

SUBJECT: Land Transfer & Project Boundary Modification – South Shore Lake Superior Fish and Wildlife Area – Bayfield County
FOR: MARCH 2012 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: As part of a larger, negotiated settlement for the clean-up of contamination at the Ashland Superfund Site in the City of Ashland and settlement of any and all natural resource damage claims for injury to, destruction of, or loss of use or impairment of Natural Resources at the Superfund Site, the Department is proposing a three-way land transfer in Bayfield County between the Department, the Red Cliff Band of the Lake Superior Tribe of Chippewa Indians (Red Cliff) and Northern States Power Company (Wisconsin), d/b/a Xcel Energy (a/k/a Lake Superior Power Company). Xcel Energy would transfer approximately 989.95 acres of land to the Department, in exchange for the Department transferring to Red Cliff 119.62 acres of land within the tribal reservation boundary. The land to be received by the Department would be added to the project boundary for the South Shore Lake Superior Fish and Wildlife Area through a project boundary modification. The item is being submitted because the land to be received by the Department from Xcel Energy is outside of the project boundary and because of the transfer of Department land to Red Cliff.

The 119.62 acre Department parcel located on Lake Superior in northeast Bayfield County, is proposed for transfer to Red Cliff. The parcel was acquired in 1962 as part of a proposed project titled Raspberry Bay Recreation Area. However, because the 119.62 acres is located completely within the tribal reservation boundaries of the Red Cliff, the Department never formally instituted a project in this area and has not been actively managing said lands. The Department has unsuccessfully offered to sell the land to the tribe over the past several years, but a price was never agreed upon. Because this Department land is located within the tribal reservation boundaries and has no direct road access to a public town road, the state owned has been effectively landlocked, with the exception of access from Lake Superior. The land has cultural significance to the Red Cliff tribe and they are very interested in obtaining ownership of this land to add to their adjoining tribal lands. The Consent Decree being executed by the parties requires that this land be preserved in a natural condition. As protected by the agreement, the land is no longer needed for conservation purposes. The consent Decree is documentation for the larger negotiated settlement cited above.

The 989.95 acre Xcel Energy parcel that would be transferred to the Department is located in northwest Bayfield County approximately 5 miles southwest of Port Wing and about 1½ miles southeast of the shore of Lake Superior in the Township of Orienta. The parcel is the site of the former hydro-electric Orienta Dam and the former 144 acre Orienta Flowage impoundment. After a 2nd dam failure in 1985, Xcel Energy surrender its FERC license, drained the impoundment and removed the dam in 2001. This restored parcel includes 3.07 miles of two bank of scenic frontage along the Iron River and 2.2 miles of two bank frontage on Resch Creek. The Iron River has exceptional water quality and is a Class II trout stream containing brook, brown and rainbow trout. There is a lamprey barrier located at the former dam site and the segment of the river below the barrier has runs of Lake Superior salmonids. Acquisition of this 989.95 acre property will allow for public access for recreational opportunities such as fishing, canoeing, kayaking, hunting, hiking, trapping and cross-country skiing.

The South Shore of Lake Superior Fish and Wildlife Area was created in 1992 to preserve a large, self-sustaining anadromous fishery as well as exceptional inland trout populations. The goal of the project is to enhance the stream and coastal habitats to benefit flora and fauna associated with these specific areas and to provide public recreation and educational opportunities. Combining four existing department projects, and adding land as necessary to protect the streams and wetlands in the area, lead to the current extent of the project. The current project spans five distinct stream drainages, including Fish Creek, Cranberry River, Flag River, Sioux River, and Pikes Creek, and their associated coastal wetlands. With this land transfer, the Department is proposing to add the Iron River to the project.

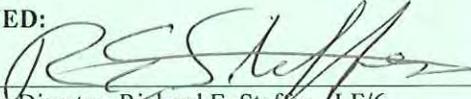
RECOMMENDATION: That the Board accepts transfer of 989.95 acres for the South Shore Lake Superior Fish and Wildlife Area and conveyance to Red Cliff of 119.62 acres of state land no longer needed for conservation purposes. Also, that the project boundary modifications be made to accommodate the transfers.

LIST OF ATTACHED MATERIALS:

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

- Yes Attached
- Yes Attached
- Yes Attached

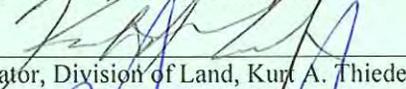
APPROVED:



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

3-8-12

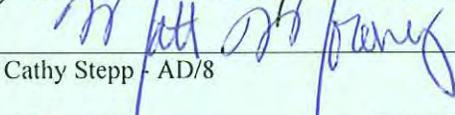
Date



Administrator, Division of Land, Kurt A. Thiede - AD/8

3-9-12

Date



Secretary, Cathy Stepp - AD/8

3/12/12

Date

- cc: S. Miller – LF/6
- L. Ross – AD/8
- J. Gozdialski – NOR/Spooner
- R. Steffes – LF/6
- M. Staggs – FH/4
- K. Hess – LS/8
- T. Jerow – NOR/Rhineland

CORRESPONDENCE/MEMORANDUM

DATE: March 8, 2012 FILE REF: FM 10145
 TO: Natural Resources Board
 FROM: Cathy Stepp
 SUBJECT: Proposed Land Transfers, Northern States Power Company (Wisconsin) and Red Cliff Tracts, File FM 10145

I. PARCEL DESCRIPTIONS:

South Shore Lake Superior Fish and Wildlife Area Bayfield County	Raspberry Bay Recreation Area Bayfield County
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Grantors:

Northern States Power Company (Wisconsin) d/b/a Xcel Energy a/k/a Lake Superior Power Company c/o David Donovan 10 E. Doty Street, Suite 511 Madison, WI 53703	State of Wisconsin Department of Natural Resources 101 South Webster Street P.O. Box 7921 Madison, WI 53707
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Grantees:

Department of Natural Resources	Red Cliff Band
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<u>Acres:</u>	989.95	119.62
<u>Price:</u>	\$0 (NRD Settlement)	\$0 (NRD Settlement)
<u>Improvements:</u>	None	None
<u>Interest:</u>	Fee Simple	Fee Simple

Location: The Xcel Energy parcel is located in the Orienta Township, northwest Bayfield County, 5 miles southwest of Port Wing and 1½ miles southeast of the shore of Lake Superior.

The DNR parcel is completely located within the Red Cliff tribal reservation boundaries in northeast Bayfield County.

Land Description: The Xcel Energy parcel is predominately wooded boreal forest consisting of aspen, balsam fir, white spruce, mixed hardwoods, and red and white pine, interspersed with forested swamps and scrub/shrub wetlands, with aquatic sedges and grasses. The property includes more than 3 miles of the Iron River and 2.2 miles of Resch Creek, both exceptional inland trout waters.

The Department parcel is predominately wooded upland located on Lake Superior.

Covertypes Breakdown:

Type:	Acreage:	Type:	Acreage:
Lowland Woodland	180.95	Upland Woodland	110.00
Upland Woodland	624.00	Forested Wetland	9.62
Grassland	120.00		
Forested Wetland	45.00		
Water	20.00		



<u>Zoning:</u>	Forestry and Residential	Forestry
<u>Present Use:</u>	Utility	Recreation
<u>Proposed Use:</u>	Recreation	Tribal lands
<u>Tenure:</u>	50+ years	50+ years
<u>Property Taxes:</u>	Tax Exempt	

Comments: While the Xcel Energy parcel being conveyed to DNR is more valuable than DNR's land going to Red Cliff, all the parties agree to an equal trade.

Stewardship Land Access: The Xcel property being conveyed to the state will be open to the public for all nature-based outdoor recreational activities to include hunting, fishing, trapping, hiking, and cross-country skiing. The state land being conveyed to Red Cliff will be managed by the Tribe.

2. JUSTIFICATION:

As part of a larger, negotiated settlement for the clean-up of contamination at the Ashland Superfund Site in the City of Ashland and settlement of any and all natural resource damage claims for injury to, destruction of, or loss of use or impairment of Natural Resources at the Superfund Site, the Department is proposing a three-way land transfer in Bayfield County between the Department, the Red Cliff Band of the Lake Superior Tribe of Chippewa Indians (Red Cliff) and Northern States Power Company (Wisconsin), d/b/a Xcel Energy (a/k/a Lake Superior Power Company). Xcel Energy would transfer approximately 989.95 acres of land to the Department, in exchange for the Department transferring to Red Cliff 119.62 acres of state land within the tribal reservation boundary. The land to be received by the Department would be added to the project boundary for the South Shore Lake Superior Fish and Wildlife Area through a project boundary modification. The state land to be transferred by the Department to Red Cliff will be maintained in a natural condition per terms of the Consent Decree.

The 989.95 acre site is located on the Iron River, approximately 1½ miles upstream of Lake Superior. The Iron River, a Class II trout stream, originates in Iron Lake and flows northerly for approximately 23 miles through a predominantly forested watershed. The 989.95 site includes a scenic rock gorge outcrop known as the Orienta Falls, consisting of red sandstone over which the Iron River flows through and has local historic and scenic value. The Iron River and its tributaries drain 83 square miles of northwestern Bayfield County before emptying into Lake Superior. The watershed contains over 56 miles of classified trout water, and four natural drainage lakes, making it Wisconsin's second largest Lake Superior trout tributary. The watershed in this area consists of red clay uplands which drain quickly. This portion of the Iron River is a Class II trout stream containing brook and rainbow trout. This segment of the river is important for protecting spawning waters draining into Lake Superior.

Upland vegetation in the project area is predominantly boreal forest with major species composition consisting of aspen, balsam fir, white spruce, mixed hardwoods, and red and white pine. The upland forest is interspersed with forested swamps and scrub/shrub wetlands, with black ash, speckled alder, red-osier dogwood, and willow being the dominant woody species, with aquatic sedges and grasses found in the ground layer. Small wetland areas along the fringes of the upstream portion of the Orienta flowage consist of alder, willow, black ash, sedges, and grasses as dominant species.

The Iron River watershed is inhabited by a number of both terrestrial and aquatic wildlife species including deer, bear, raccoon, fox, coyote, and fisher. Aquatic mammals include otter, beaver, muskrat, and mink. Upland game birds such as ruffed grouse and woodcock are found along with most other bird species common to the region. There is some seasonal waterfowl use of the area as well as use by eagles, osprey, king fishers, and great blue herons for feeding. Xcel Energy has retained the right to harvest timber from the parcel for 5 years; the department will have oversight authority over that harvest activity to help protect the site from erosion damage.

The South Shore of Lake Superior Fish and Wildlife Area was created in 1992 to preserve a large, self sustaining anadromous fishery as well as an exceptional population of inland trout. The goal of the project is to enhance the stream and coastal habitats to benefit flora and fauna associated with these specific areas. The project also provides public recreation and educational opportunities. Combining four existing Department projects, and adding land as necessary to protect the streams and wetlands in the area, created the project. The project spans five distinct stream drainages, including Fish Creek, Cranberry River, Flag River, Sioux River, and Pikes Creek, and their associated coastal wetlands. More than 50 percent of the

total self-sustaining anadromous fishery on the Wisconsin shore of Lake Superior is included within the boundaries of the project. With this land transfer, the Department is proposing to add the Iron River to the project. The project boundary modification at this time would include the 989.95 acres being transferred from Xcel Energy.

The Department recommends the land transfer between Xcel Energy, the Department and the Red Cliff tribe to protect fish and wildlife resources and provide opportunities for public fishing and recreation as part of the South Shore of Lake Superior Fish and Wildlife Area. The land transfer will result in a substantial increase in public access for recreational opportunities.

3. FINANCING:

None -- Land transfer as part of a larger negotiated settlement.

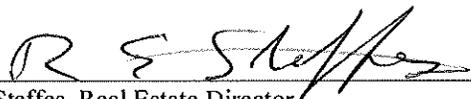
4. ACQUISITION STATUS OF THE SOUTH SHORE LAKE SUPERIOR FISH AND WILDLIFE AREA:

Established: 1992
Acres Purchased to Date: 6,795.93
Acquisition Goal: 8,690.09 Acres
Percent Complete: 78.2%
Cost to Date: \$3,712,349.18

Comments: The project acreage goal will be increased to account for the Xcel Energy parcel.

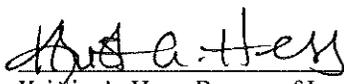
5. APPRAISAL: The properties have not been appraised by the department in recent years.

RECOMMENDED:



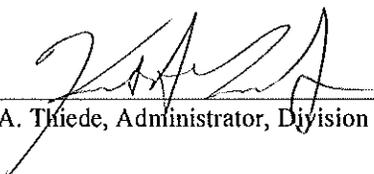
Richard E. Steffes, Real Estate Director

3-8-12
Date



Kristin A. Hess, Bureau of Legal Services

3/8/12
Date



Kurt A. Thiede, Administrator, Division of Land

3/9/12
Date

Xcel Energy to DNR - South Shore Lake Superior Project Overview

South Shore Lake Superior Fish & Wildlife Area

T49N R9W Sec 3, 9, 10 & 15
Town of Orienta-West
Bayfield County

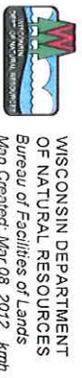
-  Xcel Energy Parcel
-  South Shore Lake Superior Fish & Wildlife Area Project Boundary

-  WDNR Owned
-  WDNR Easement
-  DNR Project Boundary
-  County Forest Land
-  State Natural Area
-  Recreation Trail
-  0.3, 0.00 Feet

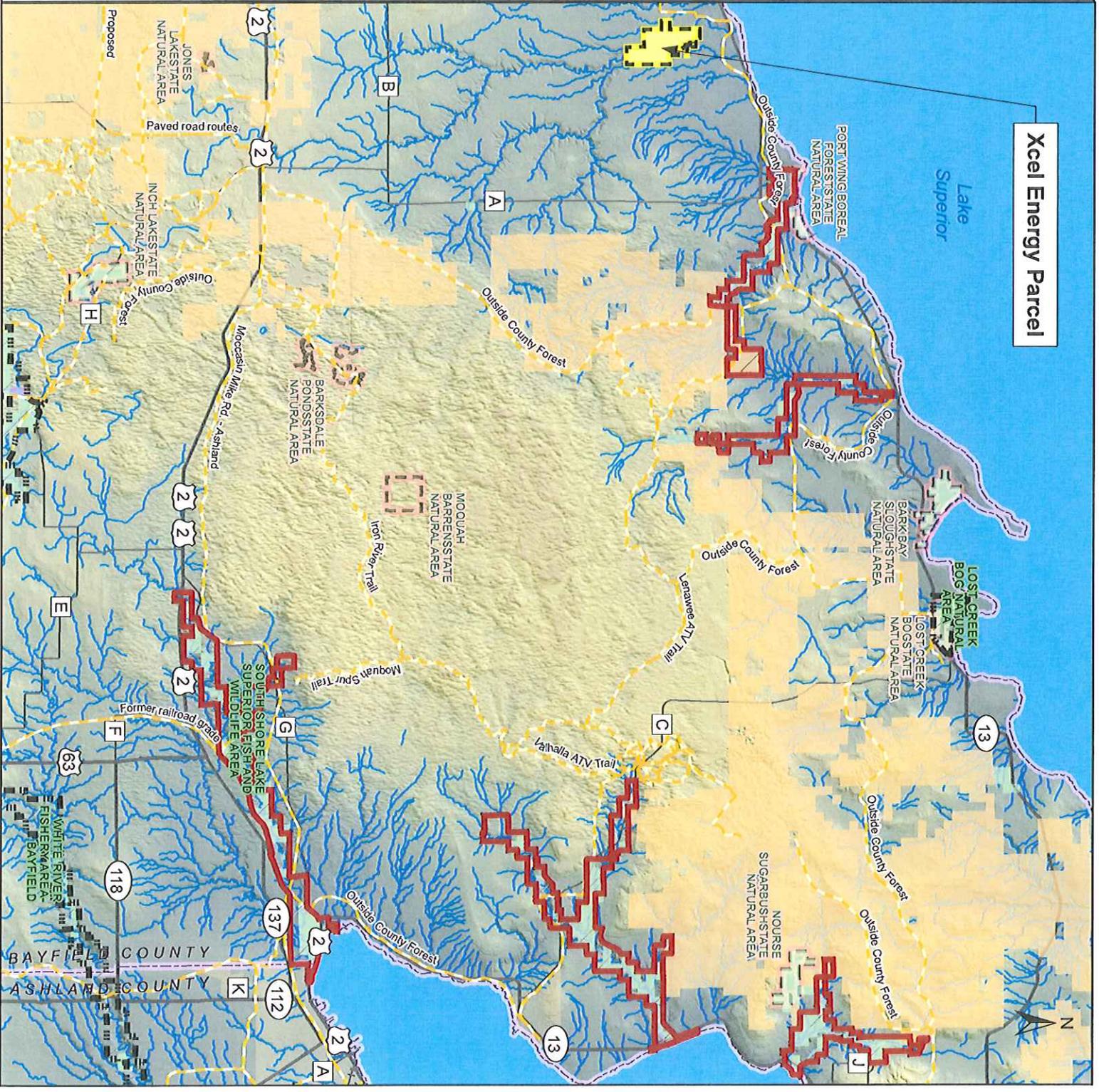
County View



★ Location of Property



WISCONSIN DEPARTMENT OF NATURAL RESOURCES
Bureau of Facilities of Lands
Map Created: Mar 08, 2012 kmh



Xcel Energy Parcel



Xcel Energy to DNR

South Shore Lake
Superior Fish & Wildlife Area

FM 10145

T49N R9W Sec 3, 9,

10 & 15

Town of Orienta-West

Bayfield County

 Subject Parcel

 WdNR Owned

 WdNR Easement

 DNR Project Boundary

 County Forest Land

 State Natural Area

 Recreation

 Trail

 PLSS Section Line

 QQ Section Boundary

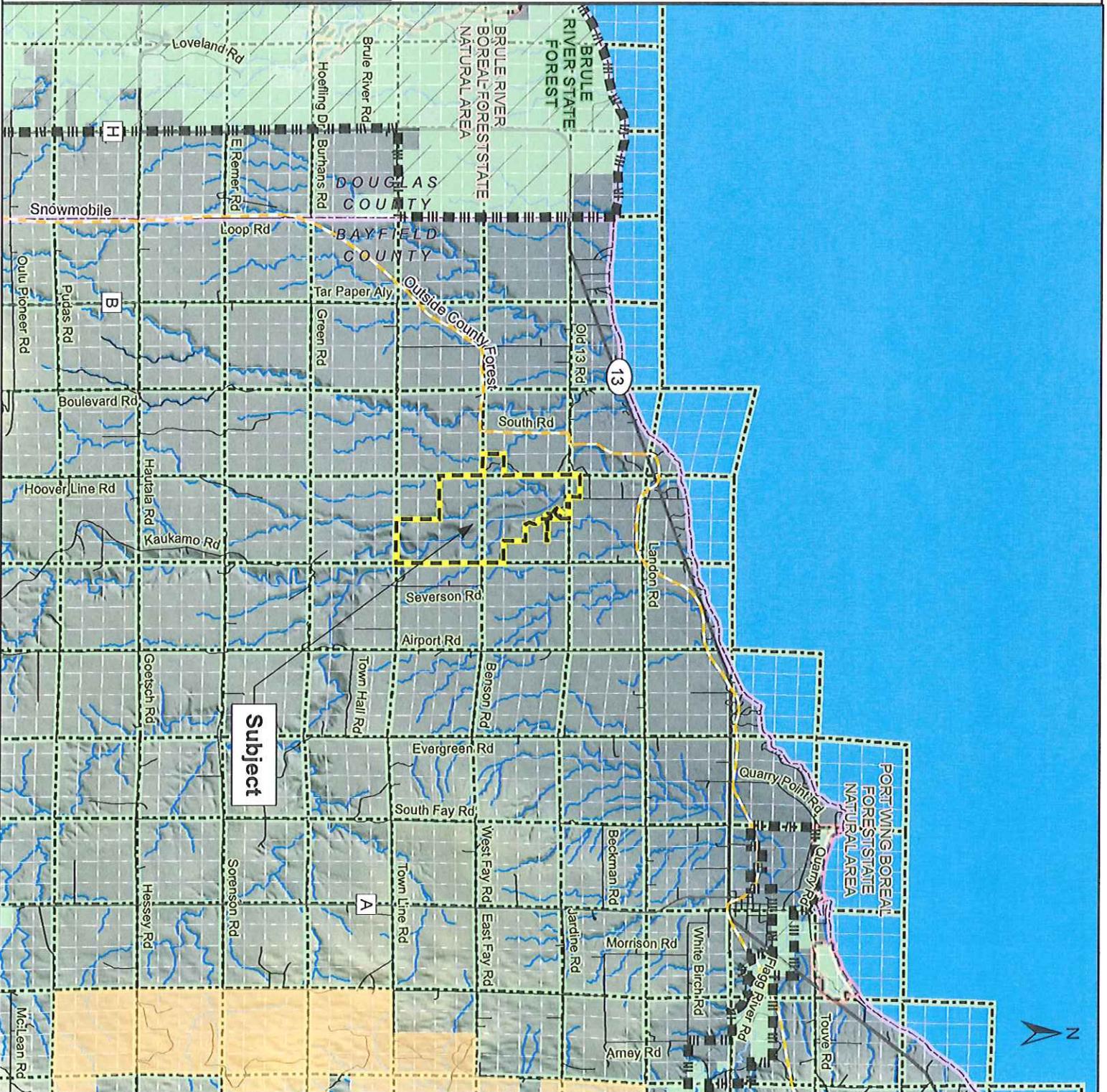
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Feet

County View

 Location of Property

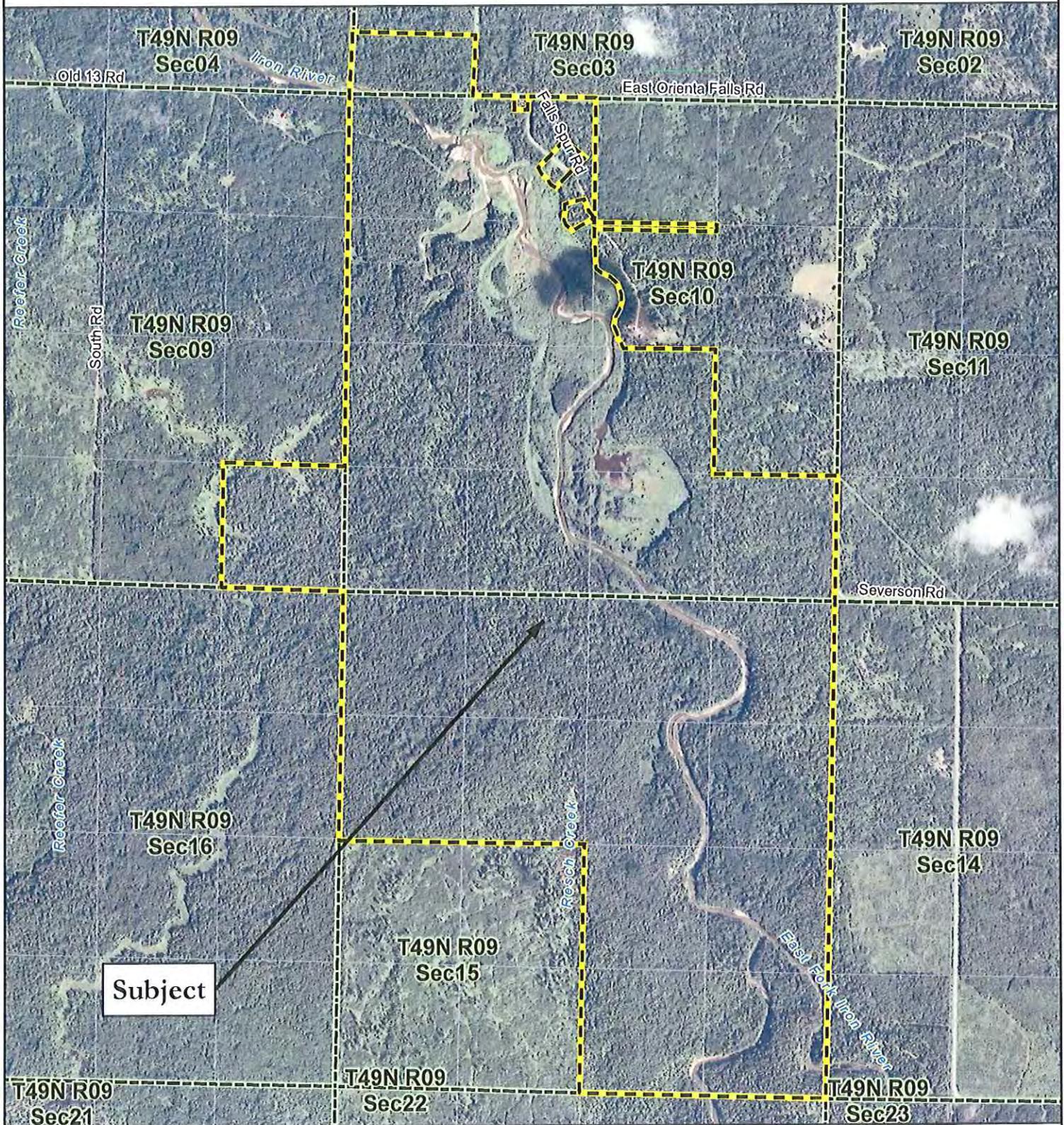



WISCONSIN DEPARTMENT
OF NATURAL RESOURCES
Bureau of Facilities of Lands
Map Created: Mar 07, 2012 kmh



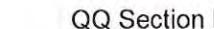
Xcel Energy to DNR

T49N R9W Sec 3, 9, 10 & 15, Town of Orienta-West, Bayfield County



South Shore Lake Superior Fish and Wildlife Area

 Subject Parcel

 Section Line
 QQ Section Lines


0 400 800 1,200 Feet


N




Mar 07, 2012 kmb
Real Estate Section
Bureau of Facilities and Lands

DNR to Red Cliff Band/Chippewa

Bayfield Peninsula

T51N R4W Sec 1
T52N R 4W Sec 36

Town of Russell - North & York
and Raspberry Islands
Bayfield County

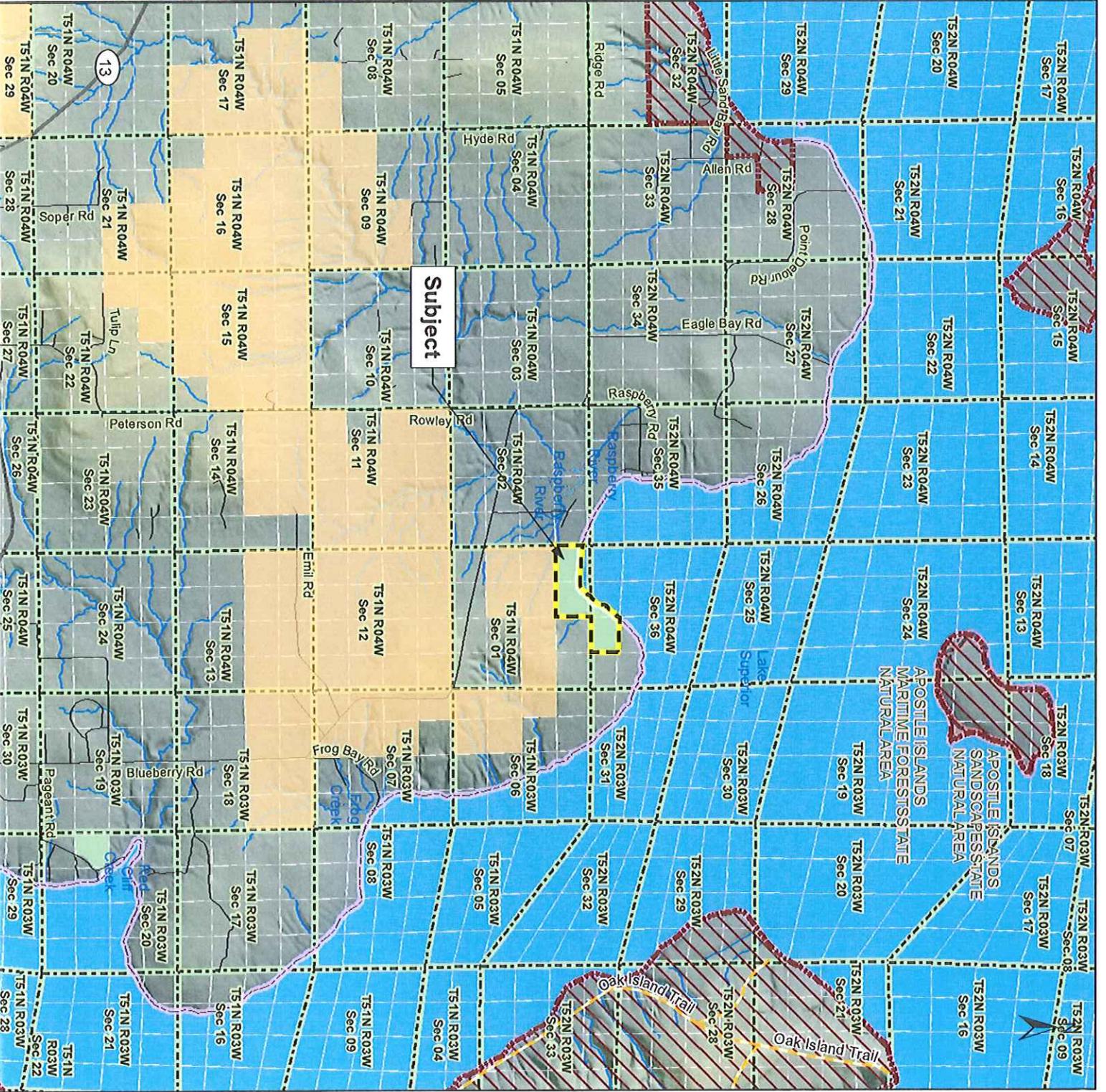
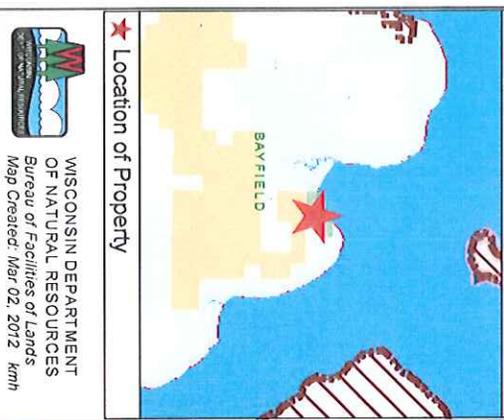
Subject Parcel

-  WDNR Owned
-  Federal Land
-  County Forest Land
-  State Natural Area
-  Recreation
-  Trail
-  PLS Section Line
-  Section Boundary

County View

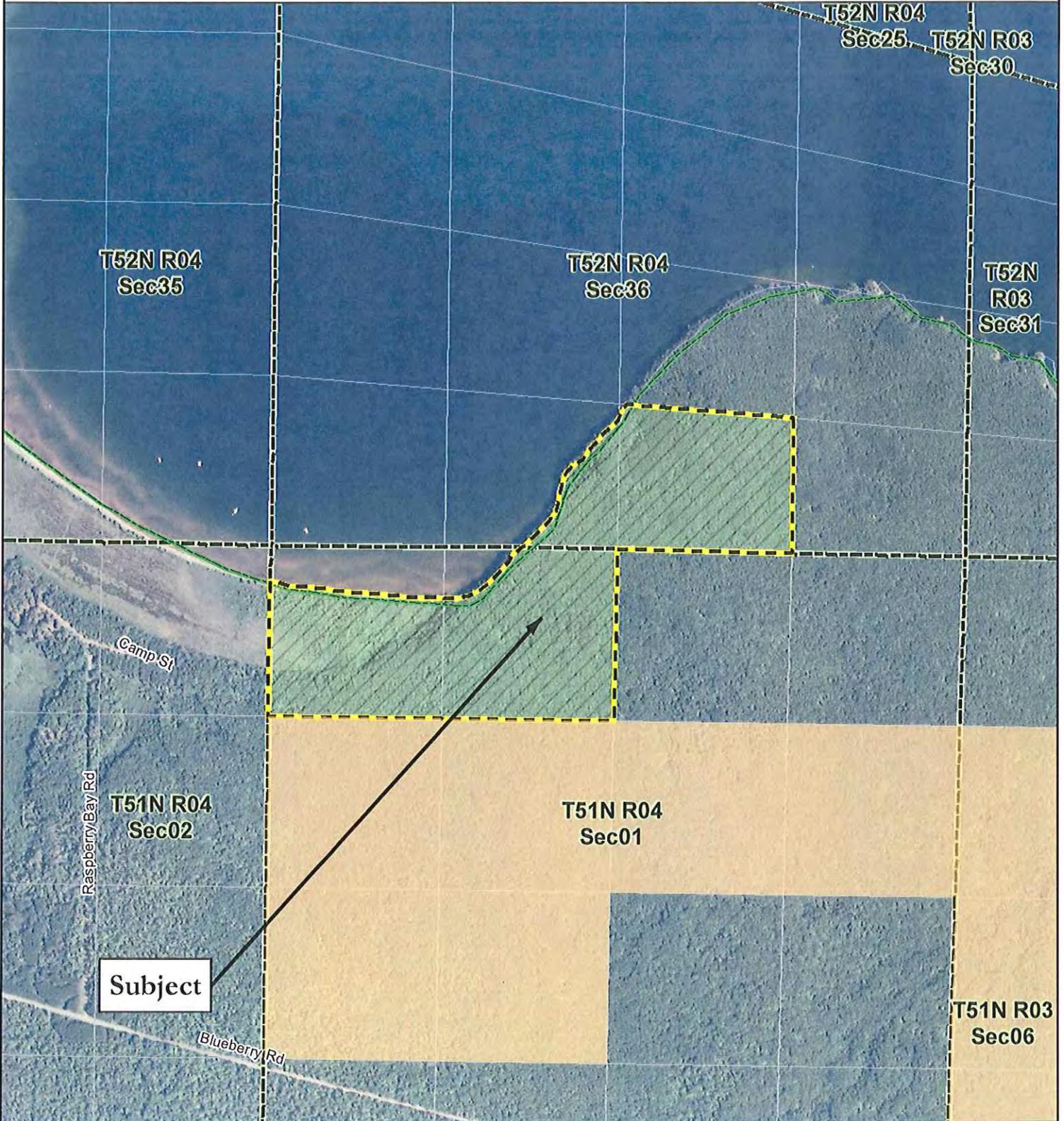
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WISCONSIN DEPARTMENT
OF NATURAL RESOURCES
Bureau of Facilities of Lands
Map Created: Mar 02, 2012 kmh



DNR to Red Cliff Band/Chippewa

T52N R4W Sec 36 & T51N R4W Sec 1, Town of Russel - North & York and Raspberry Islands, Bayfield County



Bayfield Peninsula

 Subject Parcel

 DNR Owned

 County Forest Land

 Section Line

 QQ Section Lines





 Mar 02, 2012 kmb
 Real Estate Section
 Bureau of Facilities and Lands