

CHECKLIST ENVIRONMENTAL ASSESSMENT

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| Project Name: | Valley County Land Banking Sale |
| Proposed Implementation Date: | Spring 2015 |
| Proponent: | Kenneth R. Greenwood |
| Location: | SW4 NW4, Section 29, Twp 35N, Rge 42E; Common Schools – Sale 720 NE4 NW4, S2NW4, Section 25 Twp 35N. Rge 41E; Western Eastern Sale – Sale 721 SW4SE4 Section 25 Twp 35N. Rge 41E; Western Eastern Sale – Sale 722 S2 NE4, SE, NE4SW4, Section 30, Twp 35N, Rge 42E; Common Schools – Sale 723 480 acres |
| County: | Valley County |

I. TYPE AND PURPOSE OF ACTION

Offer for sale at public auction, four parcels encompassing 480 acres of State trust land currently held in trust for the Common School and Eastern / Western trust beneficiaries.

Revenue from the sale would be deposited in a special account used to purchase replacement land meeting acquisition criteria related to legal access, productivity, and potential income which would then be held in trust for the beneficiary. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature. The purpose of the program is to diversify the land portfolio of the various trusts, improve the sustained rate of return to the trusts, improve access to state trust land, and consolidate ownership.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

| DATE | GROUP AND / OR INDIVIDUALS CONTACTED |
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February 6, 2015

Montana Environmental Policy Act - Public Scoping

Individuals and organizations contacted:

Trust Land lessees, adjacent landowners, County Commissioners, Negotiated Rulemaking Committee Members and DFWP Region 6.

Written comment was received from DFWP. DFWP did not oppose sales 720 and 723 due to the proximity of homes limiting recreational use. DFWP opposed sales 721 and 722 of conversion of native range to cropland and the potential loss of recreational use.

Oral comment was received from three individuals inquiring about the sale process. One person commented that the value of the lease

improvements should be established prior to sale rather than as a negotiated value post sale.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None

3. ALTERNATIVES CONSIDERED:

Alternative A- No action, do not sell Trust Land.

Alternative B- Sell Trust Land

| III. IMPACTS ON THE PHYSICAL ENVIRONMENT |
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| <ul style="list-style-type: none">• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i>• <i>Enter "NONE" if no impacts are identified or the resource is not present.</i> |
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4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

These parcels are a combination of rolling grazing lands, farm land and previously farmed lands now planted to tame pasture. The property is typical of the area and does not contain any unusual geologic features. Tally sandy loam (class IV), Farnuf loam (class III), and Farnuf-Tinsley-Reeder association (class V) make up 70 % of the rangeland soil types while the remaining 30 % is comprised of various soil types ranging from class III - class VI soil types.

No direct, indirect or cumulative effects are anticipated.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

Bog Coulee contains an intermittent stream which crosses the west half of Section 30. Six water rights exist within Section 30 (4 active and 2 withdrawn) while no water rights currently exist on either Section 29 or Section 25.

No impact is expected. No direct, indirect or cumulative effects are anticipated.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

The parcels are located within a class II air shed.

No direct, indirect or cumulative effects are anticipated.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

The vegetation is typical for the area including western wheatgrass (*Agropyron smithii*), green needle (*Stipa viridula*), and needle and thread (*Stipa comata*) and native forbs. 82 acres in the NE4 were farmed at one time and are currently planted to crested wheatgrass (*Agropyron christatum*). A search of the Montana Natural Heritage Program database indicates there are no known rare, unique cover types or vegetation on the tracts.

DFWP provided comment in opposition to sales 721 and 722 citing risk of conversion of native range to cropland and the potential loss of recreational use. A 46 acre portion of the 120 acres in Sale 721 has previously been farmed had been enrolled in the CRP. Conversion of the remainder of this 120 acre to farm ground is unlikely due to topography however there is greater potential of conversion in private ownership than if the property remained in state ownership.

Vegetation may be affected by numerous land management activities including livestock grazing, conversion to cropland, development, or wildlife management. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this land is typical of land throughout the vicinity and there are no known rare, unique cover types or vegetation on these tracts.

No direct, indirect or cumulative effects are anticipated.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

A variety of wildlife species including whitetail deer, mule deer, antelope, fox, coyote, upland game birds and non-game birds use these tracts during various times of the year. No seasonal concentrations of wildlife are known to exist on the tracts.

No direct, indirect or cumulative effects are anticipated.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

A search of the Natural Heritage Resource (NHR) data base did not identify habitat for any threatened or endangered species. NHR does not list any animal or plant species as "species of concern" or "potential species of concern" within either of the townships where the parcels are located. The parcels are located within the DFWP classification of general sage grouse habitat; however, these parcels do not contain suitable sage grouse habitat.

No direct, indirect or cumulative effects are anticipated

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

A Class III intensity level cultural and paleontological resources inventory was conducted of the parcels of state land proposed for sale. Despite a detailed examination, no cultural or fossil resources were identified and no additional archaeological or paleontological investigative work is recommended. The proposed land sale will have *No Effect* to *Antiquities* as defined under the Montana State Antiquities Act. A formal report of findings is in preparation and will be filed with the DNRC and the Montana State Historic Preservation Officer.

No direct, indirect or cumulative effects are anticipated

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

The parcel is typical of lands located adjacent to farm and ranch headquarters with aesthetics reflecting agricultural and livestock use.

No direct, indirect or cumulative effects are anticipated.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

Sale of the parcel does not require use of any limited natural resources.

No direct, indirect or cumulative effects are anticipated.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

No other environmental documents pertinent to this area are known to exist.

No direct, indirect or cumulative effects are anticipated.

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| IV. IMPACTS ON THE HUMAN POPULATION |
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| <ul style="list-style-type: none">• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i>• <i>Enter "NONE" if no impacts are identified or the resource is not present.</i> |
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14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

Sale of the property would not result in any impacts to human health or safety.

No direct, indirect or cumulative effects are anticipated.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

Existing land uses are expected to continue contributing no increase in commercial or agricultural production.

No direct, indirect or cumulative effects are anticipated.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The sale of the parcel would have no effect on the quality or distribution of employment.

No direct, indirect or cumulative effects are anticipated.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

The parcels would move from tax exempt status to taxable status, which will provide income to the county. On average grazing land contributes \$1-\$2 per acre tax revenue resulting in \$480 - \$960 of new tax base for Valley County.

No direct, indirect or cumulative effects are anticipated

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

The sale of the parcel would have no effect on the demand for government services.

No direct, indirect or cumulative effects are anticipated.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

Valley County has not adopted land zoning designations. No other local, state or federal management plans exist for the parcel.

No direct, indirect or cumulative effects are anticipated.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

Sales 720 and 723 have legal access and average hunting potential. However, the ranch headquarters are located immediately adjacent to this parcel and an older homesite and livestock handling areas exist on the parcel. Due to the presence of an occupied dwelling firearm discharge is prohibited by state rule and effectively eliminates recreational use of the majority of the property. Please see attached map.

Sales 721 and 722 are isolated and do not have legal access.

DFWP, Region 6 opposed sale of parcels 721 and 722 due to the potential loss of recreational use and the higher likelihood that these parcels would be broken again for farming. Both parcels involved in sales 721 and 722 are legally isolated. Access for recreational use is dependent upon permission to cross private land. Proceeds from sale of these lands would be deposited in the Land Banking fund and would be used to purchase lands with public access.

No direct, indirect or cumulative effects are anticipated.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

This sale proposal will not result in any need for additional housing nor affect population.

No direct, indirect or cumulative effects are anticipated.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

This sale proposal will not result in any change to native or traditional lifestyles. No direct, indirect or cumulative effects are anticipated.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

The parcels do not exhibit any unique qualities.

No direct, indirect or cumulative effects are anticipated.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

Sale 720 (Common schools) has been enrolled in the Conservation Reserve Program earning \$10.91 per acre annually with the contract ending in 2013. The forty acre parcel was hayed in 2014 returning \$171 or \$4.28 per acre. Annual hay income is expected to average \$15 per acre. Assuming the expired CRP land would be valued \$750 reflecting an agricultural highest and best use the rate of return is projected to be 2%.

Sale 721 (Western Eastern) This 120 acre parcel has been enrolled in the CRP earning \$10.91 per acre with the contract ending in 2014. The parcel was hayed in 2014 earning \$22.87 per acre. Annual hay income is expected to average \$15 per acre. Assuming the expired CRP land would be valued \$750 per acre reflecting an agricultural highest and best use and the grass land at \$400 per acre the rate of return is projected to be 1.5%.

Sale 722 (Western Eastern) This forty acre parcel produces 7 AUM earning \$108 annually at \$14.41 an AUM. Assuming a sale value of \$400 per acre the projected rate of return is .06%

Sale 723 (Common Schools) Section 30 contains 31.85 of CRP, 81.5 acres of agricultural land and 166 acres of grazing land. The CRP contract will expire in 2014 and is not likely to be accepted for re-enrollment. The expired CRP land would likely be hayed generating approximately \$15 per acre. The 81.50 acres of agricultural land has earned on average \$28 per acre. The 166 acres of grazing land produces 54 AUM earning \$778 annually. Assuming the expired CRP land would be valued \$750 per acre reflecting an agricultural highest and best use the rate of return and the agricultural land valued at \$750 per acre and grass land at \$400 per acre the expected rate of return is 2.35%

An appraisal of the property value has not been completed. Assuming a value of \$400 per acre grassland and \$750 per acre cropland the current annual return on the asset value for these tracts range from .06% to 2.3%. Average income rate of return on acquisitions with income generated from annual lease payments is 2.4%. This would indicate an equal or higher return on asset value could be expected under Alternative B.

These parcels are adjacent to a homesite, contain an older home site and intensive livestock use areas. Sale and private management of these lands and replacement with agricultural lands would simplify State trust land management.

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| EA Checklist Prepared By: | Name: Clive Rooney | Date: 03/25/15 |
| | Title: NELO Area Manager | |

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B – Sale. These parcels have no unique attributes and are difficult to manage due to the proximity of home sites and intensive livestock use areas. These parcels contribute average income from grazing and crop rental to the eastern / western and common school trusts. Two of these parcels have legal access but low recreational utility due to the proximity of home sites. Sale and purchase of replacement land will generate equal or more income and provide for public recreational access.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

No significant impacts are anticipated as a result of sale.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:☐

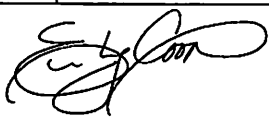
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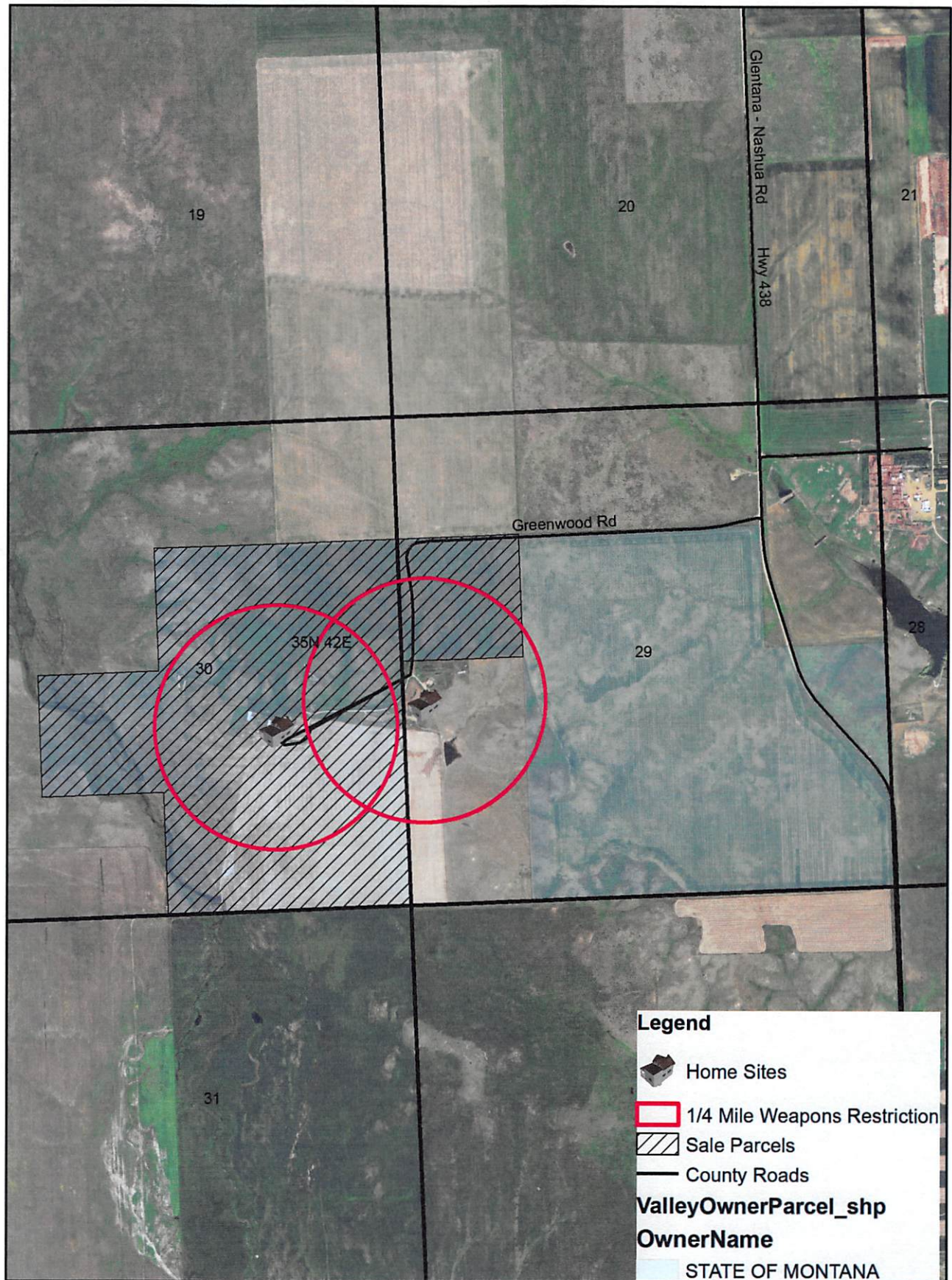
More Detailed EA

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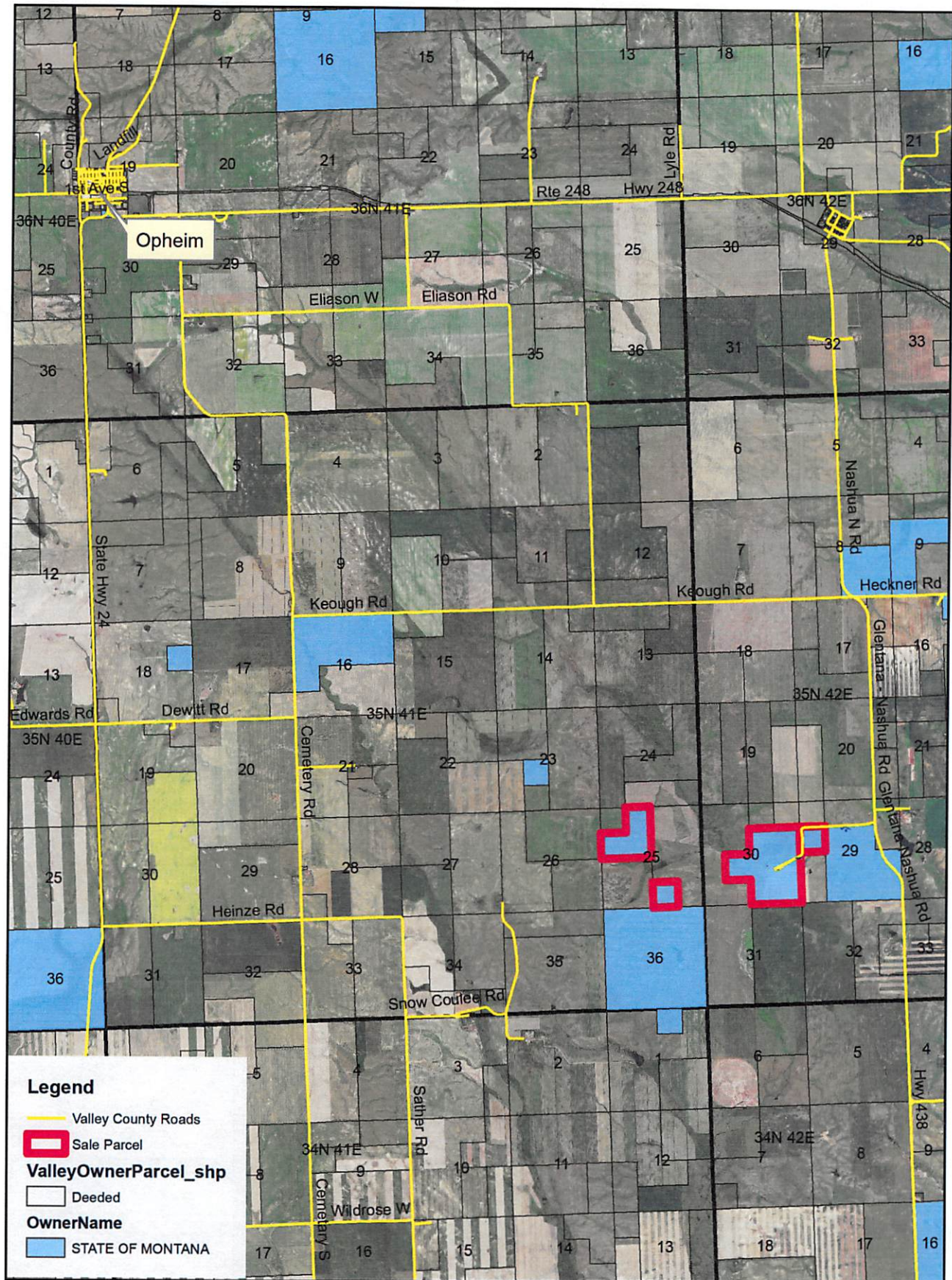
No Further Analysis

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| EA Checklist Approved By: | Name: Emily Cooper |
| | Title: Lands Section Supervisor |
| Signature:  | |
| Date: 4/6/2015 | |

Proposed Land Parcels For Sale



Proposed Trust Land Parcel Sales Valley County



Legend

Valley County Roads

 Sale Parcel

ValleyOwnerParcel_shp

☐ Deeded

OwnerName

 STATE OF MONTANA

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**Montana Fish,
Wildlife & Parks**

February 19, 2015

Clive Rooney
Northeastern Land Office
PO Box 1021
Lewistown, MT 59457

FEB 23 2015

RE: Comments regarding the proposed sale of four parcels in Valley County

Parcel 1: S $\frac{1}{2}$, NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S30, T35N, R42E- 280 acres

Parcel 2: SW $\frac{1}{4}$ NW $\frac{1}{4}$, S29, T35N, R42E- 40 acres

Parcel 3: NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, of S25, T35N, R41E- 120 acres

Parcel 4: SW $\frac{1}{4}$ SE $\frac{1}{4}$, of S25, T35N, R41E- 40 acres

Dear Clive:

I am writing to comment on the proposal to sell four parcels of School Trust land located in Valley County at the above stated locations.

While reviewing this sale proposal, MFWP places the most focus on the habitat that the sale parcels contain, habitat that could be lost if the land use changes following sale to a private individual. Also, MFWP focuses heavily on the public opportunity for recreation that those sale parcels represent, opportunity which could also be lost following a sale.

MFWP is not opposed to the sale of parcels 1 and 2. MFWP agrees that the opportunity for public hunting and recreation on these parcels is limited greatly by the presence of the homes and the heavy cattle use area. While parcel 1 contains native range, based on its location, there is likely little threat of conversion to cropland.

MFWP does not recommend the sale of parcels 3 and 4. Both of these parcels contain native range that, if sold, runs a higher risk of being converted for agricultural use. Parcel 4, while only 40 acres, lies directly adjacent to a 640 acre section of native rangeland, which is not offered for sale. This adjacent 640 acre section can currently be used to legally access Parcel 4. Although Parcel 3 does not have permanent legal access, MFWP believes that the opportunity for the public to recreate on this property is still greater in its current ownership, than if the ground was sold to a private owner.

Thank you for the opportunity of comment on this matter.

Sincerely,

Tom Flowers
Regional Supervisor

Cc: Mark Sullivan, Drew Henry, Deb O'Neil, MFWP

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

Trust Land Management Division



STEVE BULLOCK, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074
TELEFAX NUMBER (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

March 2, 2015

MEMORANDUM

TO: Clive Rooney, NELO Area Manager

FR: Monte Mason, MMB Chief

RE: Proposed Valley County Land Banking Sale Parcels
T35N-R42E, Sections 29 and 30
T35N-R41E, Section 25

Township 35 North, Range 42 East, Sections 29 and 30

Minerals owned: All

- No commercial coal or metal/non-metal mineral potential.
- Tracts were leased for oil and gas in 2012 and are currently leased. They were previously leased in 1978 and 2005. No exploration activity has taken place on either section. Two Bakken wildcat wells were drilled in the area in 2005-2006, one 8 miles WNW and one 7 miles ESE. Both were unsuccessful and have been plugged and abandoned. Oil and gas potential is therefore very speculative – I would give it a “low” potential classification.

While retaining surface ownership has oil and gas management value, these tracts do have the benefit of legal access.

Township 35 North, Range 41 East, Section 25

Minerals owned: Coal and Other

- No commercial coal or metal/non-metal mineral potential.

Please contact me if there are any questions. Thanks.