

SUBJECT: EASEMENT ACQUISITION – FOREST LEGACY PROGRAM – MARINETTE COUNTY

FOR: JUNE 2009 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: In 2005, International Paper Company (IP) announced its decision to sell its entire 6.8 million acre land base in the country. IP's 69,000 acres in Wisconsin was highly valued by the forest industry and environmental communities for its hardwood stands and exceptional natural resources. Most of the land was permanently protected by the state in 2006 and 2008. The current proposal completes the conservation project with a 7,316-acre easement.

The Department desired to protect this land for the multiple benefits of public outdoor recreation, sustainable forestry economics, water quality and wildlife habitat. Acquisition authority was under the Forest Legacy program for the easement. There also was a fee title component for wild rivers and lakes protection. Since it was not affordable for the Department to acquire IP's total offering, The Nature Conservancy took the lead in negotiations with a good faith understanding that the state was committed to a purchase portfolio.

The "Goodman" Forest refers to undeveloped forest and wetlands in Florence, Forest, and Marinette Counties. Distributed in three large blocks of industrial timberland, it is forested primarily with hemlock, hemlock-hardwood, and northern hardwood stands which have a long history of select cutting. Extensive undisturbed, old growth cedar, hemlock, spruce, and tamarack swamps occur in lowland areas. The property also contains a number of exceptional aquatic resources including a number of wild lakes, large spring ponds, and several miles of undeveloped, free flowing rivers. Several exceptional quality cold-water streams are tributaries to these larger river systems. The "Goodman" tracts are among the few large blocks of contiguous, northern hardwood dominated forest remaining in northern Wisconsin in private ownership.

At this time, the Department proposes to acquire from TNC the south half of this remaining "Goodman Block" easement area, being 7,316 acres for \$3,484,232. Funding is anticipated at \$2,300,000 from the Federal Forest Legacy program and the balance from state Stewardship funds.

RECOMMENDATION: That the Board approve the purchase of a Forest Legacy Easement on 7,316 acres of land for \$3,484,232 for the Forest Legacy Program.

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 |

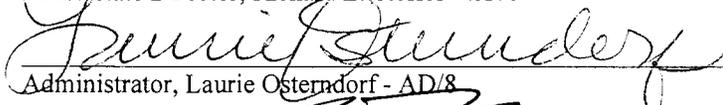
APPROVED:



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

6-5-09

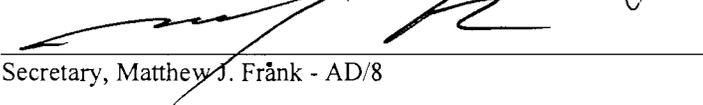
Date



Administrator, Laurie Osterndorf - AD/8

6/7/09

Date



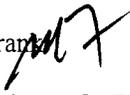
Secretary, Matthew J. Frank - AD/8

6-8-09

Date

- cc: S. Miller – LF/6
 R. Steffes – LF/6
 L. Ross – AD/8
 P. DeLong – AD/8
 R. Kazmierczak – NER/Green Bay

CORRESPONDENCE/MEMORANDUM

DATE: June 5, 2009
 TO: Governor Doyle
 FROM: Matthew J. Frank 
 SUBJECT: Proposed Purchase of a Forest Legacy Easement, File # NF 30026,
 Approval Requested by July 10, 2008

FILE REF: NF 30026

1. PARCEL DESCRIPTION:

Forest Legacy Program
 Marinette County

Grantor:

The Nature Conservancy
 c/o Mary Jean Huston, Director
 633 West Main Street
 Madison, WI 53703

Acres: 7,316Price: \$3,484,232Appraised Value: \$4,390,000Interest: Purchase a Forest Legacy Easement with public accessImprovements: None. No future development is allowable in the easement area.Location: The tract is located in northeast Wisconsin about 40 miles northwest of the City of Marinette.Land Description: The subject area is rolling to hilly with a few steeper areas. It is in a heavily forested area that abuts the another department Forest Legacy Easement and county forests.

<u>Covertime Breakdown:</u>	<u>Type</u>	<u>Acres</u>
	Wooded Lowland	1,829
	Wooded Upland	<u>5,487</u>
	TOTAL	7,316

Zoning: Forestry, ConservationPresent Use: ForestryProposed Use: Public Recreation, Resource Protection and Sustainable Forestry

Tenure: International Papers acquired in 2000. Lake Superior Land Company, a subsidiary, held most of this land for many years. In 2006, Conservation Forestry/Forest Investments Associates bought the land. The Nature Conservancy acquired an easement on the land as a temporary third party. The Department planned to acquire the easement from TNC when federal assistance became available.

Agreement Date: January 2, 2008 and March 28, 2006Stewardship Land Access: This property will be open to the public for nature-based outdoor recreational activities to include hunting, fishing, hiking and cross-country skiing.

2. JUSTIFICATION:

The purpose of the Forest Legacy Program 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.
- Accomplish these goals permanently and at lower cost than fee title purchase.

In recent years, some of the recreational land with water frontage has been sold by industrial forest companies and the rate of forest fragmentation is increasing in the region. This trend is changing the face of the "Northwoods" so treasured by local people and visitors and could decrease the importance of both the timber and tourism industries in the northern economy.

Public outdoor recreation is an important component of this Forest Legacy Easement. Certain trails and roads on the easement area will be open for access while the entire property will be open for hiking, fishing, hunting, and berry picking. Designated snowmobile trails are allowed in the easement area. Access to the easement lands is via the public road system.

In 2005, International Papers offered its entire land base for sale. This was several million acres nationwide and about 69,000 acres in northeast Wisconsin known as the Goodman Forest. The Department desired to protect this land for the multiple benefits of public outdoor recreation, sustainable forestry economics, water quality and wildlife habitat. Acquisition authority was under the Forest Legacy program for the easement. There also was a fee title component for wild rivers and lakes protection. Since it was not affordable for the Department to acquire IP's total offering, The Nature Conservancy took the lead in negotiations with a good faith understanding that the state was committed to a purchase portfolio.

The "Goodman" Forest refers to undeveloped forest and wetlands in Florence, Forest, and Marinette Counties. Distributed in three large blocks of industrial timberland, it is forested primarily with hemlock, hemlock-hardwood, and northern hardwood stands which have a long history of select cutting. Extensive undisturbed, old growth cedar, hemlock, spruce, and tamarack swamps occur in lowland areas. The property also contains a number of exceptional aquatic resources including a number of wild lakes, large spring ponds, and several miles of undeveloped, free flowing rivers. Several exceptional quality cold-water streams are tributaries to these larger river systems. The "Goodman" tracts are among the few large blocks of contiguous, northern hardwood dominated forest remaining in northern Wisconsin in private ownership.

The Department reached an agreement with a number of parties for the 2006 transaction. Because the Department had neither the program need nor funding to purchase the entire International Paper Company ownership in fee title, The Nature Conservancy led negotiation efforts to secure a buyer for the underlying management rights and reached agreement with International Paper Company for purchase of about 69,000 acres.

On July 6, 2006, the Department acquired fee title ownership of 5,629 acres of land for the Pine-Popple Wild Rivers project, protecting nine miles of river. Several lakes also were also included. In addition, the Department purchased a forest legacy easement on about 44,400 acres in Florence, Forest and Marinette Counties. Cost was \$33,000,000, all state funding. The Nature Conservancy acquired an easement on the remaining 14,576 acres at a cost of \$6,187,578 (\$424.50 per acre). TNC is considered a third party interim holder of the easement. This agreement resulted in an opportunity to decrease the initial cost of the conservation effort and allow time for the Department to seek federal financial assistance. The Department agreed to "buy back" the easement from TNC at their cost.

In a 2008 federal appropriation bill, the Federal Forest Legacy Program allotted \$2,270,000 to this project. Combined with state Stewardship dollars, the Department acquired one-half, 7,260-acres, of TNC's

easement at its cost. The portion acquired by the Department in 2008 is shown on the attached map (the north half).

At this time the Department is proposing to acquire TNC's remaining 7,316 acres of easement (the south half) using FY 10 State Stewardship Forest Legacy funds in the amount of \$3,484,323. This total purchase price is TNC's actual cost plus a 7.5% per year holding fee. Currently, President Obama has budgeted \$2.3 million in federal funds to Wisconsin's Forest Legacy Program. While the budget still need congressional approval, the US Forest Service has indicated that these funds would apply retroactively once the new federal fiscal year begins in September. The remainder easement portion being acquired by the Department is shown on the attached map (the south half).

Acquisition of a Forest Legacy easement is recommended to protect and preserve the integrity of these northern forest lands in perpetuity, to prevent forest fragmentation and to promote the sustainable use of the northern forests. The tracts that comprise the easement area are critical in connecting and providing buffers to existing state and other public lands in addition to providing land for public outdoor recreation opportunities. The property included in this easement will be managed as sustainable forestland with many opportunities for public recreation. The land within the easement is important for maintaining ecological values as well as preventing forest fragmentation. It also connects public lands owned by the U.S. Forest Service, the three counties and the Department of Natural Resources. With the Department's 2006 transaction, the Florence County and most of the Forest County portions of the former IP land were protected. The current proposal has 7,316 acres in Marinette County.

3. FINANCING:

State Stewardship and Federal Forest Legacy funds are anticipated.

	Funds allotted to program:	Balance after proposed transaction:
Stewardship (Forest Legacy)	\$1,200,000	\$0
*Federal Funds	\$2,300,000	\$0

*The Forest Legacy grant of \$2,300,000 is still at the approval stage. However, the U.S. Forest Service has assured the Department these funds will be available for this transaction.

4. ACQUISITION STATUS OF THE FOREST LEGACY PROGRAM:

Established: 2002
Acres Purchased to Date: 98,239 acres
Acquisition Goal: 112,876 acres
Percent Complete: 80.8%
Cost to Date: \$34,505,000

5. APPRAISAL:

Appraiser: David and Bob Steiro (Private Appraisers)
Valuation Date: April 23, 2009
Appraised Value: \$4,390,000
Highest and Best Use: Forestry and recreational investment land with future potential development.

Allocation of Values:

Before: 7,316 acre x \$1,100/acre: \$8,048,000 (Rounded)
After: 7,316 acre x \$500/acre: \$3,658,000
\$4,390,000

Appraisal Review: Richard Steffes – May 26, 2009

RECOMMENDED:


Richard E. Steffes

5-29-09
Date


Bureau of Legal Services

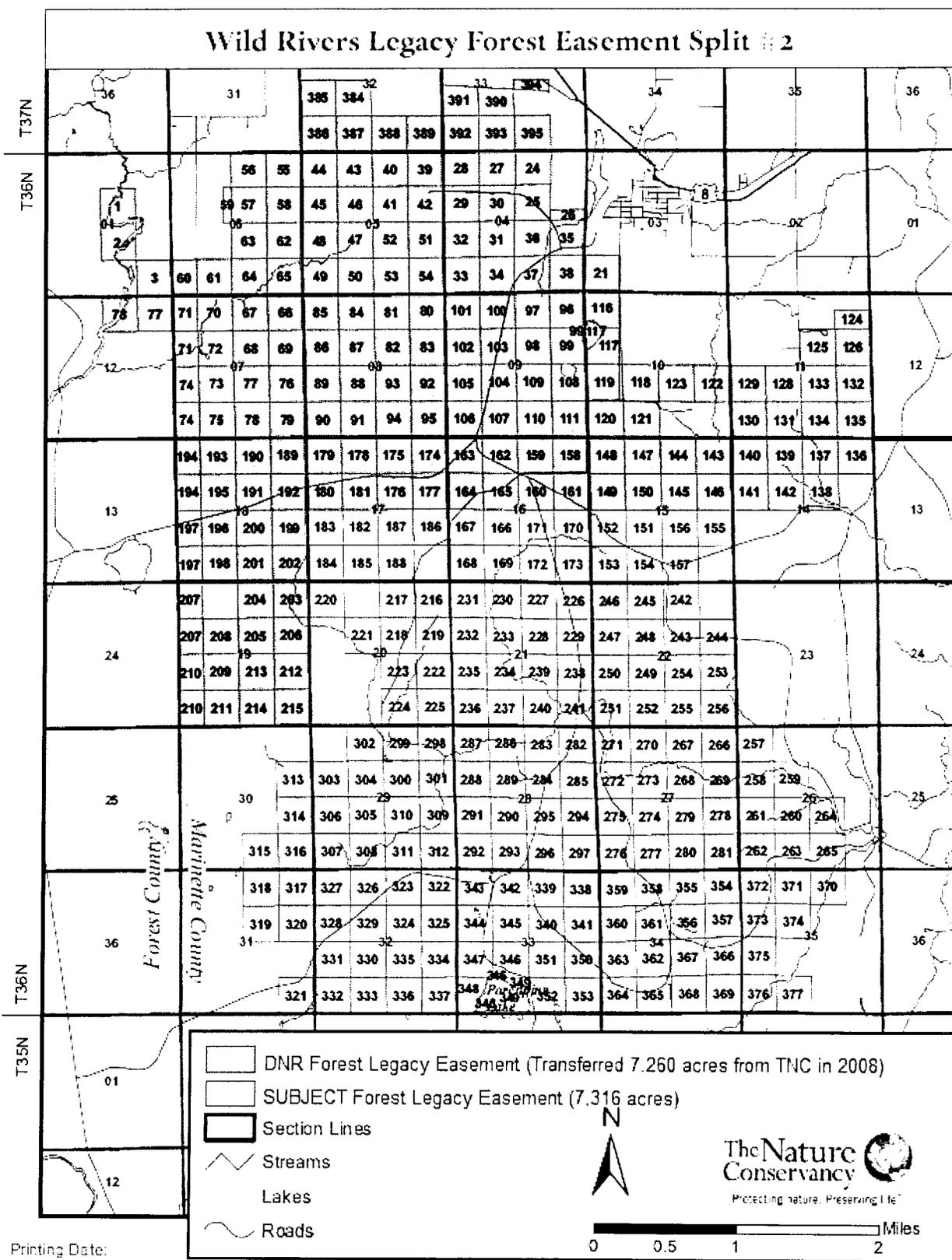
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APPROVED:


Laurie Osterdorf

6/1/09
Date

Wild Rivers Legacy Forest Easement Split # 2

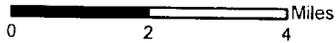


TNC Easement

Forest Legacy Program

-  Subject Easement
-  WDNR Owned
-  WNDR Eased
-  WDNR Leased
-  Project Boundary

County Forest
National 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 data set is a spatial representation of the Oracle Land Records System maintained by the DNR, Bureau of Facilities and Lands (LF), and may include errors and/or omissions. The data should not be interpreted as a legal representation of legal ownership boundaries.

This data set does not differentiate between lands that are open or closed to the public for hunting and/or general public access. Some lands represented in this data set may not be open to the general public, or may have specific limitations or restrictions on public use. This data set 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/caer/cs/servicecenter/locations.htm>

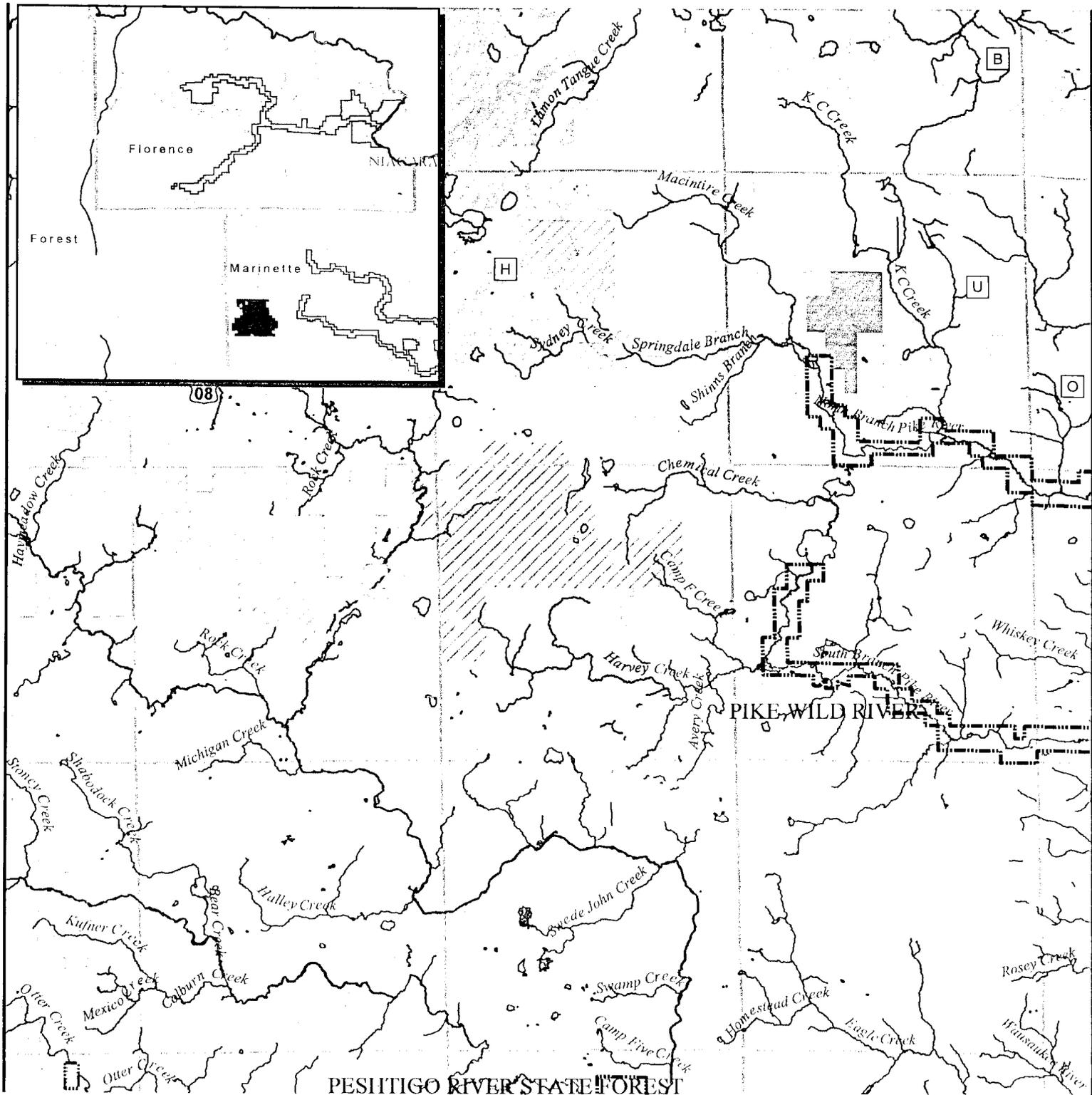
Updates to this data set are ongoing, and will be incorporated into future versions when available.

STATE OF WISCONSIN
DEPT. OF NATURAL RESOURCES



Bureau of Facilities and Lands

May 21, 2009



PESHITGO RIVER STATE FOREST