

SUBJECT: LAND ACQUISITION – STATEWIDE PUBLIC ACCESS – DOOR COUNTY

FOR: OCTOBER 2010 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: At the September meeting, the Natural Resources Board considered this transaction. In order for the Department to better address questions raised by the Board, the item was deferred to the October meeting. The Department has obtained an option to purchase 4.8 acres of land from Wagon Trail, Inc., known as Rowley's Bay Resort for \$1,051,000.00 for the Statewide Public Access in Door County. The item is being submitted because the price exceeds \$150,000. The Department can almost immediately have a public access available with this purchase as negotiated. The Department will insure improved marina lights and navigation aids are in place for the Spring 2011 boating season. The Statewide Public Access program was established in 1969 to provide public access to the state's surface water resources. Access sites are acquired for boat and canoe landings and related uses such as parking lots, shore fishing, and access to lakes, rivers, and streams.

The Wagon Trail, Inc. tract provides 860 feet of frontage on Lake Michigan in Rowley's Bay and has a deep-water pier, a marina with 16 slips, and three cabins on the waterfront. The property lies in Rowley's Bay just south and east of the Mink River Estuary State Natural Area and Newport State Park. The Mink River Estuary is one of the most pristine freshwater estuaries in the country. The river originates in alkaline, spring-fed wetlands in the central Door Peninsula and ends just a few miles downstream where it empties into Lake Michigan at Rowley's Bay. The area is a highly popular destination for fishing, boating, canoeing, kayaking, and for land-based recreational activities due to the large amount of land owned by The Nature Conservancy and the Department in the area. Acquisition of this parcel would provide the public with safe boat launch facilities, shore fishing access, and shoreland recreational opportunities on Lake Michigan. Rowley's Bay and the nearby waters of Lake Michigan are of regional significance for trout and small mouth bass fishing.

If acquired, the Department would be responsible for future development and operation of the boat launch and parking facilities on the site. However, both Door County and the Town of Liberty Grove have expressed interest in managing the facility. The existing site will be renovated and upgraded to meet department standards for a public boat launching facility, however, funding for these improvements is not available at this time. In order to provide the Department with adequate time to design and fund the new facility, the Department has agreed to lease the facility back to Rowley's Bay Resort and allow them to run the facility as it currently exists for a five-year period. This will give the Department adequate time to complete design work, compete for Recreational Boating Facility Grants for the development of the site and budget for necessary matching funds and operation dollars.

Part of the lease back agreement with the sellers is that parking would be available to the public immediately – which would be at least 15 trailer/car sites. They would allow the public to park in their parking lots, use their restrooms, maintain the area (grass mowing, garbage pickup, etc.) in exchange for them being allowed to still rent out the 3 cabins, a few slips and the building that houses the Gravity Sports operation for the next 5 years. Gravity Sports operates their kayak, bicycle and zipline business here. That building would stay for the 5 years and be included in the leaseback agreement with the sellers. After the lease back period, the buildings will be removed by the Department.

Parking will be provided for the public by the sellers at their resort under the leaseback agreement in exchange for allowing them to continue to rent out the 3 cabins, some slips and the Gravity Sports building for 5 years. The sellers are aware that the zoning ordinance requires 15 trailer/car sites per 1 boat launch and are willing to provide that to the public immediately. The Department and its partner have looked at developing additional parking as funding is available. Overtime, the Department would add about 15 car trailer units near the large pier.

Immediately upon closing, the Department and the public may use the land, however not the rental cabins, and the public would be able to fish off of the marina breakwater and other shoreline areas. The public fishing off the deep water pier is something that will be accomplished with a buyout of the commercial fishermen's remaining lease and then lease back to the fisherman for the remaining time of the original lease, with the provision of allowing the public use. Cost of the lease buyout is approximately \$9,000 and is a legal option for the Department as permitted in the existing lease agreement.

Presently, the Lake Michigan side of Door County lacks adequate boat access. The two primary access points on the east side of Door County are Sturgeon Bay and Bailey's Harbor. Bailey's Harbor is about 25 miles south of the mainland tip of Door County, Gills Rock, and 27 miles north of Sturgeon Bay. There are other landings in this area, but they are small and unimproved. Low water levels combined with wave deposited sand and rock make these landings unreliable. "Bues" landing, located five miles north of Bailey's Harbor is adequate to launch most boats, but this landing has very limited parking consisting of parking on the shoulder of the town road and does little to solve the problem of distance between adequate launch sites.

An additional launch site placed between Bailey's Harbor and Gill's Rock will provide better access for sport fishermen, boaters, and the public. Likewise, during rough water, a marina facility in Rowley's Bay will greatly reduce the 20 plus mile distance to either of these locations. Several feasibility studies have been completed looking at potential access sites in Door County. The Wagon Trail property is highly desirable because it has an existing launch ramp and small marina. The property also has a deep-water pier that is in good condition. Based on the subject's location, sediments, grade, and amount of bedrock to be removed, development of a launch ramp at this pier should be considered in the future. Having a launch in Rowley's Bay would help open up opportunity for recreational fishermen targeting trout, salmon and bass. In the fall, there are individuals who venture out onto Lake Michigan for some fall fishing and waterfowl hunting. When Department wardens get called out to pick up someone in an accident situation, it would be very helpful to have this facility to get off the water in a reasonable amount of time if its rough weather. This is probably the most important property to acquire as far as user access along the Lake Michigan shoreline. Door County has 330 miles of shoreline and in this part of the County, very inadequate usable launch sites.

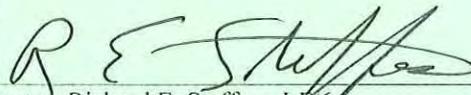
Purchase of this parcel also helps replace a shore fishing opportunity that was lost at the North Port Car Ferry and \$50,000 from the settlement of that lake access abandonment case will be used to offset the cost of this purchase. Net cost for the state is less than \$1,200 per front foot, an excellent land value for this area.

RECOMMENDATION: That the Board approve the purchase of 4.80 acres of land for \$1,051,000 for the Statewide Public Access Program.

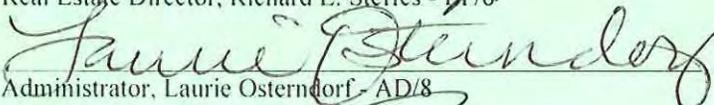
LIST OF ATTACHED MATERIALS:

- | | | | |
|----------------------------------------|-------------------------------------------------------|-----------------------------------------|----------|
| 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 |

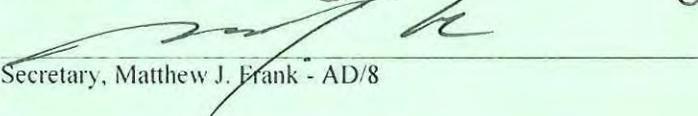
APPROVED:


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

10-15-10
Date


Administrator, Laurie Osterndorf - AD/8

10-15-10
Date


Secretary, Matthew J. Frank - AD/8

10-15-10
Date

- cc: S. Miller - LF/6
- R. Steffes - LF/6
- L. Ross - AD/8
- M. Staggs - FH-4
- R. Kazmierczak - NER/Green Bay

CORRESPONDENCE/MEMORANDUM

DATE: October 15, 2010 FILE REF: FM 10095

TO: Natural Resources Board

FROM: Matthew J. Frank 

SUBJECT: Proposed Land Acquisition, Wagon Trail Inc., a/k/a Rowley's Bay Resort Tract, File FM 10095, Approval Requested by November 30, 2010

1. PARCEL DESCRIPTION:

Statewide Public Access
Door County

Grantor:

Wagon Trail Inc., d/b/a Rowley's Bay Resort
c/o Jewel Ouradnik, etal
1041 County Road ZZ
Ellison Bay, WI 54210

Acres: 4.8Price: \$1,051,000.00Appraised Value: \$1,051,000.00Interest: Fee Title PurchaseImprovements: Deep-water pier, 16-slip marina with shop, three cabins and garage, wells and septic.Location: The property is located in northern Door County on the Lake Michigan side.Land Description: The subject land is level shoreland.Covertypes Breakdown:

Type:

Acreage:

Building Site

4.8

Zoning: Recreation CommercialPresent Use: Private marina with Rowley's Bay Resort, seasonal cabin rental, commercial and chartered fishing tenants.Proposed Use: Public Boat Landing and RecreationTenure: More than 40 yearsProperty Taxes: \$45,337.51 (includes resort and additional land)Option Date: August 19, 2010Comment: Closing required on or before October 31, 2010

Stewardship Land Access: This property will be open to the public for all recreational uses. However, due to the narrow configuration of the parcel and the adjacent private buildings and public road, hunting and trapping activities will not likely occur at the site. The site will provide important water access to hunters and trappers wishing to utilize the Mink River and Lake Michigan.

2. JUSTIFICATION:

The Department proposes to purchase the 4.8-acre Wagon Trail, Inc. tract for the Statewide Public Access program located in Door County. The parcel provides 860 feet frontage on Lake Michigan in Rowley's Bay and has a deep-water pier, a marina with 16 slips and three cabins on the waterfront. The property lies in Rowley's Bay just south and east of the Mink River Estuary State Natural Area and Newport State Park. The Mink River Estuary is one of the most pristine freshwater estuaries in the country. The river originates in alkaline, spring-fed wetlands in the central Door Peninsula and ends just a few miles downstream where it empties into Lake Michigan at Rowley's Bay. The area is a highly popular destination for fishing, boating, canoeing, kayaking, and for land-based recreational activities due to the large amount of land owned by The Nature Conservancy and the Department in the area. The Department recommends this acquisition to provide the public with safe boat launch facilities, shore fishing access, and shoreland recreational opportunities on Lake Michigan. Rowley's Bay and the nearby waters of Lake Michigan are of regional significance for trout and small mouth bass fishing.

If acquired, the Department would be responsible for future development and operation of the boat launch and parking facilities on the site. However, both Door County and the Town of Liberty Grove have expressed interest in managing the facility. The existing site will be renovated and upgraded to meet department standards for a public boat launching facility, however, funding for these improvements is not available at this time. In order to provide the Department with adequate time to design and fund the new facility, the Department has agreed to lease the facility back to Rowley's Bay Resort and allow them to run the facility as it currently exists for a five-year period. This will give the Department adequate time to complete design work, compete for Recreational Boating Facility Grants for the development of the site and budget for necessary matching funds and operation dollars.

Part of the lease back agreement with the sellers is that parking would be available to the public immediately – which would be at least 15 trailer/car sites. They would allow the public to park in their parking lots, use their restrooms, maintain the area (grass mowing, garbage pickup, etc.) in exchange for them being allowed to still rent out the 3 cabins, a few slips and the building that houses the Gravity Sports operation for the next 5 years. Gravity Sports operates their kayak, bicycle and zipline business here. That building would stay for the 5 years and be included in the leaseback agreement with the sellers.

Parking will be provided for the public by the sellers at their resort under the leaseback agreement in exchange for allowing them to continue to rent out the 3 cabins, some slips and the Gravity Sports building for 5 years. The sellers are aware that the zoning ordinance requires 15 trailer/car sites per 1 boat launch and are willing to provide that to the public immediately. The Department and its partner have looked at developing additional parking as funding is available. Overtime, the Department would add about 15 car trailer units near the large pier.

Immediately upon closing, the Department may use the land, however not the rental cabins, and the public would be able to fish off of the marina breakwater. The public fishing off the deep water pier is something that will be accomplished with a buyout of the commercial fishermen's remaining lease and then lease back to the fisherman for the remaining time of the original lease, with the provision of allowing the public use. Cost of the lease buyout is approximately \$9,000 and is a legal option for the Department as permitted in the existing lease agreement.

In the immediate future, the Department will improve the marina lighting using both solar powered and conventional electric lighting. The Department will also install six standard channel markers that have dusk-to-dawn solar lights to properly mark the channel into the marina and ramp. The estimated cost of these initial improvements will be about \$9,000 and they will be in place for the spring 2011 open water boating season.

Presently, the Lake Michigan side of Door County lacks adequate boat access. The two primary access points on the east side of Door County are Sturgeon Bay and Bailey's Harbor. Bailey's Harbor is about 25 miles south of the mainland tip of Door County, Gills Rock, and 27 miles north of Sturgeon Bay. There

are other landings in this area, but they are small and unimproved. Low water levels combined with wave deposited sand and rock make these landings unreliable. "Bues" landing, located five miles north of Bailey's Harbor is adequate to launch most boats, but this landing has very limited parking consisting of parking on the shoulder of the town road and does little to solve the problem of distance between adequate launch sites.

An additional launch site placed between Bailey's Harbor and Gill's Rock will provide better access for sport fishermen, boaters, and the public. Likewise, during rough water, a marina facility in Rowley's Bay will greatly reduce the 25-mile distance to either of these locations. Several feasibility studies have been completed looking at potential access sites in Door County. The Wagon Trail property is highly desirable because it has an existing launch ramp and small marina. The property also has a deep-water pier that is in good condition. Based on the subject's location, sediments, grade, and amount of bedrock to be removed, development of a launch ramp at this pier should be considered in the future.

Purchase of this parcel also helps replace a shore fishing opportunity that was lost at the North Port Car Ferry and \$50,000 from the settlement of that lake access abandonment case will be used to offset the cost of this purchase. Net cost for the state is less than \$1,200 per front foot, an excellent land value for this area.

The Department recommends purchase of the property to establish a public access facility and provide the public opportunities for water recreation.

3. FINANCING:

State Stewardship bond funds (FY 11) are anticipated:

Funds allotted to program:	Balance after proposed transaction:
\$50,685,000	\$12,313,683

Comment: This property best replaces the shore fishing opportunity that was lost at the North Port Car Ferry and would be acceptable for the use of a \$50,000 court settlement.

4. ACQUISITION STATUS OF THE STATEWIDE PUBLIC ACCESS:

Established: 1969
Acres Purchased to Date: 1,188.46
Acquisition Goal: 838.65 Acres
Percent Complete: 142%
Cost to Date: \$9,200,063.83

5. APPRAISAL:

Appraiser: David Steiro
Valuation Date: May 6, 2010
Appraised Value Land: \$750,000.00
Appraised Value Improvements: \$300,000
Total Value: \$1,050,000
Highest and Best Use: Subdivision/recreational/multi-use

Allocation of Values – (Four-parcel subdivision and sellout):

Two waterfront cabin lots valuation:

- a. Market data approach: four comparable sales, \$260/square feet x 1951 = \$507,260
- b. adjusted value range: \$246 to 270 per square feet of cabin space

Marina valuation:

- a. Income approach
- b. \$22,344 Estimated Net Operating Income/.085 Cap. Rate = \$263,000 (Rounded)

Vacant lot with pier valuation:

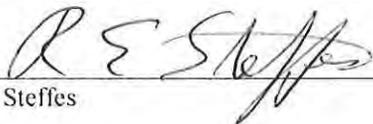
- a. Market data approach: five comparable sales, \$2,800 feet x 220 = \$616,000
- b. adjusted value range: \$2,350 to 3,142 per feet frontage

Final Correlation - (Net present worth): \$1,050,000*

Appraisal Review: Terry Gardon – June 14, 2010

*Comment: Reviewer completed an Opinion of Value based on this original Steiro report. The reviewer agreed with Steiro's market data to determine the value of the vacant waterfront parcel and pier at \$616,000. Likewise, the reviewer agreed with Steiro's income approach in valuing the marina parcel at \$262,871. The reviewer determined that the two cabin sites should be valued differently than Steiro's valuation based on market data values based on square feet of space offered by the cabins. The reviewer's opinion based both cabin sites on a \$/feet of frontage as supported by the same comparable sales in Steiro's report. The reviewer estimated the value of the two-cabin site at \$188,000 and the one-cabin site at \$317,9000. Both appraisers used a cash flow analysis to derive a present worth of the property based on an 8% reversionary factor and a two-year sellout of all parcels. The result of the analysis is the reviewer's indicated value of \$1,051,000, which the Department offered as the purchase price for this transaction.

RECOMMENDED:



 Richard E. Steffes

10-15-10
 Date



 Bureau of Legal Services

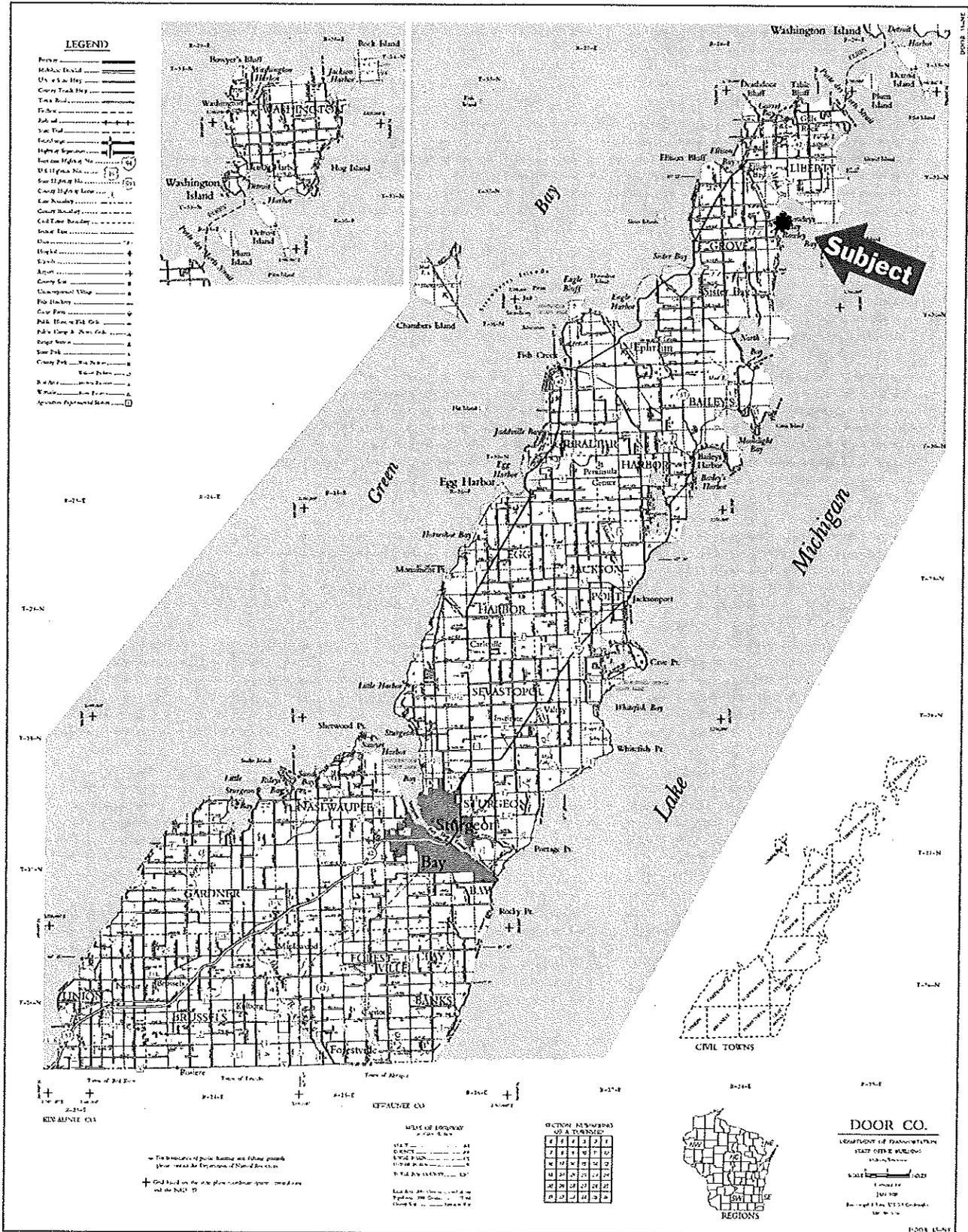
10-15-10
 Date



 Laurie Osterndorf

10-15-10
 Date

RES:ch



Wagon Trail Inc. Parcel

T32N R28E Section 25, Town of Liberty Grove, WI (4.80 Acres)



Legend

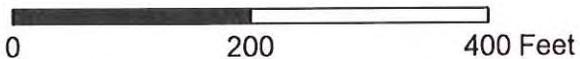
- - - PLSS Section Line
- PLSS Quarter-Quarter
-  DNR Project Boundary
-  DNR Eased
-  DNR Owned

Subject Property

FM 10095

Statewide Public Access

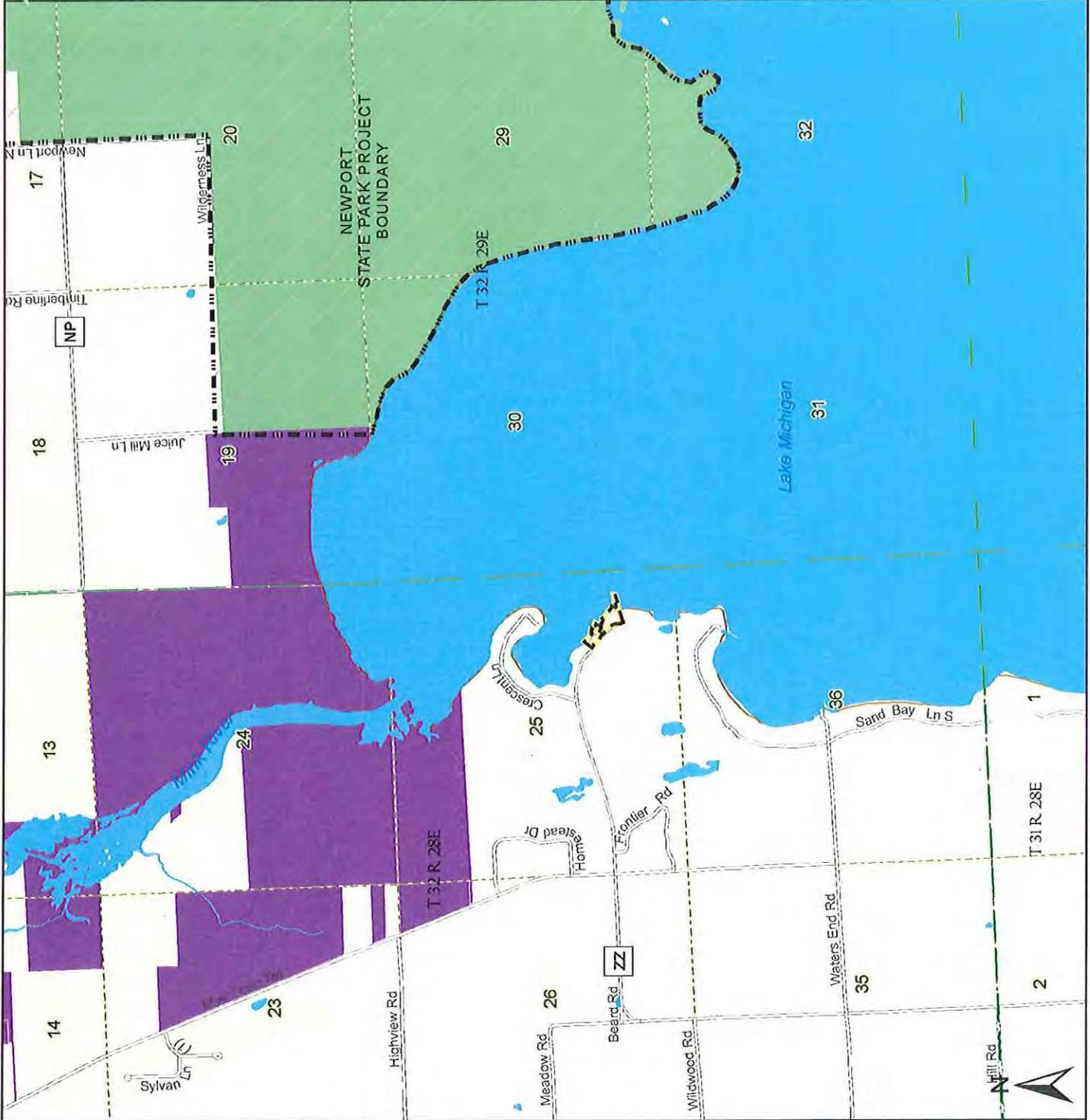
-  Fee Simple
-  Easement
-  Ingress/Egress




State of Wisconsin

August 17, 2010
Real Estate Section
Bureau of Facilities and Lands

Use Advisory: Neither the Wisconsin Department of Natural Resources (WDNR) 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 WDNR provides mapped information on an "as is" basis. The WDNR 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.



Wagon Trail Inc. Parcel
FM 10095

Statewide
Public Access

T32N R28E Section 25
Town of Liberty Grove
Door County, WI
(4.80 Acres)

Subject Property

- Fee Simple
- Easement
- Ingress/Egress

Legend

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



Subject Property *County View*

The DNR Managed Lands represent the boundaries of lands managed by the Wisconsin Department of Natural Resources. This Wisconsin DNR manages these lands through ownership, easement, or lease rights. This dataset is a spatial representation of the County and Record System maintained by the DNR, Bureau of Facilities and Lands, U.S. and may include errors and 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 general public access. Some lands represented in this data set may not be open to the general public, or may have specific limitations or restrictions on public use. This dataset is not intended for use as a land management tool; it is a listing of all DNR real estate transactions that have occurred on these lands over time. For information about the actual management, including public use and public access to 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/oaer/cz/enr/office/locations.htm>. Updates to this data set are ongoing, and will be incorporated into future versions when available.