

SUBJECT: EASEMENT PURCHASE – FOREST LEGACY PROGRAM– SAWYER COUNTY

FOR: AUGUST 2011 BOARD MEETING

TO BE PRESENTED BY: Paul DeLong & Richard Steffes

SUMMARY: The Department proposes to purchase a 10,083.3-acre Forest Legacy easement from Plum Creek Timberlands for the Forest Legacy program in Sawyer County for a cost of \$4,547,100. The item is being submitted because the purchase price is higher than \$150,000. The proposed transaction is Phase II of a two-phase, working forest conservation easement, which will ultimately protect 18,179.08 acres of hardwood and pine forest. The easement will establish a protected land connection between the Chequamegon-Nicolet National Forest and lands of the Lac Courte Oreille Band of Lake Superior Chippewa. In addition, it will block in well with the Department's Chippewa Flowage property, protecting a wildlife corridor around the flowage. The Department has obtained a \$2,500,000 grant from the USDA Forest Service for this easement leaving a net cost of \$2,047,100 to the Department's Stewardship program for Phase II. Phase I of this transaction closed in January 2011 and included 8,095.78 acres at a cost of \$3,650,900.

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;
- accomplish these goals permanently and at lower cost than fee title purchase.

In conjunction with federal program requirements of the Forest Legacy program, the state shall not close on the property until all necessary approvals have been obtained including:

- Conservation easement is approved by U.S. Forest Service.
- Completed management plan is approved by DNR.

In recent years, significant amounts of land have 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. This proposal will insure the forest land remains open to the public and in private industrial forest management. It fits in well with federal, state and tribal ownerships around the Chippewa Flowage.

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. Designated snowmobile trails are allowed in the easement area. Access to the easement lands is via the public road system.

The land to be covered by this easement is located just south of the Chippewa Flowage. The project will unite more than 18,000 acres of high value resource forest with public and protected forested and natural lands on either side of the Chippewa Flowage. The flowage is the state's largest semi-wilderness body of water as well as a world-class fishery for muskellunge and walleye. A conservation easement on the property would ensure continued and unrestricted access for many recreational pursuits. In addition, the easement will secure the property for its economic values as Wisconsin is ranked second in the nation for the number of employees in the forest products sector. The enrichment of sustainable forestry practices on forest ownerships directly benefits our state's economy and environment.

Acquisition of the 10,083.3-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 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 by the private sector as sustainable forestland with many opportunities for public recreation.

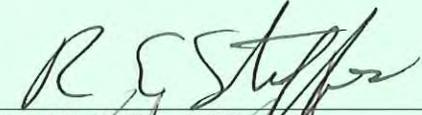
RECOMMENDATION: That the Board approve the purchase of a Forest Legacy easement on 10,083.3 acres of land for \$4,547,100 for the Forest Legacy program.

LIST OF ATTACHED MATERIALS:

No Fiscal Estimate Required
No Environmental Assessment of Impact Statement Required
No Background Memo

Yes Attached
Yes Attached
Yes Attached

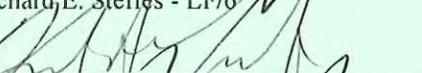
APPROVED:



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

7-8-11

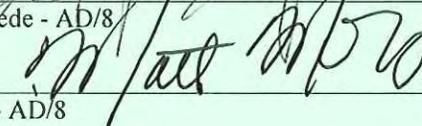
Date



Administrator, Kurt Thiéde - AD/8

7/11/11

Date



Secretary, Cathy Stepp - AD/8

7/20/11

Date

cc: S. Miller – LF/6
R. Steffes – LF/6
L. Ross – AD/8
R. Mather – FR/4
J. Gozdziński – NOR/Spooner

CORRESPONDENCE/MEMORANDUM

DATE: July 7, 2011 FILE REF: NF 30059 *

TO: Natural Resources Board

FROM: Cathy Stepp

SUBJECT: Proposed Easement on the Plum Creek Timberlands (Phase 2)
Tract, File # NF 30059 *

1. PARCEL DESCRIPTION:

Forest Legacy Program
Sawyer County

Grantor:

Plum Creek Timberlands
c/o Dan Lemke
1411 N. 4th Street
Tomahawk, WI 54487

Acres: 10,083.30Price: \$4,547,100.00Appraised Value: \$4,547,100Interest: Forest Legacy EasementImprovements: NoneLocation: The tract is located in Sawyer County about 12 miles southeast of the City of Hayward.Land Description: The subject land is rolling and varies from upland to lowlands.

<u>Covertypes Breakdown:</u>	Type:	Acreage:
	Wetland/Water	65.0
	Upland Woods	8,745.3
	Lowland Woods	983.0
	Grassland/Cropland	175.0
	Roadways	<u>115.0</u>
	TOTAL:	10,083.3

Zoning: Forestry or Residential/RecreationalPresent Use: Industrial ForestProposed Use: Sustainable Forestry and Public RecreationTenure: 8 yearsOption Date: December 23, 2010Stewardship 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.2. JUSTIFICATION:

The Department proposes to purchase an 10,083.3-acre conservation easement from Plum Creek Timberlands for Forest Legacy program in Sawyer County. The proposed transaction is Phase II of a two-phase working, forest conservation easement, which will ultimately protect 18,179.08 acres of hardwood and pine forest. The property is located in a critical block of forest in northern Wisconsin. The easement will establish a protected land connection between the Chequamegon-Nicolet National Forest and lands of the Lac Courte Oreille Band of Lake

Superior Chippewa. In addition, it will block in well with the Department's Chippewa Flowage property, protecting a wildlife corridor around the flowage.

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 conjunction with federal program requirements of the Forest Legacy program, the state shall not close on the property until all necessary approvals have been obtained including:

- Conservation easement is approved by U.S. Forest Service.
- Completed management plan is approved by DNR.

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. This proposal will insure the forestland remains open to the public and in private industrial forest management. It fits in well with federal, state and tribal ownerships around the Chippewa Flowage.

Public outdoor recreation is an important component of this Forest Legacy easement. The entire property will be open for hiking, trapping, cross-country, skiing, 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.

The land to be covered by this easement is located just south of the Chippewa Flowage. The project will unite 18,000 acres of high value resource forest with nearly one million acres of forested and natural lands on either side of the Chippewa Flowage. The flowage is the state's largest semi-wilderness body of water as well as a world-class fishery for muskellunge and walleye. A conservation easement on the property would ensure continued and unrestricted access to this Northwoods jewel for many recreational pursuits. No more than three ownership splits can ever occur for the 18,179.08 acres. In addition, the easement will secure the property for its economic values as Wisconsin is ranked second in the nation for the number of employees in the forest products sector. The enrichment of sustainable forestry practices on all forest ownerships directly benefits our State's economy and environment.

Acquisition of the 10,083.3-acre Forest Legacy easement is recommended to protect and preserve the integrity of these northern forestlands 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.

3. FINANCING:

State Stewardship bond (FY12) and Federal Forest Legacy funds are anticipated:

	Funds allotted to program:	Balance after proposed transaction:
State Stewardship	\$25,500,000	\$20,962,000
Federal Funds	\$ 2,500,000	\$0

4. ACQUISITION STATUS OF THE Forest Legacy Program:

Established: 2002
Acres Purchased to Date: 118,333.94
Acquisition Goal: 112,876.00*
Percent Complete: 104.84 %
Cost to Date: \$46,002,956.81

*Comments: The acreage goal will be increased to accommodate this easement acquisition.

5. APPRAISAL:

Appraiser: William Steigerwaldt
Valuation Date: January 8, 2010
Appraised Value: \$8,198,000.00*
Highest and Best Use: Forestry and Recreation

Allocation of Values:

Before Value: \$21,862,000.00
After Value: \$13,664,000.00
Easement: \$ 8,198,000.00

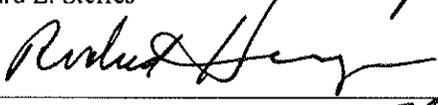
Appraisal Review: Peter Wolter (for state); Susan Waller (for Forest Service)

*Comments: The appraisal was conducted for the entire Plum Creek ownership and based on the easement area acreage of 18,179.08 acres, thus the purchase price is \$450.96 per acre as determined by Steigerwaldt. Plum Creek has agreed to the same cost per acre over the Phase I and Phase II portions of the transaction thus the purchase price of \$4,547,100 for 10,083.3 acres was established for Phase II.

RECOMMENDED:


Richard E. Steffes

7-8-11
Date


Legal Services

7/8/11
Date


Kurt Thiede

7-20-11
Date

Plum Creek Timberlands L.P.

Parcels
NF 30059

Forest Legacy Program

Sections in T39N R06W,
Towns of Ojibwa & Hunter,
Sawyer County
(10,083 Acres)

Subject Parcel

Phase I

Phase II

WDNR Owned

WDNR Easement

DNR Project Boundary

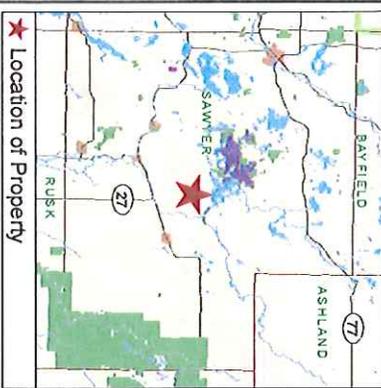
County Forest

National Forest

Tribal Land



Sawyer County View



★ Location of Property

WISCONSIN DEPARTMENT
OF NATURAL RESOURCES
Bureau of Facilities of Lands
Map Created: July 20, 2011 acr

