

SUBJECT: LAND ACQUISITION – STATEWIDE PUBLIC ACCESS – DOOR COUNTY

FOR: SEPTEMBER 2010 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: The Department has obtained an option to purchase 4.8 acres of land from Wagon Trail, Inc., known as Rowley’s Bay Resort for \$1,051,000.00 for the Statewide Public Access in Door County. The item is being submitted because the price exceeds \$150,000.

The Wagon Trail, Inc. tract provides 860 feet of frontage on Lake Michigan in Rowley’s Bay and has a deep-water pier, a marina with 16 slips, and three cabins on the waterfront. The property lies in Rowley’s Bay just south and east of the Mink River Estuary State Natural Area and Newport State Park. The Mink River Estuary is one of the most pristine freshwater estuaries in the country. The river originates in alkaline, spring-fed wetlands in the central Door Peninsula and ends just a few miles downstream where it empties into Lake Michigan at Rowley’s Bay. The area is a highly popular destination for fishing, boating canoeing, kayaking, and for land-based recreational activities due to the large amount of land owned by The Nature Conservancy and the Department in the area. Acquisition of this parcel would provide the public with safe boat launch facilities, shore fishing access, and shoreland recreational opportunities on Lake Michigan.

The Statewide Public Access program was established in 1969 to provide public access to the state’s surface water resources. Access sites are acquired for boat and canoe landings and related uses such as parking lots, shore fishing, and access to lakes, rivers, and streams.

If acquired, future development and operation of the boat launch and parking facilities on the site will be assigned to Door County under a management agreement. The existing site will be renovated and upgraded to meet department standards for a public boat launching facility, however, funding for these improvements is not available at this time. In order to provide Door County and the Department with adequate time to design and fund the new facility, the Department has agreed to lease the facility back to Rowley’s Bay Resort and allow them to run the facility as it currently exists for a five-year period. This will give the Department and Door County adequate time to complete design work, compete for Recreational Boating Facility Grants for the development of the site and budget for necessary matching funds and operation dollars. This arrangement will ensure some level of lake access at this location until the site can be fully renovated to public standards.

Presently, the Lake Michigan side of Door County lacks adequate boat access and harbors of refuge. The two primary access points on the east side of Door County are Sturgeon Bay and Bailey’s Harbor. Bailey’s Harbor is about 25 miles south of the mainland tip of Door County, Gills Rock, and 27 miles north of Sturgeon Bay. There are other landings in this area, but they are small and unimproved. Low water levels combined with wave deposited sand and rock make these landings unreliable. “Bues” landing, located five miles north of Bailey’s Harbor is adequate to launch most boats, but this landing has very limited parking consisting of parking on the shoulder of the town road and does little to solve the problem of distance between adequate launch sites.

An additional launch site placed between Bailey’s Harbor and Gill’s Rock will provide better access for sport fishermen, boaters, and the public. Likewise, during rough water, a marina facility in Rowley’s Bay will greatly reduce the 25-mile distance to a harbor of refuge. Several feasibility studies have been completed looking at potential access sites in Door County. The Wagon Trail property is highly desirable because it has an existing launch ramp and marina. The property also has a deep-water pier that is in good condition. Based on the subject’s location, sediments, grade, and amount of bedrock to be removed, development of a launch ramp at this pier and marina should be considered.

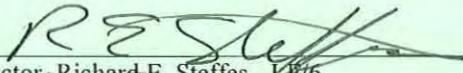
Purchase of this parcel also helps replace a shore fishing opportunity that was lost at the North Port Car Ferry and \$50,000 from the settlement of that lake access abandonment case will be used to offset the cost of this purchase.

RECOMMENDATION: That the Board approve the purchase of Wagon Trail Inc., a/k/a Rowley’s Bay Resort 4.80 acres of land for \$1,051,000 for Statewide Public Access.

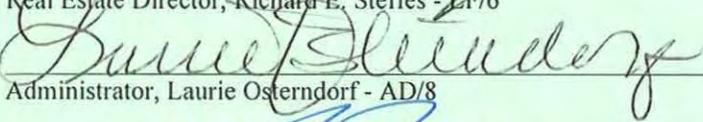
LIST OF ATTACHED MATERIALS:

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

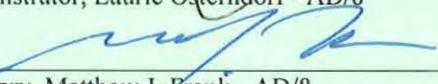
APPROVED:



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



Administrator, Laurie Osterndorf - AD/8



Secretary, Matthew J. Frank - AD/8

8-23-10
Date

8/26/10
Date

8-2-10
Date

- cc: S. Miller - LF/6
- R. Steffes - LF/6
- L. Ross - AD/8
- M. Staggs - FH-4
- R. Kazmierczak - NER/Green Bay

CORRESPONDENCE/MEMORANDUM

DATE: August 23, 2010 FILE REF: FM 10095
 TO: Governor Doyle
 FROM: Matthew J. Frank
 SUBJECT: Proposed Land Acquisition, Wagon Trail Inc., a/k/a Rowley's Bay Resort Tract, File FM 10095, Option Expires October 31, 2010

1. PARCEL DESCRIPTION:

Statewide Public Access
 Door County

Grantor:

Wagon Trail Inc., d/b/a Rowley's Bay Resort
 c/o Jewel Ouradnik, etal
 1041 County Road ZZ
 Ellison Bay, WI 54210

Acres: 4.8Price: \$1,051,000.00Appraised Value: \$1,051,000.00Interest: Fee Title PurchaseImprovements: Deep-water pier, 16-slip marina with shop, three cabins and garage, wells and septic.Location: The property is located in northern Door County on the Lake Michigan side.Land Description: The subject land is level shoreland.

<u>Covertime Breakdown:</u>	<u>Type:</u>	<u>Acreage:</u>
	Building Site	4.8

Zoning: Recreation CommercialPresent Use: Private marina with Rowley's Bay Resort, seasonal cabin rental, commercial and chartered fishing tenants.Proposed Use: Public Boat Landing and RecreationTenure: More than 30 yearsProperty Taxes: \$45,337.51 (includes resort and additional land)Option Date: August 19, 2010Comment: Closing required on or before October 31, 2010

Stewardship Land Access: This property will be open to the public for all recreational uses. However, due to the narrow configuration of the parcel and the adjacent private buildings and public road, hunting and trapping activities will not likely occur at the site. The site will provide important water access to hunters and trappers wishing to utilize the Mink River and Lake Michigan.

2. JUSTIFICATION:

The Department proposes to purchase the 4.8-acre Wagon Trail, Inc. tract for the Statewide Public Access program located in Door County. The parcel provides 860 feet frontage on Lake Michigan in Rowley's Bay and has a deep-water pier, a marina with 16 slips and three cabins on the waterfront. The property lies in Rowley's Bay just south and east of the Mink River Estuary State Natural Area and Newport State Park. The Mink River Estuary is one of the most pristine freshwater estuaries in the country. The river originates in alkaline, spring-fed wetlands in the central Door Peninsula and ends just a few miles downstream where it empties into Lake Michigan at Rowley's Bay. The area is a highly popular destination for fishing, boating canoeing, kayaking, and for land-based recreational activities due to the large amount of land owned by The Nature Conservancy and the Department in the area. The Department recommends this acquisition to provide the public with safe boat launch facilities, shore fishing access, and shoreland recreational opportunities on Lake Michigan.

The Statewide Public Access program was established in 1969 to provide public access to the state's surface water resources. Access sites are acquired for boat and canoe landings and related uses such as parking lots, shore fishing, and access to lakes, rivers, and streams. The number and types of parking spaces proposed will meet the standard specified in NR 1.91, Wisconsin Administrative Code, Public Boating Access Standards.

If acquired, future development and operation of the boat launch and parking facilities on the site will be assigned to Door County under a management agreement. The existing site will be renovated and upgraded to meet department standards for a public boat launching facility, however, funding for these improvements is not available at this time. In order to provide Door County and the Department with adequate time to design and fund the new facility, the Department has agreed to lease the facility back to Rowley's Bay Resort and allow them to run the facility as it currently exists for a five-year period. This will give the Department and Door County adequate time to complete design work, compete for Recreational Boating Facility Grants for the development of the site and budget for necessary matching funds and operation dollars. This arrangement will ensure some level of lake access at this location until the site can be fully renovated to public standards.

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Purchase of this parcel also helps replace a shore fishing opportunity that was lost at the North Port Car Ferry and \$50,000 from the settlement of that lake access abandonment case will be used to offset the cost of this purchase.

The Department recommends purchase of the property to establish a public access facility and provide the public opportunities for water recreation.

3. FINANCING:

State Stewardship bond funds (FY 11) are anticipated:

Funds allotted to program:	Balance after proposed transaction:
\$50,702,000	\$20,499,334

Comment: This property best replaces the shore fishing opportunity that was lost at the North Port Car Ferry and would be acceptable for the use of a \$50,000 court settlement.

4. ACQUISITION STATUS OF THE STATEWIDE PUBLIC ACCESS:

Established: 1969
Acres Purchased to Date: 1,188.46
Acquisition Goal: 838.65 Acres
Percent Complete: 142%
Cost to Date: \$9,200,063.83

5. APPRAISAL:

Appraiser: David Steiro
Valuation Date: May 6, 2010
Appraised Value Land: \$750,000.00
Appraised Value Improvements: \$300,000
Total Value: \$1,050,000
Highest and Best Use: Subdivision/recreational/multi-use

Allocation of Values – (Four-parcel subdivision and sellout):

Two waterfront cabin lots valuation:

- a. Market data approach: four comparable sales, \$260/square feet x 1951 = \$507,260
- b. adjusted value range: \$246 to 270 per square feet of cabin space

Marina valuation:

- a. Income approach
- b. \$22,344 Estimated Net Operating Income/.085 Cap. Rate = \$263,000 (Rounded)

Vacant lot with pier valuation:

- a. Market data approach: five comparable sales, \$2,800 feet x 220 = \$616,000
- b. adjusted value range: \$2,350 to 3,142 per feet frontage

Final Correlation - (Net present worth): \$1,050,000*

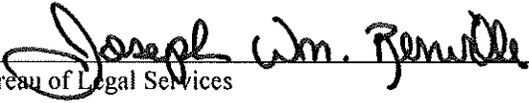
Appraisal Review: Terry Gardon – June 14, 2010

*Comment: Reviewer completed an Opinion of Value based on this original Steiro report. The reviewer agreed with Steiro's market data to determine the value of the vacant waterfront parcel and pier at \$616,000. Likewise, the reviewer agreed with Steiro's income approach in valuing the marina parcel at \$262,871. The reviewer determined that the two cabin sites should be valued differently than Steiro's valuation based on market data values based on square feet of space offered by the cabins. The reviewer's opinion based both cabin sites on a \$/feet of frontage as supported by the same comparable sales in Steiro's report. The reviewer estimated the value of the two-cabin site at \$188,000 and the one-cabin site at \$317,9000. Both appraisers used a cash flow analysis to derive a present worth of the property based on an 8% reversionary factor and a two-year sellout of all parcels. The result of the analysis is the reviewer's indicated value of \$1,051,000, which the Department offered as the purchase price for this transaction.

RECOMMENDED:


Richard E. Steffes

8-23-10
Date


Bureau of Legal Services

8-25-10
Date


Laurie Osterndorf

8/26/10
Date

RES:ch

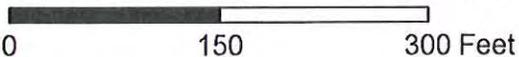
Wagon Trail Inc. Parcel

T32N R28E Section 25, Town of Liberty Grove, WI (4.80 Acres)



Legend

- - - PLSS Section Line
- PLSS Quarter-Quarter
- DNR Project Boundary
- County Boundary
- DNR Eased
- DNR Owned



Subject Property

FM 10095

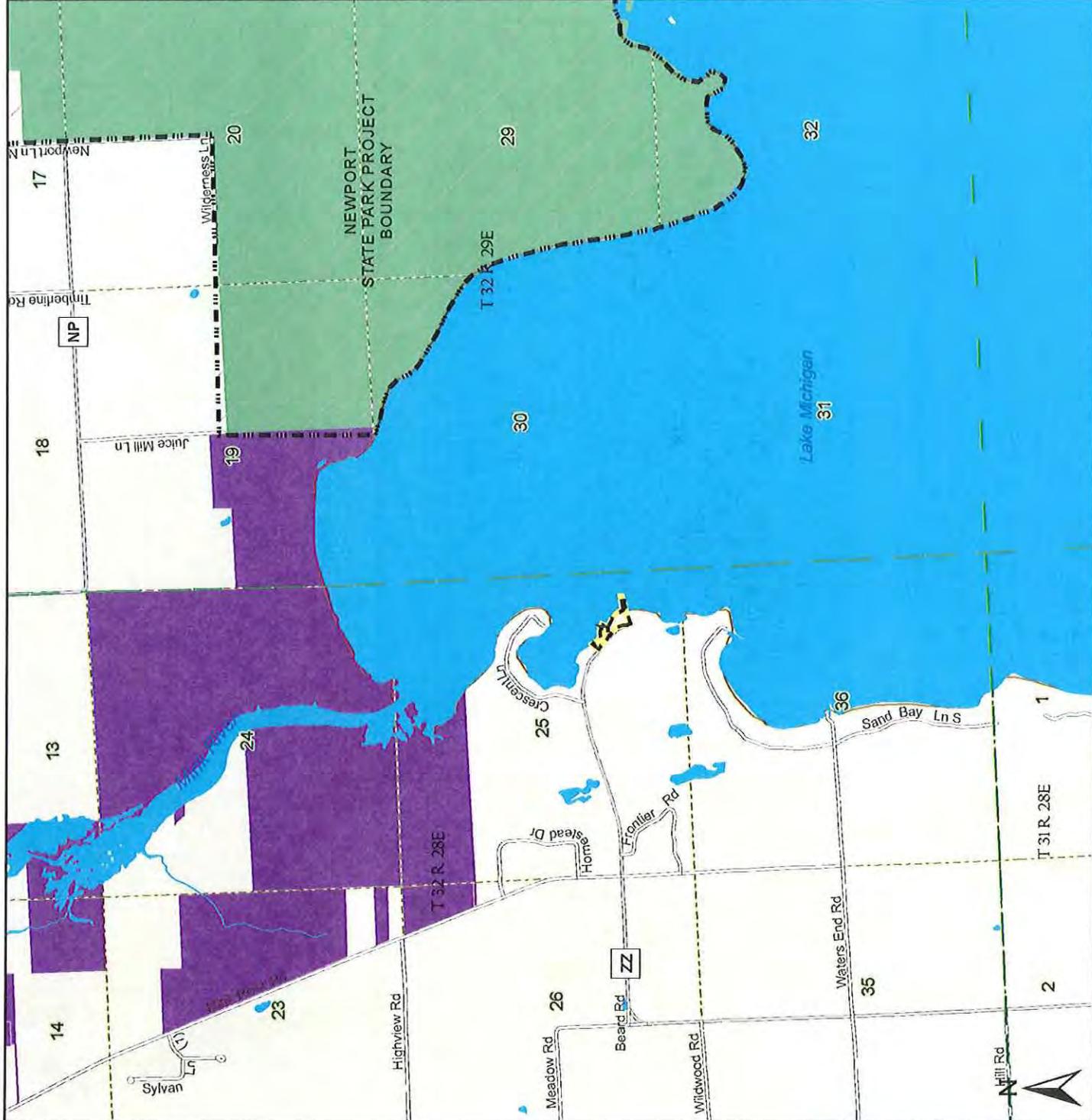
Statewide Public Access

- Fee Simple
- Easement
- Ingress/Egress

State of Wisconsin

August 17, 2010
Real Estate Section
Bureau of Facilities and Lands

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Wagon Trail Inc. Parcel
FM 10095

Statewide
 Public Access
 T32N R28E Section 25
 Town of Liberty Grove
 Door County, WI
 (4.80 Acres)

- Subject Property**
- Fee Simple
 - Easement
 - Ingress/Egress

Legend

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



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