

CHECKLIST ENVIRONMENTAL ASSESSMENT

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| Project Name: | Rosebud County Land Banking 2019 |
| Proposed Implementation Date: | 2019-2020 |
| Proponent: | |
| Location: | <u>Tract 1 T8N-R39E-Sec 36 and Tract 2 T2N-R44E16</u> |
| County: | Rosebud |

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, 1280 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 (77-2-361 through 367 MCA). 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 January 2019 to the state surface lessee informing them of the Land Banking Program and requesting nominations.
- Legal notices regarding the proposed sale were published in the **Independent Press** and the Miles City Star on March 15 and March 22, 2019
- Direct mailings were made to lessees, adjacent landowners, County Commissioners, Tribal Representatives, Local Legislators and other interested parties. (Attachment)
- Follow-up contacts were made by phone and mail with parties requesting additional information.
- The tracts were also posted on the DNRC web page at:
<http://svcalt.mt.gov/TlmsPublic/LandBanking/LBTest.aspx>

No comments were received on the proposed action

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

None

3. ALTERNATIVES CONSIDERED:

Alternative A- No action, under this alternative the state would retain existing land ownership would not sell the tract of land.

Alternative B- Under this alternative, the Department would request and recommend approval by the Land Board to sell these tracts via the Land Banking process. If approved by the Land Board these tracts would be appraised to establish a minimum bid price and ultimately sold at public auction. The income from the proposed sale would be combined with other Land Banking sales revenues from across the state to fund the purchase of replacement lands with public access and increased revenue generating potential.

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.

Alternative A- No Impact

Alternative B- These sections are currently being grazed and if sold the expected land use is not anticipated to change. Soils on Tract 1 range from Shallow Clay, Clay and Tract 2 soils include Thin Silty to shallow.

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.

A search of the Montana Water Rights Query System shows the following water rights associated with these tracts:

Tract 1: Two surface water rights for stock water exist for this parcel and are associated with existing reservoirs and the tributaries that feed them.

Tract 2: Multiple water rights for stock water both surface and ground water exist for this parcel and are associated with developed springs and reservoirs and the tributaries that feed them.

Alternative A- No Impacts Expected.

Alternative B- No Impacts Expected. The current use of these tract for grazing is not anticipated to change with the proposed sale and all associated water rights would transfer as a result of a proposed 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 anticipated current use of this tract is not expected to change. The tract is not located within an air quality regulation zone.

Alternative A- No Impacts Expected

Alternative B- No Impacts 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 range sites on Tract 1 includes Shallow clay/clay and Tract 2 includes Thin Silty/ Shallow/Ponderosa Pine areas and both are generally considered to have a lower potential for overall grazing productivity. The plant species composition on these tracts is generally dominated by grasses which include Western Wheatgrass (*Agropyron smithii*), Green Needlegrass (*Stipa viridula*), Bluebunch Wheatgrass (*Agropyron spicatum*), Needle and Thread (*Stipa comata*), Prairie Junegrass (*Koeleria pyramidata*), and Blue Grama (*Bouteloua gracilis*).

The tracts are currently utilized for livestock grazing and that use is anticipated to continue into the foreseeable future. No rare plant or cover types were noted on the tracts during previous field evaluations. A search of the Montana Natural Heritage Database shows no rare plant species or cover types within the general area the tracts proposed for Land Banking.

Alternative A- No Impact Expected

Alternative B- No Impact Expected

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.

These parcels of state trust land are used by a variety of wildlife species, common to rangeland areas of Eastern Montana. The area provides habitat for a variety of big game species (Mule Deer, Whitetail Deer, and Antelope), predators (Coyote, Fox, Badger), upland game birds, other non-game mammals, raptors, reptiles, amphibians and various songbirds. Wildlife use on this section is not seasonal in nature.

Alternative A- No Impacts Expected

Alternative B- No Impacts Expected

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 Montana Natural Heritage Program Database shows numerous occurrences of sensitive species within the general area of the proposed action.

Species of concern for Tract 1 include the Black-tailed Prairie Dog, Golden Eagle and Great Blue Heron. In addition, Tract 1 is located within identified Greater Sage Grouse Core Habitat.

Species of concern for Tract 2 include Black-tailed Prairie Dog, Golden Eagle, Great Blue Heron, Brewers Sparrow, Pinyon Jay, Redheaded Woodpecker and Yellow-billed cuckoo. In addition, Tract 2 is located within Greater Sage Grouse General Habitat.

Alternative A- No Impacts Expected

Alternative B- No Impacts Expected.

The tracts are currently utilized for livestock grazing and that use is not anticipated to change into the foreseeable future. No impacts to this species as a result of the proposed action are expected.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

In April of 2019, the DNRC archaeologist and other DNRC staff conducted a Class III cultural and paleontological resources inventory of six state parcels including Tracts 1 and 2. During the course of inventory one insignificant paleontologic locality and ten insignificant cultural resource localities (all minimal lithic scatters or isolated finds of a single chipped stone item) were formally documented. These properties are all recommended as ineligible for listing in the National Register of Historic Places. As such, removal of the subject state parcels from the School Trust portfolio will have

No Effect to Antiquities. A formal report of findings is being prepared and will be filed with the DNRC and the SHPO.

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected

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.

These tracts are located in rural areas of Rosebud County and are not located on a prominent feature or in a high visibility area. Anticipated land use is not expected to change therefore there should be no change to the aesthetics in either alternative.

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected

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.

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected

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.

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected- These parcels are very remote grazing parcels and the existing grazing use is expected to continue.

| 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> |

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

Alternative A- No Impacts Expected

Alternative B- No Impacts Expected

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.

Alternative A- No Impacts Expected

Alternative B- No Impacts Expected

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 proposed Land Banking sale action would transfer these tracts of land from tax exempt to taxable status. The potential impact to the tax base is unknown at this time.

Alternative A- No Impacts Expected

Alternative B- Tracts would be moved to taxable status and should provide an increase to the property tax base.

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

Alternative A- No Impacts Expected

Alternative B- No Impacts Expected

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.

Alternative A- No Impacts Expected

Alternative B- No Impacts Expected

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 proposed Land Banking sales have no legal access which limits the recreational potential of the tract.

Alternative A- No Impacts Expected

Alternative B- No Impacts Expected

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.

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

Alternative A- No Impacts Expected
Alternative B- No Impacts Expected

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.

These tracts are currently leased for grazing. Tract 1 has a carrying capacity of 118 Animal Unit Months (.184 AUM/Acre) at the current rate of \$13.01/AUM is generating an income of \$1,535.18 per year or approximately \$2.40/acre. The carrying capacity for Tract 2 is 137 Animal Unit Months (.214 AUM/Acre) and at the current minimum grazing rate of \$13.10/AUM is generating \$1,782.37 per year or \$2.78/acre. Based on the DNRC Annual Report for Fiscal Year 2018, the average income for the 4.1 million acres of grazing land was \$2.78/acre with an average productivity of .236 AUM/Acre. Therefore, these tracts are considered below average in productivity and producing average to below average revenue per acre. There is no indication the tracts, if remaining in state ownership, would be used for purposes other than grazing and it is likely the future income would remain relatively stable. The tracts overall appear to have a lower than average potential for appreciation along with comparatively high administrative costs.

An appraisal of the property values has not been completed to date. Under DNRC rules, an appraisal would be conducted if preliminary approval to proceed is granted by the State Board of Land Commissioners. The Department is conducting a more detailed evaluation at this time in order to make a determination on whether to offer these tract for sale. The revenue generated from the sale of these parcels would 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 expiration of the statue, the revenue would be deposited in the permanent trust for investment.

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| EA Checklist Prepared By: | Name: Chris Pileski | Date: 04-24-2019 |
| | Title: Area Manager | |

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The proposed sale of 1280 acres of state trust lands through the DNRC's Land Banking Program would not result in nor cause significant environmental impacts. The low productivity, isolated nature of the parcels, lack of additional income generating capacity, and high administrative costs for these parcels fit within the criteria of parcels to sell identified in the Land Banking Program. It is also anticipated that the current land use activity of livestock grazing would be unchanged with the sale of these properties. Considering these factors, an environmental assessment checklist is the appropriate level of analysis for the proposed action.

The sale of these parcel meets the overall goals and objectives of the Land Banking Program and would satisfy the trust fiduciary mandate.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS

More Detailed EA

No Further Analysis

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| EA Checklist Approved By: | Name: Scott Aye |
| | Title: Lands Program Manager |
| Signature: /s/ Scott Aye  | Date: 04-25-2019 |