

CHECKLIST ENVIRONMENTAL ASSESSMENT AND RECLASSIFICATION CAPABILITY INVENTORY

Project Name: North Park Development Phase 1	Proposed Implementation Date: 8/17/2015
<p>Proponent: Bozeman Unit DNRC</p> <p>Description of Project: The Montana Department of Natural Resources and Conservation (DNRC) Trust Land Management Division (TLMD), Bozeman Unit is proposing the conversion of 87 acres of State land lying North of I-90 & East of Mandeville Creek section 36, Township 1 South, Range 5 East from Agricultural Production to Commercial development for the purpose of commercial leasing.</p> <p>The lands involved in the proposed action are held by the State of Montana for the Support of the Common Schools (<i>Enabling Act of February 22, 1889</i>). The Board of Land Commissioners (Land Board) and the DNRC are required by law to administer these State Trust Lands to produce the largest measure of reasonable and legitimate return over the long run for these institutions [<i>1972 Montana Constitution, Article X, Section 11; Montana Code Annotated (MCA) 77-1-202</i>].</p> <p>This land is currently classified as Ag land and is managed for small grain production. This land is within the City Limits of Bozeman and has been zoned as M1 land to meet the Cities needs for light industrial businesses and the DNRC has identified this parcel as a candidate for future development in the Real Estate Management Plan. Reclassifying this land from Agricultural production to Commercial would significantly increase the revenues to the Trust while meeting the needs of the City of Bozeman's growth plan.</p>	
<p>Type of Reclassification: FROM: Grazing Timber Ag Other</p> <p style="padding-left: 100px;">TO: Grazing Timber Ag Other</p> <p style="padding-left: 40px;">ACRES: 87</p> <p style="padding-left: 40px;">TRUST(s): Common School</p>	
Location:	County:

I. PROJECT DEVELOPMENT	
<p>1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.</p>	<p>June 1, 2006 – DNRC and the City of Bozeman received a traffic Study prepared by Robert Peccia and Associates.</p> <p>October 23, 2006 – City of Bozeman annexes and approves zoning for the State land located north of I-90 in section 36, Township 1 South, Range 5 East, now known as the North Park Properties.</p> <p>May 23, 2012 & June 28, 2012 – CTA Architects, The City of Bozeman and the DNRC help a public meeting as part of the process for developing a North Park Conceptual Development Plan.</p>

August 2012 – CTA Architects and MXD Development Strategists – completed the North Park Properties Concept Land Use Plan contracted by the City of Bozeman and DNRC.

October 7, 2012 – Hyalite Environmental completed a Phase 1 Environmental Site Assessment for the City of Bozeman and the DNRC on the North Park properties.

August 29, 2013 – Letters were sent to the following agencies for input to the North Park Preliminary Engineering Report:

City of Bozeman Public Schools
Gallatin County Flood Plain Administrator
Gallatin County Water District
City of Bozeman Planning Department
Department of Commerce Economic Information

Center

Department of Commerce, TSEP Manager
Department of Commerce, CDBG program

Manager

DEQ Permitting & Compliance Division
Department of Fish Wildlife & Parks Region 3
Department of Natural Resources & Conservation
Department of Transportation
State Historic Preservation Office
Natural Resource Conservation Service
U.S. Army Corps of Engineers, Omaha District
U.S. Fish and Wildlife Service, Ecological

Service

Federal Highway Administration Western Federal
Lands Highway Division

Montana Rail Link, Inc.

Prospera Business Network

City of Bozeman Engineering Department

8 responses were received.

The pertinent issues of concern that were identified included; water quality in Mandeville Creek, the at grade crossing of Montana Rail Links railroad tracks at Red Wing drive (on the Cities property), and the limitations associated with an exit off of I-90 or crossing I-90.

October 20, 2013 – An ad was placed in the Bozeman Daily Chronicle noticing a public meeting facilitated by CTA Architects on the Final Draft of the North Park Preliminary Engineering Report, contracted by the City of Bozeman and the DNRC.

December 4, 2013 – North Park Properties Preliminary

	<p>Engineering Report contracted by the City of Bozeman and the DNRC was completed by CTA Architects and Engineers.</p> <p>September 29, 2014 – Scoping letters were sent to adjacent landowners and the lease holder on the State property requesting comments on the easements requested. Specifically the letters were sent to the following entities:</p> <p style="padding-left: 40px;">Montana Rail Link City of Bozeman Gallatin County Commissioners PDI Investments, LLC William Tatarka Mountain Rain, LLC Murdoch Family Limited Partnership John & Donna Mandeville</p> <p>2511 N. LLC Rocky Mountain Retail, LLC Space Bank, LLC</p> <p>1 comment was received, no new issues of concern were identified.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>City of Bozeman - The property is within the municipal boundaries of the City, all development will be reviewed and permitted by the City of Bozeman.</p> <p>Montana Department of Environmental Quality -</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Alternative A – Reclassify the land to commercial and issue leases for development, land not in being developed would continue to be managed for small grains under a license.</p> <p>Alternative B – Do not reclassify the land to commercial and issue leases for development and continue with small grain production.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT	
RESOURCE	[Y/N] POTENTIAL IMPACTS
	<p>N = Not Present or No Impact will occur. Y = Impacts may occur (explain below)</p> <p style="text-align: center;"><i>LAND CAPABILITY CHARACTERISTICS</i></p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

4. GEOLOGY, SOILS AND MINERALS:

Are fragile, compactible or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? Are there any mineral characteristics and how would reclassification impact development? If any lands are proposed for breaking, what are the soil types & capability classes, texture, "T" factor, Wind Erodibility Group (WEG), and slopes? What crops will be grown and what are their potential yields? Will there be any mitigation measures implemented to address identified soil limitations?

[x] The USDA soil survey for Gallatin County indicates the soils are classified as Blackdog Silt Loam and Blackdog-Quagle Silt Loams.

Alternative A – The Blackdog Silt Loam and the Blackdog-Quagle Silt Loams are rated as somewhat limited for roads due to the potential for frost action, but that limitation can be overcome through engineering and are not limited for suitability for commercial buildings. Construction of roads and buildings would have to comply with the City's street engineering requirements.

Alternative B - The Blackdog Silt Loam is rated as "Prime Farmland" which the USDA defines as having the best combination of physical and chemical characteristics for producing food, feed, forage, fiber and oil seed crops. The Blackdog-Quagle Silt Loams is rated as farmland of statewide importance which includes those farmlands that are nearly prime and that economically produce high yields of crops when treated and managed according to acceptable farming methods. The tract is currently leased for agricultural small grain production.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Are important surface or groundwater resources present? Is there potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality?

[x] Mandeville Creek crosses the State tract south to north near the center of the parcel within a 25 acre strip of uncultivated land. Mandeville creek is classified as impaired, due predominantly to storm water runoff upstream from the city of Bozeman and MSU.

Alternative A – The locations of the roads and development near Mandeville Creek will require review under the City's Unified Development Code which will address water issues specific to the proposed development and require the developers obtain a storm water runoff permit from Montana DEQ. Storm runoff infrastructure will be required with construction of the streets & as part of the site construction to help mitigate transport of runoff to the stream. During construction a short term increase in sediment delivered to the stream would be expected.

Alternative B – The land will continue to be cultivated and the stream will remain buffered by the unfarmed strip of land in which it is located.

6. AIR QUALITY:

Will pollutants or particulate be produced? Is the project influenced by air quality regulations

[x] The parcel is located adjacent to the City of Bozeman and Interstate 90. Commercial development and roads with high traffic volumes surround the parcel. The parcel

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>or zones (Class I airshed)?</p>	<p>is currently farmed in a crop fallow rotation, there is increase particulate introduced to the air during harvest and during and just after tillage.</p> <p>Alternative A – Road construction and development will introduce dust to the airshed, it can be expected to be short term since the streets to be built will be required to be paved and constructed to City standards. As development occurs in the area traffic will increase along with the associated increase in pollutants associated with an urban setting.</p> <p>Alternative B – The fields would continue to be cultivated, introducing the associated particulates into the airshed.</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? What is the existing vegetation?</p>	<p>[Y] There are no rare plants on the easement site; it is in small grain production.</p> <p>Alternative A – As the site is developed it would be expected to displace agricultural production, but it would remain in agricultural production until development occurs or until development reduced the size of the remaining parcels enough to make continued farming impracticable or unprofitable. At the time this occurred weed infestations would be likely if not managed for.</p> <p>Alternative B – Continued small grain production.</p>
<p>8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? What wildlife resources use or occupy the area?</p>	<p>[Y] Alternative A – Development of the site will shift habitat from ag/field to green space corridors and urban/suburban environment.</p> <p>Alternative B - Working the fields (land application of sludge, tilling, seeding, herbicide application, harvesting) provides extreme intermittent disruption.</p>
<p>9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Sensitive Species or Species of special concern?</p>	<p>[Y] In May 2015, DNRC was made aware of a new bald eagle nest established in a small grove of cottonwood trees in the southwest ¼ of the parcel. The birds are likely a local pair whose previous nest may have blown from a nearby tree (P. Epple, and M. Vivian, Montana Audubon, pers. comm). The new nest is situated approximately 150 yards east of Interstate 90 in an active agricultural field, and the pair fledged at least one chick in 2015. The chick</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

was observed by DNRC staff on August 10, 2015. Bald eagles are afforded federal protection under Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act (50 CFR 22.26), which prohibit "take" of eagles. Thus, disturbance of eagles during the nesting season in a manner that could cause abandonment or harm to young is prohibited, and disturbance-causing activities within ½ mile of the nest must be restricted from February 1 through August 15 each year.

Alternative A - The change in land classification by DNRC as proposed would pose no direct adverse effects to the nesting eagle pair. However, future development activities that could occur under various lease agreements that may follow the proposed land classification change may possibly adversely affect the nesting pair. DNRC is currently in the process of applying for an incidental take permit from the U.S. Fish and Wildlife Service to address activities near the nest. However, until the appropriate permitting is secured by DNRC, it is the sole responsibility of lessees conducting any activities associated with development of lands on the project area to comply with the protections afforded the nesting eagles by the aforementioned acts.

Alternative B – Continued farming may possibly adversely affect the nesting pair. DNRC is currently in the process of applying for an incidental take permit from the U.S. Fish and Wildlife Service to address activities near the nest. However, until the appropriate permitting is secured by DNRC, it is the sole responsibility of lessees conducting any activities associated with in the vicinity of the nesting area to comply with the protections afforded the nesting eagles by the aforementioned acts.

10. **HISTORICAL AND ARCHAEOLOGICAL SITES:** *Are any historical, archaeological or paleontological resources present?*

[N] On February 6, 2005 Patrick Rennie, DNRC Staff Archeologist conducted an inventory of cultural and paleontologic resources in response to a proposed cell tower development in Gallatin County, Montana. Despite a detailed search of the project area, no cultural or paleontologic resources were identified.

11. **AESTHETICS:** *Is the project on a prominent topographic feature? Will it be visible from*

[Y] While currently in agricultural production the North Park properties have been zoned by the City of Bozeman

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>populated or scenic areas? Will there be excessive noise or light? Are there notable aesthetic features on the tract?</p>	<p>as M1 (light industrial) and M2 (Heavy Industrial) resulting in a future aesthetic change. The parcel is a part of the City's Entryway Corridor Zoning Overlay. All future development that takes place on the site will have to meet the design requirements of the code.</p> <p>Alternative A – Reclassifying the land will allow for the planned change in use from agricultural to urban landscape. This change has been anticipated and planned for in the City's Growth Policy and zoning ordinance. .</p> <p>Alternative B – The change to an urban environment would be expected to occur more slowly with the initial changes taking place on the borders of the property where access exists.</p>
<p>12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project?</p>	<p>[Y] The tract is composed of prime agricultural farmland and a riparian corridor; it is also zoned by the City of Bozeman for industrial use and identified as the only large location within the City that would accommodate this growth.</p> <p>Alternative A – Reclassifying the land would facilitate the future development of these properties within the City as planned for in the City's Growth Policy and could be expected to accelerate the change from agricultural production to developed use.</p> <p>Alternative B – Not reclassifying the land would be expected to leave the land in agricultural production longer, but may encourage development and growth in areas that have not been planned for and are outside of urbanized areas.</p>
<p>13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?</p>	<p>[Y] The Bozeman Solvent Site - The site is within the Controlled Groundwater Area (CGWA) of the Bozeman Solvent Site.</p> <p>Mandeville Properties Phase 1 Environmental Assessment</p> <p>North park Properties Preliminary Engineering Report – December 11, 2013</p> <p>City of Bozeman, Road Easement EA Checklist – October 2014</p> <p>Alternative A – No effects anticipated with the Bozeman</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

Solvent Site. The development issues were analyzed in the Phase I Environmental Assessment and the Preliminary Engineering Report. Leasing the land would facilitate the development of the Road Easement issued to the City of Bozeman.

Alternative B – No effects are anticipated with the Bozeman Solvent Site or the Phase I Environmental assessment. The longer a period of time that elapses from the completion of the Preliminary Engineering Report prior to implementation could result in the findings becoming less relevant.

III. IMPACTS ON THE HUMAN POPULATION

RESOURCE

[Y/N] POTENTIAL IMPACTS & CAPABILITY CHARACTERISTICS

14. HUMAN HEALTH AND SAFETY:

Will this project add to health and safety risks in the area?

[Y] Access to the Cities ownership is currently available on a limited basis across a Montana Rail Links railroad crossing at Redwing Drive and the Frontage Road. This access only provides a one way in one way out access over a railroad track in a location where there is not enough holding capacity between the railroad and Frontage Road to clear the track of traffic in the event of an oncoming train. DNRC granted easements to the City of Bozeman to provide for legal access across the Trust land and provide for 2 access and egress routes.

Alternative A – Reclassification of the land will facilitate the development of the infrastructure in conjunction with the easements granted by DNRC. Once developed the two access and egress routes would eliminate the need to cross the railroad tracks and would meet City conditions for development.

Alternative B – High hazard access across the railroad would remain available for limited use, but not at a level that would support development.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION:

Will the project add to or alter these activities?

[Y] The North Park Properties are currently in agricultural production, but are zoned as for industrial use. These properties have been identified by the City of Bozeman as the largest parcel available to support industrial development in the Bozeman city limits. The City of Bozeman and the DNRC have worked as partners in developing concepts for industrial development of these lands.

Alternative A – The site is zoned for light manufacturing and commercial development reclassifying the land will facilitate for the planned development of this site. It would be expected that industrial and commercial endeavors would increase and the current agricultural endeavors would decrease, but would continue on the State ownership as long as it remains viable.

Alternative B – Current agricultural operations would continue as development proceeds at a slower rate, until urban development pressures make it unreasonable to continue.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:
Will the project create, move or eliminate jobs?
If so, estimated number.

(Y) The agricultural production on the parcels supports a very small number of employment opportunities, principally the farmer's organization and to a lesser extent grain elevators and farm implement dealers.

Alternative A – Reclassifying the land would be expected to enhance the development potential of both the State and City owned properties creating more opportunities for locating light industry in the City limits of Bozeman. Those opportunities if realized would be expected to create jobs and help to diversify the economic base in Bozeman.

Alternative B – Development on the properties would be expected to proceed at a slower rate starting on the periphery of the property and would not be expected to enhance employment at as high a rate as may be expected if the easements were granted.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:
Will the project create or eliminate tax revenue?

(Y) These parcels are located on State and City land and contribute very little to the tax rolls.

Alternative A – Reclassifying the land would enhance the development potential of both ownerships. The private improvements developed on the State land would contribute to the tax base as would the private improvements or the transfer to private ownership on the City land. New businesses attracted to the North Park project location will increase local and state tax base and revenues.

Alternative B – Current agricultural operations would continue until urban development pressures would make it unreasonable to continue. The construction of private improvements and expansion of businesses would be expected to proceed at a slower rate, increasing the timeframe for support to the tax rolls.

<p>18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed?</p>	<p>[Y] The parcels currently have a very low demand for government services with the exception of a small wildfire risk.</p> <p>Alternative A – Additional government resources will be required for operation and maintenance of water, sewage collection, transportation systems and emergency services. Mitigation of these additional services will be through connection fees, monthly user fees and an additional tax base associated with development.</p> <p>Alternative B – It would be expected that agricultural operations would continue and development would precede piece meal along the periphery. As development occurred the need for government services would increase.</p>
<p>19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?</p>	<p>[Y] The City of Bozeman annexed and zoned the State and City Land respectively M1 and M2.</p> <p>The City of Bozeman has established and Entry Way Corridor Zoning that effects a portion of these lands.</p> <p>The Montana DNRC Trust Lands Division, Real Estate Management Bureau has identified the State Trust land located within this parcel as a Commercial Development Project.</p> <p>The city of Bozeman has adopted The North Park Properties Concept Land Use Plan commissioned by the City of Bozeman and the DNRC.</p> <p>Alternative A – Reclassifying the land will help to facilitate each of the local plans and goals.</p> <p>Alternative B – Not reclassifying the land would be expected to delay the implementation of the developed plans.</p>
<p>20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES: Are wilderness or recreational areas nearby or accessed through this tract? Is the land legally accessible and is there recreational potential within the tract?</p>	<p>[N] As an agricultural tract of State land, it is categorically closed by Administrative Rule {36.25.150(b)} for recreational use while it is in agricultural production. When it is not in agricultural production there is little evidence of recreational use.</p>
<p>21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and</p>	<p>[Y] The current agricultural operation is located on land zoned by the city of Bozeman as M1 and would not directly influence the density and distribution of</p>

<p>require additional housing?</p>	<p>population and housing.</p> <p>Alternative A – Reclassifying the land would not be expected to directly influence the density and distribution of population and housing. It would be expected that the rate of development of the site would increase and that may create opportunities for a future increase or redistribution of population within and urbanized area.</p> <p>Alternative B – Not Reclassifying the land would not be expected to directly influence density and distribution of population and housing.</p>
<p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>[N] The current agricultural production is in an urbanized area of the city of Bozeman.</p>
<p>23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?</p>	<p>[Y] The tract is currently managed for small grain production, but zoned M1 by the City of Bozeman. There are few large scale tracts managed for agriculture in the City Limits of Bozeman.</p> <p>Alternative A – It would be anticipated that the Reclassifying the land would encourage the conversion form agricultural production to developed M1 use.</p> <p>Alternative B – It would be anticipated that agricultural operations would continue as development encroached at the periphery until it was no longer practical.</p>
<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p>	<p>[Y] The 148 acre agricultural lease has returned a ¼ crop share yielding a 5 year average of \$9119.00 or about \$61.62 per acres annually to the common school trust over the past 5 years. The land was recently appraised at \$18,013.05 per acre as agricultural land, considering the average \$62.63 per acre the derived the annual income return on the asset would be about 0.3 percent.</p> <p>On the south east corner of this tract the DNRC has developed a 10 acre lot for commercial lease. This tract currently has an annual rental of \$64,158.13 or \$6,415.81 per acre annual return. Considering the appraisal \$18,013.00 per acre the derived the annual income return on the asset on the developed property is about 36 percent.</p> <p>Alternative A – This parcel was appraised as commercial property as 4 tracts; Tract 1 (22.4 Acres) appraised at \$1,340,000, Tract 2 (10.7 acres) appraised at \$850,000, Tract 3 (25.5 acres) appraised at \$1,530,000, and Tract 4 (28.8 acres) appraised at \$1,730,000. Based on the</p>

current Board of Investments rate of return, a minimum lease rate could be established at 4% of the appraised value of the tracts per year which would yield an annual rental of \$53,600 for tract 1, \$34,000 for Tract 2, \$61,200 for Tract 3 and \$69,200 for Tract 4, for a total annual rental income to the Trust of \$218,000 if leased.

Alternative B – Agricultural lease operations would continue to return a ¼ crop share to the trust.

Document Prepared By: Craig Campbell Date 07/02/2015

IV. ENVIRONMENTAL ANALYSIS FINDING

25. ALTERNATIVE SELECTED: **Alternative A – Reclassify the land to commercial and issue leases for development, land not in being developed would continue to be managed for small grains under a license.**

With Modifications

Future Lessees will be notified of the presents of the nesting eagle pair and the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act (50 CFR 22.26), under which they will be required to comply.

26. SIGNIFICANCE OF POTENTIAL IMPACTS: I have determined that none of the anticipated environmental impacts outlined in the EA are significant according to the criteria outlined in ARM 36.2.524. I find that no impacts are regarded as severe, enduring, geographically widespread, or frequent. Further, I find that granting the easements is in accordance with the City of Bozeman's long term plans and enhances the DNRC's goals of future parcel development.

27. Need for Further Environmental Analysis:

EIS More Detailed EA No Further Analysis

R. Hoyt Richards

CLO Area Manager

Name

Title

/s/

2/1/2015

Signature

Date

V. RECLASSIFICATION RECOMMENDATION AND APPROVAL

28. Land Office Recommendation, including Highest and Best Use: Commercial Development

29. Recommendation by Bureau Chief: *approve*

Reasons for Recommendation: *For the reasons stated herein.*

A. Randall

Bureau Chief Signature

Amy Randall

2/1/16

Date

30. Final Decision on Reclassification by Trust Land Management Division Administrator:

Approve

Deny

[Signature]

Signature

2/1/16

Date