

State of Wisconsin

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

308 East, State Capitol
P.O. Box 8593
Madison, WI 53708-8953
Phone: (608) 266-2343

Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: March 8, 2019

Re: 14-Day Passive Review Approval – DNR

Pursuant to s. 23.0917(6m), Stats., attached is a 14-day passive review request from the Department of Natural Resources, received on March 8, 2019.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Wednesday, March 27, 2019**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN:jm

State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
101 S. Webster Street
Box 7921
Madison WI 53707-7921

Tony Evers, Governor
Preston D. Cole Secretary
Telephone 608-266-2621
FAX 608-267-3579
TTY Access via relay - 711



IN REPLY REFER TO: NF 30197 *

MAR 08 2019

The Honorable Alberta Darling, Co-Chair
Committee on Joint Finance
Room 317 East
State Capitol
PO Box 7882
Madison, WI 53707-7882

The Honorable John Nygren, Co-Chair
Committee on Joint Finance
Room 309 East
State Capitol
PO Box 8953
Madison, WI 53707-53708

Dear Senator Darling and Representative Nygren:

Pursuant to s. 23.0917(6m), Wis. Stats., the department is notifying you as co-chairs of the Committee on Joint Finance of the proposed acquisition of a 14,352-acre Forest Legacy easement from Keweenaw Land Association, Ltd., using funds from the Knowles-Nelson Stewardship Program. The easement is located within the boundary of Forest Legacy Program project.

The purchase price of the acquisition is \$4,841,000.00. In addition, appraisal fees associated with the transaction are \$18,750.00 and closing costs are estimated at \$6,300.00. There are no prohibitions of nature-based outdoor activities, as defined in s. 23.0916(1)(b), Wis. Stats.

As provided in s. 23.0917(6m)(a), Wis. Stats., if the department does not receive notification of the scheduling of a hearing from either of the Joint Committee on Finance co-chairpersons within 14 working days from today, the department will forward the proposal to the Governor for his consideration. If there are questions about the proposal, please contact James W. Lemke, Real Estate Section Chief at 608 266-2136.

Thank you for this consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elizabeth Kluesner'. The signature is fluid and cursive.

Elizabeth Kluesner
Deputy Secretary

C: Douglas J. Haag, Internal Services Division Administrator
Terry H. Bay, Director, Bureau of Facilities and Lands
James W. Lemke, Real Estate Section Chief
Peter Wolter, Real Estate Regional Supervisor
Kaylin Helm, Real Estate Regional Supervisor

SUBJECT: Easement Purchase – Forest Legacy Program– Iron County

FOR: December 2018 BOARD MEETING

TO BE PRESENTED BY: James W. Lemke, Real Estate Section Chief

SUMMARY:

The department requests approval for the purchase of a 14,352-acre working forest conservation easement from Keweenaw Land Association, Ltd. in the amount of \$4,841,000.00 for the Forest Legacy Program in Iron County. A total of \$400,000.00 of the purchase price will be set aside and placed in an endowment, with earnings available to pay for road maintenance and repair on designated open access roads on the easement. If approved, the department also requests the establishment of the official name Great Northern Conservation Easement, under the authority of MC 2281.1.

The purpose of the Forest Legacy Program in Wisconsin is to:

- Preserve and protect the land for continued sustainable forestry and resource management and to maintain the undeveloped character of the property by precluding buildings, deforestation or any significant topographical change;
- manage the property as part of the underlying landowner's commercial timber harvest base while providing open space;
- provide for the public the right to access the property for public outdoor recreation uses; and
- accomplish these goals permanently and at lower cost than fee title purchase.

The conservation easement area spans the Townships of Knight, Carey and Mercer, in Iron County. It is adjacent to the Twin Lakes forest legacy easement of 13,805 acres purchased in 2014, Moose Lake State Natural Area, and thousands of acres of County forestland. The property can be accessed from local roads off HWY 77 and HWY 51. Numerous woods roads and trails cross the tract providing good interior access for recreation activities.

In addition to the town road system, the department is acquiring rights for the public to use licensed motorized vehicles on approximately 16 miles of designated open-access private woods roads located on the property. These additional motorized access rights will ensure the public can reach interior portions of the property for recreational use. The easement also requires funds be set aside in a road endowment for the purpose of carrying out road maintenance requirements specified in the easement; the funds will run with title to the land in perpetuity to ensure that adequate financial resources exist to carry out road maintenance responsibilities for the public benefit.

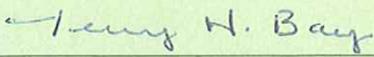
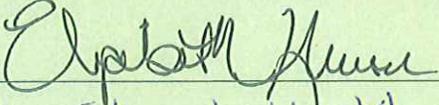
Acquisition of this 14,352-acre Forest Legacy easement will protect and preserve the integrity of these important northern forestlands in perpetuity, prevent forest fragmentation and promote the use of sustainable management practices. Located on the property are 3.24 miles of classified trout streams, including Leclair Creek – Class I, Norman Creek and Swamp Creek – Class II and Turntable Creek – Class III. There are an additional 13.91 miles of other streams and multiple unnamed and named lakes on the property, including Fifteen Lake and Little Moose Lake.

The tracts that comprise the easement area are critical to connecting existing public lands in addition to providing land and road access for public outdoor recreation. The property included in the easement will be managed by private owners and continue the tradition of a working forest that contributes to Wisconsin's economic well being. Forestry ranks among the top 10 industries by output and value-added contributions in Wisconsin generating nearly \$30 billion annually and creating ~60,000 jobs. The enrichment of sustainable forestry practices on forest ownerships directly benefits our state's economy and environment.

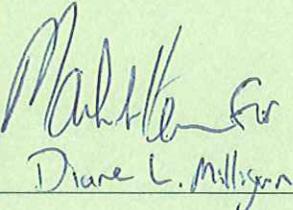
RECOMMENDATION: That the Board approve the purchase of the conservation easement and associated woods roads access rights from Keweenaw Land Association, Ltd. on 14,352 acres of land for the Forest Legacy Program in Iron County. Also that the Board establish an official name, under the authority of MC 2281.1, on the subject property of Great Northern Conservation Easement.

LIST OF ATTACHED MATERIALS (Check all that are applicable):

- Background Memo
- Maps and Documents

Approved By	Signature	Date
Terry H. Bay Bureau Director		2/1/19
Douglas J. Haag Internal Services Division Administrator		2-4-19
Preston D. Cole, Secretary	 by Elizabeth Kluesner	2/12/19

by Elizabeth Kluesner

Program and reviewer	Signature	Date	Comments
Energy, Transportation and; Environmental Analysis N/A Environmental Analyst N/A Economist			
Management and Budget N/A Budget Analyst			
Legal Services Diane L. Milligan Attorney N/A	 Diane L. Milligan	2/15/19	
Other reviewers N/A			

CORRESPONDENCE/MEMORANDUM

DATE: January 31, 2019 FILE REF: NF 30198
 TO: Governor Tony Evers
 FROM: Secretary Preston D. Cole *[Handwritten Signature]*
 SUBJECT: Proposed Easement on the Keweenaw Land Association, Limited, A Michigan Corporation Tract, File # NF 30198

1. PARCEL DESCRIPTION:

FOREST LEGACY PROGRAM
 Iron County

Grantor:
 Keweenaw Land Association, Limited, A Michigan Corporation
 Attn: Mark A. Sherman
 1801 East Cloverland Drive
 Ironwood MI 49938

Acres: 14,352.00
Price: \$4,841,000.00
Interest: Easement
Improvements: None

Location: The tract is located 12.6 miles southwest of Hurley in Iron County.
Land Description: The subject land is gently rolling.

Covertypes Breakdown:

Type	Acreage
Water	52.00
Wetland	453.00
Upland Woodland	8,878.00
Lowland Woodland	4,969.00
Total:	14,352.00

Zoning: F-1 Forestry District
Present Use: Productive Forest Land
Proposed Use: Productive Forest Land with public access and public motorized roads
Tenure: Less than 1 year

Stewardship Land Access: This property will be open to the public for all nature based outdoor recreational activities to include hunting, fishing, trapping, hiking and cross-country skiing. Physical features of the property may not be conducive to all of these activities.

2. JUSTIFICATION:

The department requests approval for the purchase of a 14,352-acre working forest conservation easement from Keweenaw Land Association, Ltd. in the amount of \$4,841,000.00 for the Forest Legacy Program in Iron County. A total of \$400,000.00 of the purchase price will be set aside and placed in an endowment, with earnings available to pay for road maintenance and repair on designated open access roads on the easement. If approved, the department also requests the establishment of the official name Great Northern Conservation Easement, under the authority of MC 2281.1.



The conservation easement area spans the Townships of Knight, Carey and Mercer, in Iron County. It is adjacent to the Twin Lakes forest legacy easement of 13,805 acres purchased in 2014, Moose Lake State Natural Area, and thousands of acres of County forestland. The property can be accessed from local roads off HWY 77 and HWY 51. Numerous woods roads and trails cross the tract providing good interior access for recreation activities.

In addition to the town road system, the department is acquiring rights for the public to use licensed motorized vehicles on approximately 16 miles of designated open-access private woods roads located on the property. These additional motorized access rights will ensure the public can reach interior portions of the property for recreational use. The easement also requires funds be set aside in a road endowment for the purpose of carrying out road maintenance requirements specified in the easement; the funds will run with title to the land in perpetuity to ensure that adequate financial resources exist to carry out road maintenance responsibilities for the public benefit.

The tracts that comprise the easement area are critical to connecting existing public lands in addition to providing land and road access for public outdoor recreation. The property included in the easement will be managed by private owners and continue the tradition of a working forest that contributes to Wisconsin's economic well being. Forestry ranks among the top 10 industries by output and value-added contributions in Wisconsin generating nearly \$30 billion annually and creating ~60,000 jobs. The enrichment of sustainable forestry practices on forest ownerships directly benefits our state's economy and environment.

3. LAND MANAGEMENT:

Management of the property will be the responsibility of the landowner. The landowner will be required to follow the terms of the easement, as well as the department approved forest management plan for the property.

4. FINANCING:

State Stewardship bond funds are anticipated:

Funds allotted to program:	Balance before this transaction:	Balance after this transaction:
\$8,000,000.00	\$7,712,400.00	\$2,871,4000.00

5. ACQUISITION STATUS OF THE FOREST LEGACY PROGRAM:

Established: 2002

Acres Purchased to Date: 248,953.7

6. APPRAISAL 1:

Appraiser: David Steiro

Valuation Date: February 15, 2018

Appraised Value: \$5,740,800.00

Highest and Best Use: Productive forest land

Allocation of Values:

Before Value:	\$12,558,000.00
<u>After Value:</u>	<u>\$6,817,200.00</u>
Easement:	\$5,740,800.00

APPRAISAL 2:

Appraiser: Michael Stone

Valuation Date: January 29, 2018

Appraised Value: \$6,459,000.00

Highest and Best Use: Forestry

Allocation of Values:

Before Value: \$12,917,000.00
After Value: \$6,458,000.00
Easement: \$6,459,000.00

Opinion of Value:

Appraiser: Jolene Brod
Valuation Date: March 31, 2018 (Retrospective)
Appraised Value: \$4,841,000

Allocation of Values:

Before Value: \$10,896,000.00
After Value: \$ 6,055,000.00
Easement: \$ 4,841,000.00

Comments: The review appraiser selected two sales from the two appraisals and added two sales from her files in the before condition. In the after condition four sales were selected from the two appraisals. In addition, the review appraiser hired Bill Steigerwaldt of Compass Land Consultants, Inc., as a consultant, to develop the income approach to value. The indicated value in the before and after condition are a reconciliation of the market data approach and the income approach.

RECOMMENDED:

Terry H. Bay

2/1/19

Terry H. Bay, Bureau Director, Bureau of Facilities and Lands

Date

Diane L. Milligan

1/31/2019

Diane L. Milligan, Bureau of Legal Services

Date

Douglas J. Haag

2-9-19

Douglas J. Haag, Internal Services Division Administrator

Date

ASHLAND CO.

T-47-N

47° 30'

T-46-N

Town of Sault Ste. Marie

T-45-N

Town of Marse

T-44-N

44° 00'

T-43-N

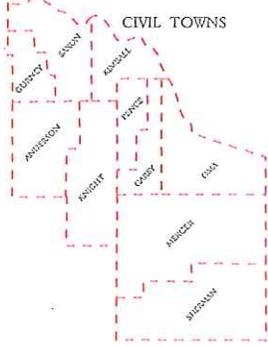
Town of Jacobs

T-42-N

T-41-N

41° 00'

ASHLAND CO.

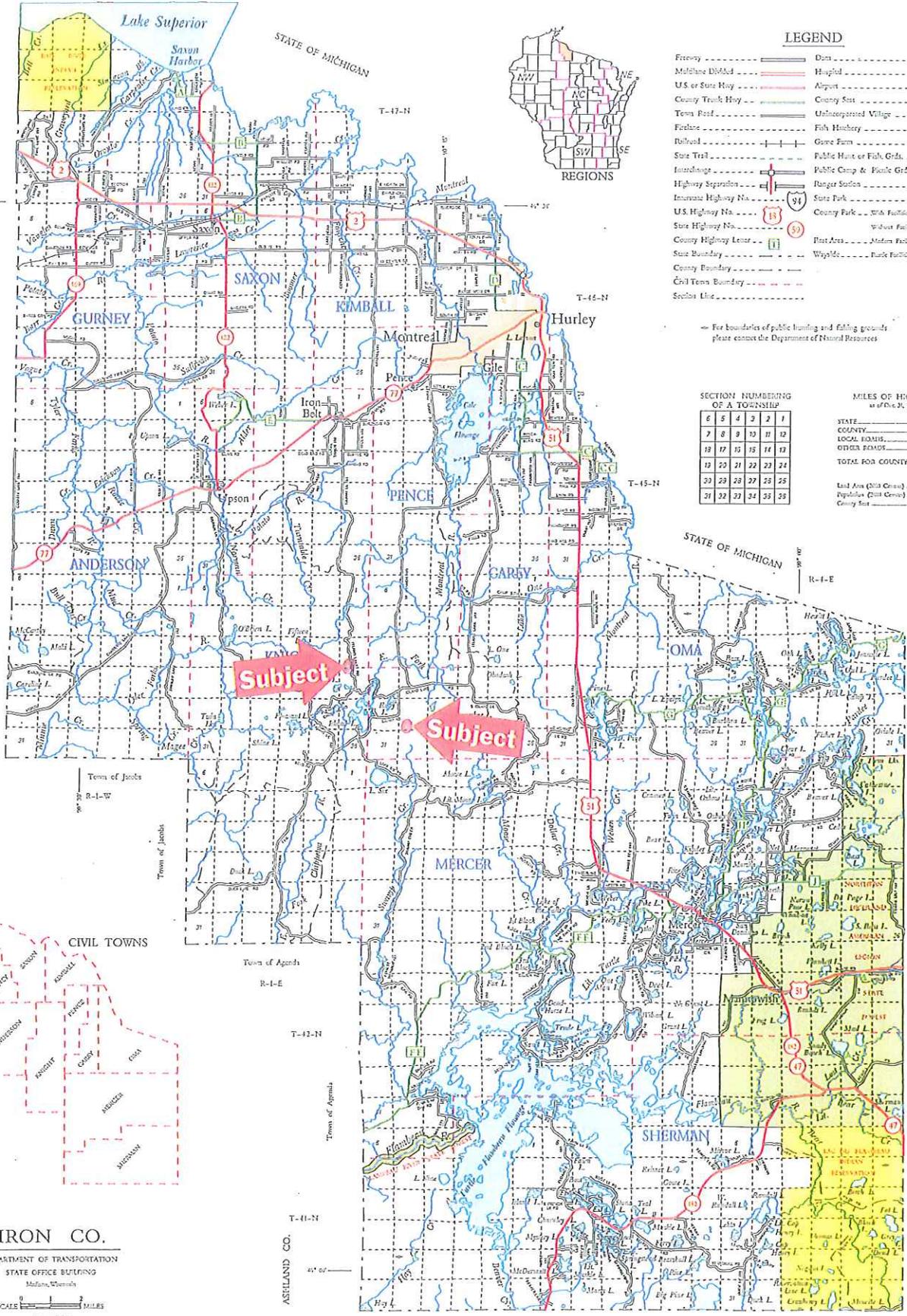


IRON CO.
 DEPARTMENT OF TRANSPORTATION
 STATE OFFICE BUILDING
 Marquette, Wisconsin

SCALE: 1" = 2 MILES

Copyright for
 JAN. 2019

Base map(s) from USGS 4 Quadrangle
 L19250 Series



LEGEND

- Freeway
- Mainline Road
- U.S. or State Hwy
- County Trunk Hwy
- Town Road
- Fireline
- Railroad
- State Trail
- Interchange
- Highway Separation
- Interstate Highway No.
- U.S. Highway No.
- State Highway No.
- County Highway Letter
- State Boundary
- County Boundary
- Civil Town Boundary
- Section Line
- Ditch
- Hospital
- Airport
- County Seat
- Unincorporated Village
- Fish Hatchery
- Game Farm
- Public Hunt or Fish Gnd.
- Public Camp & Picnic Gnd.
- Ranger Station
- State Park
- County Park
- Wildlife Facility
- Modern Facility
- Park Facility

SECTION NUMBERING OF A TOWNSHIP

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
26	25	24	23	22	21
27	28	29	30	31	32

MILES OF HIGHWAY as of Dec. 31, 2015

STATE	54
COUNTY	67
LOCAL ROADS	555
OTHER ROADS	63
TOTAL FOR COUNTY	779

Total Area (2014 Census) ... 748 sq mi
 Population (2014 Census) ... 878
 County Seat ... Hurley

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

**NRB Iron Keweenaw
Land Association,
Limited - Easement**

*Forest Legacy
Program*

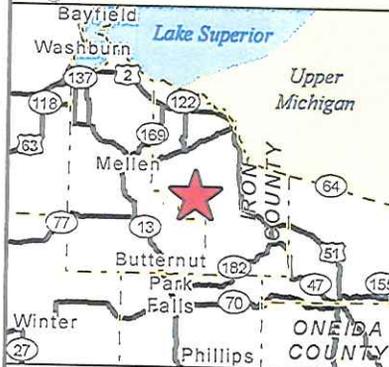
Town of Carey, Knight,
and Mercer
Iron County

Subject

NF 30198

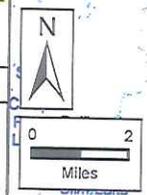
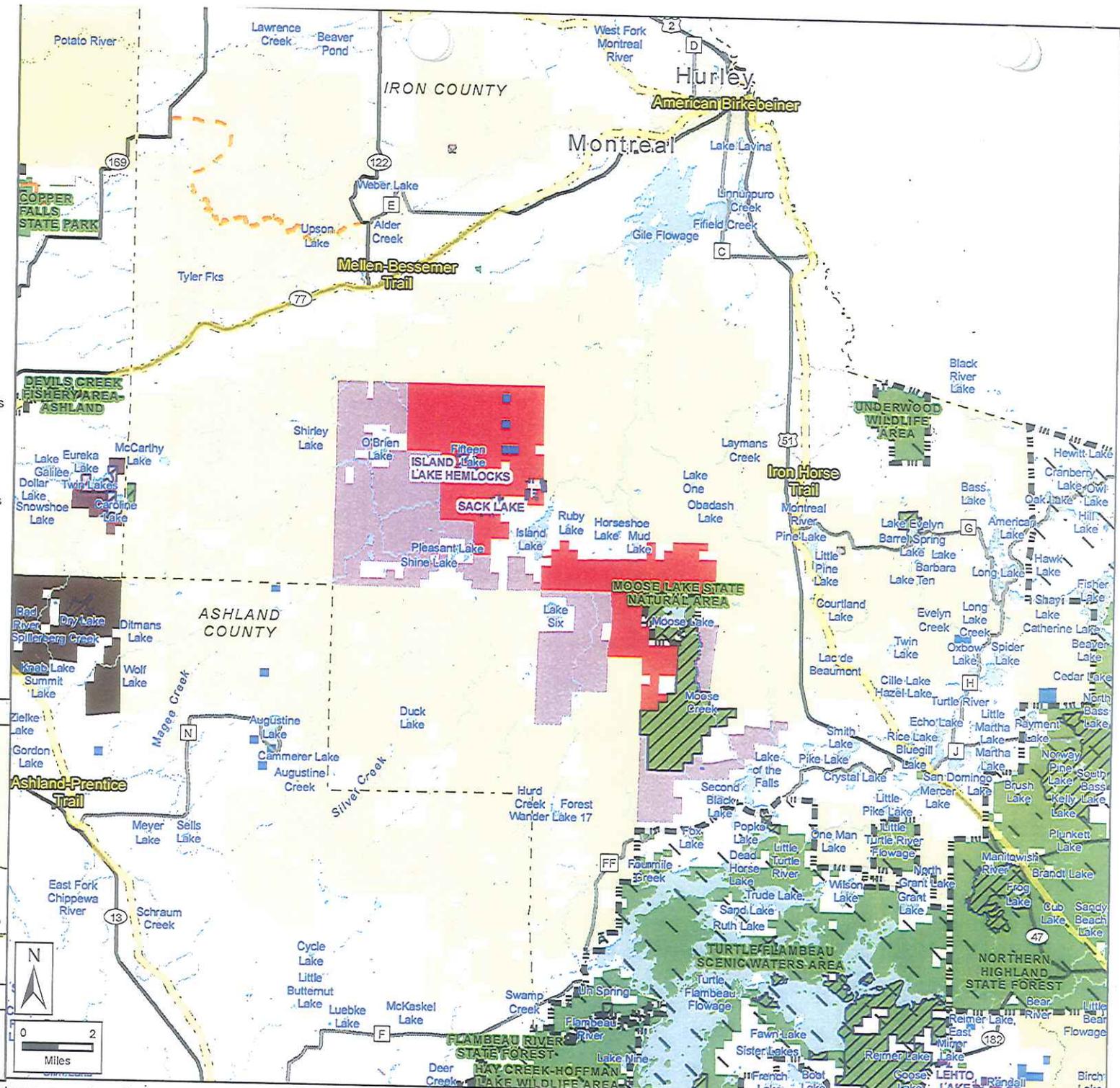
-  Current DNR Project Boundary
-  Current State Natural Area
-  Project Boundary
-  DNR Easement Closed to Public Access
-  DNR Easement
-  DNR Fee Title
-  Stewardship Grant Lands (Open to Public Access)
-  Board of Commissioners of Public Lands
-  State Natural Area
-  Tribal Land
-  County Forest Lands
-  National Forest
-  Private Conservation Land
-  State Trail Network Project Boundary (approx. location)
-  North Country Nat'l Scenic Trail
-  County Boundary

Regional View



 Location of Property

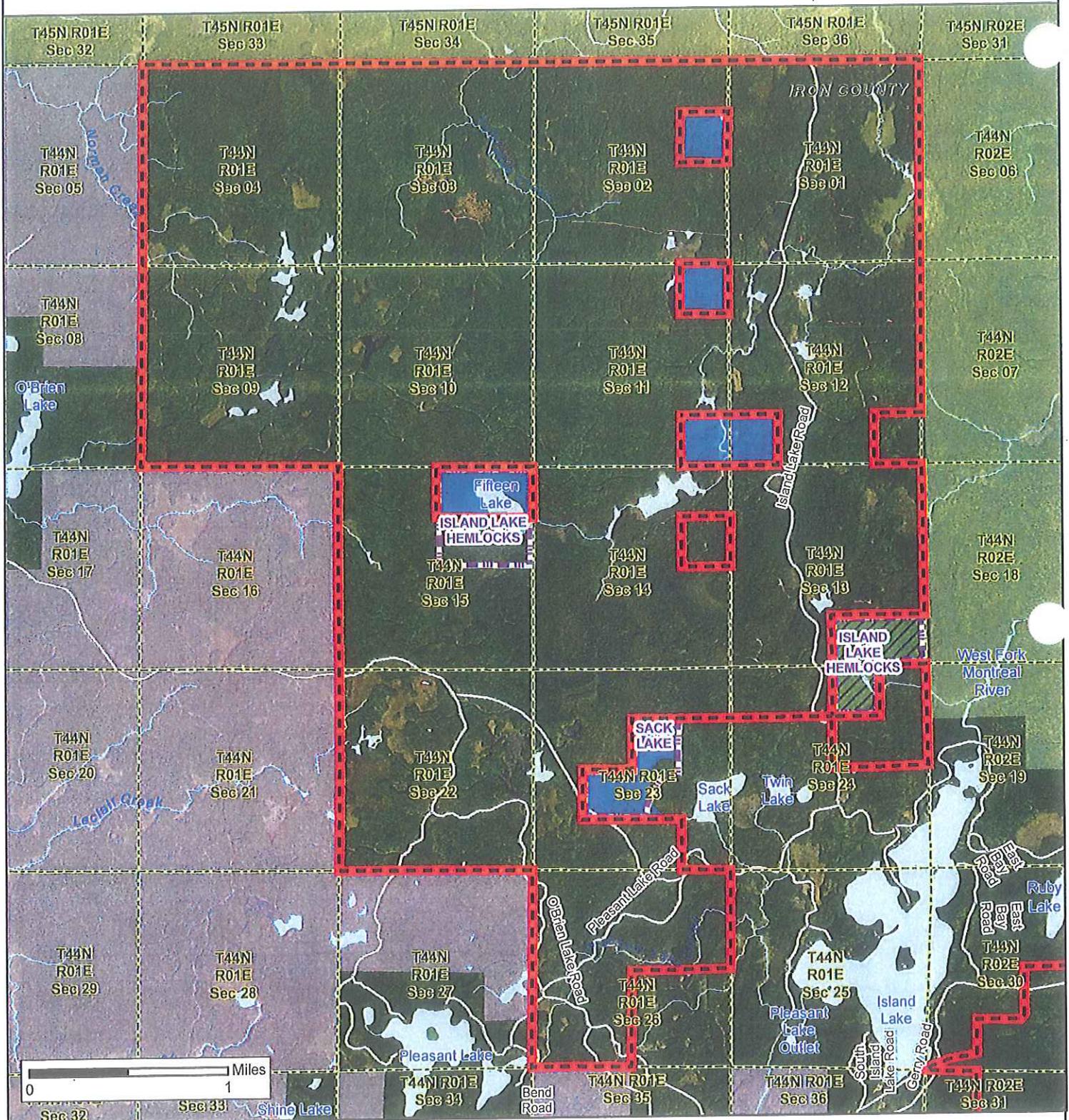
 WISCONSIN DEPARTMENT
OF NATURAL RESOURCES
Bureau of Facilities of Lands
Map Created: Oct 26, 2018 jpk



The data shown on this map have been obtained from various sources, and are of varying age, reliability and resolution. This map is not intended to be used for navigation, nor is this map an authoritative source of information about legal land ownership or public access. Users of this map should confirm the ownership of land through other means in order to avoid trespassing. No warranty, expressed or implied, is made regarding accuracy, applicability for a particular use, completeness, or legality of the information depicted on this map.

NRB Item: Keweenaw Land Association, Limited - Easement (North)

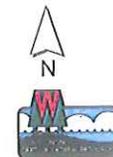
T44N R01E, Town of Knight, Iron County



Forest Legacy Program

 Subject

- | | |
|---|--|
|  State Natural Area Project Boundary |  Board of Commissioners of Public Lands |
|  DNR Fee Title |  County Forest |
|  DNR Easement |  County Boundary |
|  State Natural Area |  Section Boundary |



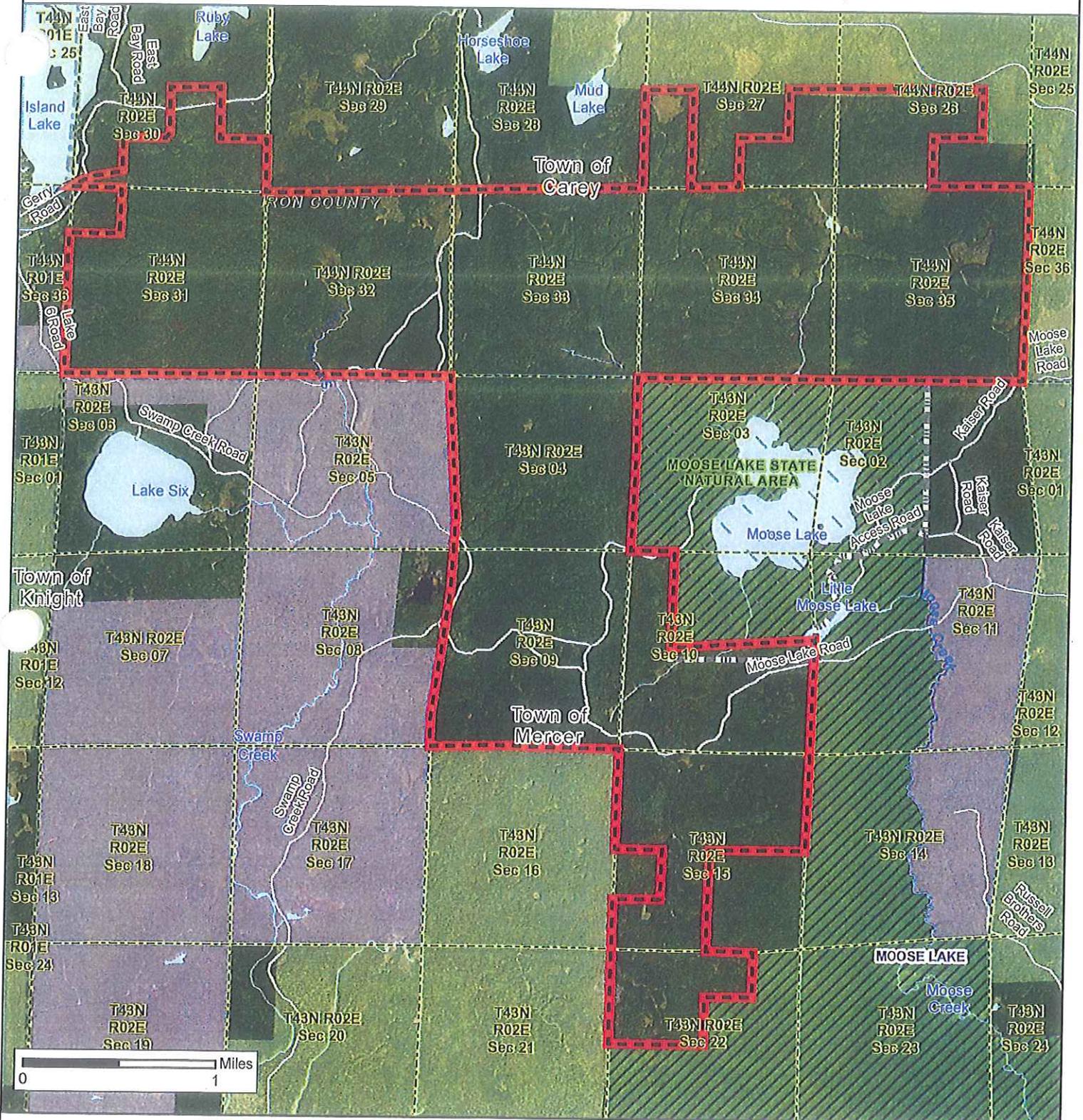
Oct 26, 2018 jpk

Real Estate Section
Bureau of Facilities and Lands

The data shown on this map have been obtained from various sources, and are of varying age, reliability and resolution. This map is not intended to be used for navigation, nor is this map an authoritative source of information about legal land ownership or public access. Users of this map should confirm the ownership of land through other means in order to avoid trespassing. No warranty, expressed or implied, is made regarding accuracy, applicability for a particular use, completeness, or locality of the information depicted on this map.

NRB Item: Keweenaw Land Association, Limited - Easement (South)

T44N R02E, T43N R02E, Town of Carey and Mercer, Iron County

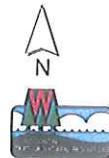


Forest Legacy Program



Subject

- | | | | |
|--|--|--|--|
| | Original Pre-2013 Project Boundary - Not Subject to JFC Review | | Board of Commissioners of Public Lands |
| | DNR Fee Title | | County Forest |
| | DNR Easement | | County Boundary |
| | State Natural Area | | Section Boundary |



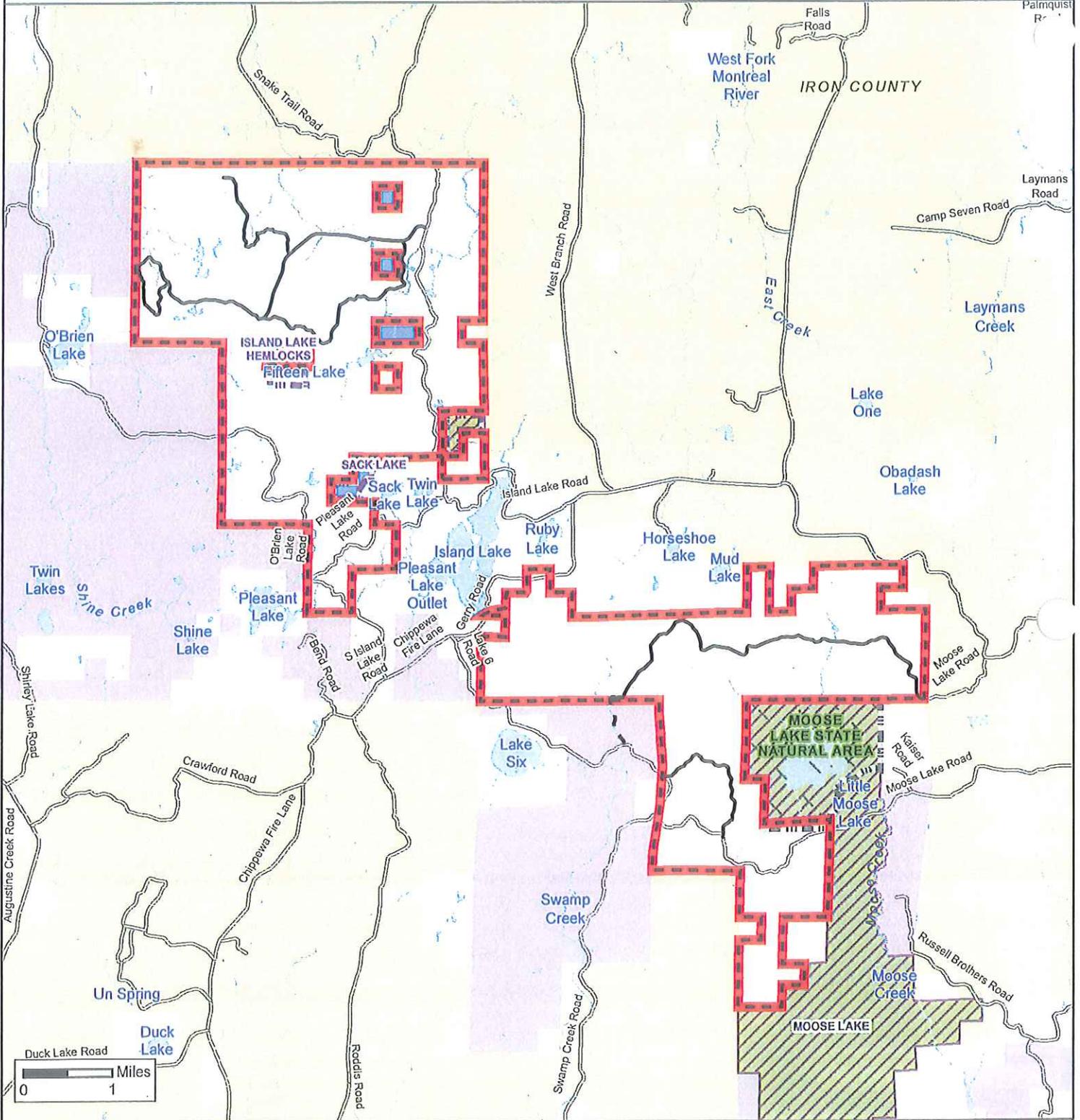
Oct 26, 2018 jpk

Real Estate Section
Bureau of Facilities and Lands

The data shown on this map have been obtained from various sources, and are of varying age, reliability and resolution. This map is not intended to be used for navigation, nor is this map an authoritative source of information about legal land ownership or public access. Users of this map should confirm the ownership of land through other means in order to avoid trespassing. No warranty, expressed or implied, is made regarding accuracy, applicability for a particular use, completeness, or legality of the information depicted on this map.

Great Northern Forest LLC

Town of Carey, Knight & Mercer, Iron County

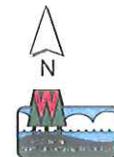


Conservation Easement

 Subject

-  Roads Defined For Public Use Total Miles: 16.45
-  Trail
-  Original Pre-2013 Project Boundary - Not Subject to JFC Review
-  State Natural Area Project Boundary

-  DNR Fee Title
-  DNR Easement
-  State Natural Area
-  Board of Commissioners of Public Lands
-  County Forest
-  County Boundary



Nov 01, 2018 jpk

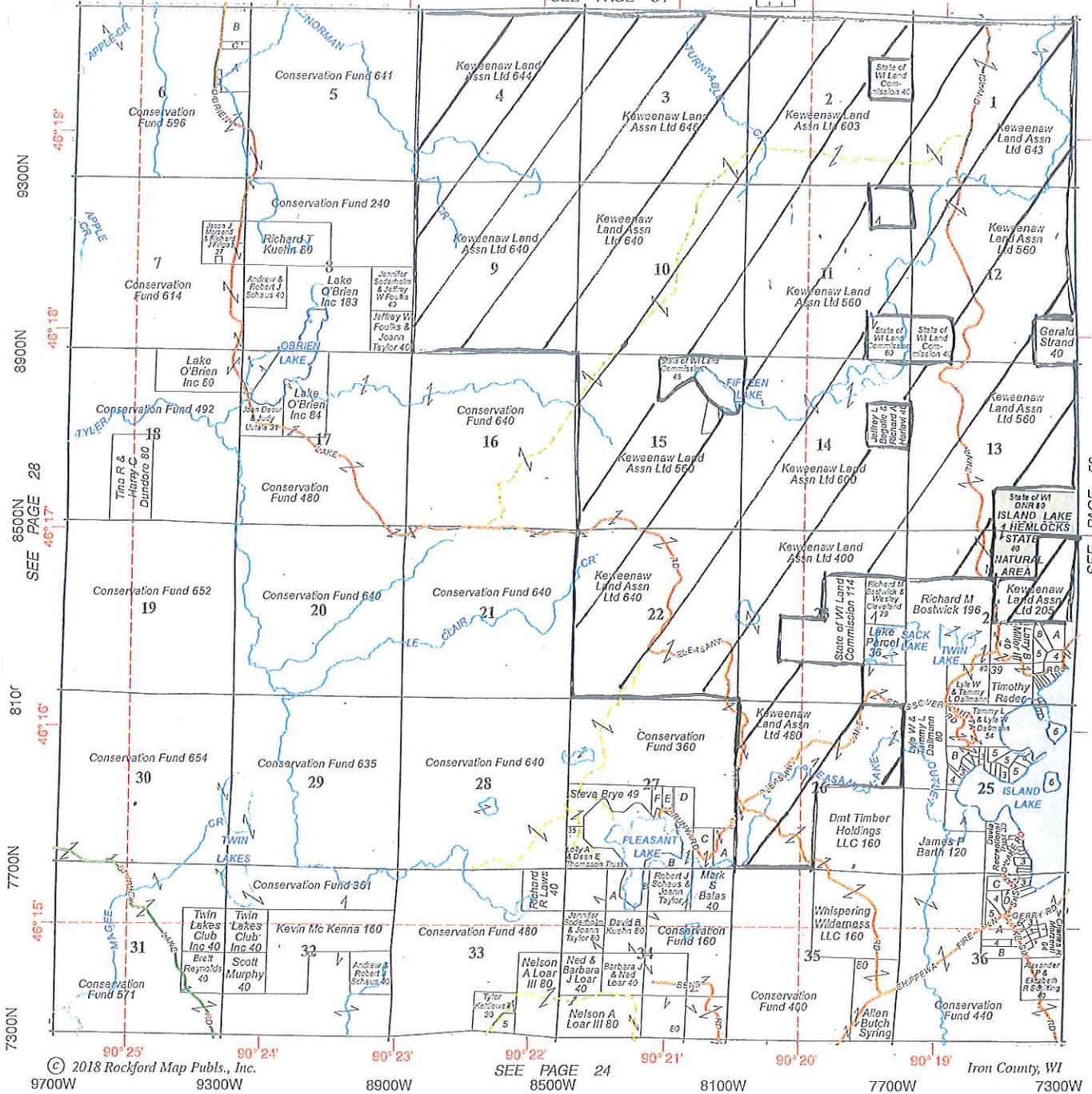
Real Estate Section
Bureau of Facilities and Lands

The data shown on this map have been obtained from various sources, and are of varying age, reliability and resolution. This map is not intended to be used for navigation, nor is this map an authoritative source of information about legal land ownership or public access. Users of this map should confirm the ownership of land through other means in order to avoid trespassing. No warranty, expressed or implied, is made regarding accuracy, applicability for a particular use, completeness, or legality of the information depicted on this map.

CENTRAL PART KNIGHT

Refer to page 68 for keyed parcels
T.44N.-R.1E.

SEE PAGE 34



SEE PAGE 50

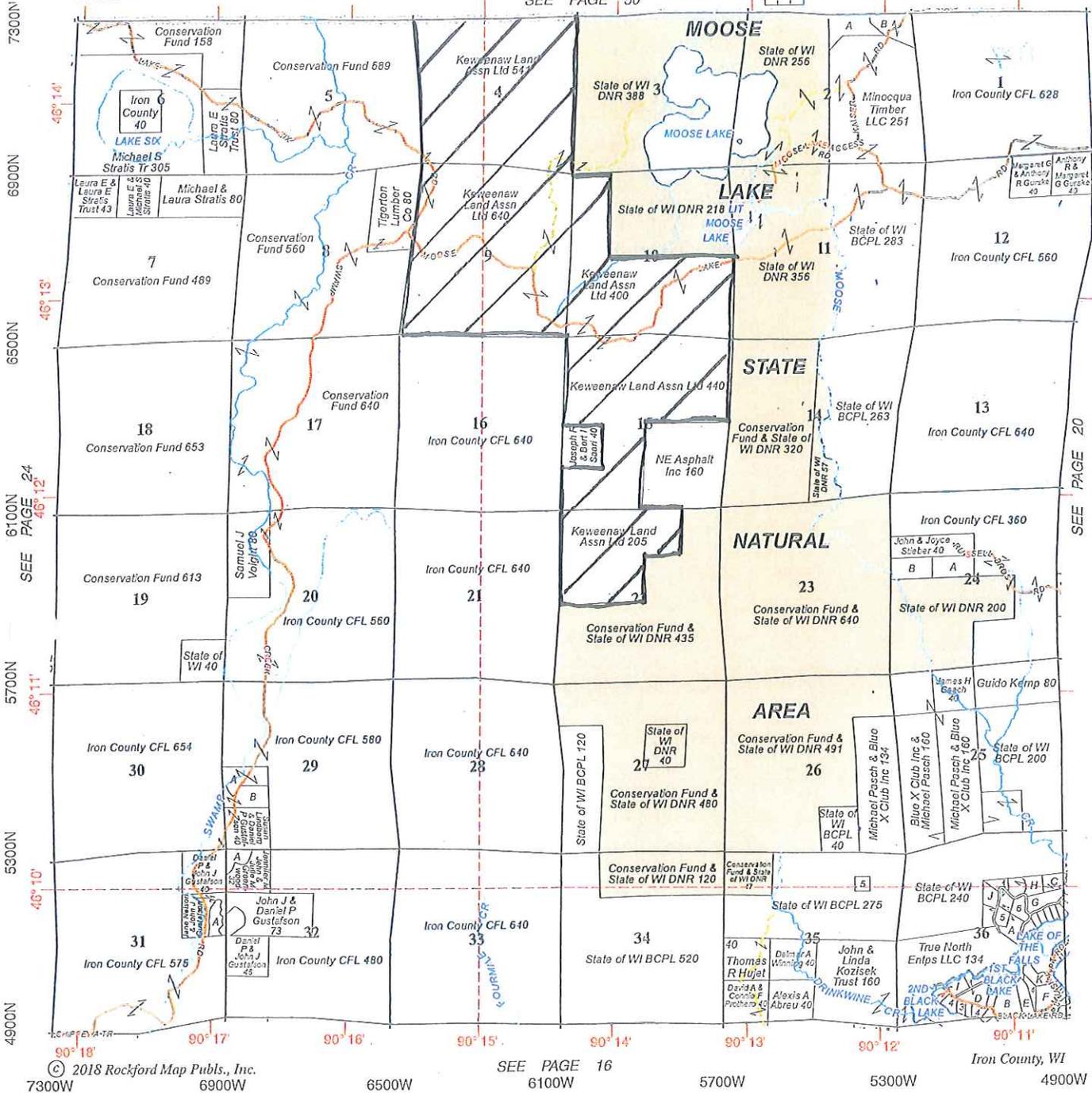
"Reproduced with permission of Rockford Map Publisher, Inc. Rockford, Illinois"

NORTHWEST PART

MERCER

SEE PAGE 50

Refer to page 68 for keyed parcels
T.43N.-R.2E.



"Reproduced with permission of Rockford Map Publisher, Inc. Rockford, Illinois"