

SUBJECT: LAND ACQUISITION AND PROJECT ESTABLISHMENT – MENOMINEE RIVER STATE PARK AND RECREATION AREA – MARINETTE COUNTY

FOR: OCTOBER 2010 BOARD MEETING

TO BE PRESENTED BY: Richard Steffes

SUMMARY: The Department has obtained an agreement to purchase 2,714 acres of land from Wisconsin Electric Power Company (WEPCO) for \$3,256,800 for the Menominee River State Park and Recreation Area in Marinette County. The item is being submitted because of the cost and for new project establishment.

The land is being acquired to protect the scenic values of the Menominee River and the associated natural resources, to provide opportunities for public recreation, and to build on existing state-owned river frontage in the area. Piers Gorge, which is the northern parcel, contains beautiful gorges and rapids while the southern section is more level except for the Quiver Falls area, which consists of scenic rocky gorges with significant drops in the river. The Menominee River in this reach has an average width exceeding 200 feet, providing boating, canoeing, fishing and scenic enjoyment. The project is needed to retain the Menominee River in its pristine, natural state while allowing for recreational use on the adjacent land and the river. This acquisition provides an additional 10.85 miles of river frontage to the north of existing state-owned lands along 6.3 miles of the river. The State of Michigan has an opportunity to acquire the land on the east bank of the Menominee across from this acquisition, thereby, protecting the scenic values along both banks. The land would be managed by both states for recreation and conservation.

This part of the Menominee River is a beautiful and valuable resource. It is undeveloped and contains numerous rock outcrops, rapids, deep pools and natural waterfalls. This proposal represents an opportunity to permanently protect the ecologically significant Menominee River with its spectacular scenic qualities. State purchase would be under the Recreation Areas statute (s. 23.091) using funds from the Knowles/Nelson Stewardship program.

Adjoining this purchase to the south and downstream, the Menominee River Natural Resources Area was established in January of 2000 to focus on the preservation of the scenic beauty of the river corridor and providing opportunities for compatible recreational uses. The 6.3 miles of wild and undeveloped river corridor provides many spectacular views, great fishing and a variety of water based recreation activities in addition to camping. Forest resources are managed according to the master plan with areas of old growth timber to protect the scenic beauty of the river and areas of species and age class diversity for wildlife habitat. Much of the area is forested with aspen with some pine, oaks and swamp conifers. The river's cool water fishery provides excellent fishing for northern pike, walleye, smallmouth bass and panfish. It also provides some fall fishing for sturgeon. The Menominee River is one of the Legacy Places documented in the Wisconsin Land Legacy Report. The existing project protects 1,962 acres. This existing state ownership will be renamed and included in the Menominee River State Park and Recreation Area. A public planning process undertaken in 1999 proposed acquisition of the WEPCO land if it became available in the future.

Acquisition of the WEPCO parcel will provide opportunities for public recreation, allow natural resource management, consolidate state ownership, and preserve the scenic, natural condition of the Menominee River. After site evaluation and a new public planning effort, portions of the area may be proposed for limited park development. The Department will engage the public in such planning and return to the Board for plan approval.

RECOMMENDATION: That the Board approve establishment of the Menominee River State Park and Recreation Area and approve the purchase of 2,714 acres of land for \$3,256,800

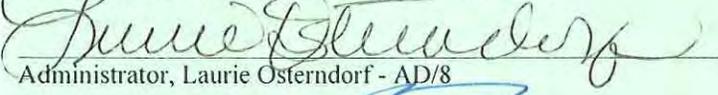
LIST OF ATTACHED MATERIALS:

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

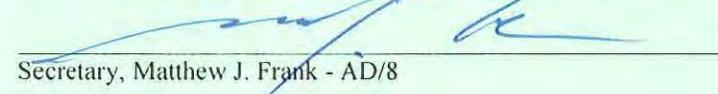
APPROVED:


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

10-6-10
Date


Administrator, Laurie Osterdorf - AD/8

10/12/10
Date


Secretary, Matthew J. Frank - AD/8

10-13-10
Date

- | | | |
|----------------------|--------------------------------|--------------------|
| cc: S. Miller – LF/6 | L. Ross – AD/8 | D. Schuller – PR/6 |
| R. Steffes – LF/6 | R. Kazmierczak – NER/Green Bay | |

CORRESPONDENCE/MEMORANDUM

DATE: October 6, 2010 FILE REF: PR-40095
 TO: Governor Doyle
 FROM: Matthew J. Frank *MJF*
 SUBJECT: Proposed Land Acquisition, We Energies Tract, File PR-40095,
 Approval is Requested By December 5, 2010.

1. PARCEL DESCRIPTION:

Menominee River State Park and Recreation Area
 Marinette County

Grantor:

Wisconsin Electric Power Company (WEPCO)
 dba WE Energies
 c/o James Raabe
 231 West Michigan Avenue
 Milwaukee, WI 53203

Acres: 2,714Price: \$3,256,800Appraised Value: \$2,714,000 and \$5,971,000Interest: Fee title acquisitionImprovements: None

Location: Most of the property is located in Marinette County in the Towns of Niagara and Pembine about 10 miles southeast of Niagara. The Piers Gorge portion is just downstream of Niagara.

Land Description: The subject land varies from modest slopes toward the river to rugged gorges.

Water Resources: There are 10.85 miles of Menominee River frontage on the west side of the river.

<u>Covertypes Breakdown:</u>	<u>Type:</u>	<u>Acreage:</u>
	Wooded Upland	2,470
	Lowland	244
	TOTAL:	2,714

Zoning: ForestryPresent Use: Timber Management, Outdoor RecreationProposed Use: Resource Protection and Public Outdoor RecreationAgreement Date: October 5, 2010Property Tax: \$85,938

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.

2. JUSTIFICATION:

The 2,714-acre Wisconsin Electric Power Company (WEPCO) parcel is recommended for purchase for the new Menominee River State Park and Recreation Area. The land is being acquired to protect the scenic values of the Menominee River and the associated natural resources, to provide opportunities for public recreation, and to consolidate state ownership in the area. Piers Gorge, which is the northern parcel, contains beautiful gorges and rapids while the southern section is relatively more level except for Quiver Falls area, which consists of scenic rocky gorges with significant drops in the river. This project is



intended to retain the Menominee River in its pristine, natural state while allowing for recreational use on the adjacent land and the river. The State of Michigan has an option to acquire 2,304 acres and 10 miles on the east bank of the Menominee across from this acquisition thereby protecting the scenic values along both banks. Due to the timing of its funding, the State of Michigan will not be able to act until next summer. The land, if acquired, would be managed by both states for recreation and conservation. This acquisition provides an additional 10.85 miles of river frontage to the north of existing state-owned lands along the river. The Department recommends purchase to provide opportunities for public recreation, to allow natural resource management, to consolidate state ownership, and to preserve the scenic, natural condition of the Menominee River.

The Menominee River Natural Resources Area was established in January of 2000 to focus on the preservation of the scenic beauty of the river corridor and providing opportunities for compatible recreational uses. The 1,962 acres and 6.3 miles of wild and undeveloped river corridor provides many spectacular views, great fishing and a variety of water based recreation activities in addition to camping. Forest resources are managed according to the master plan with areas of old growth timber to protect the scenic beauty of the river and areas of species and age class diversity for wildlife habitat. Much of the area is forested with aspen with some pine, oaks and swamp conifers. The river's cool water fishery harbors northern pike, walleye, smallmouth bass and panfish. It also provides some fall fishing for sturgeon. The Menominee River is one of the Legacy Places documented in the Wisconsin Land Legacy Report. The existing state land will be renamed and included in the Menominee River State Park and Recreation Area.

This part of the Menominee River is a beautiful and valuable resource. It is undeveloped and contains numerous rock outcrops, rapids, deep pools and natural waterfalls. This proposal represents an opportunity to permanently protect the ecologically significant Menominee River with its spectacular scenic qualities. State purchase would be under the Recreation Areas statute (s. 23.091) using Steward funds.

Under terms of a 1997 settlement agreement, WEPCO has agreed to preserve most of the land until 2040. However, 677 acres may be developed at any time. This purchase proposal retires a proportionate part of the 677 acres available for residential or commercial development. Thus, the 677 acres of developable land is reduced by 366 acres (portion allocated to Wisconsin). Therefore, 311 acres could be developed in Michigan under terms of an amended settlement agreement.

The Department recommends the acquisition of the WEPCO parcel to provide opportunities for public recreation, to allow natural resource management, to consolidate state ownership, and to preserve the scenic, natural condition of the Menominee River. If approved, the Department will develop a master plan with local input for future uses of the land. Certain portions of the property may be proposed for limited park development in that planning process. The Department will engage the public and local officials in that process and return to the Board for plan approval.

3. FINANCING:

State Stewardship bond funds are anticipated:

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

4. ACQUISITION STATUS OF THE MENOMINEE RIVER STATE PARK AND RECREATION AREA:

Established: 2010*
Acres Purchased to Date: 1,962
Acquisition Goal: 4,834 Acres
Percent Complete: 40.6%
Cost to Date: \$0

*Comment: Subject to Board and Governor approval pursuant to s. 23.14 of Wisconsin Statutes.

Note: The acres to date are primarily lands donated in 2000 to the Department. Acreage goal for the natural resources area currently is 2,120, which is now being incorporated into the new park and recreation area.

5a. APPRAISAL:

Appraiser: William Steigerwaldt
Valuation Date: August 31, 2010

Appraised Value:

Total: \$5,018,000
Wisconsin: \$2,714,000
Michigan: \$2,304,000

Highest and Best Use: Forestry
Allocation of Values:

- a. land: 2,714 acres @ \$1,000 per acre: \$2,714,000
- b. market data approach used, five comparable sales cited
- c. adjusted value range: \$932 to \$1,329 per acre

Appraisal Review: Peter Wolter – October 1, 2010

5b. APPRAISAL:

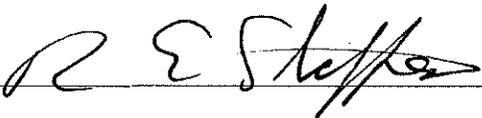
Appraiser: Robert Karls
Valuation Date: September 10, 2010

Appraised Value:

Total: \$11,040,000
Wisconsin: \$ 5,971,000
Michigan: \$ 5,069,000

Comment: Both appraisers valued the entire 5,018 acres that We Energies owns in both states. The appraiser each allocated a proportionate per-acre amount in Wisconsin and Michigan. Wisconsin has 10.85 miles of the river and 2,714 acres while Michigan has 10 miles and 2,304 acres. Mr. Steigerwaldt discounted value more heavily for the development limitations of the existing settlement agreement, which protects 87% of the land until 2040.

RECOMMENDED:

Richard E. Steffes 

10-6-10
Date

Bureau of Legal Services 

10-8-10
Date

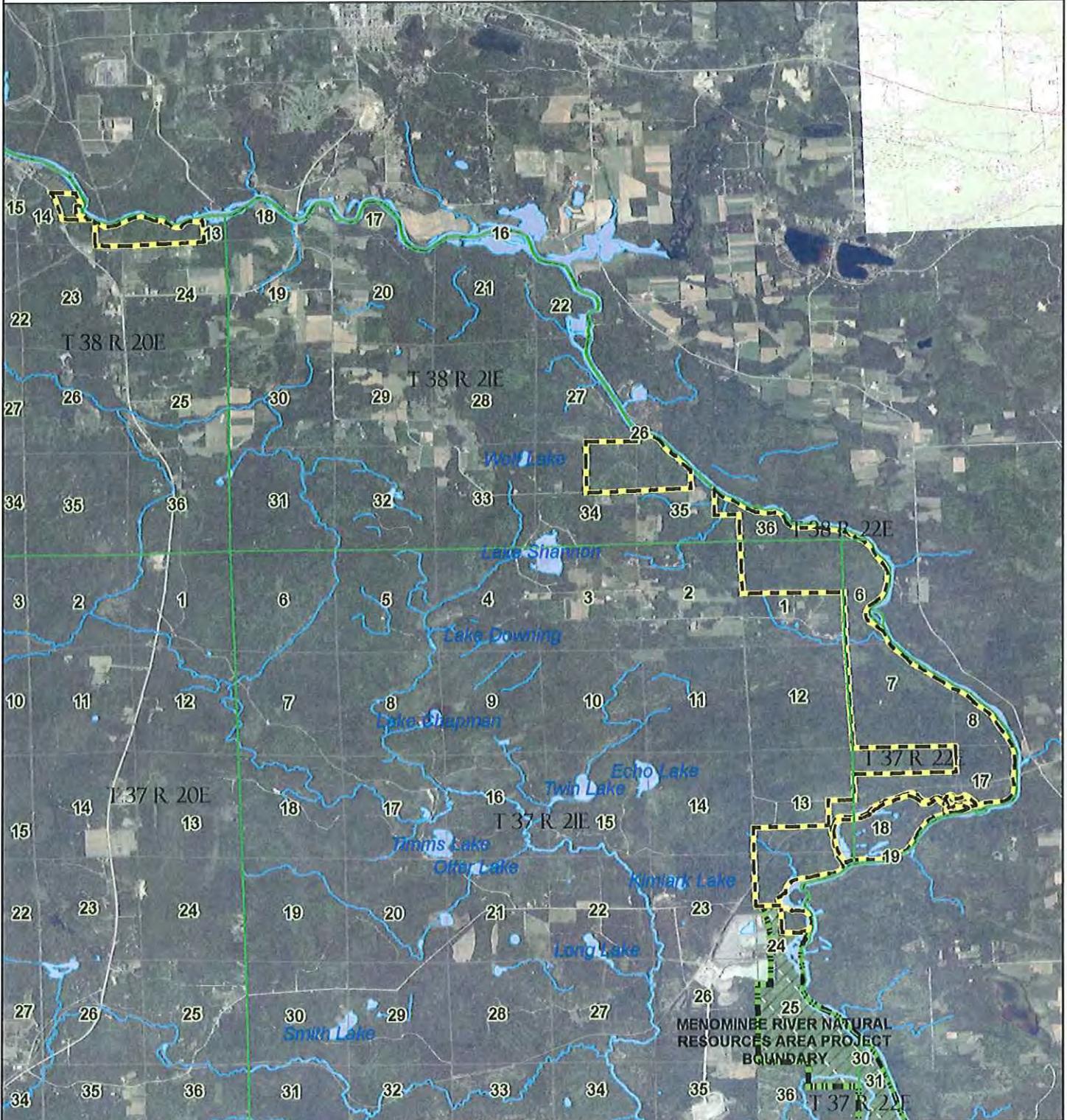
Laurie Osterndorf 

10/2/10
Date

RES:dv

Wisconsin Electric Power Company Parcels

T38N and R20 & 21 & 22E; T37N and R21 & 22E, Marinette County, WI (2,746 Acres)



Legend

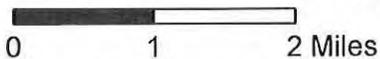
- PLSS Section Line
- PLSS Quarter-Quarter
- DNR Project Boundary
- County Boundary
- DNR Eased
- DNR Owned

Subject Property

PR 40095

Menominee River State Park and Recreation Area

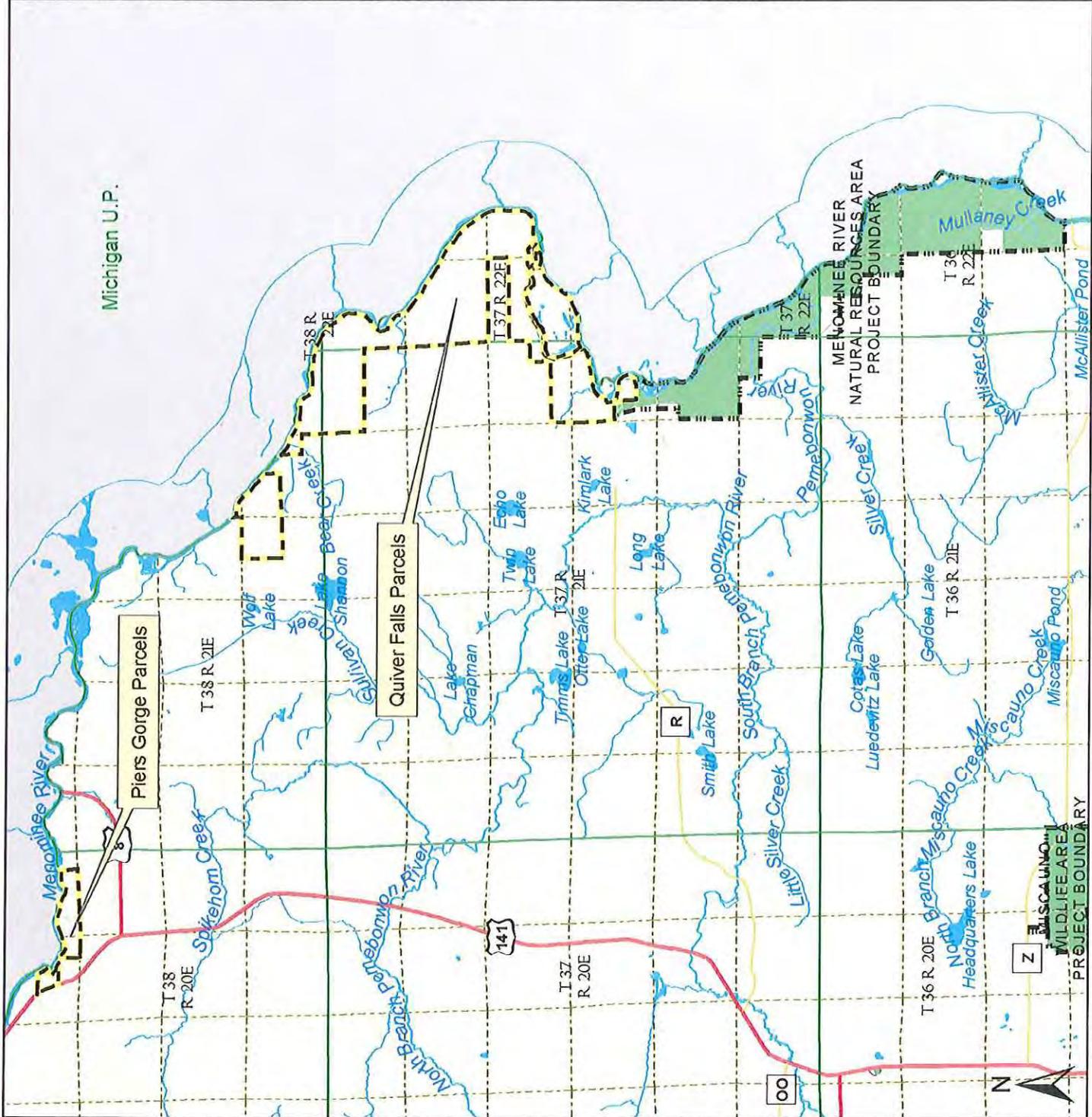
- Fee Simple
- Easement
- Ingress/Egress



State of Wisconsin

September 9, 2010
Real Estate Section
Bureau of Facilities and Lands

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Wisconsin Electric Power Company Parcels

PR 40095

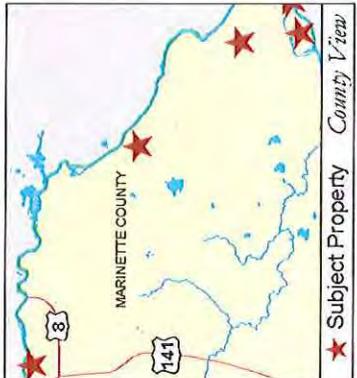
Menominee River State Park and Recreation Area

T38N and R20 & 21 & 22E
T37N and R21 & 22E
Marinette County, WI
(2,746 Acres)

- Subject Property**
- Fee Simple
 - Easement
 - Ingress/Egress

Legend

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



The DNR Managed Lands represent the boundaries of lands managed by the Wisconsin Department of Natural Resources. The Wisconsin DNR manages these lands through ownership, easement or lease rights. This dataset is a spatial representation of the Official Land Records System maintained by the DNR, Bureau of Facilities and Lands (BFL), 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 general public access. Some lands may 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 of the lands, contact the nearest DNR Regional office. Contacted information for DNR Regional Offices and Service Centers is provided on the following internet site: <http://www.dnr.state.wi.us/org/office/officecontacts.htm>. Updates to this data set are ongoing, and will be incorporated into future versions when available.