

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Alton Ranch Land Banking Tract
Proposed Implementation Date:	Fall 2005
Proponent:	Alton Ranch Inc, grazing lessee
Location:	LOTS 1_2_ N2_N2SW4
County:	Madison

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, 479.08 acres of state land currently held in trust for the benefit of Public Schools. Revenue from the sale would be deposited in a special account used to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income and proximity to existing state ownership which would then be held in trust for the benefit of Public Schools. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature. The purpose of the program is for the Department of Natural Resources and Conservation to overall, diversify uses of land holdings 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.

A letter was distributed in September 2004 to all state surface lessees informing them of the Land Banking Program and requesting nominations be submitted by lessees between October 1, 2004 and January 31, 2005.

A legal notice was published in the Madisonian on February 24 and March 3, 2005 requesting comments be submitted on the proposal by March 11, 2005.

A letter, requesting comments be submitted by March 11 was sent to interested parties including adjacent landowners (listed on the Land Ownership data base of the Natural Resources Information System administered by the Montana State Library), the Madison County Commissioners, the Montana Department of Fish Wildlife and Parks and members of the Negotiated Rulemaking Committee who participated in writing the Administrative Rules for the Land Banking Program. A complete list of the individuals contacted is included in Attachment B of this EA.

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

None

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Offer approximately 479.08 acres of State Land for sale at Public Auction and subject to Statutes addressing the Sale of State Land found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. Proceeds from the sale would be deposited in the Land Bank Fund to be used in conjunction with proceeds from other sales for the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts, in this case Common Schools.

No Action Alternative: Defer inclusion of this tract in the Land Banking Program, maintain state ownership of this tract at this time and continue to lease the grazing values.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

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.

Soils on the tract are generally deep and well drained typical of terraces and footslopes throughout the Madison River valley, are moderately erosive and suitable for rangeland and agricultural production. There is little potential for mineral development although the potential sale of the property would not include mineral rights. No direct or cumulative impact to soils is anticipated as a result of the proposal.

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.

This tract is located approximately 2 miles from the Madison River. There are two small perennial streams in the north half of the section and an irrigation ditch flowing north across the east half of the tract from Moran Creek. The two small streams flow east to Blaine Spring Creek prior to flowing into the Madison River. No direct or cumulative impacts to water quality are anticipated as a result of the proposal.

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 tract of land is located approximately six miles south of Ennis Mt. Air quality is currently good. Impacts to air quality may result from a variety of activities including road use, agricultural burning, wildfires, industrial development, vehicle emissions or heating system emissions among others. It is unknown what land use activities may be associated with a change in ownership, however the tract is a very small percentage of the valley airshed and we do not expect direct or cumulative effects would occur to air quality as a result of the proposal.

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 dominated by big sagebrush, bluebunch wheatgrass, needle and thread, blue grama, and native forbs. Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management or agricultural use. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this tract is typical of a land throughout the vicinity and there are no known rare, unique cover types or vegetation on the tract. We do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

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.

The tract of state land is used by a variety of wildlife species typical of use on undeveloped lands throughout the Madison Valley. A variety of wildlife species including mule deer, whitetail deer, elk, occasional moose, antelope, fox, coyotes, black bear, mountain lion and numerous non-game birds use the tract during various times of the year. Surrounding lands to the west are winter range for elk and mule deer and consequently winter use by both species occurs on the state land. Wildlife populations can be affected by land use activities associated with livestock grazing, residential development or agricultural practices. It is unknown what land use activities may be associated with a change in land ownership however, there are no unique or critical wildlife

habitats associated with the state tract and we do not expect direct or cumulative wildlife impacts would occur as a result of implementing the proposal.

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.

Occasional use by Bald Eagles may occur on the state land due to it's proximity to the Madison River two miles to the east. However there are no nesting sites, primary use or home range areas identified on the state land.

Occasional use by Grizzly bear or wolf could possibly occur on the state land due to it's proximity to the Greater Yellowstone region. However, no occurrence on the state tract has been established and no important habitat is present. No direct or cumulative impact to Threatened, Endangered or unique wildlife is anticipated as a result of the proposal.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

The presence or absence of antiquities is presently unknown. A class III level inventory and subsequent evaluation of cultural and paleontologic resources will be carried out if preliminary approval of the parcel nomination by the Board of Commissioners is received. Based on the results of the Class III inventory/evaluation the DNRC will, in consultation with the Montana State Historic Preservation Officer, assess direct and cumulative impacts.

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.

There are no prominent topographic features on the state land. Adjacent land to the north of the tract has been subdivided and the tract is visible from some of the residences in the subdivision. However, the state land does not provide any unique scenic quality not also provided by adjacent lands. No direct or cumulative impact to aesthetics is anticipated as result of the proposal.

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.

This 480 acre tract is part of the common school trust of which there are more than 4.6 million acres within the state, 100,000 acres within Madison County and 20,000 acres in the upper Madison River Drainage. This tract is currently the only tract in Madison County under consideration for sale under the Land Banking Program. The statutes limit the sale of trust land to a maximum of 20,000 acres prior to purchasing replacement lands. The potential sale of this tract would affect an extremely small percentage of the common school trust land if replacement land was not purchased before the statute expires and even less impact if replacement land is purchased as anticipated.

The potential transfer of ownership would not have any impact or demands on environmental resources of Land water, air or Energy.

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.

Grazing Lease Range evaluations have been conducted on this tract and are in the Department files. The tract is managed under a NRCS Ranch Management Plan.

This 480 acre tract is part of an initial proposed sale of state land not to exceed 20,000 acres within the state and under concurrent analysis. There are no known state or federal actions in the vicinity and no known future actions proposed by the state which would have cumulative impacts with this proposal..

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

No impacts to human health and safety would occur as a result of the proposal..

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

The tract of land is currently leased for grazing purposes (92 Unit Months). The current lessee, Alton Living Trust, submitted the Nomination for Sale of the tract. The Alton Ranch owns substantial acreage adjacent to the state lease which it manages for livestock grazing under a conservation easement and wishes to incorporate the state land into its deeded ownership. The lessee by statute has an opportunity to meet the high bid of any prospective purchaser. Land in two sections adjacent to the north of the state tract have been subdivided and developed into residential lots. There is no legal public access to the state land which is surrounded entirely by private lands. Potential purchasers therefore are adjacent private landowners. The state land is currently not zoned.

There is an easement for a private road right-of-way along the north section line. The road serves as access for private landowners in section 25 and 30. The potential sale of the state land would be subject to all existing easements and would not affect the rights of easement deed holders.

It is unknown if a change in use would occur if the tract was transferred to another owner. Any future change in land use would be subject to review under state and local regulations intended to address impacts to local industrial, commercial and agricultural activities. No direct or cumulative impacts are anticipated as a result of the proposal.

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 proposal would have no affect on quantity and distribution of employment.

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.

Currently the tract is not assessed taxes. If the property were to be sold and purchased by a private land owner, it is estimated Madison County would receive approximately \$221.00 per year in assessments.

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 proposed sale would not have an impact on government services.

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.

The tract is currently not zoned. The current grazing lease is operated under a NRCS Ranch Management Plan.

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.

The tract of state land does not provide access to any recreational or wilderness areas in the vicinity. The Madison River, located 2 miles east of this tract is heavily used for recreational purposes but is not affected by activities on the trust land. Recreational use of the state land is limited by access rights. Consequently adjacent landowners and acquaintances use the state land throughout the year for general recreational uses such as walking wildlife watching, possible horseback riding etc. The same users also hunt deer and antelope on the tract during the fall hunting season.

The potential transfer of ownership on this tract may have an impact on the ability of the adjacent landowners to continue their use this land for recreational purposes. It is unknown what recreational uses would be allowed under different ownership.

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.

The potential ownership transfer of this tract would not require additional housing or impact population changes. It is unknown what land uses would occur under new ownership. Any future proposal to develop the property and increase housing would be subject to review under state and local regulations.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

The Madison River Valley like most river systems and scenic areas in Montana has a rich history and ranching tradition that is continually encroached upon by surrounding residential and recreational development. This state tract has more than 1200 acres of subdivided residential land adjacent to the north and more than 7,000 acres of ranchland managed under a conservation easement adjacent to the south, east and west.

The potential sale of the state land will not directly or cumulatively impact cultural uniqueness or diversity. It is unknown what management activities would take place on the land if ownership was transferred. The tract was nominated by the lessee with the intent of purchasing the tract and incorporating the land into its operations.

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.

The tract currently has a grazing lease for 92 Animal Unit Months (.20 acres/AUM) at a rate of \$5.48/AUM and generating an income of \$504.16 or approximately \$1.05/acre in 2004. The average annual income for the past 5 years has been \$480.65. The average income per acre for the past 5 years therefore is approximately \$1.00/acre. Based on the DNRC Annual Report for Fiscal Year 2004, the average income for the 4.3 million acres of grazing land was \$1.28/acre with an average productivity of .25 acres/ AUM. Therefore this tract is considered below average in productivity and producing below average revenue per acre. There is no indication

the tract, if remaining in state ownership, would be used for purposes other than grazing and it is likely the future income would remain relatively stable.

An appraisal of the property value has not been completed to date. Under DNRC rules, the appraisal would be conducted after preliminary approval to proceed is granted by the Board of Land Commissioners and the Department is conducting more detailed evaluations in order to make a final determination on whether to offer the tract for sale. However, at this time, given the real estate Market in the Madison Valley, we believe the value of this tract is above the average value of trust lands in the state. The revenue generated from the sale of this tract is intended to be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. It is anticipated the replacement property would have legal access and be adjacent to other trust lands which would provide greater management opportunities and income. If replacement property was not purchased prior to the expiration of the statute, the revenue would be deposited into the permanent trust for investment. Conservatively assuming an appraised value of \$1000/acre, the current annual return on the asset value for this tract is .11%.

EA Checklist Prepared By:	Name: Garry Williams	Date: March 17, 2005
	Title: Area Manager, Central Land Office	

V. FINDING

25. ALTERNATIVE SELECTED:

I have selected the proposed alternative, recommend the tract receive preliminary approval for sale and continue with the Land Banking process.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I have evaluated the comments received and potential environment affects and have determined significant environmental effects would not result from the proposed land sale. The tract does not have any unique characteristics, critical habitat or environmental conditions indicating the tract should necessarily remain under management by the Department of Natural Resources and Conservation. There are no indications the tract would produce substantially greater revenue or have substantially greater value to the trust in the near future.

The majority of comments received on the proposal were from adjacent land owners in the subdivision north of the state land who receive the recreational and aesthetic benefits of the state land. The primary concern is a new owner would develop the property for residential purposes and consequently the open space would be lost. It is unknown what management of the property would occur under new ownership. Any future development proposals for subdivision would have impacts evaluated under state and local regulations at that time.

Several comments were received suggesting the Department place a conservation easement on the tract prior to sale under Land Banking. Currently, DNRC has limited statutory authority to issue a conservation easement on trust lands and would require payment of full market value for the easement. The decision to issue a conservation easement is dependent upon the easement value and a willing purchaser. These issues are best addressed after preliminary authorization is granted by the Board of Land Commissioners during the next evaluation period when the appraisal process is conducted. The sale of the tract would be subject to any easements in place at the time of sale. If a party interested in purchasing a conservation easement is found, the sale under land banking could proceed after negotiations for a conservation easement are conducted. Either way, significant impacts would not occur as a result of the proposed sale.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

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EIS

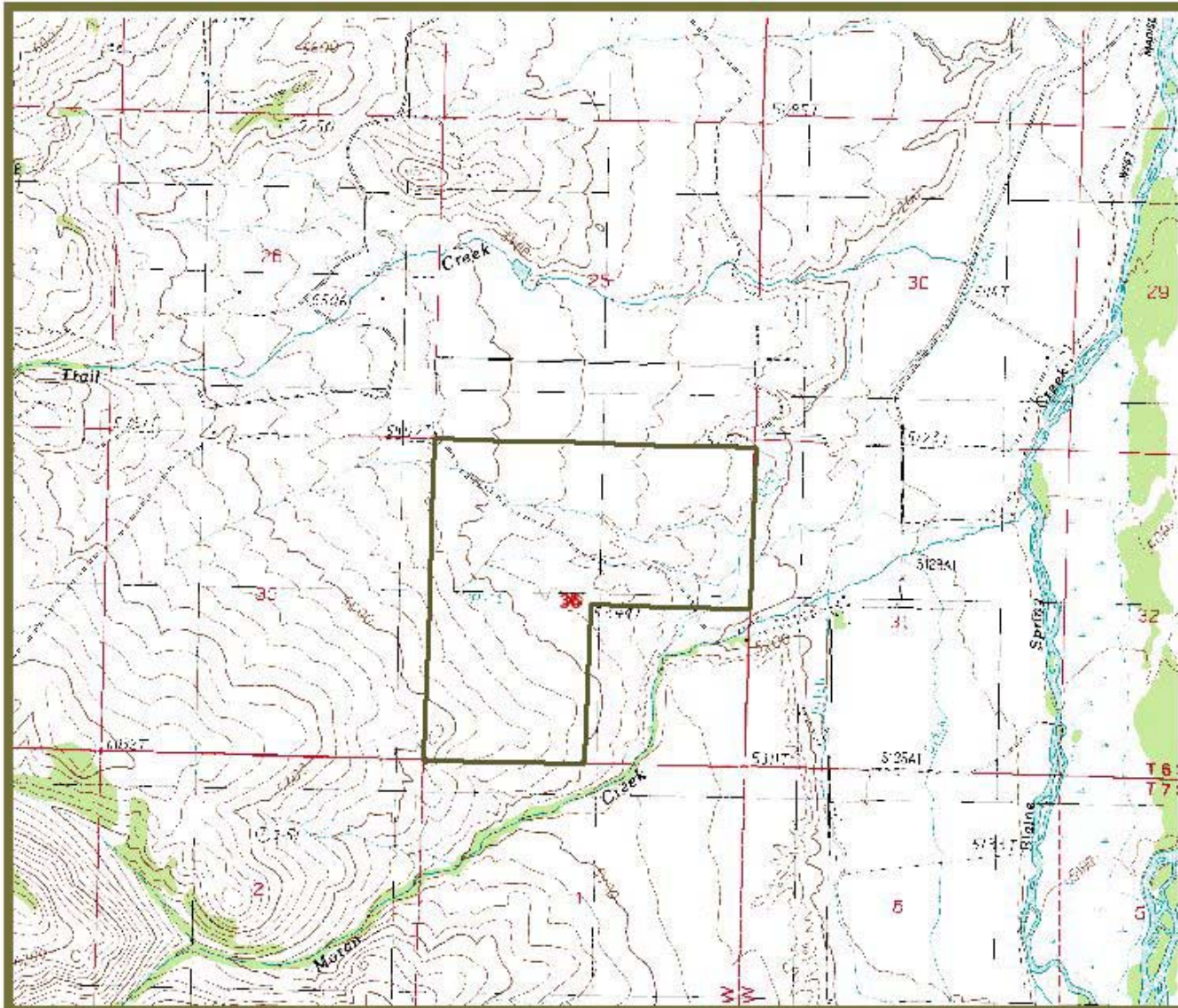
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More Detailed EA

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No Further Analysis

EA Checklist Approved By:	Name:	Candace Durran
	Title:	Real Estate Section Supervisor
Signature:		Date: March 24, 2005



Alton Ranch State Trust Land-Parcel Request



Township: 6 South
Range: 2 West
Section: 36

LEGEND

 State Trust Land

Scale = 1:30000

900 0 900 1800 Feet



Attachment B

List of Contacts Regarding Alton Ranch Land Banking Proposal:

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MT Natural Heritage Program

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Attachment C: State Land with surrounding Conservation Easements and Subdivided Property

