



## Legislative Fiscal Bureau

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February 22, 2022

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Stewardship Pebble Beach Local Assistance Grant -- Agenda Item III

### REQUEST

On April 14, 2021, the Department of Natural Resources (DNR) requested approval under s. 23.0917(6m) of the statutes to provide a \$785,200 grant from the local assistance subprogram of the Warren Knowles-Gaylord Nelson Stewardship program to the Village of Sister Bay, in Door County, for the acquisition of 16.8 acres on Green Bay, known as the Pebble Beach property. An objection was raised on May 4, 2021.

### BACKGROUND

#### Local Assistance Grants

Under the property development and local assistance subprogram, DNR may award stewardship grants to local units of government for nature-based recreational development on local conservation land. DNR may award up to \$6 million in local assistance grants each fiscal year through 2021-22. Funding obligated for local assistance may be used for: (a) grants for acquisition of urban green space; (b) grants for acquisition and development of local parks; (c) grants for acquisition of property development rights; and (d) grants for acquisition and development of urban rivers. Stewardship funds may generally be provided for up to 50% of eligible project costs.

#### Pebble Beach

DNR would award the Village of Sister Bay \$785,200 as a matching grant to acquire Pebble Beach, a triangular-shaped 16.8-acre property with 610 feet of frontage on Green Bay. The property is undeveloped and is covered in a cedar forest. The beach is a notable landmark covered in limestone cobbles, which are protected from removal under a local ordinance.

The proposed \$785,200 grant award represents 33% of the total purchase price of \$2,412,900. The village has partnered with the Door County Land Trust, a nonprofit conservation organization, to raise \$627,700 in private donations for the acquisition. The trust assisted the village in receiving a \$1,000,000 Coastal and Estuarine Land Conservation (CELCP) grant under the Coastal Zone Management Program. CELCP grants are federal funds provided to coastal and Great Lakes states by the National Oceanic and Atmospheric Administration and awarded to projects by the Department of Administration. The purpose of the grants is to conserve coastal areas and protect federal waters and coastlines from erosion, pollution, and development.

## **ANALYSIS**

Appraisers noted that it is rare for undeveloped waterfront sites to come on the market. One appraiser described Pebble Beach as a "unique, one-of-a-kind" property for its large size and significant undeveloped water frontage. Sister Bay's comprehensive outdoor recreation plan (CORP) establishes a goal of providing well-maintained parks for residents and tourists. Specifically, the village seeks to expand waterfront access to Green Bay. Additionally, according to the village's CORP, the village has only one other waterfront park, which includes a marina, a band shelter, a playground, and other recreational developments. Pebble Beach would expand recreational options in the village by preserving an undeveloped waterfront parcel.

The village and the trust have partnered to develop a cooperative agreement that lays out a management plan for property maintenance activities. Under the plan, the trust would work with a consultant to remove invasive plants from the property, plant native species, and maintain existing trails to provide public access to the water. Additionally, the plan specifies that at least 15.28 acres of the property be left undeveloped. On the remaining area, the village may build low-impact structures, such as restrooms, a parking area, and picnic facilities, to expand recreational opportunities. Hunting and trapping will be prohibited due to both local ordinance and the proximity of residences and roadways.

The Pebble Beach property is located in a commercial zoning district. Appraisers noted that this zoning type is uncharacteristic of other undeveloped properties on the Door County shore. One appraiser noted that the zoning is likely an artifact of the property's former connection to Fred and Fuzzy's, a waterfront bar and restaurant, as well as its location on State Highway 42, one of two major arteries on the Door Peninsula. The property owners divided the two tracts, offering the undeveloped Pebble Beach tract and the bar and restaurant for sale separately.

Sister Bay and other communities of Door County are highly sought-after vacation and tourist destinations. The area typically experiences substantial demand for vacation and seasonal-use residential properties. In a letter to one appraiser, Sister Bay's village administrator indicated that the village, absent a conservation acquisition, would likely re-zone the Pebble Beach from commercial zoning to large-lot residential zoning, which would limit development on the property to single-family homes on lots that must be a minimum of 300 feet wide and five acres in total area. Buildings are not allowed to exceed 35 feet in height. Based on these limitations, appraisers determined the highest and best use for the Pebble Beach property to be residential and estimated that the property could be divided into as many as four lots. Based on its long, unique, undeveloped shoreline,

appraisers estimated the value of the property at \$2,440,000 and \$2,450,000. In September, 2019, the Village of Sister Bay purchased the property for \$2,412,857, including closing costs and appraisal fees. The proposed grant would reimburse the village for a portion of the purchase price.

As noted above, the Pebble Beach property is regarded as "unique" because of its size, expansive waterfront acreage, and undeveloped forest and shoreline. Given the unique characteristics of the property, and market support for the property valuations, the Committee could consider approving the request [Alternative 1].

As described above, Sister Bay, with the support of the Door County Land Trust, has already acquired the property. As of July 2021, the property was opened to the public. The Committee could consider denying the request [Alternative 2]. Eliminating or reducing stewardship funding for the site would not limit public use of the property. However, a reduction in funds could delay potential developments, including parking amenities and restrooms, that the village has planned for the site.

## **ALTERNATIVES**

1. Approve the DNR request to provide a \$785,200 grant from the stewardship local assistance subprogram to the Village of Sister Bay for the acquisition of Pebble Beach.
2. Deny the request.

Prepared by: Eric Hepler