

SUBJECT: LAND RIGHTS ACQUISITION – CENTRAL WI GRASSLAND CONSERVATION AREA –PORTAGE AND ADAMS COUNTIES

FOR: JUNE 2010 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: The Department proposes to acquire, from Society of Tympanuchus Cupido Pinnatus (STCP), the retained management, mineral and reversionary rights on a 7,196.32-acre state-owned property for the Central Wisconsin Grassland Conservation Area program in Portage and Adams Counties. The item is being submitted because the cost exceeds \$150,000. The state payment of \$1,200,000 will release all rights retained by STCP, including oversight and reversionary terms held on the property as deed restrictions from the 1989 conveyance of the 7,196.32-acre property to the Department.

The subject 7,196.32-acre property consists of 14 non-contiguous blocks of land that range in size from 63 to 1,000 acres. The parcels were originally purchased as part of the Buena Vista Wildlife Area and Leola March Wildlife Area projects, which are now both encompassed into the larger Central Wisconsin Grasslands Conservation Area boundary.

In 1989, the Department purchased 7,196.32 acres from STCP for a bargain price of \$1 million dollars, of which \$500,000 was returned by STCP to the Department for management and research on the property over the next several years. The land at the time was appraised at more than \$2 million dollars, but the Department negotiated a lower cost based on a long-standing lease with an option to purchase agreement. The Department had rights, under the lease, to manage the property and open it for public use. In exchange, the Department paid the annual property taxes on the 7,196.32 acres. Since its onset in 1960, the habitat and public land lease arrangement with STCP and similar conservation groups in the area preserved, managed and restored over 11,500 acres of land in the now Central Wisconsin Grassland project. The 1989 price of \$1 million was a reflection of the Department and STCP's joint commitment for long-term prairie chicken management, as well as the retained oversight of department land management by STCP. After the subsequent donation of \$500,000 by STCP for management activities, STCP actually netted \$500,000 for land worth more than \$2,000,000 in 1989.

STCP has decided to pursue prairie chicken restoration efforts in other states where land use patterns may more readily allow large-scale restoration. It is seeking to close the legal relationship with the Department. The Department desires to acquire the remaining land rights to solidify its real estate equity, recognizing our commitment to long-term habitat and management for this rare bird. The land is currently worth about \$16,500,000. State actual cost for the 7,196.32 acres was \$500,000 (net) in 1989 and now an added \$1,200,000 would be a total cost of \$1,700,000, less than 85% of the 1989 value, or about 10% of current value. The Department will continue to manage the landscape and research practices to preserve and promote the population of prairie chickens.

RECOMMENDATION: That the Board approve the payment of \$1,200,000 to the Society of Tympanuchus Cupido Pinnatus for the release of the deed restrictions on 7,196.32 acres of land for the Central Wisconsin Grassland Conservation Area in Portage and Adams Counties.

LIST OF ATTACHED MATERIALS:

- | | |
|--|--|
| No <input checked="" type="checkbox"/> Fiscal Estimate Required | Yes <input type="checkbox"/> Attached |
| No <input checked="" type="checkbox"/> Environmental Assessment of Impact Statement Required | Yes <input type="checkbox"/> Attached |
| No <input type="checkbox"/> Background Memo | Yes <input checked="" type="checkbox"/> Attached |

APPROVED:

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

6-11-10
Date

Laurie Osterndorf
Administrator, Laurie Osterndorf - AD/8

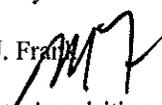
6/11/10
Date

Matthew J. Fränk
Secretary, Matthew J. Fränk - AD/8

6-11-10
Date

- cc:
- S. Miller – LF/6
 - R. Steffes – LF/6
 - L. Ross – AD/8
 - T. Hauge – WM/6
 - L. Ross – AD/8

CORRESPONDENCE/MEMORANDUM

DATE: June 11, 2010 FILE REF: WM 60095
 TO: Governor Doyle
 FROM: Matthew J. Frahm 
 SUBJECT: Land Rights Acquisition, the Society of Tympanuchus Cupido Pinnatus (STCP) Tract,
 File # WM 60095

1. PARCEL DESCRIPTION:

Central Wisconsin Grassland Conservation Area
 Portage and Adams Counties

Grantor:

Society of Tympanuchus Cupido Pinnatus (STCP)
 c/o Attorney Bernard Westfahl
 13307 Watertown Plank Road
 Elm Grove, WI 53122

Acres: 7,196.32

Price: \$1,200,000.00

Interest: Retained management restrictions, reversionary title rights, mineral rights

Improvements: None

Location: This large state ownership is located in Potage and Adams Counties.

Land Description: The subject land is level to gently rolling.

<u>Covertypes Breakdown:</u>	Type:	Acreage:
	Grassland	7,196.31

Zoning: Agricultural

Present Use: Wildlife Management and Public Recreation

Proposed Use: Wildlife Management and Public Recreation

Tenure: Owned for 21 years by the Department

Agreement Date: May 11, 2010

Stewardship Land Access: This property will continue to be open to the public for all nature-based outdoor recreational activities to include hunting, fishing, trapping, hiking, and cross-country skiing.

2. JUSTIFICATION:

The Central Wisconsin Grassland Conservation Area (CWGCA), approved by the Natural Resources Board in October of 2004, seeks to protect up to 15,000 acres over the next ten years to meet the habitat needs of many rare and declining grassland species, most notably the greater prairie chicken. The CWGCA represents one of the last opportunities in the state to manage grasslands at a landscape scale. Another goal of the project is to provide limited low impact outdoor recreation opportunities compatible with grassland management.

The Central Wisconsin Grassland Conservation Area covers portions of six counties. It surrounds several smaller wildlife management projects, the Buena Vista Wildlife Area being one of them, as well as two fishery management project areas. The project boundary was developed by determining the core range for historic and current prairie chicken populations, and the management goals are primarily for grassland species such as the prairie chicken and various songbirds.

The Department proposes to acquire, from Society of Tympanuchus Cupido Pinnatus (STCP), the retained management, mineral and reversionary rights on a 7,196.32-acre state-owned property for the Central Wisconsin Grassland Conservation Area program in Portage and Adams Counties. The item is being submitted because the cost exceeds \$150,000. The state payment of \$1,200,000 will release all rights retained by STCP, including oversight and reversionary terms held on the property as deed restrictions from the 1989 conveyance of the 7,196.32-acre property to the Department.

The subject 7,196.32 property is 14 non-contiguous blocks of land that range in size from 63 to 1,000 acres. The parcels were originally purchased as part of the Buena Vista Wildlife Area and Leola March Wildlife Area project in Adams and Portage Counties, which are now both encompassed into the larger Central Wisconsin Grasslands Conservation Area boundary.

In 1989, the Department purchased 7,196.32 acres from STCP for a bargain price of \$1 million dollars, of which \$500,000 was returned by STCP to the Department for management and research on the property over the next several years. The land at the time was appraised at more than \$2 million dollars, but the Department negotiated a lower cost based on a long-standing lease with an option to purchase agreement. The Department had rights, under the lease, to manage the property and open it for public use. In exchange, the Department paid the annual property taxes on the 7,196.32 acres. Since its onset in 1960, the habitat and public land lease arrangement with STCP and similar conservation groups in the area preserved, more than 11,500 acres of land in the now Central Wisconsin Grassland project. The 1989 price tag of \$1 million was a reflection of the Department and STCP's joint commitment for long-term prairie chicken management, as well as the retained oversight of department land management by STCP. After the subsequent donation of \$500,000 by STCP for management activities, it netted \$500,000 for land worth more than \$2,000,000 in 1989.

STCP has decided to pursue prairie chicken restoration efforts in other states where land use patterns may more readily allow large-scale restoration. It is seeking this closure of the legal relationship with the Department. The Department desires to acquire the remaining land rights to solidify its real estate equity and assure long-term habitat and public use. The land is currently worth about \$16,500,000. State cost for the 7,196.32 acres was \$500,000 (net) in 1989 and now an added \$1,200,000 for a total cost of \$1,700,000 or about 10% of current value. The Department will continue to manage the landscape and research practices to preserve and promote the population of prairie chickens.

3. FINANCING:

State Stewardship bond funds (FY10 Wildlife) are anticipated:

Funds allotted to program:	Balance after proposed transaction:
\$7,431,280.00	\$5,971.12

4. ACQUISITION STATUS OF THE CENTRAL WISCONSIN GRASSLAND CONSERVATION AREA:

Established: 2005
Acres Purchased to Date: 1,358.95
Acquisition Goal: 15,000.0 Acres
Percent Complete: 9.06%
Cost to Date: \$1,680,405.56

5. OPINION OF VALUE:

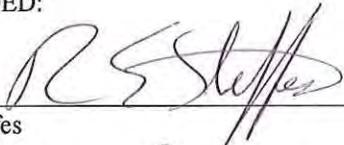
Appraisers: Peter Wolter
Valuation Date: May 24, 2010

Allocation of Values:

- a. unencumbered value: \$16,500,000
- b. value of deed reservations: \$6,000,000 to \$9,000,000

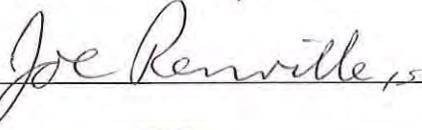
Comment: The appraisers have established a value of \$2,300 per acre for the land as if it is free and clear of encumbrance. This is based on local sales and recent appraisal work in the area. The value of the deed reservation was based on an analysis of the 1989 transaction and their judgment on the impact on value of the reservations.

RECOMMENDED:



Richard E. Steffes

6-8-10
Date



Legal Services

6-8-10
Date

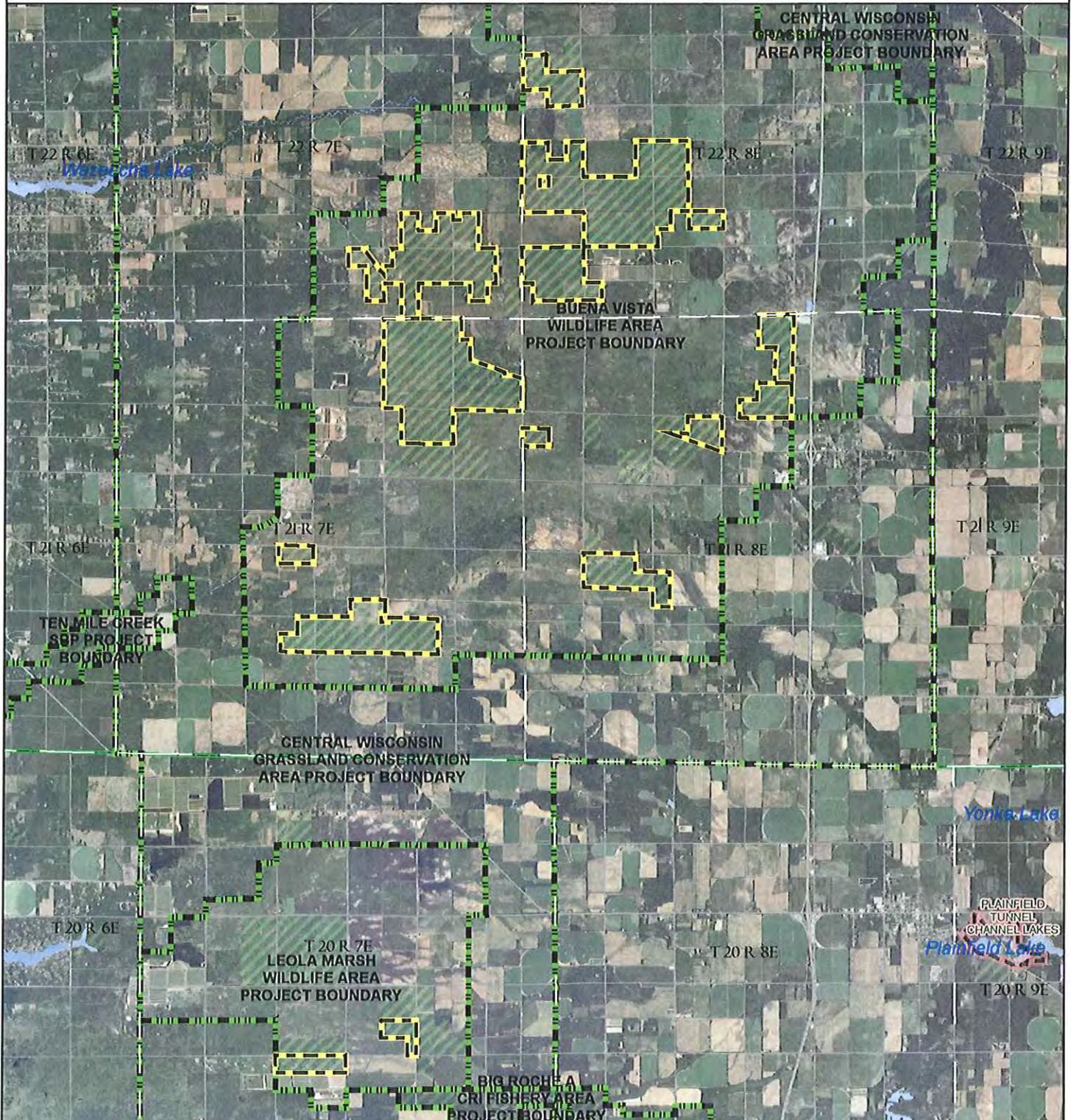


Laurie Osterndorf

6/8/10
Date

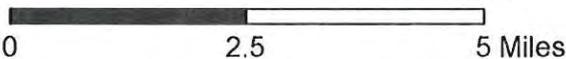
Society of Tympanuchus Cupido Pinnatus Parcels

T20N R7E - Town of Leola, Adams County, WI
T21N R7E - Town of Grant, T21N R8E - Town of Pine Grove, T22N R7E - Town of Grant
T22N R8E - Town of Plover and Buena Vista, Portage County, WI (7196.32 Acres)



Legend

- PLSS Section Line
- PLSS Quarter-Quarter
- State Natural Area
- DNR Project Boundary
- County Boundary
- DNR Eased
- DNR Owned



Subject Property

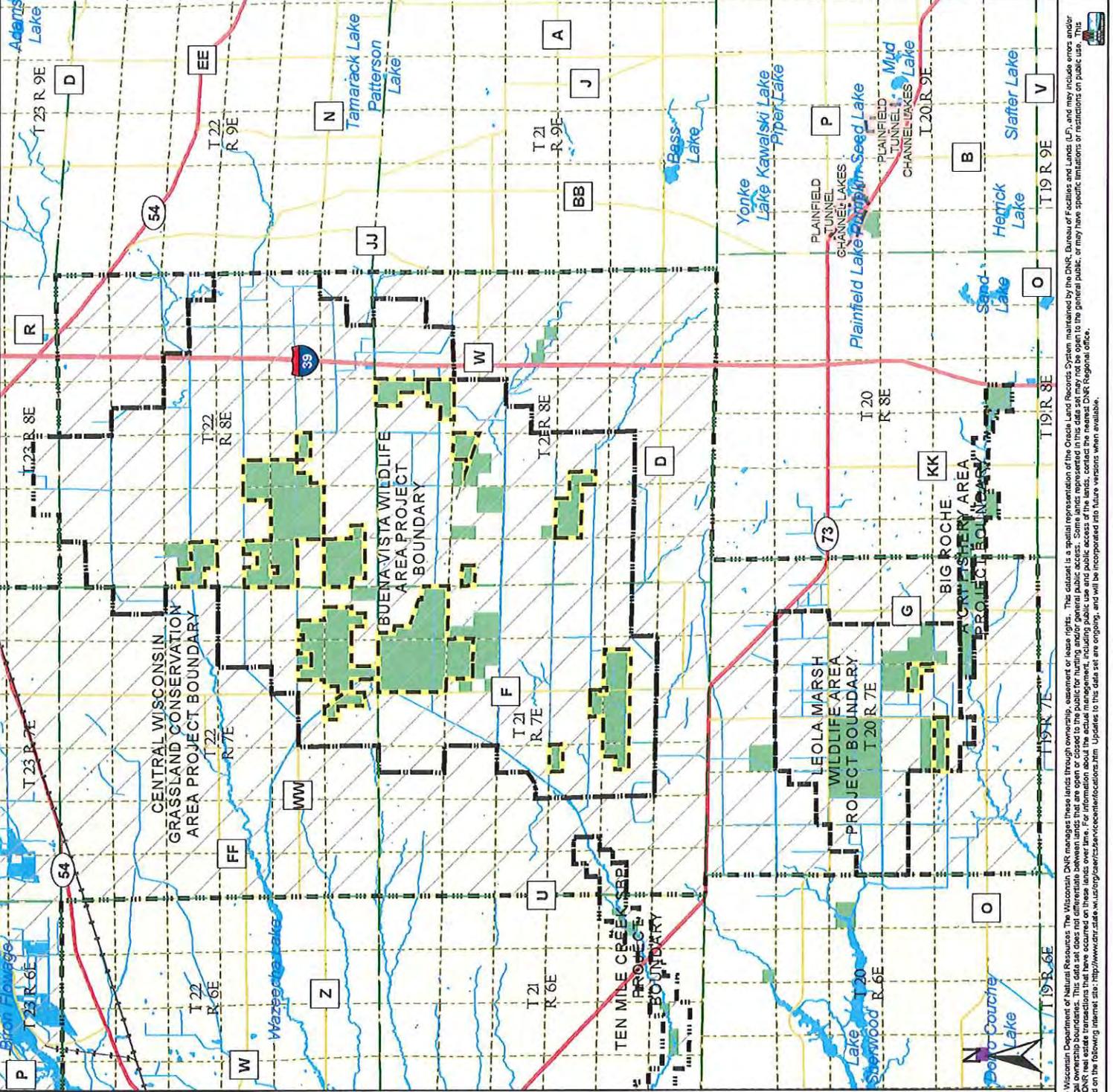
WM 60095

Central Wisconsin Grassland Conservation Area

- Title Clearing
- Easement
- Ingress/Egress

State of Wisconsin
May 25, 2010
Real Estate Section
Bureau of Facilities and Lands

Use Advisory: Neither the Wisconsin Department of Natural Resources (DNR) nor any of its employees shall be held liable for any improper or incorrect use of the information and/or contained herein and assumes no responsibility for use of the information. Furthermore, no warranty, expressed or implied, is made regarding accuracy, adequacy, completeness, legality, or reliability of any information. The DNR provides mapped information on an "as is" basis. The DNR has made reasonable efforts to provide accurate information, but cannot exclude the possibility of errors or omissions in source information. There is no guarantee the parcel boundaries are defined by a survey. The map user is expected to exercise reasonable use of the map information.



Society of Tympanuchus Cupido Pinnatus Parcels
WM 60095

Central Wisconsin Grassland Conservation Area

Various Sections in
T20N R7E, Town of Leola,
Adams County, WI
T21N R7E, Town of Grant
T21N R8E, Town of Pine Grove
T22N R7E, Town of Grant
T22N R8E, Town of Plover
and Buena Vista
Portage County, WI
(7196.32 Acres)

Subject Property

- Title Clearing
- Easement
- Ingress/Egress

Legend

- PLSS Section Line
- DNR Project Boundary
- DNR Owned
- DNR Easement
- County Boundary
- State Natural Area



The DNR Managed Lands represent the boundaries of lands managed by the Wisconsin Department of Natural Resources. The Wisconsin DNR does not warrant these lands through ownership, easement, or lease rights. This document is a spatial representation of the Official Land Records System maintained by the DNR, Bureau of Facilities and Lands (FL), and may include errors and/or omissions. The data should not be interpreted as a legal representation of legal ownership boundaries. This data set does not differentiate between lands that are open or closed to the public for hunting and/or recreational public access. Some areas may be in the public domain. For information about the actual management, including public use and public access of the lands, contact the nearest DNR Regional Office. Contact information for DNR Regional Offices and Service Centers is provided on the following internet site: <http://www.dnr.state.wi.us/org/cear/2/servicecenters/locations.htm>. Updates to this data set are ongoing, and will be incorporated into future versions when available.