

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Esparza Homesite Land Banking Project – Sale # 540
Proposed Implementation Date:	Fall 2008
Proponent:	State of Montana, DNRC CLO
Location:	T2S R6E SE ¼ SE ¼ NE ¼, Homesite Lot Section 21
County:	Gallatin
Trust:	State Normal School

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, approximately 8 acres of state land currently held in trust for the benefit of the State Normal School. 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 the State Normal 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.

As the value of land has risen the cost of the land lease has exceeded the value of the improvements in some areas. The original intent of creating homesite leases on State Land Sections was to facilitate making the land productive as agricultural land. With the changing demographic of the Gallatin Valley, especially the land around Bozeman, not only is this no longer necessary, but is becoming fiscally unviable and we are in danger of creating a situation that will lead to abandonment of improvements on State Land. Once abandoned the improvements would become a liability for the State and would impact the future economic potential of the land.

II. PROJECT DEVELOPMENT

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

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

The Homesite lessees Joe Esparza and Ris A. Higgins contacted me early in January and we discussed the possibilities of Land Banking their homesite lease. We discussed the process and the issues associated with the sale of the land occupied by their homesite at public auction. They are interested in the opportunity to purchase the land.

A legal notice was placed in the Bozeman Daily Chronicle on May 4, 2008 requesting comments be submitted on the proposal by May 23, 2008.

A letter, requesting comments be submitted by May 23, 2008 was sent to interested parties on May 1, 2008, including adjacent landowners (listed on the Land Ownership data base of the Natural Resources Information System administered by the Montana State Library), the Gallatin 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. Two comments were received in support of the proposal; an email from Greg & Amy Galloway and a phone call from Mrs. Erma Kurk. No comments were received otherwise.

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

Gallatin County – Subdivision of the lot from the larger parcel

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Offer approximately 8 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 the State Normal School.

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 as a homesite.

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.

The tract has already been developed the original house was built around 1900, between 1900 and 2004 the other structures including a garage, shop, grain storage bins and a barn have been constructed and remodeled. No other construction is planned as a result of this sale.

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.

No change in water quality would be expected due to this sale.

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 1 mile east of Bozeman 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. This lot if sold would remain a homesite and no changes to air quality would be expected.

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 development is existing on this parcel no expected 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.

Development on this lot would not change as a result of this sale.

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.

This sale would have no effect on the environmental resources surrounding it, since it would continue it's existing use.

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. 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 tract totaling about 8 acres is part of the State Normal School Trust of which there are 63,455 acres within the state. This tract along with a 34 acre tract near Logan, are the only tracts in Gallatin County currently being considered for sale under the Land Banking Program. The potential sale of this tract would affect an extremely small percentage of the State Normal 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.

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
<ul style="list-style-type: none">• 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.

No changes should occur as a result of this sale.

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 Gallatin County would receive approximately \$1250.00 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 zoned PLI by Gallatin County, this is an ownership zoning designation. The surround lands are zones A-S agricultural suburban which allows for 20 acre lots.

The development on this parcel was completed before there was any zoning and is a grandfathered use. We have discussed the issue with Gallatin County and they recognize and support the creation of an 8 acre lot since the use was established well in advance of zoning.

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.

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. 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 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

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.

This is currently a homesite lease for which we charge 3586.94 per year based 5% of the appraisal of the land by MT DOR. Unfortunately, in some cases around Gallatin County the cost of the land lease is outpacing the value of the homesite itself. We have some homesite leases that are not saleable because the value of the improvements compared to the escalating cost of the lease. For long term management of the land this is an untenable situation and could lead to abandonment of the improvements making them State Trust Land responsibility to remediate. The DNRC currently leases 2.16 acres under the homesite lease which only

includes the area directly impacted or occupied by structures. The proposed 8 acres for sale includes the building site and the area between the buildings and county road. Income from the 2.16 acre homesite has increased from \$1118.92 in 2002 to an estimated \$3,507 in 2009 due to a phase in of Department of Revenue land values which is used for lease rental determination. Income from the grazing land adjacent to the homesite is approximately \$1.00 per acre for a total annual of approximately \$3513 or \$439 per acre for the entire 8 acre parcel. This 8 acre homesite lot should appraise for between \$300,000 and \$500,000 which could then be used to buy other properties that would have better long term prospects than this current homesite lease. The estimated annual return on asset value is therefore approximately 0.9%.

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 Gallatin County, 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.

EA Checklist Prepared By:	Name: Craig Campbell	Date: 5/28/08
	Title: Bozeman Unit Manager	

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. This parcel 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.

The 8 acre homesite lease proposed for sale is part of a larger parcel of state land which will remain in state ownership. The homesite is no longer an essential component of the agricultural lease. The remaining acreage has been leased separately and can continue to be leased. Income received from the homesite lease is only approximately 0.9% of the estimated value due to the high value of the parcel. If replacement lands are purchased it is anticipated the additional acreage received would improve annual income. Recent estimates for replacement properties under the Land Banking Program indicate a return on investment of 2-3%. In addition, the escalating land values within Gallatin County may out pace the value as a leased homesite and add considerable uncertainty for the ability to continue leasing the site as a homesite.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

☐ EIS ☐ More Detailed EA ☒ No Further Analysis

EA Checklist Approved By:	Name: Garry Williams
	Title: Area Manager, Central Land Office
Signature: /S/ Garry Williams	
Date: 6/23/2008	

Home Site Location

