

SUBJECT: LAND ACQUISITION AND PROJECT BOUNDARY MODIFICATIONS – BRULE RIVER STATE FOREST - DOUGLAS COUNTY

FOR: JUNE 2007 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: The Department has obtained an agreement to purchase 5,889.13 acres of land from the The Conservation Fund (TCF) for \$6,111,358 for its Brule River State Forest Project in Douglas County. The four non-contiguous parcels which compose the acreage total are all situated in northeast Douglas County in the Town of Cloverland. About 350 acres, the two smaller parcels and 80 acres from another parcel, are outside the present Brule River State Forest project boundary. The outlying lands all abut the current acquisition boundary and would block in well with the existing ownership, and are recommended to be added to the project.

This acquisition would be a significant addition to Department's ownership in the northern portion of its Brule project and will allow natural resource management, enhance public recreation, and will consolidate state ownership. The Brule River State Forest is a remarkable place with a rich natural and cultural history and unique opportunities for restoration and management to provide the features that people have valued for so many generations. A unique opportunity, the purchase of this property would fulfill the majority of the northern boundary expansion identified in the 2003 Brule River State Forest Master Plan. This acquisition offers the potential to:

- Allow a functional landscape scale restoration of a clay plain boreal forest, a rare ecological community in Wisconsin.
- Provide a large-scale demonstration of silvicultural practices to emphasize boreal forest management themes.
- Preserve a natural and remote recreational setting next to Wisconsin's lake Superior coastline.
- Protect additional watersheds and fishery habitats that flow into Lake Superior.
- Protect the public hunting use that currently occurs on these lands enrolled under the industrial forest tax law program.

In December of 2006, The Conservation Fund (TCF) acquired the tracts from Wausau Paper Mills Company for a purchase price of \$6,036,358. The Conservation Fund, by purchasing and holding these parcels for future Department acquisition, allows DNR to take advantage of an opportunity to acquire a major inholding within the Brule River State Forest from its current owner, Wausau Paper. Without TCF's help, the DNR would have lacked the land acquisition funds necessary to acquire these critical parcels in the time span Wausau Paper was seeking to liquidate them. The Department proposes to acquire the land at a price of \$6,111,358, TCF's purchase price of \$6,036,358 plus a \$75,000 fee. Interest holding costs of about \$120,000 also would be due to cover TCF's costs.

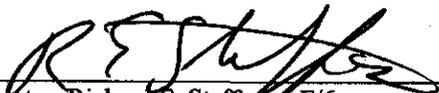
Due to the size of the transaction, the Department requests that the Board authorize "borrowing ahead" from the Stewardship program's bonding authority from FY09 for this purchase. This will protect the exceptional Brule River property while completing currently pending transactions for conservation projects in other parts of the state.

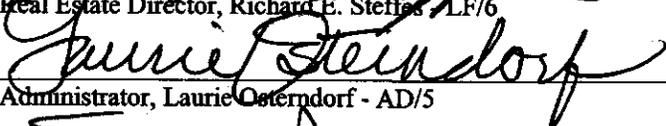
RECOMMENDATION: That the Board 1) approve the purchase of 5,889.13 acres of land for \$6,111,358 for the Brule River State Forest in Douglas County, 2) modify the boundary of the project to include the entire property in the project boundary, and 3) authorize the Department to "borrow ahead" from the Stewardship's debt authority in the amount of the purchase price of \$6,111,358.

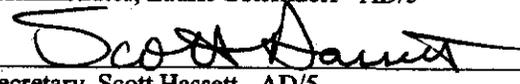
LIST OF ATTACHED MATERIALS:

- | | |
|--|--|
| 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


 Administrator, Laurie Osterdorf - AD/5


 Secretary, Scott Hassett - AD/5

5-29-07
 Date

5/29/07
 Date

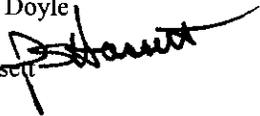
5/30/07
 Date

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|----------------------|-----------------------------|
| cc: S. Miller - LF/6 | P. DeLong - AD/5 |
| R. Steffes - LF/6 | R. Mather - FR/4 |
| L. Ross - AD/5 | J. Gozdziwski - NOR/Spooner |

CORRESPONDENCE/MEMORANDUM

DATE: May 21, 2007 FILE REF: NF-842

TO: Governor Doyle

FROM: Scott Hassett 

SUBJECT: Proposed Land Acquisition, The Conservation Fund Tract, File # NF-842,
Option Expires August 31, 2007

1. PARCEL DESCRIPTION:

Brule River State Forest
Douglas County

Grantor:

The Conservation Fund
c/o Jodi O'Day
410 Severn Avenue
Annapolis, MD 21403

Acres: 5,889.13Price: \$6,111,358Appraised Value: \$5,449,000; \$6,166,266 to \$7,005,862Interest: Purchase in feeImprovements: None

Location: The fee ownership is located in the Town of Cloverland, which is in the northeast corner of Douglas County, approximately 24 miles east of the City of Superior.

Land Description: The subject property to be acquired consists of four non-contiguous parcels of land, with acreages of 4,313.66 acres, 1,305.47 acres, 230 acres, and 40 acres. All are primarily forested properties with a mix of spruce, pine and aspen. Topography ranges from level to gently rolling with some pockets of wetland areas and steep ravines along streams.

Water: The parcels include numerous small and intermittent streams bordered by steep ravines that flow into Lake Superior. None of the streams are large enough to be a significant fishery resource, but they are important in the overall drainage and watershed of the area.

<u>Covertypes Breakdown:</u>	<u>Type</u>	<u>Acreage</u>
	Brushland	460.00
	Wooded Lowland	1,276.47
	Wooded Upland	4,152.66
	TOTAL	5,889.13

Zoning: Forestry and AgriculturePresent Use: Forest ProductionProposed Use: Resource Protection and Public RecreationTenure: Long-term, held as industrial forestProperty Taxes: \$6,173.18Option Date: September 25, 20062. JUSTIFICATION:

The 5,889.13-acre Conservation Fund property is proposed for purchase to block in existing state land and provide public access to a large area of active forestland in the Brule River State Forest. The subject consists of four non-contiguous parcels in the Town of Cloverland, Douglas County, totaling 5,889.13 acres in size. About 350 acres, the two smaller parcels and 80 acres from another parcel, are outside the present Brule River State Forest project boundary. The outlying lands all abut the current



acquisition boundary and would block in well with the existing ownership, and are recommended to be added to the project. This acquisition would be a significant addition to department's ownership in the northern portion of its Brule project and will allow natural resource management of a large block of contiguous forest land, enhance public recreation, and will consolidate state ownership.

The Brule River State Forest was initiated in 1907. Frederick Weyerhaeuser deeded 4,320 acres to the State of Wisconsin for forestry purposes. The boundaries of the forest now includes about 83,000 acres, of which about 41,000 acres are under state ownership. The state forest is used by more diverse species of birds and mammals than any other northern Wisconsin acreage of similar size. The forest has many distinct landscapes that allow for the wide range of species such as deer, ruffed grouse, geese, bald eagles, osprey and songbirds. A majority of the public lands within the forest boundaries are open to hunting and trapping in season.

The Brule River State Forest is a remarkable place with a rich natural and cultural history and unique opportunities for restoration and management to provide the features that people have valued for so many generations. A unique opportunity, the purchase of this property would fulfill the majority of the northern boundary expansion identified in the 2003 Brule River State Forest Master Plan. This acquisition offers the potential to:

- Allow a functional landscape scale restoration of a clay plain boreal forest, a rare ecological community in Wisconsin.
- Provide a large-scale demonstration of silvicultural practices to emphasize boreal forest management themes.
- Preserve a natural and remote recreational setting next to Wisconsin's lake Superior coastline.
- Protect additional watersheds and fishery habitats that flow into Lake Superior.
- Protect the public hunting use that currently occurs on these lands enrolled under the industrial forest tax law program.

The Bois Brule is one of the best known rivers east of the Mississippi. For over a hundred years, it has been known as an exceptional trout stream. The Brule River contains resident brook, brown and rainbow trout. Lake brown and rainbow (steelhead) trout along with coho and chinook salmon migrate up the Brule annually from Lake Superior.

The subject property is primarily forested with some scattered wetlands. It has gently rolling topography with numerous small or intermittent streams bordered by steep ravines that flow to Lake Superior. The land has been in active timber production for many years and has been harvested within the last decade. The opportunity to purchase the property will allow for resource management of a large contiguous forest, which will be beneficial to the timber resource, as well as the natural ecosystem it provides.

In December of 2006 the Conservation Fund (TCF) acquired the tracts from Wausau Paper for a purchase price of \$6,036,358. The Conservation Fund, by purchasing and holding these parcels for future Department acquisition allows DNR to take advantage of an opportunity to acquire a major inholding within the Brule River State Forest from the current owner: Wausau Paper. Without TCF's help, the DNR would not have the land acquisition funds necessary to acquire these critical parcels in the time span Wausau Paper was seeking to liquidate them. The Department proposes to acquire the land at a price of \$6,111,358. TCF's purchase price and a \$75,000 fee. Interest holding costs of about \$120,000 would also be due to cover TCF's costs.

The Department recommends the purchase of The Conservation Fund property to consolidate state ownership in this area, to allow natural resource management of a large block of contiguous forest land, and to continue to provide opportunities for public recreation. As part of the agreement, Wausau Paper Mills Company conveyed to the Department a 4-mile long easement for the North Country Trail in western Douglas County.

3. FINANCING:

FY09 State Stewardship bond funds are anticipated. Provisions of s. 23.0917(5)(d), Wis. Stats., allows for borrowing ahead for special land purchases with approval of the Natural Resources Board.

	Funds allotted to program:	Balance after proposed transaction:
Stewardship	\$36,750,000	\$22,414,642

Comments: s. 23.0917(5)(d), Wis. Stats., provides for borrowing ahead from the FY09 Stewardship bonding authority for use in the FY08 implementation of the land acquisition subprogram if the Natural Resources Board determines that the FY08 bonding authority is not sufficient for the activity, that the land involved is uniquely valuable in conserving natural resources and that delaying costs to a future year is not reasonably possible.

At its June 2007 meeting, the Board considers three large, valuable land conservation proposals that require use of FY09 funding in order to be accomplished. By its actions approving the individual transactions, the Natural Resources Board is also approving the funding as proposed in this document.

4. ACQUISITION STATUS OF THE BRULE RIVER STATE FOREST:

Established: 1907
Acres Purchased to Date: 40,985 Acres
Acquisition Goal: 82,650 Acres
Percent Complete: 50%
Cost to Date: \$3,512,614

5. APPRAISALS: Two appraisals were completed on each of the two larger parcels. Only one appraisal was completed on each of the two smaller parcels. Gibson's and Stone's reports indicate a total value of \$5,449,000.

Appraisal Review: Richard E. Steffes

Comments: Walker Appraisal Service also reviewed the appraisals and investigated more recent sales. Walker felt the Stone and Gibson reports were quite conservative due to lack of more current sales. In correspondence dated October 4, 2006, Walker established a value range of \$6,166,266 to \$7,005,862. The best price that could be negotiated was \$6,036,358 or \$1,025 per acre for the sale from Wausau Paper Mills Company.

RECOMMENDED:


Richard E. Steffes

5-21-07
Date


Bureau of Legal Services

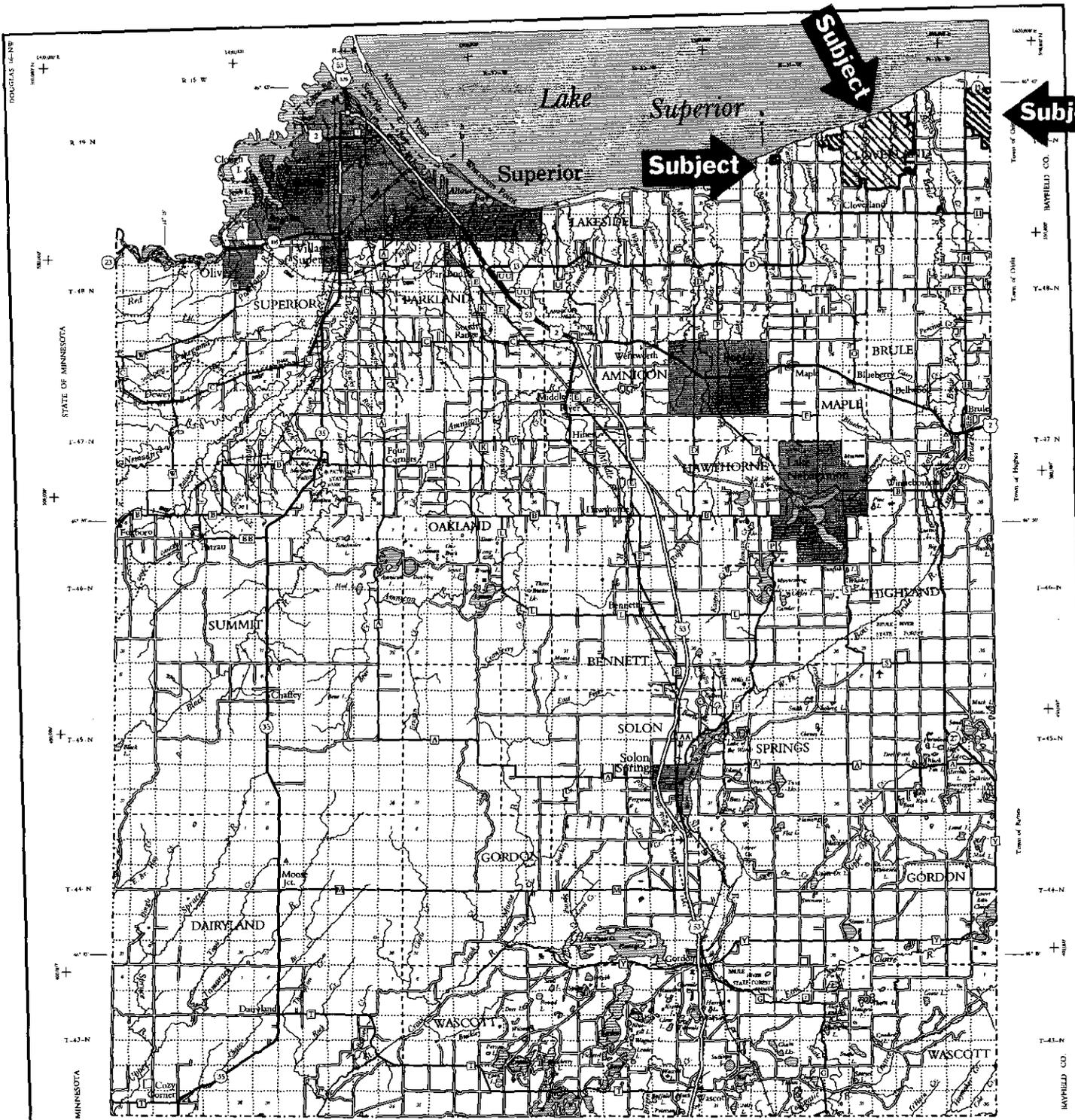
5-21-07
Date


Laurie Osterndorf

5-21-07
Date

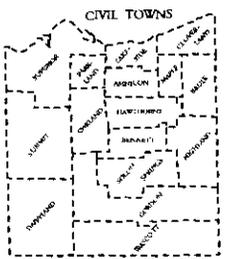
Subject

Subject



LEGEND

- Feeding
- Military Tracked
- U.S. or State Hwy
- County Trunk Hwy
- Town Road
- Private
- Railroad
- State Trail
- Interchange
- Highway Interchange
- Interstate Highway
- U.S. Highway
- State Highway
- County Highway Letter
- State Boundary
- County Boundary
- Civil Town Boundary
- Service Line
- Dam
- Hospital
- School
- Airport
- County Seat
- Unincorporated Village
- Fish Hatchery
- Game Park
- Public Camp or Park, Under
- Public Camp or Park, Crk.
- State Park
- County Park
- Wildlife Refuge
- Rest Area
- Mobile Post Office
- Waples
- State of Wisconsin
- Game Correctional Center



SECTION NUMBERING 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

MILES OF HIGHWAY

STATE	12
COUNTY	10
LOCAL ROADS	10
OTHER ROADS	10
TOTAL HIGHWAY	42

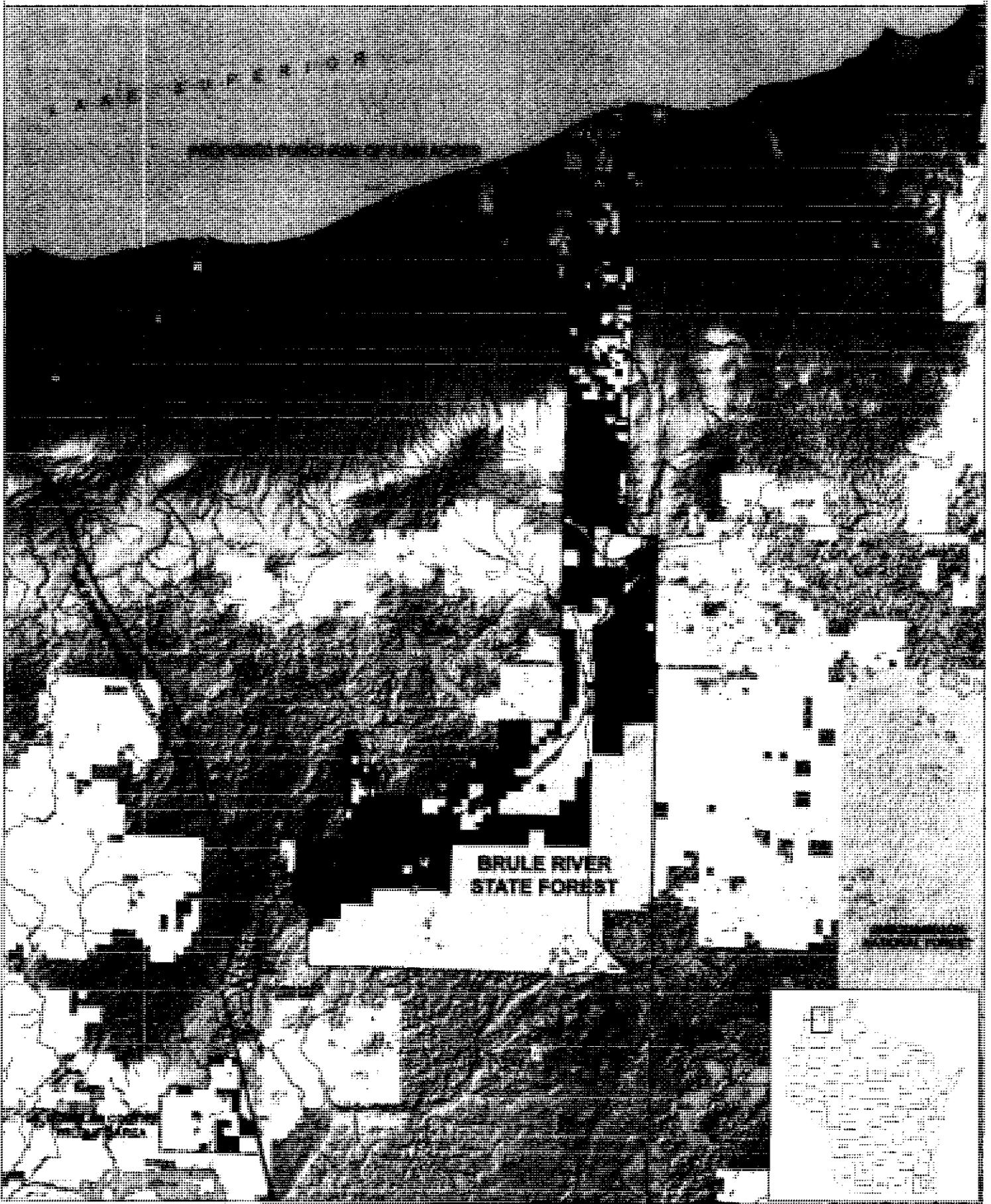


DOUGLAS CO.
 DEPARTMENT OF TRANSPORTATION
 STATE OFFICE BUILDING
 Moline, Wisconsin
 SCALE: 1" = 10 MILES
 Contour for 1000' 2000'
 Base Contour from U.S.G.S. Unimproved
 1:62,500 Series

WAUSAU PAPER MILLS CO

- Wausau Paper Mills Co. Lands
- WDCNR Owned
- WDCNR Easement
- Project Boundary
- WDCNR Leased
- Federal Lands
- County Forest
- Brule River State Forest
- County Boundary

Map showing WDCNR Lands
 and Project Boundary of
 Wausau Paper Mills Co.
 Project No. 10000000000000000000
 10000000000000000000
 10000000000000000000



**Due to copyright laws, this map is not
available online.**

**Please contact laurie.ross@wisconsin.gov
for a hard copy of this document.**