Bureau of Facilities and Lands

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101 S Webster St, Madison, WI to 218 County Hwy W, Manitowish Waters, WI 54545 Drive 234 miles, 3 h 37 min



Map data ©2016 Google 50 mi

101 S Webster St

Madison, WI 53703

Get on WI-30 E

- ↑ 1. Head northwest on S Webster St toward E Main St 8 min (3.3 mi)
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Take I-39 N and US-51 N to County Hwy W in Manitowish Waters

- ↑ 4. Continue onto WI-30 E 3 h 30 min (230 mi)
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14

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218 County Hwy W

Manitowish Waters, WI 54545

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15

Acknowledgment of Gift

This is to certify that at its August 2016 meeting, the Wisconsin Natural Resources Board gratefully accepted a gift of a difference in value for a land exchange in Vilas County for the Northern Highland State Forest from

Rest Lake Apartments, LLC.

It is significant that organizations such as yours are interested in helping protect Wisconsin's natural heritage and contribute materially toward this end.

An expression of our appreciation is a part of the official records of the Wisconsin Natural Resources Board. We present this certificate of sincere appreciation on behalf of present and future generations to thank you for your thoughtfulness and generosity.

Wisconsin Natural Resources Board

Terry N. Hilgenberg, CHAIR