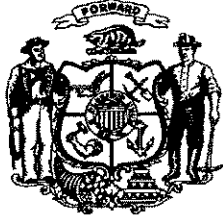


THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

September 30, 2002

Secretary Darrell Bazzell
Department of Natural Resources
101 S. Webster St., 5th Floor
Madison, Wisconsin 53703

Dear Secretary Bazzell:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, originally received on August 27, 2002, concerning a proposed easement purchase of 35,337.37 acres from Tomahawk Timberlands, LLC for \$2,244,000 plus an additional \$60,000 to cover miscellaneous costs. The land is located in Iron, Oneida, Marathon and Lincoln Counties.

An objection to the request, which was made on September 12, 2002, was withdrawn on September 30, 2002.

No further objections to this request have been raised. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration



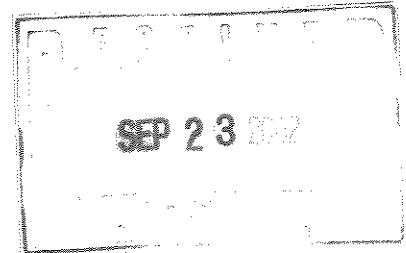
State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY 608-267-6897

September 20, 2002

Senator Brian Burke, Co-Chair
Joint Finance Committee
Room 317 East
State Capitol
Madison, WI 53707



Representative John Gard, Co-Chair
Joint Finance Committee
Room 308 East
State Capitol
Madison, WI 53708

Dear *Brian* Senator Burke and *John* Representative Gard:

Thank you for your letter informing me of the Committee's objection to three Stewardship projects that were submitted for review on August 27, 2002.

I am writing regarding one of these purchases, the easement purchase of approximately 35,000 acres under the Forest Legacy program. It has come to my attention that the federal grant that would help to pay for this project will expire on October 1, 2002. The expiration of this grant means that the state could lose one million dollars in federal money if the purchase is not reviewed by the Committee prior to the expiration date.

I urge you to consider holding a hearing on the Forest Legacy purchase prior to October 1st. Or, in the alternative, I would respectfully ask for the opportunity to meet with the objector on the Committee and seek a solution to remove the objection to this purchase.

I am sure that you share my sense of urgency to not lose this significant amount of federal funding. I look forward to hearing from you on this matter.

Sincerely,

Darrell
Darrell Bazzell
Secretary

cc. Governor Scott McCallum

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

September 12, 2002

Mr. Darrell Bazzell, Secretary
Department of Natural Resources
101 South Webster Street
Madison, WI 53707-7921

Dear Secretary Bazzell:

We are writing to inform you that the members of the Joint Committee on Finance have received your stewardship program requests, dated August 26, 2002 (received August 27), regarding the following three proposed land purchases:

1. 302 acres in Wood County from Plumb Creek, c/o Dan Lemke, for \$750,000 plus an additional \$10,000 to cover miscellaneous costs.
2. 35,337.37 acres in Iron, Oneida, Marathon and Lincoln Counties from Tomahawk Timberlands for \$2,244,000 plus an additional \$60,000 to cover miscellaneous costs. *obj. withdrawn*
3. 330 acres in Rock County from the Nellie Carey Estate for \$495,000 plus \$7,500 to cover miscellaneous costs.

A meeting will be scheduled to further review these purchases. Therefore, the requests are not approved at this time.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

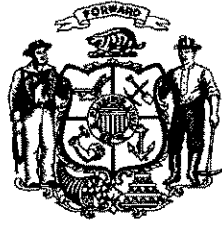
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cc: Members, Joint Committee on Finance
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: September 30, 2002

Re: Tomahawk Timberlands Stewardship Request/Withdrawal of Objection

On September 12, 2002, an objection was made to a stewardship program request for a proposed easement purchase of 35,337.37 acres from Tomahawk Timberlands, LLC for \$2,244,000 plus an additional \$60,000 to cover miscellaneous costs.

The Department of Natural Resources was notified that the request was not approved and that a meeting would be held to further review the request.

On September 30, 2002, the objection to this request was withdrawn.

Please notify **Senator Burke** or **Representative Gard** no later than **4 p.m. on Monday, September 30, 2002**, if you have any questions about the request or would like the Committee to meet formally to consider it.

If no further objections are heard by that date, the request will be approved.

Also, please contact us if you need further information.

BB:JG:dh



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY 608-267-6897

AUG 26 2002

IN REPLY REFER TO: E-1791

Honorable Brian Burke
Member State Senate
Room 317E
CAPITOL

Honorable John Gard
Member State Assembly
Room 308E
CAPITOL

Brian
John
Dear Senator ~~Burke~~ and Representative Gard:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed easement purchase on 35,337.37 acres from Tomahawk Timberlands, LLC. The State Stewardship portion of the cost is \$2,244,000. In addition, the Department requests \$60,000 of Stewardship funding for miscellaneous costs associated with the transaction. This is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects more than \$250,000 in cost. The Natural Resources Board approved the purchase at the August meeting. The land is required for the Forest Legacy Program.

The file number is E-1791 and the land is located in Iron, Oneida, Marathon and Lincoln Counties. Attached, please find a memo and maps describing this transaction.

I certify that this request for consideration meets all applicable state and federal statutes, rules, regulations and guidelines. This certification is based upon a thorough and complete analysis of this request.

If you do not notify the Department with 14 working days after this notification that the Committee has scheduled a meeting to review the proposed transaction, the Department will proceed with the approval process. If the committee has no objections, the Department will forward the proposal to the Governor for his consideration. If you need additional information, please contact Richard Steffes at 266-0201. Mr. Steffes is available to answer any questions you may have in this matter.

Thank you for this consideration.

Sincerely,

Darrell

Darrell Bazzell
Secretary

Attachment

cc: Legislative Fiscal Bureau
Department of Administration

CORRESPONDENCE/MEMORANDUM

DATE: July 19, 2002 FILE REF: E-1791

TO: Governor Scott McCallum

FROM: Darrell Bazzell

SUBJECT: Proposed Forest Legacy Easement on the Tomahawk Timberlands, LLC. Tract,
File # E-1791,

1. PARCEL DESCRIPTION:

Forest Legacy Program
Lincoln, Oneida, Marathon and Iron Counties

Grantor:

Tomahawk Timberlands, LLC.
c/o Steve Guthrie
7520 US Hwy 51
Minoqua, WI 54548

Acres: 35,337.37

Price: \$7,244,000 (\$5,000,000 federal Forest Legacy funds and \$2,244,000 state Stewardship)

Appraised Value: \$13,750,000; \$13,251,000

Interest: Purchase of a Forest Legacy Easement with public access.

Improvements: There are three hunting cabins located on the easement area. The easement precludes additional buildings.

Location: The easement area is composed of 4 tracts located in Iron, Oneida, Lincoln and Marathon Counties:

Moose Lake Tract: This 5,618.93 acre tract is contiguous and located in the central part of Iron County north of the Turtle Flambeau Flowage Scenic Waters Area. The Moose Lake Natural Area abuts the north side of this easement area. Iron County Forest abuts to the east and west.

New Wood Wildlife Area Tract

This 17,176.23-acre tract is located in the western part of Lincoln County. The nearly contiguous block of land tends to be concentrated in the Town of Corning but also includes the Towns of Harding and Tomahawk. The easement area abuts the southern boundary of the New Wood Wildlife area as well as the western boundary of the wildlife area. The Ice Age Trail traverses this tract off of Tower Road. County forest abuts on the north and west sides.

Big Rib River Tract

This 4,076.66-acre tract consists of 2 non-contiguous groupings of land a mile apart. The eastern section is in the Town of Corning in Lincoln County and the remainder of the easement is in the Town of Halsey in Marathon County. The northwestern boundary of the easement area to the west is adjacent to the Big Rib River Fishery Area. The area is known for good hardwood productivity.

Willow Flowage Tract

This 8,465.55-acre tract of nearly contiguous lands is located in northwestern Oneida County in the Town of Minocqua. It lies to the north and northeast of the Willow Flowage Scenic Waters Area and much of the tract is in the project boundary. This tract will connect many existing parcels of public lands to include a state natural area, the scenic waters area of the Willow Flowage and other land owned by the Board of Commissioners of Public Lands.

Land Description: All of the subject areas are situated in areas of past glacial activity with generally rolling terrain interspersed with wetlands. The property included in this easement is 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 and connecting public lands.

Water: There are a variety of streams and pothole pond/lakes on all four tracts. Forestry best management practices required by the easement will protect the surface waters located within the easement area.

<u>Covertypes Breakdown:</u>	<u>Type</u>	<u>Percentage</u>
	Forest	82%
	Lowland Brush / Bog / Wetland	14%
	Other	4%

Zoning: Agriculture, Forestry and Recreation

Present Use: Industrial land base for Tomahawk Timberlands, LLC.

Proposed Use: Public Recreation and Private Forestry Management

Tenure: 3 years; Tomahawk Timberlands is the latest in a series of industrial forest owners dating back at least 50 years.

Easement Date: July 15, 2002

2. JUSTIFICATION:

The 35,337.37 acre Tomahawk Timberlands, LLC property is proposed for purchase as a Forest Legacy Easement to protect these environmentally important forestlands from being converted to non-forest uses as well as to preclude forest fragmentation. Additionally the easement will ensure that sustainable use of the forest resources is a top priority and that public access to these lands is maintained.

The Tomahawk Timberlands easement is comprised of 4 tracts which are located in Iron, Oneida, Marathon and Lincoln Counties. These 4 tracts include areas with ecological values for fish and wildlife habitat, scenic resources and riparian areas in addition to the forest values. The NRB approved a set of proposed Forest Legacy areas at their February 2001 meeting. The proposed Tomahawk Timberlands easement is within the Northern Forest Legacy area, which was identified as being environmentally important and threatened. The United States Forest Service selected this land as their top priority in Wisconsin and is contributing \$5,000,000 toward the price. The area is part of the largest bird breeding area in the United States.

The purpose of the Forest Legacy Easement 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, dumping or any significant topographical change;
- manage the property as part of the grantor's commercial timber harvest base while providing open space; the easement also contains a non-fragmentation clause requiring no splitting of the ownership beyond the current 4 tracts described above;
- provide for the public the right to access the property for public outdoor recreational uses.

The easement area has a historic forestry use dating back to logging done in the 19th century. In more recent times, some of the recreational land with water frontage has been sold by industrial forest companies and there is a concern that forest fragmentation is occurring 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 the timber industry in the northern economy.

The property included in this easement is now managed as commercial forest lands for sustained yields of veneer, sawlogs, bolts and pulpwood. Aspen is the predominant forest type. Other significant forest types include northern hardwoods, swamp conifers and pine. Older hemlocks and yellow birch are present in the Moose Lake Tract.

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

Acquisition of this 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 four tracts which 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.

3. FINANCING:

State Stewardship (31%) and federal Forest Legacy Program funds (69%) are anticipated.

	Funds allotted to program:	Balance after proposed transaction:
State Stewardship	\$3,000,000	\$756,000
Federal Forest Legacy	\$5,000,000	\$0

Comments: The cost of the easement is \$205 per acre. The state portion of the cost is \$63.50 per acre.

4. ACQUISITION STATUS OF THE FOREST LEGACY PROGRAM:

Established: 2001

Acres Purchased to Date: 0

Acquisition Goal: 35,337.27 acres (Subject to approval of current transaction.)

Percent Complete: 0

Cost to Date: 0

5. APPRAISAL:

Appraiser: Michael Augustyn (Private Appraiser)

Valuation Date: June 10, 2002

Appraised Value: \$13,750,000

Highest and Best Use: Forestry and Recreational

Allocation of Value:

Before Value:	Mercer Tract	\$4,776,082
	Big Rib River Tract	3,668,994
	Willow Flowage Tract	7,618,995
	New Wood Tract	12,882,180
	Total:	<u>\$28,946,251</u>
	Less assemblage (-5%)	x .95
	Net	\$27,498,938
After Value:	50% - Fee Value	x .5
	Net:	<u>\$13,749,469</u>

Value of easement (rounded): **\$13,750,000**

Comments: The total value of the 4 tracts consisting of 35,337.37 acres is \$28,946,251. Because the 4 tracts are non-contiguous the appraiser elected to value them individually. In this process an adjustment was made between the subject tract and the sales for the factor of size. A discount (- 5 %) was applied at this point due to the fact that the potential pool of purchasers for this large an assemblage of lands would be low. In terms of the after values the appraiser selected 50% as the value loss due to the conditions of the Forest Legacy Easement.

Appraisal Review: Phil Lepinski (DNR Review Appraiser)

5.a APPRAISAL:

Appraiser: Steigerwaldt Land Services (Private Appraiser)

Valuation Date: June 10, 2002

Appraised Value: \$13,251,000

Highest and Best Use: Forestry and Recreation

Allocation of Values:

Before Value:	\$35,337.37 acres @ \$775/acre	\$27,386,000
After Value:		<u>\$14,135,000</u>
Value of Easement:		<u>\$13,251,000</u>

Appraisal Review: Shirley Milli (USFS Review Appraiser)

RECOMMENDED:

RE Steffes

Richard E. Steffes

Date 7-18-02

Bureau of Legal Services

Date

APPROVED:

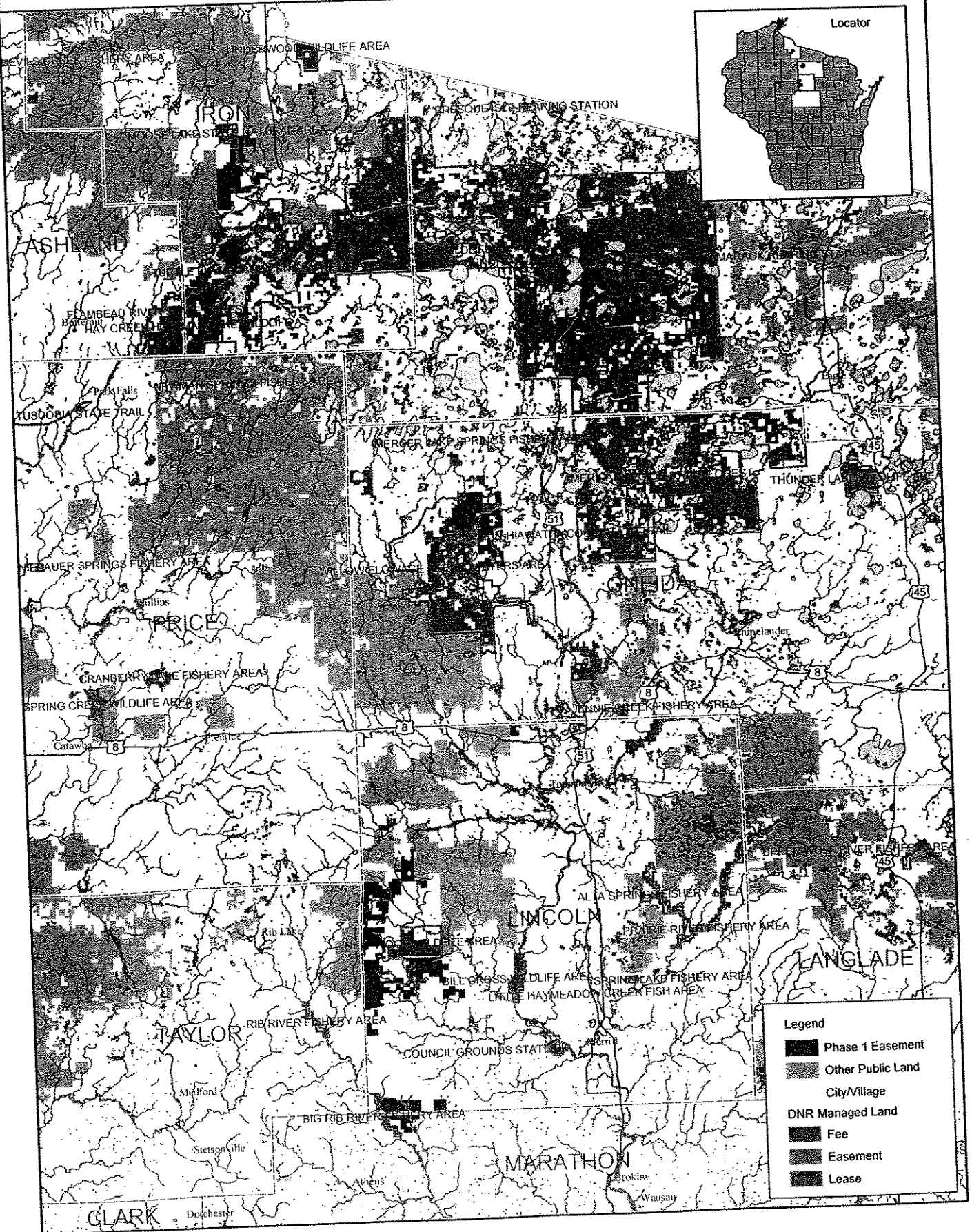
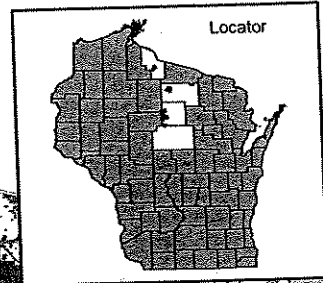
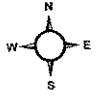
Steven W. Miller

Date

Tomahawk Timberlands, LLC - Forest Legacy Program

Phase 1 Easement and Surrounding DNR Managed Land

Easement Acreage: 35,337.37



Legend

- Phase 1 Easement
- Other Public Land
- City/Village
- DNR Managed Land**
- Fee
- Easement
- Lease

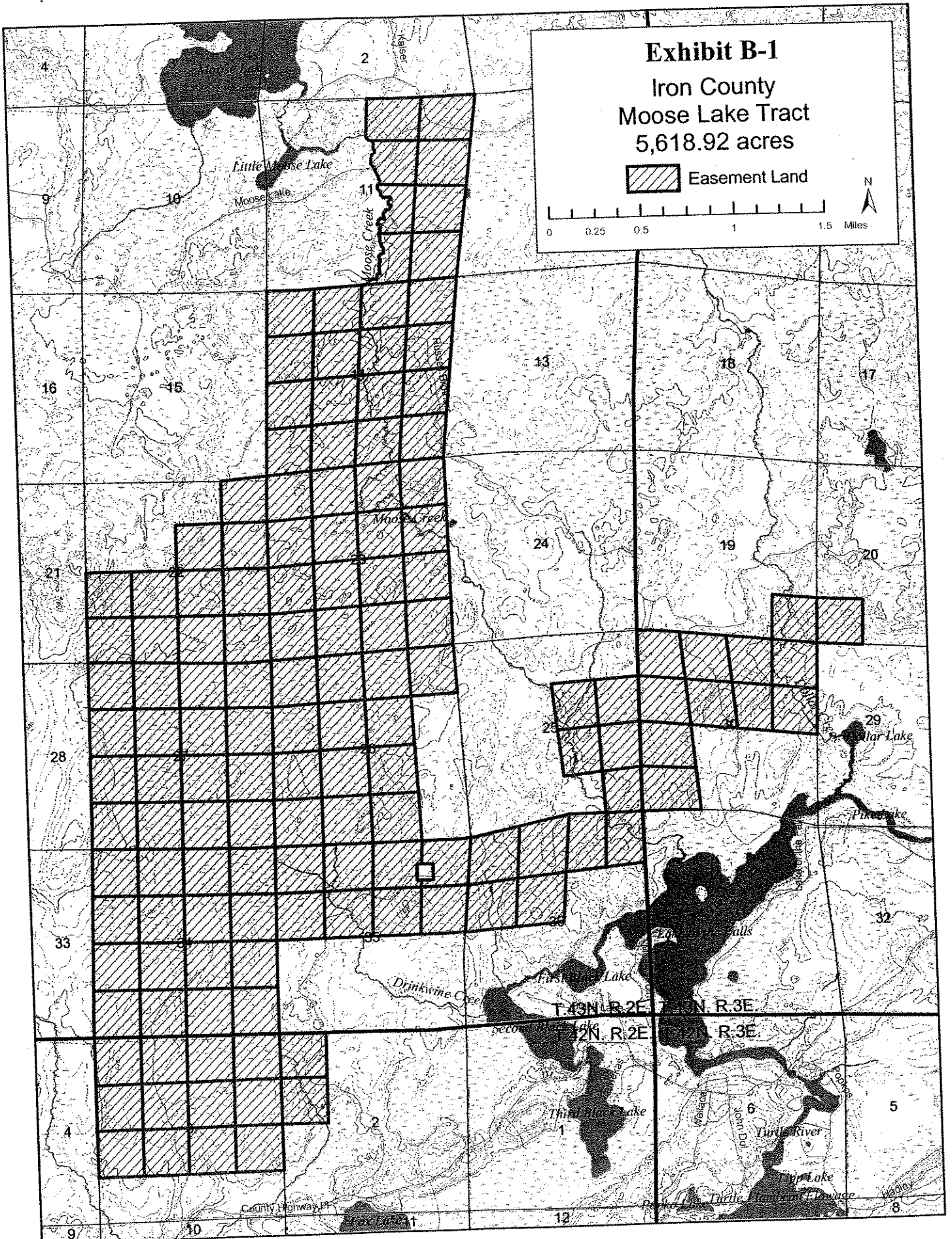
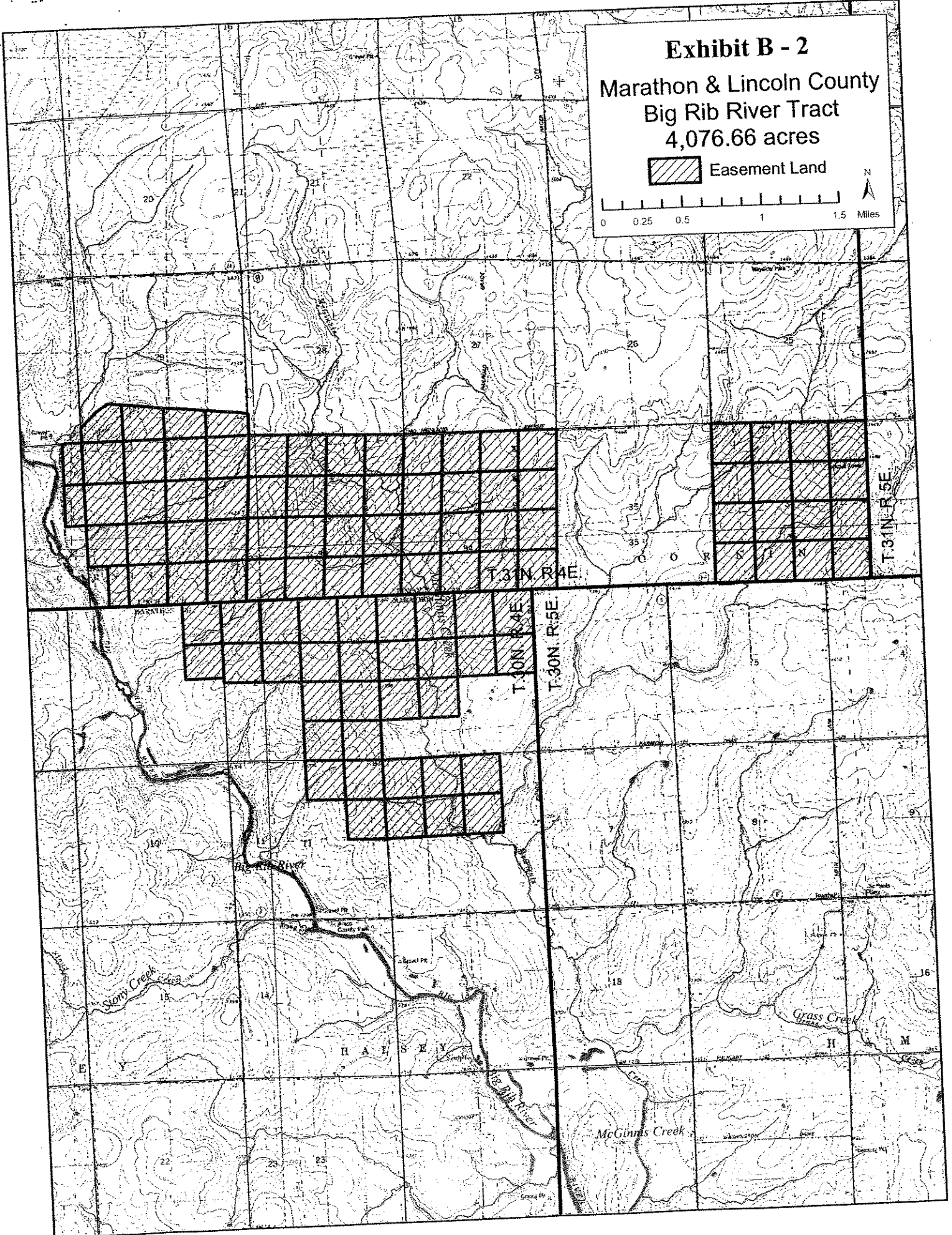
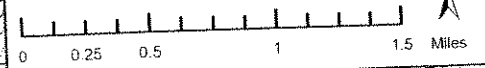
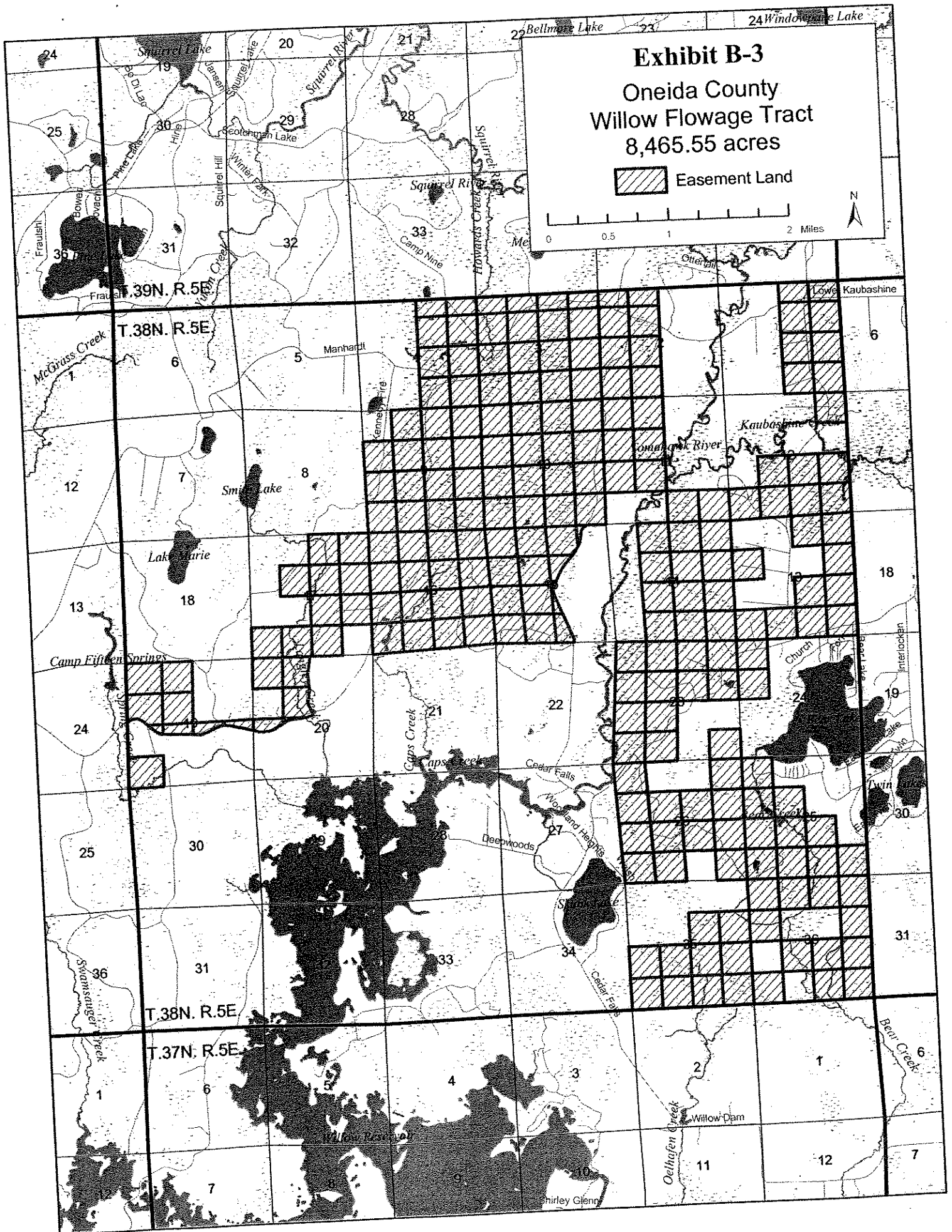


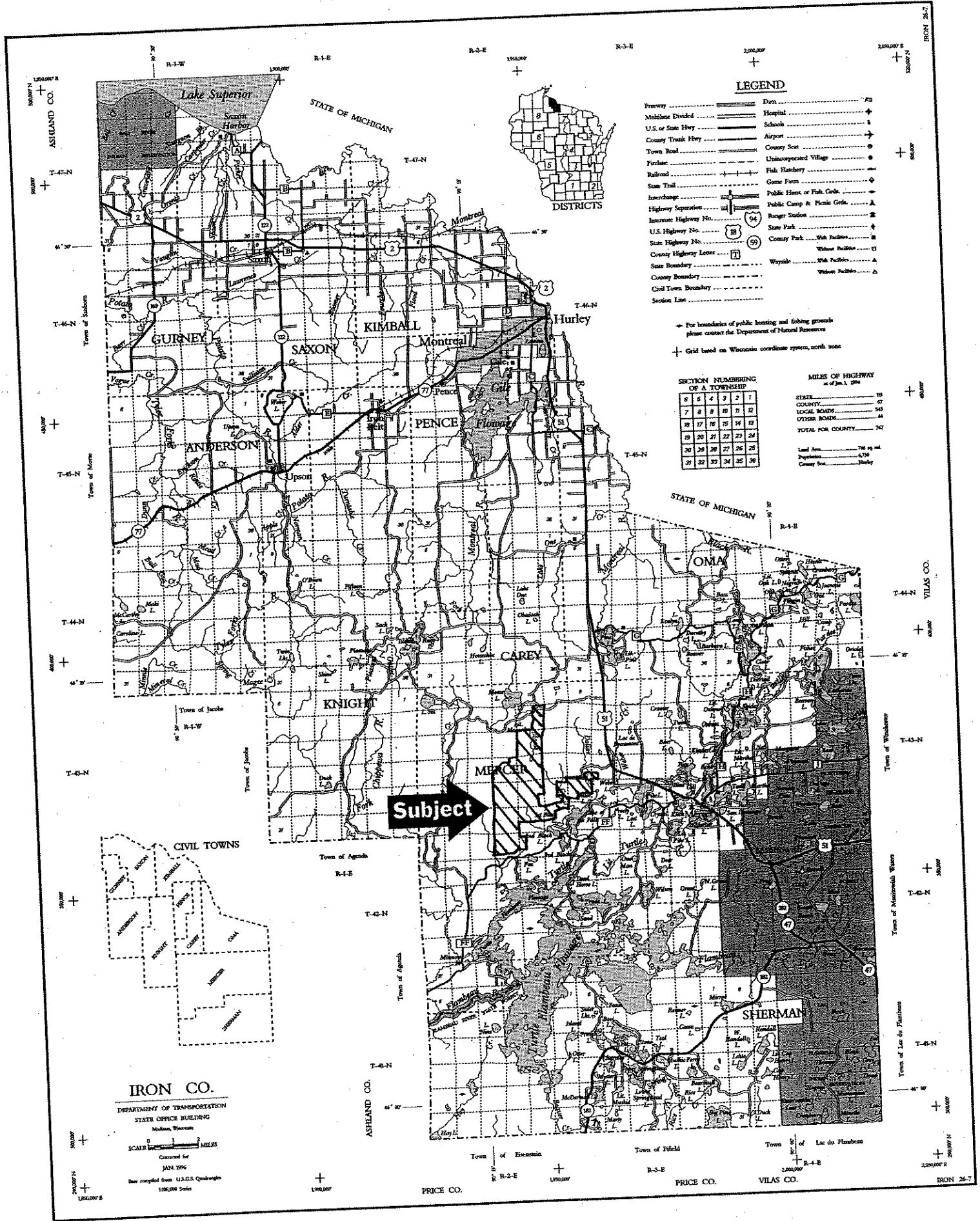
Exhibit B - 2
Marathon & Lincoln County
Big Rib River Tract
4,076.66 acres



Easement Land







LEGEND

- Freeway
- Major Divided
- U.S. or State Hwy
- County Trunk Hwy
- Town Road
- Fireline
- Railroad
- State Trail
- Interchange
- Highway Separation
- Intersecting Highway No.
- U.S. Highway No.
- State Highway No.
- County Highway Letter
- State Boundary
- County Boundary
- Civil Town Boundary
- Section Line
- Dam
- Hospital
- Schools
- Airport
- County Seat
- Unincorporated Village
- Fish Hatchery
- Game Farm
- Public Hunt or Fish Gnd.
- Public Camp & Picnic Gnd.
- Ranger Station
- State Park
- County Park With Public
- County Park Without Public
- Wayside
- Without Public
- With Public

→ For boundaries of public hunting and fishing grounds please consult the Department of Natural Resources
 + Grid based on Wisconsin coordinate system, north zone

SECTION NUMBERING OF A TOWNSHIP

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	37	38	39	40

MILES OF HIGHWAY as of Jan. 1, 1964

STATE	67
COUNTY	67
LOCAL ROADS	540
OTHER ROADS	44
TOTAL FOR COUNTY	747

Land Area 746 sq. mi.
 Population 4,776
 County Seat Hurley

IRON CO.

DEPARTMENT OF TRANSPORTATION
 STATE OFFICE BUILDING
 Madison, Wisconsin

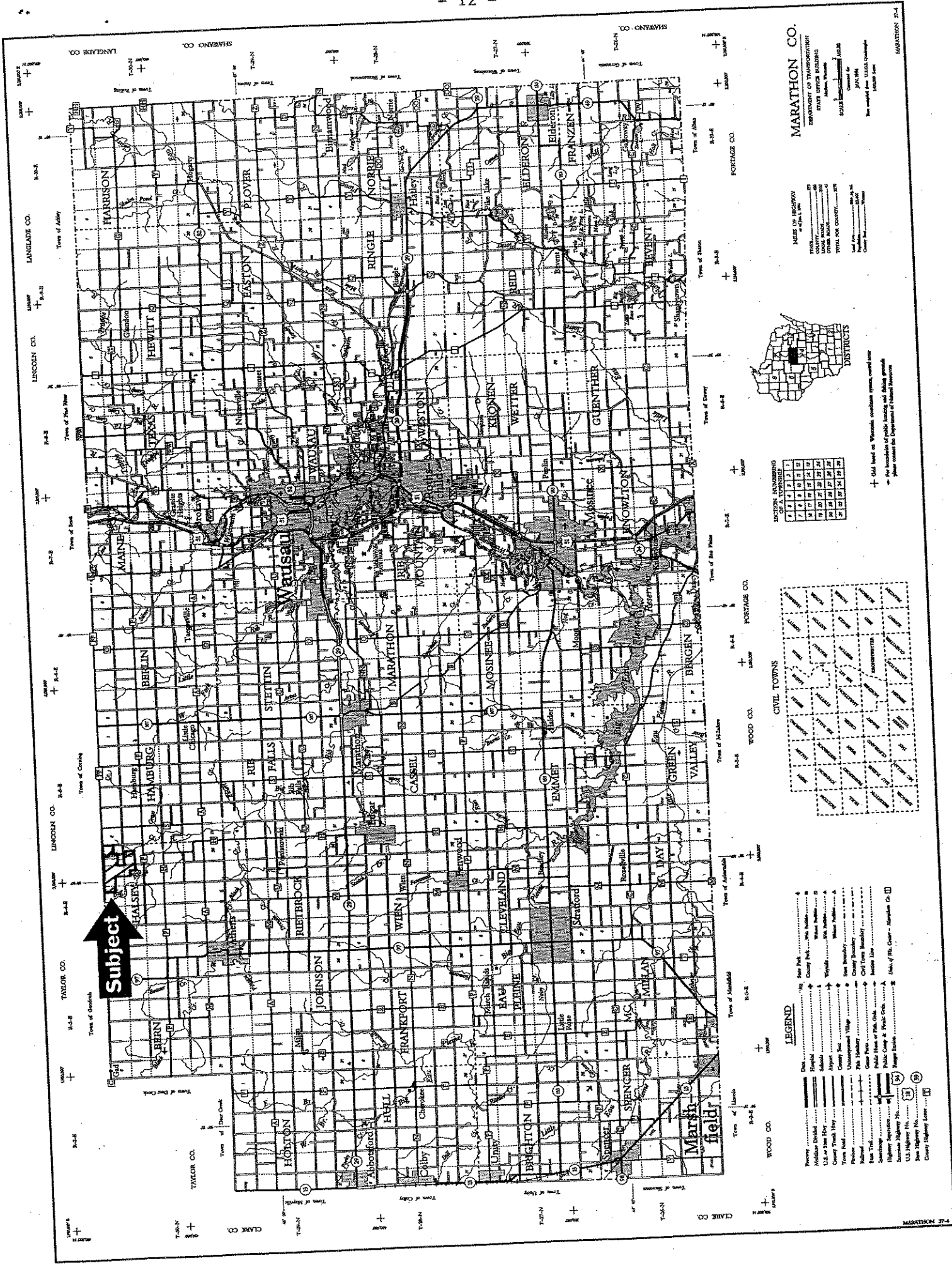
SCALE 1" = 2 MILES

Corrected for
 JAN. 1966

Data compiled from U.S.G.S. Quadangle
 158606 Series

Subject

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Subject

MARATHON CO.

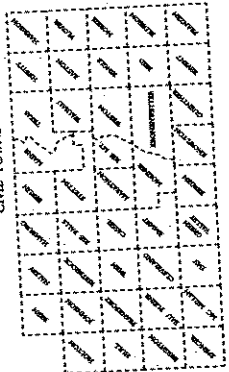
DEPARTMENT OF TRANSPORTATION
 STATE OFFICE BUILDING
 MARATHON, WISCONSIN
 ROAD NO. 100
 JUNE 1934
 STATE OF WISCONSIN
 MARATHON CO.



Old land in Wisconsin, subdivision system used here
 for location of public lands and other general
 information contact the Department of Natural Resources

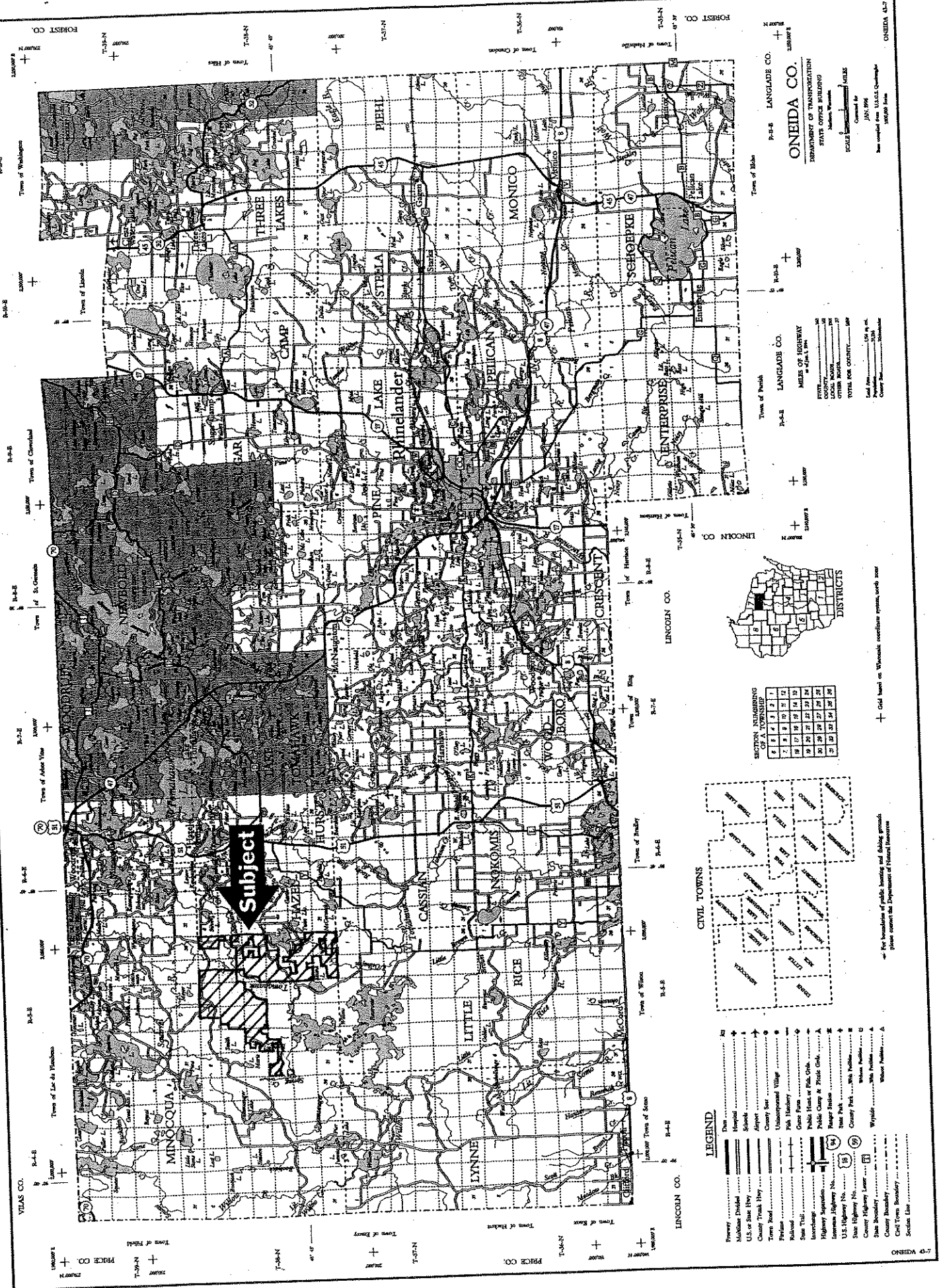
SECTION NUMBERING OF A TOWNSHIP

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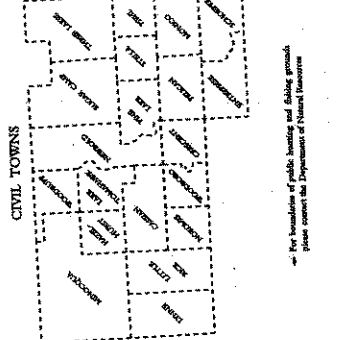


LEGEND

- State Park
- County Park
- U.S. State Park
- County Trunk Hwy
- County Road
- State Road
- Public Highway
- Public Home or Park Chk.
- Public Camp & Park Chk.
- Range Table
- State Park
- County Park
- U.S. State Park
- County Trunk Hwy
- County Road
- State Road
- Public Highway
- Public Home or Park Chk.
- Public Camp & Park Chk.
- Range Table



- LEGEND**
- District
 - Medicine
 - U.S. of State Hwy
 - County Road Hwy
 - Township
 - Precinct
 - State
 - State Title
 - Interstate
 - Highway
 - U.S. Highway No.
 - State Highway No.
 - County Highway
 - State Boundary
 - County Boundary
 - Section Line
 - City
 - Village
 - Hamlet
 - School
 - Airport
 - County Seat
 - Unincorporated Village
 - Green Farm
 - Public House or Park Club
 - Public Camp & Picnic Ground
 - Ranger Station
 - State Park
 - County Park
 - With Well
 - With Public
 - With Public
 - With Public



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	37	38	39	40



Scale of Highway Miles of Highway as of Jan. 1, 1938

FIVE: LOCAL ROADS
 OTHER ROADS
 TOTAL FOR COUNTY: 188

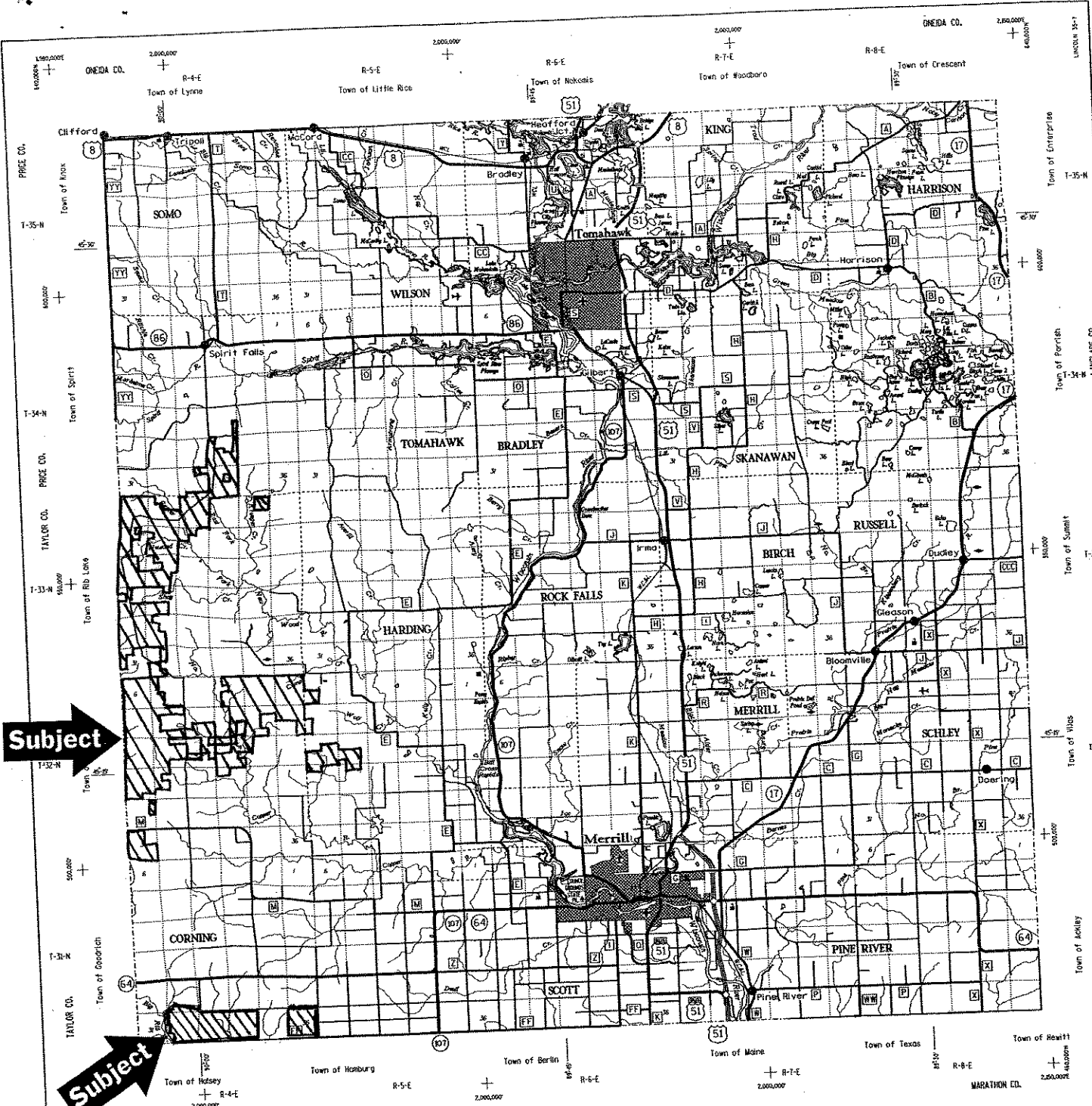
Total Area: 1,121 sq. mi.
 County Area: 1,121 sq. mi.

ONEIDA CO. LANGLADE CO.
 DEPARTMENT OF TRANSPORTATION
 STATE OFFICE BUILDING
 ALBANY, N. Y.

Prepared for
 JULY 1938
 Oneida County
 Oneida, N. Y.

+ Grid based on Wisconsin coordinate system, north 2000

* For location of public housing and slaking grounds please consult the Department of Natural Resources

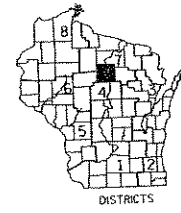
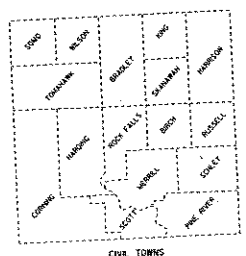


Subject

Subject

LEGEND

- Freeway
- U.S. or State Hwy
- County Trunk Hwy
- Town Road
- Firelane
- Multilane Divided
- Interchange
- Highway Separation
- Interstate Highway No.
- U.S. Highway No.
- State Highway No.
- County Highway Letter
- Railroad
- State Boundary
- County Boundary
- Civil Town Boundary
- Section Line
- Corporate Limits
- Nat'l. & State Forest Bndry.
- Dam
- Hospital
- Schools
- Airport
- County Seat
- Unincorporated Village
- Fish Hatchery
- Golf Course
- Public Hunt. or Fish Grs.
- Public Camp & Picnic Grs.
- Ranger Station
- State Park
- County Park
- Wayside
- Lincoln HRS School



TOWNSHIP NUMBERING

6	5	4	3	2	1
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
as of Jan. 1, 1978

STATE	485
COUNTY	274
LOCAL ROADS	828
OTHER ROADS	59
TOTAL FOR COUNTY	622

Land Area 1001 sq. mi.
Population 26,255
County Seat Merrill

LINCOLN CO.
DEPARTMENT OF TRANSPORTATION
STATE OFFICE BUILDING
MADISON, WISCONSIN

SCALE 0 1 2 MILES

Corrected for
JAN. 1972

Note compiled from U.S.G.S. Quadrangles
100,000 Series

For boundaries of public hunting and fishing grounds please contact the Department of Natural Resources

Grid based on Meadson coordinate system, centrodense

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

October 2, 2002

Mr. Darrell Bazzell, Secretary
Department of Natural Resources
101 South Webster Street
Madison, WI 53707-7921

Dear Secretary Bazzell:

We are writing to inform you that the members of the Joint Committee on Finance have received your plan to manage and test for chronic wasting disease in cervids, and a request for the expenditure of an additional \$2 million for this purpose, as provided for in 2001 Wisconsin Act 108.

A meeting will be scheduled to further review this plan and request. Therefore, they are not approved at this time.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

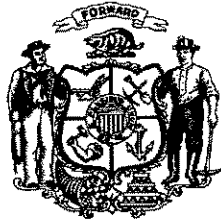
BB:JG:dh

cc: Members, Joint Committee on Finance
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: September 27, 2002

Re: 14 Day Passive Review/Chronic Wasting Disease Plan

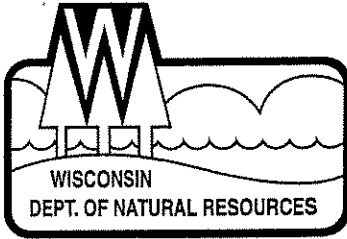
Attached is a copy of a plan from the Department of Natural Resources, received on September 26, 2002, to manage and test for chronic wasting disease in cervids, and a request for the expenditure of an additional \$2 million for this purpose, as provided for in 2001 Wisconsin Act 108.

The plan and the request for additional funding are subject to approval by the Joint Finance Committee under the 14 day passive review process.

Please review these items and notify **Senator Burke** or **Representative Gard** no later than **Monday, September 14, 2002**, if you have any questions about these requests or would like the Committee to meet formally to consider them. If no objections are heard by that date, the requests will be approved.

Also, please contact us if you need further information.

BB:JG:dh



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

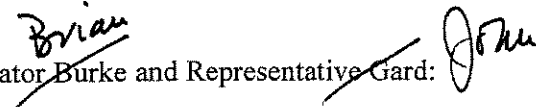
101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY 608-267-6897

September 16, 2002

The Honorable Brian Burke, Co-Chair
State Senator
Joint Committee on Finance
Room 316 South
State Capitol

The Honorable John Gard, Co-Chair
State Representative
Joint Committee on Finance
Room 315 South
State Capitol

Subject: Funding Request for Chronic Wasting Disease

Dear Senator ~~Burke~~ and Representative ~~Gard~~: 

2001 Wisconsin Act 108 authorized the immediate expenditure of \$2,000,100 for CWD control in 2002-03 and up to an additional \$2,000,000 with the approval of the Joint Committee on Finance. The Department of Natural Resources is submitting for your review and approval a plan, to manage, and test for, chronic wasting disease (CWD) in cervids, and a request for the expenditure of the additional \$2,000,000 for this purpose, as provided for in Act 108.

REQUEST

The Department requests that \$1,000,000 be provided from Wildlife Damage funds; of this amount, \$250,000 will be allocated to the Department of Agriculture, Trade and Consumer Protection (DATCP) for the indemnification of owners of captive herds and increased monitoring and inspection of captive deer and elk herds under the new DATCP permanent rule and \$31,750 will go to the Department of Health & Family Services (DHFS) for the continued monitoring of death certificates for Creutzfeld-Jakob disease and to offset the cost of permanent staff time devoted to CWD.

In addition, the Department requests that \$1,000,000 also be appropriated from the Fish & Wildlife Account of the Conservation Fund to provide additional resources for the on-going effort to monitor, manage and control the outbreak of chronic wasting disease in south central Wisconsin, and statewide. I request that if there is an objection made during the fourteen-day passive review process, a meeting of the Committee be held prior to October 15, 2002 so that the Department can continue its CWD efforts.

While these were the funding levels authorized in the bill for release under the Committee's fourteen day passive review authority, the Department currently anticipates expenditures will exceed this \$4.0 million authorization, and will request additional expenditure authority under s. 13.101 at a later date when more specific costs are known. Specifically, if the actual costs realized during the hunting seasons for CWD management are substantially higher than the funding currently available, the Department would encourage the Committee to hold a special s.13.10 meeting in late November to provide the Department with the needed funding to address those costs.

It is imperative that this funding request for the additional \$2 million authorized by Act 108 be approved to address urgent current needs. However, the costs for managing CWD are escalating rapidly and are difficult to estimate at this time. The funding levels identified in this request were made under the assumption that CWD remains confined to the Dane and Iowa county eradication zone in southwestern Wisconsin. Already, the disease has been detected in a captive deer heard in Portage County. This new detection, and any additional positive tests discovered elsewhere in Wisconsin requiring additional management efforts, will likely drive potential costs higher. Already, the Law Enforcement program is incurring substantial unanticipated expenses performing trace-outs of animals from the contaminated captive herd. The Department has already developed a tentative intensified sampling and testing strategy in the vicinity around the captive herd where the positive test was detected. Implementing a more intensified testing procedure in this area, and in the area of any new locations where there is a positive detection of CWD, will increase costs substantially.

Another major area where cost projections are fluctuating is carcass disposal. The Department's original estimate for carcass disposal assumed that all 43,000 anticipated tested carcasses would need to be incinerated because no land disposal option was available. It was also unclear if hunters would be willing to keep/store their carcasses while their deer is being tested. More recently, it appears that land disposal options will be available for a high percentage of the unwanted carcasses that do not test positive for CWD, which would present a less expensive disposal option than incineration. The Department is currently planning to store unwanted carcasses in cold storage until test results are known, and then incinerate only those carcasses that test positive. Carcasses that test negative would then be sent to a licensed landfill. However, the Department now is anticipating additional costs for collection, transportation, and cold storage of carcasses prior to disposal. Also, the Department has agreed to pay for the disposal of butchered waste for meat processors in very limited incidents directly related to the eradication zone. It may also be possible to use a more expedient testing procedure than what is currently authorized, which would allow the Department to identify more quickly those carcasses that are from deer that test positive and negative. This will allow more carcasses to be disposed in landfills at lower costs, however there is an estimated \$20 cost per deer for using the expedited testing procedure.

BACKGROUND

Chronic wasting disease was detected in Wisconsin's wild deer herd in February 2002. Since that time, the Department has implemented an intensive effort to determine the extent of the disease, to manage the disease, and attempt to eradicate the disease in the immediate area where it was originally found. Through the end of FY 2001-02, the Department spent an estimated \$1,502,900 on assessing and managing chronic wasting disease. These expenses were the result of re-directing staff time and funding from other activities within the Department.

During the February through June 2002 time period the CWD outbreak quickly became an issue of public concern. In this time period, the following key actions were taken:

- The hunters who killed the 3 CWD positive deer were immediately notified of the results and interviewed.
- All other hunters that submitted deer were contacted and advised their deer were negative.

Monitoring/Sampling/Enforcement

- Established A 419 sq. mi. initial surveillance area around the location where the 3 positive deer were killed.
- Reviewed all trace-outs of 21 elk received from western ranches with CWD-positive animals was carried out. No positives were found.

- Undertook a 63 sq. mi. helicopter survey of the core area of the surveillance area to determine the distribution and abundance of deer within that area and the presence of supplemental feeding activity.
- Set-up a field operations office to conduct the 500 deer sampling plan
- Sampled an additional 500 deer from the surveillance area to better determine the prevalence of CWD within the area and to better define the geographic boundaries of the outbreak. Additional positives were found. The surveillance area was expanded to encompass the additional positives (see attached map).
- Began a law enforcement investigation into the possible cause of the disease and began enforcing the new ban on baiting and feeding.

Public Information

- Published a Question and Answer fact sheet on CWD, a brochure and guidance for meat processors.
- Upgraded all agency websites to serve as a primary information outlet for interested citizens
- Held numerous public meetings both within the surveillance area and out-state.
- Responded to many media requests, public information requests and provided numerous legislative and management briefings.
- Established the Interagency CWD Health & Science Team to coordinate with DATCP on common messages and Q&A, to define the extent and spread of disease, to develop an investigation plan for game farms, to address baiting and feeding issues, to determine sampling methods and protocols

Research/Planning

- Developed detailed Fall Surveillance Plan based on best science available
- Prepared fall hunting season plans for CWD infected area as well as the rest of the state.
- Developed a comprehensive Research Plan and implementation begun.

Cooperation with Other Agencies

- Established the Interagency CWD Health & Science Team to coordinate with DATCP on common messages and Q&A, defining the extent and spread of disease, developing an investigation plan for game farms, baiting and feeding issues, determining sampling methods and protocols, carcass disposal, attempting to determine source and distribution, sample processing, research, surveys, information technology, and testing programs on captive game farms.
- Worked closely with the U.W. Veterinary Diagnostics Lab (UWVDC) to obtain resources to upgrade their testing facilities and capacity.
- DATCP officials visited 3 captive cervid facilities located within the surveillance area to review records and secure their participation in Wisconsin's CWD monitoring program.
- DATCP enacted an emergency rule establishing a CWD monitoring program in captive herds
- DATCP drafted a permanent rule establishing a CWD monitoring program in captive herds
- Prepared and submitted a request for CWD emergency funding from USDA.
- Commented on proposed federal language and programs
- Developed detailed budget estimates

Funding

- Informed and worked with the Wisconsin Legislature to obtain passage of critical legislation (Captive Wildlife Law, Authority to Regulate Feeding). Up to \$4.0 million in emergency funding approved by the Legislature.
- In 2001 Wisconsin Act 108, the Legislature provided \$2,000,100 from the Wildlife Damage fund to fight the outbreak of CWD outbreak in Wisconsin's free-ranging and captive cervid herds for the 2002-03

fiscal year. Of this amount, \$901,600 was provided by the Department to the Wisconsin Veterinary Diagnostic Laboratory for the purpose of testing cervids for chronic wasting disease. Another \$31,750 is intended for the Department of Health & Family Services for the review of death certificates for evidence of Creutzfeld-Jakob disease and neurology research at UW-Madison. Also, \$250,000 was provided to the Department of Agriculture, Trade and Consumer Protection for captive herd management, including staffing, equipment, and funding for indemnification of owners of captive herds for animals killed for testing. The rest of the initial funding was provided to the Department. Initial DNR funding (\$816,750 and 3.0 FTE) is being used to support the Department's efforts to manage the CWD outbreak in the eradication and management zones in south central Wisconsin. This includes the funding necessary to conduct the special landowner sampling hunts in July, August, and September; the Zone T hunts in October and December, and the regular deer gun season in November.

- 2001 Wisconsin Act 108 also provided that if the Department determines that the initial \$2,000,100 provided by the bill was insufficient for the management of, and testing for chronic wasting disease in cervids during fiscal year 2002-2003, the Department could develop a plan, justifying up to an additional \$2,000,000 in expenditures, for submission to the Joint Committee on Finance for review and approval under a fourteen day passive review procedure. The plan is to detail the means by which the Department will manage, and test for CWD in cervids. The Department has now determined that unfunded needs do exist and the plan follows.

CWD MANAGEMENT AND TESTING PLAN

Subsequent sampling of additional deer in the eradication zone in which the first three positives had been found resulted in 31 additional positives. The CWD Inter-agency Science & Health Team recommended an aggressive approach to containing the disease: eradication and testing of all deer within the management zone and greatly expanded sampling in the rest of the state. The Interagency Unified Command team made the decision to sample and test 50,000 deer statewide. This approach represents an eradication and sampling effort never before undertaken in the State of Wisconsin and, most likely, the largest sampling effort ever undertaken in the United States. This level of testing will provide a 99% certainty level on the prevalence of the disease. The State of Wisconsin will have the most comprehensive data available in the world on CWD.

An intense planning process began involving DNR, DATCP, DHFS and the WVDL to put the eradication, sampling and diagnosis strategy into place. Testing will be done in a tiered approach.

Tier-One Testing

The most intensive testing will occur within the CWD Intensive Harvest Zone (see map) in eastern Iowa, western Dane and southern Sauk counties where 31 deer have been diagnosed with CWD since late February with the disease. In this zone, every deer will be sampled and tested during the special summer landowner shooting periods and during the October through January hunts. The results of this sampling within the Intensive Harvest Zone will help guide future CWD management actions and will help answer many questions including distribution of the disease; age/sex relationships of deer and the disease; how and when CWD is transmitted within and among social groups of deer, vulnerability to harvest of CWD-infected deer and more.

Tier-Two Testing

A second tier of testing will sample about 500 deer over one year of age from deer management units (DMUs) in the larger CWD Management Zone (see map). That zone extends about 40 miles out from the center of the infection; sampling in this zone may begin with the early archery season, but will be heaviest in October and November. The objective with this sampling effort is to establish a baseline for later comparison to see if the infection is spreading outward.

Tier Three Testing

In the third tier, about 500 deer will be tested for CWD from the remaining counties in the state. Some counties, where deer harvests are traditionally light, will be lumped together for the 500 deer sample. Deer heads will be removed for sampling at selected registration/sampling stations. Some deer registration stations will be staffed during the October 24-27 Zone-T hunt, some will be staffed during the November opening weekend, and some will be staffed during both periods.

Testing Logistics

A total of 175-200 registration stations will be staffed during these periods with 4-8 staff at each station. Deer heads will be removed at these stations and trucked to five regional sample processing centers where tissue samples will be removed and then sent to participating labs for CWD testing. Staffing at the processing centers will be about 25 people at each center. It is anticipated that all results will be returned from the labs in about six months. Registration stations and processing centers will be staffed to the extent possible with volunteers from outside DNR and with DNR staff during Zone T and the gun hunting season. There will be staffing costs associated in using staff from within DNR to pay regular salary costs and overtime costs. Volunteers from outside the agency will be reimbursed for mileage and meals. Lodging costs will be held to a minimum by matching volunteers with work stations within driving distance of their homes whenever possible.

The processing center in the South Central Region will be operated for a minimum of 5 years. It is anticipated to require at least this amount of time to eradicate the deer herd in the current CWD surveillance zone. Paid staffing will be required at this facility to remove tissue from deer heads and prepare them for sampling and to collect data about each deer and sample.

FY 2002-2003 FUNDING NEEDS

The following table indicates that total costs in FY03 for the CWD effort are estimated at about \$12.5 million. Column A in that table describes the allocation of the full \$4.0 million in funding authorized by Act 108. In addition, the Department anticipates reallocating \$ 4.6 million, as described in Column B. Of that \$4.6 million, \$2.6 million is permanent staff time, \$2.0 million will be reallocated for supplies and services costs. These reallocated dollars will pay for testing costs (\$650,000) and partially fund disposal costs (\$1,350,000). A more detailed description of these costs follows in Appendix A.

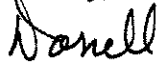
Carcass disposal costs continue to fluctuate. The Department utilized a landfill for deer carcasses harvested in the spring of 2002. That option may no longer be available and alternative disposal methods are being evaluated and bid to the private sector. This request includes \$4,000,000 for disposal of carcasses, but it could be much higher. For example, it currently costs the Department an estimated \$98 per deer for incineration (\$93 average for the headless carcasses, and another \$5 for the head after processing). The cost to incinerate 45,000 deer would be an estimated \$4,410,000. There are also additional costs for hauling deer carcasses and processed heads to acceptable disposal locations. The Department's preferred method of disposal is to incinerate as few deer as possible, and landfill those carcasses known to test negative. Carcasses from the eradication area would all begin to be incinerated at the rate of 200 per week at a cost of \$19,600/week. This would continue for 6 months, focusing on carcasses from the eradication area and would result in incineration of 5,200 carcasses at a cost of \$509,600 for the 6 month period. During this time, test results would become available from deer taken outside of the eradication zone, and in cold storage, allowing the Department to landfill the carcasses of deer testing negative.

**SUMMARY OF CWD FUNDING NEEDS FOR FY03
By Funding Source**

	A	B	C	D	E
Bureau/Activity	Wis. Act 1 \$4,000,100	Reallocations	Federal, Grants, Etc. *	Unfunded	Total
MOU's w/partners:					
WVDL	\$901,600				\$901,600
DATCP	500,000				500,000
DHFS	63,500				63,500
Wildlife Management:					
Project Positions	113,380				113,380
Over-time	174,667			229,333	404,000
Information Technology	259,750				259,750
Herd Erad. & Head Coll.	565,976			470,000	1,035,976
Disposal	1,000,000	1,350,000		1,650,000	4,000,000
Permanent staff time		1,262,000			1,262,000
Write & distribute special hunting seasons pamphlet		11,000			11,000
Testing		650,000		-	650,000
Trucking				100,000	100,000
Processing Center Lease & utilities in SCR				51,800	51,800
Sample Processing				395,868	395,868
Law Enforcement:					
Supplies, Equip., mileage, vehicles	110,905				110,905
Over-time for hunting season enforcement	110,000				110,000
Permanent staff time		1,000,000			1,000,000
Communication & Education :					
Over-time	25,600				25,600
Project PIO	45,000				45,000
LTE's	20,000				20,000
Publications, visuals	62,722				62,722
Permanent Staff Time		85,000			85,000
Licensing:					
Special Carcass Tags	47,000				47,000
Science Services:					
Permanent staff time, LTE's, equip.		250,000			250,000
Studies on Disease Dynamics, Deer Ecology, Human Dimensions & Ecological Impacts			622,745		622,745
Population Estimates			87,000		87,000
Total	\$4,000,100	\$4,608,000	\$709,745	\$2,897,001	\$12,214,846

I appreciate your consideration and approval of this request so that we can all get on with the major effort that lies ahead of us.

Sincerely,

A handwritten signature in cursive script that reads "Darrell".

Darrell Bazzell
Secretary

cc: George Lightbourn, Secretary, Department of Administration

Appendix A

Resources Required in Fiscal Year 2003 (July 1, 2002 to June 30, 2003)

Implementation of the planned eradication and sampling effort will require the following level of resources in WDNR in FY03 provided that CWD is not found outside the current CWD management zone:

Wildlife Management:

Wildlife Management staff are staffing and, in many cases, leading the inter-agency CWD teams. Many, many staff hours have been spent in developing and executing the CWD management strategy. The key roles WM will play in FY03 include:

- continued participation and leadership on inter-agency management teams,
- planning and execution of herd eradication in the eradication zone (training sharpshooters, sharpshooting, landowner contacts and issuing landowner permits),
- public outreach, media contacts, public meetings, listening session participation
- staffing deer head collection sites and tissue processing centers
- tissue extraction for testing, sample preparation and routing to laboratories,
- enlisting 800-1,000 Department staff and volunteers to staff the head collection and tissue processing centers during Zone T and the opening weekend of gun deer season,
- resolving carcass disposal issues,
- ordering equipment, forms and supplies to carry out the herd eradication, head collection and tissue sampling protocols,
- development of personnel policies and safety protocols related to head collection and tissue processing work duties
- participation in development of research plan

Resources Needed:

\$ 4,000,000	Incineration of 43,000 deer carcasses @ \$93 per carcass
\$ 50,000	Annual lease cost for the CWD sample processing center in Black Earth (3200 sq.ft. @ \$14/square foot plus \$5,200 equipment lease)
\$ 1,800	Utility costs annually at the processing center in Black Earth (estimated @ \$150/month x 12 months)
\$ 259,750	Information Technology for CWD (\$94,000 contract with Walz Label and Mailing Systems to supply data collection systems (hardware, software, networking) at the 5 Processing Centers during T-Zone and November gun-deer seasons. 1,000 hours of programming and IT support contracted through DNR's Bureau of Enterprise and Information Technology (BEITA) to build the CWD database. This database will contain data on each deer harvested and sampled, including test results. It will also provide the mechanism for making test results available on the web so hunters can check their animals. \$90,000 with BEITA GIS here in WDNR to provide the GIS mapping and analysis needed to determine the spread and prevalence of CWD).
\$ 113,380	Salary and FRB for Project 05 CWD Data Manager position and Project 06 CWD Wildlife Health Specialist. These positions were approved in Wisconsin Act 108
\$ 404,000	Overtime for WM permanent staff & LTE's (16,160 hrs. @ \$25/hour) to carry out the planning, outreach, herd eradication, head collection & tissue sampling activities
\$1,035,976	Herd Eradication & Head Collection at registration stations:

- plastic bags for double bagging deer heads (140,000 bags = \$23,800;
- data kits which consist of forms & tags for each deer sampled (50,000 data kits @ \$.44 per kit = \$ 21,900);
- knives and meat saws (\$110 per site x 200 sites = \$22,000),
- latex gloves (4,000 gloves @ \$45.50/500 = \$364),
- face shields (2 x 200 sites @\$11.08 = \$4,432);
- safety kits for each site (\$321 x 200 = \$64,200);
- mileage for staff and volunteers to travel to deer head collection sites (300,000 miles @ \$.325/mile = \$97,500);
- meals for 800 staff and volunteers for 4 days per person (\$34/day x 4 days x 1,000 = \$108,800),
- compensation for Department personnel staffing the head collection sites (550 staff x 16 hrs. @ \$25/hr. = \$220,000)
- kevlar gloves (200 sites x 20 people per site = 400 prs. gloves @ \$4.95/pr. = \$1,980
- miscellaneous office and other supplies (flashlights, buckets, tubs, etc.) = (\$50/site x 200 sites = \$1,000)

\$650,000 Sample Testing (Lab costs: 30,000 tests at WVDL @ \$5 = \$150,000 plus 20,000 tests at labs in the federal network @ \$25 = \$500,000)

- \$ 394,868 Sample Processing Costs at Tissue Processing Centers:
- 4,000 hrs. lab technician LTE staff time at the SCR processing center @ \$18/hour = \$72,000,
 - meals for 200 staff and volunteers for 4 days per person (\$34/day x 4 days x 200 = \$27,200),
 - lodging for staff and volunteers (20 double rooms x 4 nights for Zone T and 5 nights for opening weekend x 5 locations x \$62/night = \$55,800);
 - supplies, including formalin jars (50,000 @ \$1.25/jar = \$62,500), latex gloves (included in head eradication & head collection costs), face masks, aprons (5 sites x 20 aprons @ \$12.50 = \$1,250); coveralls (2/person x 30 persons x 5 sites @ \$4.75 = \$1,425);
 - costs to prepare space for processing tissues (sealing floors in 5 locations = \$6400 x 5 sites = \$32,000);
 - compensation for DNR personnel outside WM staffing tissue processing centers (150 staff x 16 hrs. @ \$25/hour = \$60,000)
 - Refrigerated truck rental (\$502 per site x 5 sites = \$2,510)
 - Tables for sampling (\$44.38 x 4 tables x 5 sites = \$364)
 - Rubber tubs for moving deer heads through processing center (12/site x 5 site @ \$16.50 = \$990)
 - Rubber mats for staff to stand on (4 per site x 5 sites x @ \$30 = \$400)
 - Disposable scalpels (45,000 @ \$1.25 = \$56,250)
 - Rubber boots (20 pairs \$18.95/pr. = \$379)
 - Miscellaneous office supplies = \$800
 - Trucking heads from collection sites to processing sites = unknown at this time
 - Dumpster rental at processing centers = \$50/day x 6 days x 5 sites = \$3,000

\$6,439,774 Total for Wildlife Management

Law Enforcement:

Law Enforcement estimates a need for 10 FTE worth of effort. The work generated in the CWD Zone has resulted in more enforcement work than the wardens in SCR can handle. The new ban on baiting and feeding creates additional enforcement workload. Wardens are also assisting with:

- Shooting of deer for testing
- Recovery of deer for testing
- Investigation of citizen CWD-related complaints
- Investigation of CWD related violations
- Auditing live deer movement from captive game farms to slow the spread of CWD
- Enforcement of special CWD hunting rules
- Car Kill Deer Disposal Issues
- Deer farm regulation investigations and complaints

Wardens from other parts of the state will be moved to help relieve some of the workload pressures caused by CWD in SCR. Most equipment needed is available, but LE requires an additional 10 sets of night vision optics, increased mileage and travel expenses, and supplies. Air enforcement needs are estimated to be 200 hours for the CWD target zone.

10.0 Wardens x 404 total overtime hours per warden = 4,040 hrs. @ \$25/hr. = \$101,000

\$25,000	Night vision optics (10 @ \$2500 each)
\$31,310	Lodging (1 night per work day (8 overtime hours) @ \$62/night
\$18,425	Mileage (55,000 miles @ \$.335/mile
\$17,170	Meals (\$34 per 1 work day (8 hours of overtime)
\$18,000	Air Flights to monitor illegal baiting and feeding (200 hrs. @ \$90/hour)
\$10,000	Misc. supplies (ammunition, gloves, safety equipment, etc.)
<u>\$119,905</u>	Total supplies and expenses
<u>\$101,000</u>	Overtime
\$220,905	Total overtime, supplies and expenses for Law Enforcement

Communication & Education:

The Bureau of Communication & Education is playing two critical roles in the CWD project: public outreach and public input.

- A full-time CWD Project 05 Information Officer (PIO) was approved in Wis. Act 108. That person is developing fact sheets, brochures and press releases.
- A permanent PIO has been reallocated full time to establishing public meetings and listening sessions, press contacts and perhaps, most important, serving as Team Leader for the Inter-Agency Communication and Outreach Team. This team works to get information and messages out to the public in a number of media to keep them informed and educated about CWD and CWD management.
- 15 public meetings have been held since the end of February, 2002. Six listening sessions with the public are scheduled for this fall in the following tentative locations: Wausau, Green Bay, Ashland, Eau Claire, Milwaukee and Mt. Horeb.

Resources needed:

\$ 25,600	Over-time (1,280 hrs. @ \$20)
\$ 45,000	Project 05 CWD Public Information Officer (PIO) salary & FRB

\$ 20,000	LTE (1,280 hrs. @ \$15.60 hr. including FRB)
\$ 2,500	Travel
\$ 5,000	PC & IT support for Project 05 PIO position
\$ 25,812	Printing and graphic art charges for 3 brochures, 2 special editions of DNR news, 1 special edition of SCR hunting report, writing/editing design of 16-page magazine supplement
\$ 12,450	Postage, UPS & broadcast FAX for brochures and news releases
\$ 8,935	Travel, supplies & equipment for production of CWD videos
\$ 8,025	Public meeting support (space rental, press packets, presentation materials and speaker support)
\$ 153,322	Total for Communication & Education

Integrated Science Services:

Three research areas need to be addressed regarding CWD funding from state or P-R sources: deer ecology, human dimensions, and deer population estimation. Funding for disease dynamics research has already been pledged by USGS, National Wildlife Health Center (\$200,000) and funds for the ecological impacts of reducing the deer herd are being sought via a National Science Foundation grant. Together, this information will be used to evaluate the effectiveness of our CWD management program in Wisconsin, refine models used to guide future management, and collect information needed to help us understand this disease in high density eastern deer populations. Below is a short description of each study/monitoring program requesting state or P-R dollars.

- A radio-telemetry research study on the population dynamics, movements and behavior of deer to evaluate the effectiveness of the CWD management program and to understand the relationship between deer population dynamics, movements, behavior, and CWD. Information from this study is essential to the Wisconsin CWD model and will be needed to guide future CWD management and to evaluate the effectiveness of the eradication program. This study will be conducted in the Eradication Zone (population goal zero deer/mi²) this fall and winter. The project will be expanded into the CWD Management zone (population goal of 10 deer/mi²) and to a control area outside the CWD Management Zone (population goal of 15-30 deer/mi²) next year (late FY03 and beyond). Data will be needed from the CWD management zone to determine the effectiveness of a reduced deer density surrounding the eradication zone in preventing the spread of the disease. A control area is a necessary part of the experimental design to interpret data from either the Eradication or CWD Management zone. This study will likely continue throughout the Eradication and CWD Management programs (FY 03-07) and beyond to measure deer repopulation success.
- A human dimensions study to investigate perceptions of human risk factors, and changing attitudes and behaviors of hunters, landowners, and the public to maintain support and determine the most publicly acceptable methods for managing the disease. In addition, it will determine the economic effects (including impacts on car-deer collisions and crop damage) of CWD and CWD management. Such information is needed to design effective education programs to promote public participation and acceptance in the CWD management program. This study will be conducted in all 3 zones Research efforts will have been underway for two years that will put us in a much better position to make this decision.
- (Eradication Zone, CWD Management Zone, and rest of state). A combination of focus groups, surveys, and telephone interviews may be used to collect this information. The study will begin this fall and continue for several years (FY 03-07).
- Deer population size monitoring to determine the success of the deer reduction and eradication programs, to understand the effects of deer density on disease dynamics, and to plan for CWD management efforts in subsequent years. Changes in deer herd size will be monitored across the state in each Deer Management Unit using the Sex-Age-Kill population model as usual. The SAK model cannot be used in the CWD Management

Zone and Eradication Zone because of the dramatically different hunting seasons being implemented. Estimating deer populations in the Eradication and CWD Management Zones will require a combination of helicopter and fixed-wing aircraft surveys and population modeling. Deer population monitoring will continue indefinitely throughout the state and special efforts will likely be needed through FY 03-07 in the Eradication and CWD Management zones.

Since so much is unknown about this disease and no management approach has been proven effective in managing this disease, we need to use an adaptive management approach to evaluate the effectiveness and success of the CWD management program and provide new scientific information upon which to base future decisions. Hallmarks of adaptive management are targeted research efforts and carefully designed monitoring.

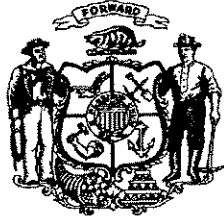
Bureau of Customer Service and Licensing

The Bureau of Customer Service and Licensing needs \$47,000 in FY03 to purchase special carcass tags.

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

October 16, 2002

Secretary Darrell Bazzell
Department of Natural Resources
101 S. Webster St., 5th Floor
Madison, Wisconsin 53703

Dear Secretary Bazzell:

We are writing to inform you that the Joint Committee on Finance has received your request, dated October 1, 2002, concerning a proposed 224.7 acre purchase in Waupaca County from Robert Fredrick, et al for \$1,250,000 plus an additional \$16,000 to cover miscellaneous costs.

A meeting will be scheduled to further review this purchase. Therefore, the request is not approved at this time.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD
Assembly Chair

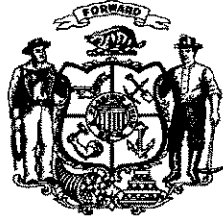
BB:JG:dh

cc: Members, Joint Committee on Finance
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
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Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Re: 14-Day Passive Review Approval/Stewardship Request

Date: October 1, 2002

Attached is a copy of a letter from the Department of Natural Resources, received October 1, 2002, which notifies the Committee of a proposed 224.7 acre purchase in Waupaca County from Robert Fredrick, et al for \$1,250,000. In addition, the department requests \$16,000 in stewardship funds for miscellaneous costs associated with the transaction.

The request requires 14-day passive review and approval by the Joint Committee on Finance, pursuant to s. 223.0915(4), Stats.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Thursday, October 17, 2002**, if you have any concerns about the request or if you would like the Committee to meet formally to discuss it.

Also, please contact us if you need further information.

Attachment

BB:JG:dh



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

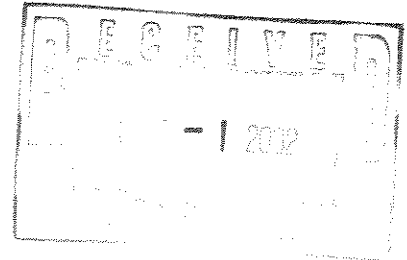
101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-0201
FAX 608-267-2750
TDD 608-267-6897

OCT 01 2002

IN REPLY REFER TO: NA-795

Honorable Brian Burke
Member State Senate
Room 317E
CAPITOL

Honorable John Gard
Member State Assembly
Room 308E
CAPITOL



Senators' Representative
Dear Senator Burke and Representative Gard:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed purchase of 224.7-acres of land from Robert Fredrick, et al for \$1,250,000. In addition, the Department requests \$16,000 of Stewardship funding for miscellaneous costs associated with this transaction. The Department is submitting this notice pursuant to s. 223.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects more than \$250,000 in cost. The Natural Resources Board approved the purchase at the September meeting. The land is required to consolidate state ownership for the Statewide Natural Areas program as well as to provide an important link for the Ice Age Trail.

The file number is NA-795 and the land is located in Waupaca County. Attached, please find a memo and maps describing this transaction. The assessed value of the land is \$313,400. The purchase price is well supported by appraisal work and comparable sales in the private sector.

I certify that this request for consideration meets all applicable state and federal statutes, rules, regulations and guidelines. This certification is based upon a thorough and complete analysis of this request.

If you do not notify the Department within 14 working days after this notification that the Committee has an objection, the Department will proceed with the approval process and will forward the proposal to the Governor for his consideration. If you need additional information, please contact Richard Steffes at 266-0201. Mr. Steffes is available to answer any questions you may have in this matter.

Sincerely,

Darrell Bazzell
Secretary

Attachment

cc: Legislative Fiscal Bureau
Department of Administration

CORRESPONDENCE/MEMORANDUM

DATE: August 30, 2002 FILE REF: NA-795
 TO: Governor McCallum
 FROM: Darrell Bazzell; *DB*
 SUBJECT: Proposed Land Acquisition, Robert Fredrick et al Tract, File # NA-795,
 Option Expires December 9, 2002

1. PARCEL DESCRIPTION:

Statewide Natural Area
 Waupaca County

Grantor:

Robert Fredrick et al
 c/o Robert C. Fredrick
 2870 Harmony Circle
 Brookfield, WI 53045

Acres: 224.7Price: \$1,250,000Appraised Value: \$1,140,000; \$1,250,000Interest: Purchase in fee.Improvements: House and GarageLocation: The tract is located seventy-five miles west of the City of Waupaca, in western Waupaca County.Land Description: The subject area is level to gently rolling.Water: There are approximately 2,900 feet of frontage on Skunk Lake, 1,800 feet on Foster Lake, 200 feet on Grenlie Lake, 1,980 feet of frontage on Sannes Creek and 2,460 feet of frontage on a small outlet stream that flows from Skunk Lake into Sannes Creek. There is also a small 2.0-acre pond.

<u>Covertime Breakdown:</u>	<u>Type</u>	<u>Acreage</u>
	Wooded Lowland	24.0
	Wooded Upland	134.0
	Wetland	8.0
	Grasslands	7.6
	Brushlands	5.4
	Pine Plantation	25.5
	Water	<u>20.0</u>
	TOTAL	224.7

Zoning: Agriculture and WetlandPresent Use: RecreationProposed Use: Natural Area Protection and Public RecreationTenure: 38 yearsProperty Taxes: \$5,452.00Option Date: August 12, 2002

2. JUSTIFICATION:

The Department proposes to purchase the 224.7 acre Fredrick property for the Statewide Natural Areas Program, specifically the Skunk-Foster Lakes State Natural Area. Secondly, the parcel will include an important segment of the Ice age Trail. Ownership will protect the natural values of the site for future generations, allow natural area management, prevent incompatible development within the project boundary, and provide opportunities for public recreation and natural area research and education. In addition, it will serve for low impact uses such as hiking, backpacking, snowshoeing, and in suitable areas, cross-country skiing as a part of the Ice Age National and State Scenic Trail.

The Ice Age National and State Scenic Trail is a cooperative project that the National Park Service, the Department of Natural Resources and the Ice Age Park and Trail Foundation have been working on for over twenty years. The trail route is over a thousand miles in length and approximately follows the terminal edge of the Wisconsin Glaciation, which took place during the last ice age of 75,000 to 10,000 years ago. The trail provides opportunities to observe a large number of land forms that are unique to continental glaciation such as eskers, kames, drumlins and kettles, as well as many other features and places of natural beauty.

The Statewide Natural Areas program was established in 1952 to protect the best remaining examples of Wisconsin's native plant and animal communities, their component species, and habitat for rare plant and animal species. Natural areas protect the natural diversity of the landscape for future generations. Natural areas are used for study by school groups of all ages and researchers as well as by the general public. Other recreational activities such as hiking, cross-country skiing, fishing, and hunting are also popular. The area will provide for research opportunities and will be open for fishing, hunting and nature appreciation.

Skunk and Foster Lakes are in a wild lake setting in an area of kettle topography. Skunk Lake is a deep, hard drainage and Foster Lake is a deep, hard seepage lake. Both of these lake types are rare. The Natural Heritage Inventory lists the emergent aquatic community in the lakes as being of state significance along with the sedge meadow community that connects the lakes and an alder thicket. Limited rare plant and animal surveys have been conducted and a special concern crawling water beetle has been reported. In addition, the state-threatened wood turtle has been found nearby.

Northern dry-mesic forest dominated by red and white oak, and white pine surround the lakes. Hemlock, basswood and ash are also present. Invasive species will be removed from the northern dry-mesic forest. The pine plantation will be managed with periodic thinnings. Old fields will be restored to savanna or dry-mesic forest over the long-term. Likewise, the large block of forested habitat will provide nesting habitat for forest interior birds.

The property has 224.70 acres located within Skunk-Foster Lakes State Natural Area project. This property includes the total area of Skunk Lake- 11.5 acres, Foster Lake having 7.5 acres, the west shore of Grenlie Lake, the total area of an unnamed pond being 2.0 acres, an outlet stream of Skunk Lake and a section of Sannes Creek. In addition, the Ice Age Trail will cross this property.

Covertypes consist of the following: upland timber-134 acres; red, white, black oak, maple, ash, white birch, basswood, aspen, hemlock, white and red pine, (some merchantable timber present); plantation pine 25.5 acres, red and white pine, some jack pine present; lowland timber-24.2 acres; grassland- 7.6 acres; marsh and brush- 13.4 acres; and water 20.0 acres, topography is rolling.

Skunk Lake, a deep-water lake of 11.5 acres is located on the west side of the property. The lake has 2,112 feet of frontage, which includes 1,056 feet in high bank. The high bank frontage has white pine and oak timber coertype. There is 2,900 feet of shoreline meanders. Large springs are present flowing from a bog area along the west and south shorelines. Skunk Lake has a maximum depth of 63 feet. Fish populations present consist of panfish, large mouth black bass, northern pike and trout. The lake is an excellent clear water body in a pristine condition primarily due to the lake shores and back lands being retained in a wilderness condition over a long period of time. A Class I Brook Trout stream flows northerly out of Skunk Lake to Sannes Creek. This stream has 2,460 feet of frontage, which includes both banks.

The stream has average width of seven feet. Riffles are present which provides for major spawning and natural reproduction of brook trout. The frontage has upland timber and lowland brush covertypes.

Foster Lake is located along the south side of the property and south of Skunk Lake. The lake has an area of 7.5 acres and maximum depth of 16 feet. The property has 875 feet of the west shore, 660 feet of the east shore frontage. There is 1,800 feet of shoreline meanders. The east shore frontage has a hill with elevation of 150 feet above Foster Lake. The hill has covertype of large oak and white pine with over views of Foster Lake. Foster Lake has pan fish, large mouth bass and northern pike. An area of the south shore is located on an adjoining ownership. The property includes 200 feet of Grenlie Lake's west shore. The frontage is high bank having white pine and oak covertype.

The remaining area of Grenlie Lake is state-owned. Grenlie Lake has 6.25 acres surface area and maximum depth of 40 feet. The fish populations consist of pan fish and large mouth bass. Grenlie Lake is an excellent clear water lake. Lawrence University has carried out limnology studies on Grenlie Lake for more than thirty years.

The property also includes a small, unnamed pond of 2.0-acres, having 520 feet of frontage and 660 feet of meanders. The shores consist of half of the frontage in high bank with white pine and oak covertype. Remaining frontage has bog. This pond is shallow in depth.

Sannes Creek, a Class I brook trout and brown trout stream, flows along the north side of the property. The stream section has 1,980 feet of Sannes Creek, having both banks, which has an average width of five to seven feet. The stream has low bank. Spawning of brook trout and brown trout takes place in the subject's stream section.

Improvements consist of an older type, wood frame, one and one half story house and small pole building, 24 x 30 feet. Contributory value of the improvements is \$70,000. Future management for the natural area will be to remove the buildings, which are located near the center of the property.

The subject lies two miles north of U.S. Highway 10, fourteen miles east of U.S Highway 93, and five miles northwest of the City of Waupaca. Travel time to the project from population centers of Fox Valley cities, cities of southern Wisconsin and northern Illinois range from one to four hours. Undeveloped pristine lakes and streams of the quality of the subject property are becoming rare in Wisconsin. The majority of lakes in Central Wisconsin are heavily developed having one to two rings of improvements surrounding. As this trend continues, the only lakes which will remain in a natural condition are those which are in state ownership. The Skunk, Foster, Grenlie Lakes project with state acquisition will provide protection for this unique and unspoiled water resource area.

State acquisition of this property is highly recommended to preserve the wild character of this water resource area as negotiations for the property began in 1988. This acquisition will provide to future generations base information for management, which may be applied to other lakes of Wisconsin. The natural area will also provide a historical reference for lakes of Wisconsin, as well as reference point where a land ethic has been carried out. The Ice Age Trail will be expanded to include this property. The property has scenic qualities, wilderness character, diversity, with lakes and streams, large trees, and rolling terrain. This land is serene and quiet and has been retained in a wilderness condition over a long period of time.

The Department recommends purchase of this property to consolidate state ownership, protect the natural values of the site, to allow for natural area management, to provide opportunities for public education and recreation, and to provide a very special segment for the Ice Age Trail.

3. FINANCING:

State Stewardship bond (54.4%) and Federal Land and Water Conservation (45.6%) funds are anticipated:

	Funds allotted to program:	Balance after proposed transaction:
Stew (NA)	\$2,919,382	\$1,411,706
Cost Share	\$2,000,000	\$347,546

Comments: The purchase price will be paid in three installments. Estimated interest cost is \$14,800.

4. ACQUISITION STATUS OF THE STATEWIDE NATURAL AREA:

Established: 1972
Acres Purchased to Date: 22,419.92
Acquisition Goal: 26,000.0 Acres
Percent Complete: 86.23%
Cost to Date: \$10,717,314

5a. APPRAISAL:

Appraiser: Robert Steiro (Private Appraiser)
Valuation Date: May 3, 2001
Appraised Value: \$1,250,000
Highest and Best Use: Conservation subdivision

Allocation of Values:

- a. land: 225.2 acres @ \$5,550.62 per acre: \$1,250,000*
- b. market data approach used, four comparable sales cited
- c. adjusted value range: \$4,717 to \$5,259 per acre

Appraisal Review: Phil Lepinski — September 5, 2001

*No value assigned to improvements.

5b. APPRAISAL:

Appraiser: Rodney Bush (Private Appraiser)
Valuation Date: July 2, 2001
Appraised Value: \$1,140,000
Highest and Best Use: Recreation with possible future Conservation subdivision

Allocation of Values:

- a. land: 225.2 acres @ \$4,795.74 per acre: \$1,080,000
- b. improvements: \$60,000
- c. total: \$1,140,000
- d. market data approach used, four comparable sales cited for lake portion, three sales for stream portion
- e. adjusted value range: \$5,176.40 to \$7,282.62 per acre (lake)
\$2,385.00 to \$2,925.00 per acre (stream)

Appraisal Review: Phil Lepinski — September 5, 2001

Comments: The Steiro report was used for negotiations. The property was listed for sale at \$1,700,000. During final negotiations, 0.5 acre was removed from the parcel to be added to the small lot on the east side owned by a relative of the seller. Since that small parcel has no water or road frontage, its value impact on the appraisal would be lost in rounding.

RECOMMENDED:

Richard E. Steffes
Richard E. Steffes

8-30-02
Date

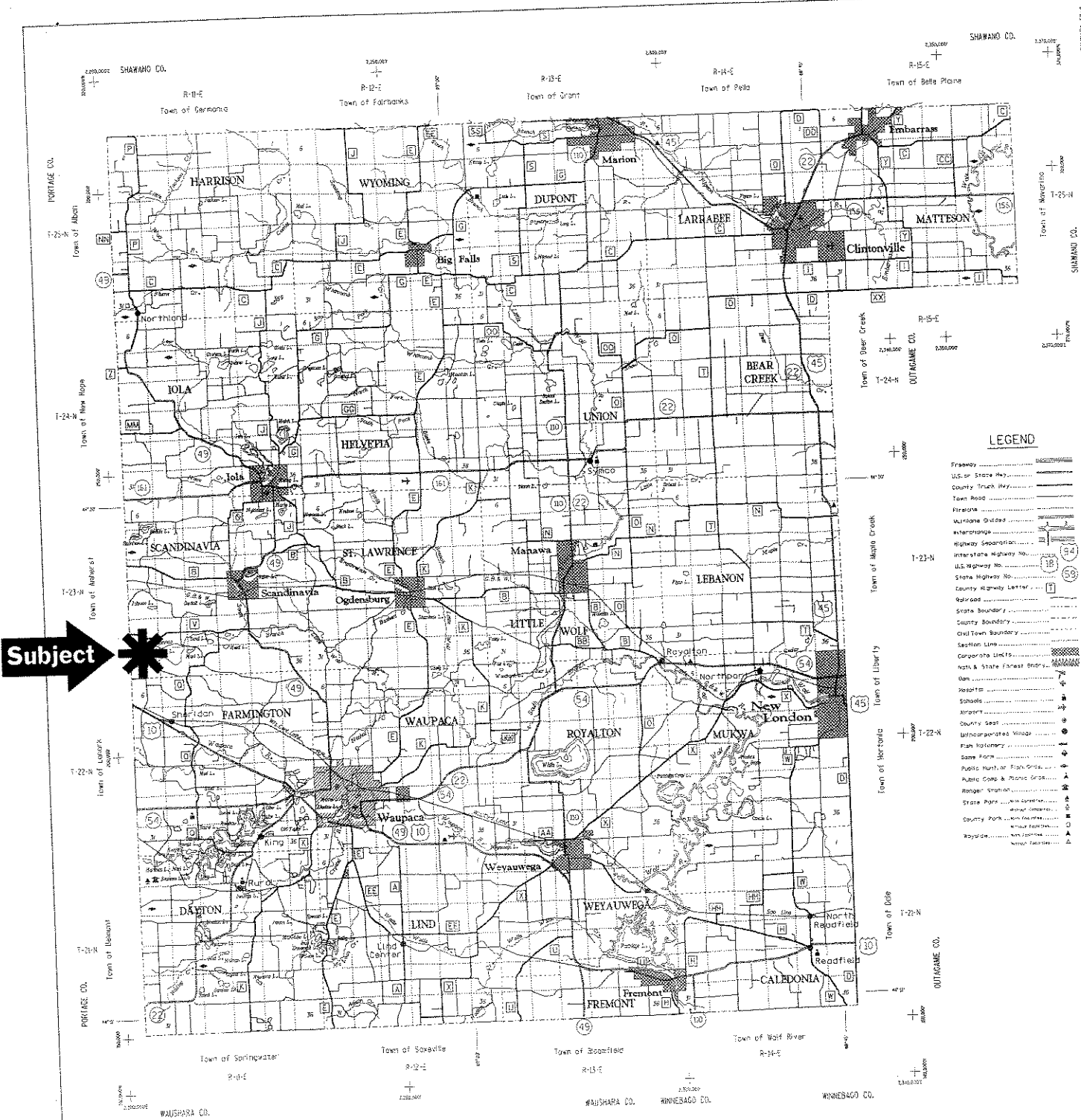
Richard Henry
Bureau of Legal Services

9/3/02
Date

Steven W. Miller (son)
Steven W. Miller

9/3/02
Date

RES:jr



Subject → *

LEGEND

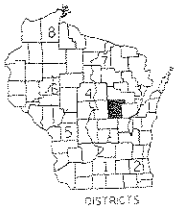
- Freeway
- U.S. or State Hwy
- County Truck Hwy
- Town Road
- Fireline
- Wisconsin Guided
- Interchange
- Highway Separation
- Interstate Highway No.
- U.S. Highway No.
- State Highway No.
- County Highway Letter
- Grassland
- State Boundary
- County Boundary
- Civil Town Boundary
- Section Line
- Corporate Limits
- Nat'l. & State Fiscal Bound.
- Dam
- Resort
- School
- Airport
- County Seat
- Unincorporated Village
- Plan Stationery
- Same Form
- Public Hunt or Fish Area
- Public Camp & Pleasure Ground
- Range
- State Park
- County Park
- Wagon

CIVIL TOWNS

HARRISON	WYOMING	DUPONT	LARRABEE	MATTESON
IOLA	HELVEPIA	UNION	BEAR CREEK	
SCANDINAVIA	ST. LAWRENCE	LITTLE WOLF	LEBANON	
FARMINGTON	WAUPACA	ROYALTON	MUTWA	
DARTON	LIND	WEYAUWEGA	WEYAUWEGA	
		FREMONT	CALEDONIA	

TOWNSHIP NUMBERING

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



MILES OF HIGHWAY
AS OF JAN. 1, 1987

STATE	82
COUNTY	34
LOCAL ROADS	254
OTHER ROADS	4
TOTAL FOR COUNTY	374

WAUPACA CO.

DEPARTMENT OF TRANSPORTATION
 HILL FARM
 STATE OFFICE BUILDING
 MADISON, WISCONSIN
 SCALE 1" = 2 MILES
 JAN. 1988
 Base compiled from U.S.G.S. Quadrangle
 25000 Series



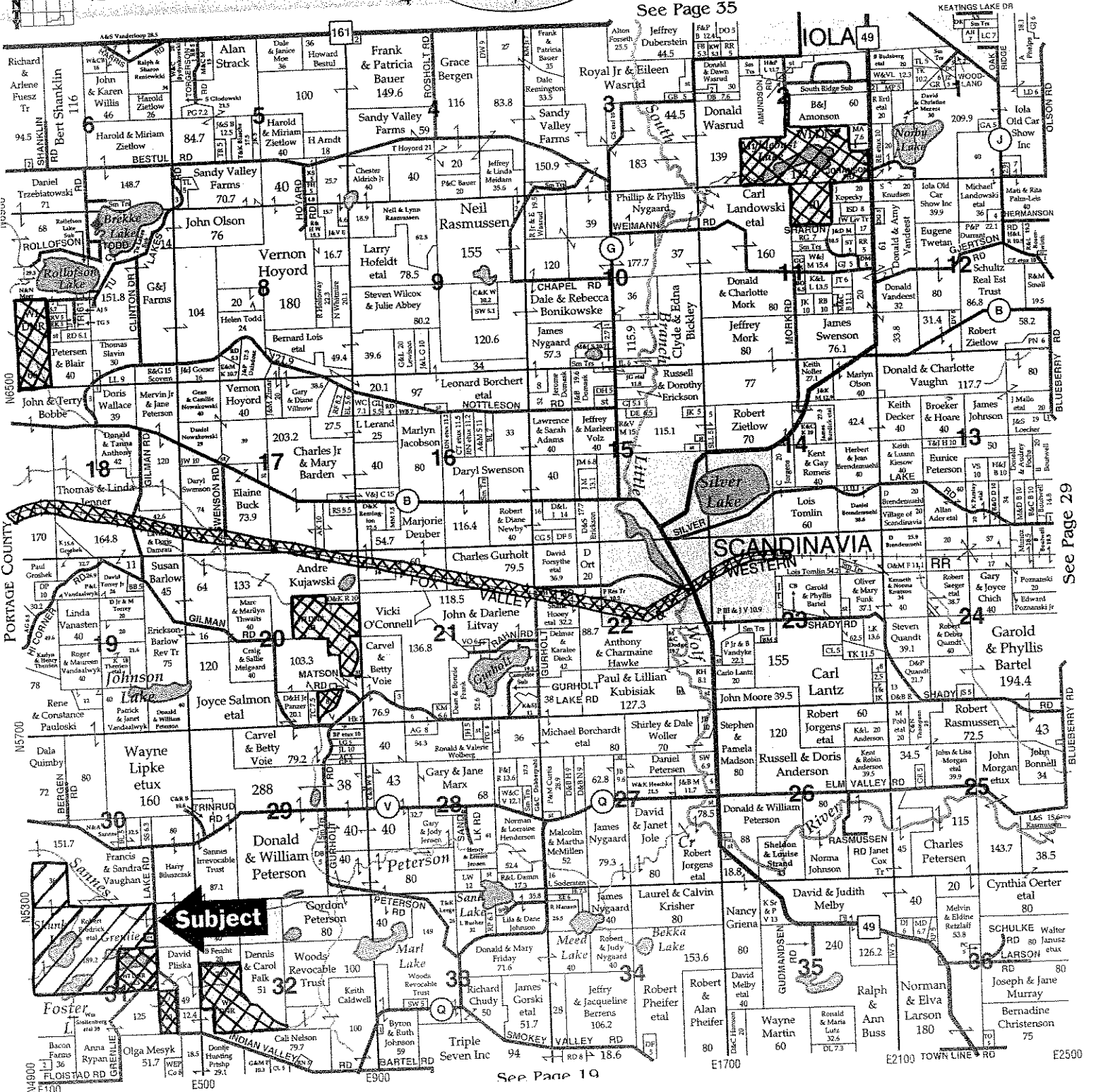
Scandinavia



T.23N. - R.11E.

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See Page 35



See Page 29

See Page 19



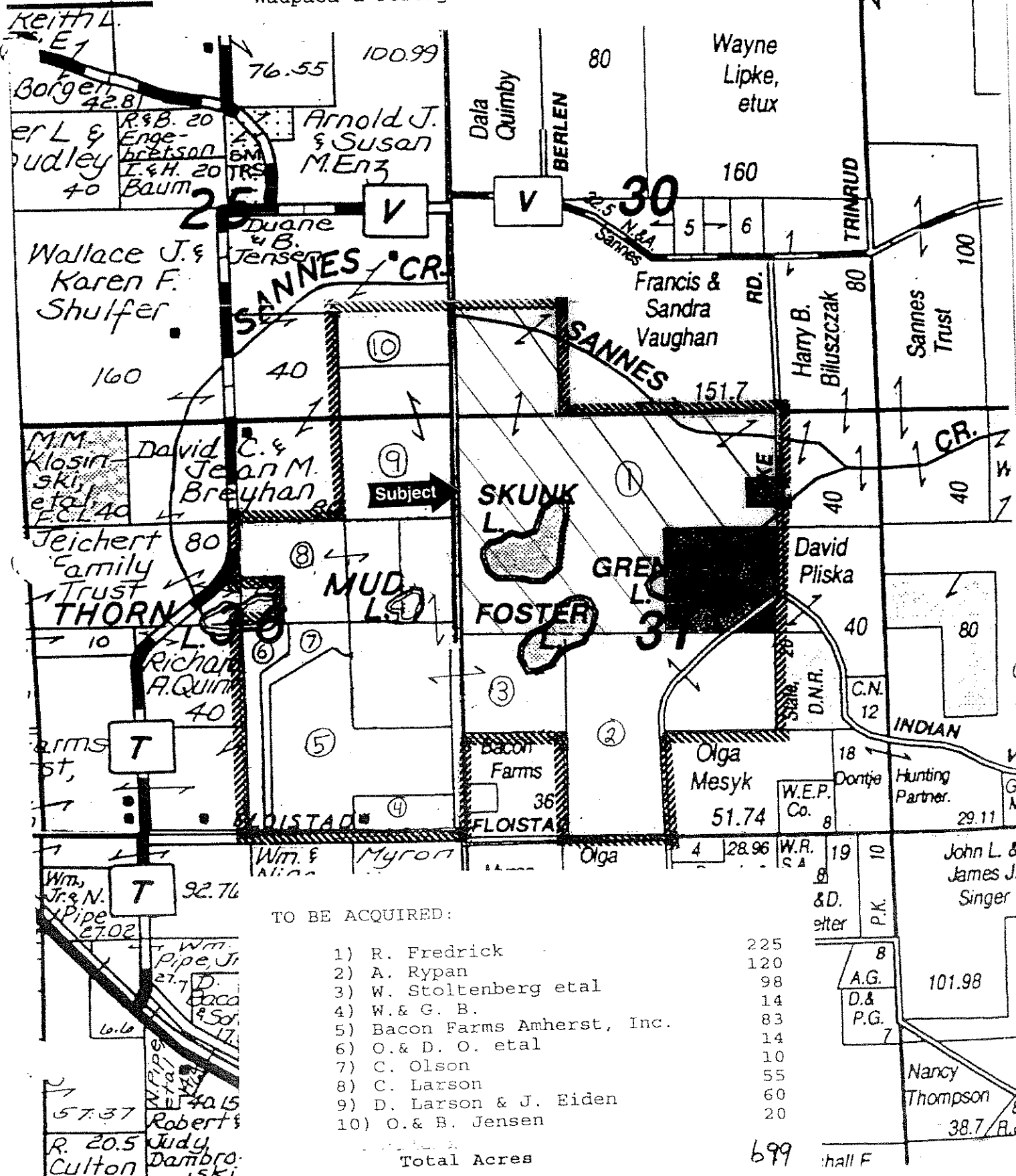
225.2-acre Fredrick parcel



State owned land

Skunk & Foster Lakes

Waupaca & Portage Counties Revised 1997



TO BE ACQUIRED:

- | | |
|------------------------------|-----|
| 1) R. Fredrick | 225 |
| 2) A. Rypan | 120 |
| 3) W. Stoltenberg etal | 98 |
| 4) W. & G. B. | 14 |
| 5) Bacon Farms Amherst, Inc. | 83 |
| 6) O. & D. O. etal | 14 |
| 7) C. Olson | 10 |
| 8) C. Larson | 55 |
| 9) D. Larson & J. Eiden | 60 |
| 10) O. & B. Jensen | 20 |

Total Acres

699



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 17, 2002

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Skunk-Foster Lakes Statewide Natural Area Stewardship Purchase
-- Agenda Item XXIII-H

REQUEST

The Department of Natural Resources (DNR) requests approval to provide \$1,266,000 from the land acquisition subprogram of the Warren Knowles-Gaylord Nelson Stewardship 2000 program to purchase 224.7 acres of land from Robert Fredrick for the Skunk-Foster Lakes Statewide Natural Area in Waupaca County.

DNR notification of the proposed purchase of the Fredrick parcel was received by the Committee's Co-chairs on October 1, 2002. On October 16, 2002, the Co-chairs notified DNR that a meeting would be scheduled to consider the proposed purchases.

ANALYSIS

The 224.7 acres proposed for purchase from Robert Frederick et. al. borders a smaller DNR parcel within the Skunk-Foster Lakes State Natural Area. The property contains two lakes in their entirety: Skunk Lake (11.5 acres), and a smaller, 2.0-acre unnamed lake. In addition, the parcel contains approximately three-fourths of Foster Lake (7.5 acres). Skunk Lake is an extremely clear hard drainage lake, with a maximum depth of 63 feet. It supports populations of panfish, largemouth black bass, northern pike, and trout. Foster Lake is a hard seepage lake. It supports panfish, largemouth black bass, and northern pike, and has a maximum depth of 16 feet. Both Skunk and Foster Lakes are identified as "wild" lakes in an area of kettle topography. Additional water resources on the property include 200 feet along the western shore of Greenlie Lake (6.25 acres) and two creeks. (It should be noted that the remaining shoreline of Greenlie Lake outside of the Frederick parcel is already under DNR ownership). Sannes Creek is a Class I brook trout and

brown trout stream, and averages five to seven feet across, providing 1,980 feet of frontage (both banks) along the property. The creek is fed by a smaller, unnamed creek that drains out of Skunk Lake, providing an additional 2,460 feet of frontage (both banks) through the property. This smaller stream is also classified as a Class I brook trout stream.

The majority of the parcel consists of wooded upland (134.0 acres), with some pine plantation (25.5 acres), wooded lowland (24.0 acres), wetland (8.0 acres), grasslands (7.6 acres), brushlands (5.4 acres), and water (20.0 acres). Tree cover includes red and white oak, white pine, hemlock, basswood, and ash. Some of the timbered areas are of sufficient quality to be merchantable. Plant and animal surveys indicate that the crawling water beetle (species of special concern) and the wood turtle (state-threatened species) both inhabit the area. Appraisers viewed deer and wild turkey while inspecting the property. Improvements include a 1½-story house with detached garage, valued at approximately \$60,000. If the purchase were approved, DNR indicates that all improvements would be removed. The buildings would be sold or salvaged, with the buyer responsible for site clean-up. Under s. 23.15(4), any excess revenues from the sale of improvements would be deposited to the conservation fund to be used for land acquisition related to the general conservation functions of the Department (such as fish and game refuges, forests, parks, trails, recreational areas and natural areas).

The Department intends to incorporate the parcel into the Skunk-Foster Lakes State Natural Area. In addition, a portion of the Ice Age Trail would be developed through the parcel. Recreational uses are likely to include hiking, backpacking, snowshoeing, and cross-country skiing in areas developed for the Ice Age Trail. Other uses are expected to include hunting, fishing, research, and nature appreciation.

The parcel is zoned general agricultural and wetland. However, as both Skunk and Foster Lakes are zoned as Class I lakes by Waupaca County, additional development restrictions apply. Lots with frontage on either Skunk or Foster Lake would be required to be at least 400 feet wide, with a 300-foot set-back from the water's edge and a minimum lot size of 5 acres. Grenlie Lake has a Class II zoning, which would require 2-acre minimum sized lots, each at least 200 feet wide and with a 100-foot set-back from the shore. The property has a 2001 assessed value of \$246,200 (with improvements contributing \$33,500 to the total) and an equalized value of \$313,400 (of which \$41,400 is attributed to improvements). Mr. Fredrick paid \$5,500 in property taxes on the parcel plus improvements in 2002. If the transaction is approved, the state would be responsible for the payment of aids in lieu of taxes to the Town of Scandinavia in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The town would then pay each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Aids in lieu of taxes are made from a sum sufficient GPR appropriation. Payments for this property would be approximately \$21,200 (compared to approximately \$5,500 in property taxes that were paid on the 225-acre parcel in 2002).

Two appraisals were commissioned for the property, one in May, 2001, and one in July, 2001. The two appraisals established valuations of \$1,250,000 and \$1,140,000, respectively. The most significant difference between the two appraisals was the assumption that appraisers made regarding the highest and best use of the property. The higher of the two appraisals assumed that a conservation subdivision (described below) would be the highest and best use of the property, and valued the parcel with a focus on the potential for future income. The lower appraisal assumed the highest and best use to be single-ownership recreational, with the possibility of a future conservation subdivision. As such, he employed the market data approach, and valued the parcel based on sales of comparable properties. No contributing value due to the potential for subdivision was included. The Department approved the lower appraisal for purposes of just compensation. The property was being listed for sale on the open market for \$1.7 million, and Mr. Fredrick had previously received an offer from a developer interested in pursuing the conservation subdivision approach for \$1,250,000 to purchase the property. As he was unwilling to sell the property for less than the alternative offer, a purchase price of \$1,250,000 was agreed to. In addition, closing costs for appraisals, title insurance and transfer fees total \$16,000 bringing the total request to \$1,266,000 in stewardship funds. It should be noted that the Department's request to the Committee indicated that approximately \$570,000 of the purchase price would be provided from federal land and water conservation funds. However, this contribution was not taken into account when the request for stewardship funds was calculated. After including federal funds designated for the project, the adjusted request for stewardship funding would total \$696,000 (which includes closing costs for the project).

The first appraisal established the highest and best use of the property as a conservation subdivision. This approach uses smaller, clustered lots set-back from the water, and preserves the majority of the property (including water frontage) as open area to be shared by all of the lot owners. Based on the size, topography, and zoning restrictions in place on the property, the appraiser assumed that at least 60 small (one acre) lots could be developed in this manner. After including development, marketing and overhead costs, as well as a five-year window to sell all available plots, the appraiser estimated a final profit of \$1,250,000. (The appraiser noted that the developer who made an offer to purchase the property had received a positive assessment of the likelihood of approval of the project from a local official). Under this scenario, no contributing value was assigned to the house and garage. It was assumed that the cost of removing them would be recovered from revenues received through salvage. The appraiser also, for comparison, estimated the value of the property using the sales comparison approach. This method considers properties recently sold in comparison to the property being appraised, with adjustments made to the sale prices of the comparison properties to reflect differences that may effect the per acre value (including size, topography, location and access). The range of sales considered varied from \$4,300 per acre to \$5,300 per acre. When adjusted for comparable attributes to the subject property, a range of \$4,700 to \$5,260 per acre was established. After considering the quality of the water resources available, development potential, and the contributory value of improvements, the appraiser estimated the value of the property at approximately \$5,000 per acre, for a total value of \$1,126,000. However, as the value estimated by utilizing the subdivision approach was greater, that

approach was determined to be the highest and best use, establishing the value of the property at \$1,250,000.

The second appraisal established the highest and best use of the property to be single-ownership recreational, with the possibility of a future conservation subdivision. However, no contributing value due to the potential for subdivision was included. The appraiser employed the market data approach and estimated the value the parcel as two separate sales, one consisting of 152 acres with the improvements and all of the lake frontage, and the other consisting of 73.2 acres with all of the stream frontage. The contributory value of improvements was estimated to be \$60,000. The appraiser used comparable sales based on the improvements and waterfront amenities available on each parcel to determine their value independently, then combined the two (with a 5% discount in value for size) to determine a final value of approximately \$4,800 per acre plus improvements (\$1,140,000).

It should be noted that while the appraisals were based on a 225.4-acre lot size, DNR is proposing to purchase 224.7 acres. The additional 0.7-acre was combined with a second residence retained by the owner during negotiations. As the value of the 0.7-acre was less than the rounding adjustments used in the appraisals, no modification of the final determination of value was made by DNR to the appraiser's findings as a result of this change.

ALTERNATIVES

1. Approve the DNR request (as technically corrected) to expend up to \$696,000 from the land acquisition subprogram of the stewardship program to purchase 224.7 acres from Robert Fredrick for the Skunk-Foster Lakes State Natural Area in Waupaca County.

2. Deny the request.

Prepared by: Rebecca Hotynski

MO# B/C 1

GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
ROSENZWEIG	<input checked="" type="radio"/>	N	A

AYE 15 NO 1 ABS _____