

Environmental Assessment Checklist

Project Name: Lupfer Avenue Commercial Townhouse Land Banking Project

Proposed Implementation Date: Spring, 2019

Proponent: Kalispell Unit, Northwest Land Office, Montana DNRC

County: Flathead

Type and Purpose of Action

Description of Proposed Action:

The Kalispell Unit of the Montana Department of Natural Resources and Conservation (DNRC) is proposing to land bank a property known as the Lupfer Avenue Commercial Townhouse. The townhouse is a commercial structure/townhouse property currently leased to a retail tenant and shares a common wall with one of three conjoined property owners. The property is located in the "Railway District" of Whitefish, Montana at 140 Lupfer Avenue (refer to Exhibit A, Lupfer Avenue Commercial Townhouse Land Banking Project Vicinity Map; Exhibit B, Lupfer Avenue Commercial Townhouse Land Banking Project Map; and Exhibit C, Photo of Lupfer Avenue Commercial Townhouse) and includes 0.043+/- acre of the following section:

Beneficiary	Legal Description	Total Acres	Treated Acres
Common Schools			
Public Buildings	Lot 1 Lupfer Townhouses 31N 22W S36	0.043+/-	N/A
MSU 2 nd Grant			
MSU Morrill			
Eastern College-MSU/Western College-U of M			
Montana Tech			
University of Montana			
School for the Deaf and Blind			
Pine Hills School			
Veterans Home			
Public Land Trust			
Acquired Land			

Objectives of the project include:

- To land bank the property and improvements located at Lot 1, Lupfer Avenue townhouses in Whitefish, Montana.
- To achieve improved return for the trust by shifting the townhouse investment to another property.

- To secure a replacement property that can be administered more efficiently and consistently with DNRC's property management practices.

The lands involved in this proposed project are held in trust by the State of Montana. (Enabling Act of February 22, 1889; 1972 Montana Constitution, Article X, Section 11). The Board of Land Commissioners and the DNRC are required by law to administer these trust lands to produce the largest measure of reasonable and legitimate return over the long run for the beneficiary institutions (Section 77-1-202, MCA).

The DNRC would land bank this project in accordance with the DNRC Land Banking Program (Montana Code Annotated 77-2-361 through 77-2-367) which was approved by the legislature in 2003, and subject to any underlying deed restrictions existing on the property.

Project Development

SCOPING:

- DATE:
 - November 2, 2018 – December 4, 2018.
- PUBLIC SCOPED:
 - Scoping notice mailed to current lessee
 - Scoping notices mailed to adjacent landowners
 - Scoping notices mailed to DNRC's statewide scoping list
 - Scoping notice advertised in legal notices in the Daily Inter Lake
 - Scoping notice posted on the DNRC Website at: <http://dnrc.mt.gov/public-interest/public-notices>
- AGENCIES SCOPED:
 - City of Whitefish (multiple departments)
 - Flathead County Board of Commissioners
 - Montana Fish, Wildlife, and Parks
 - School Boards Association
 - All Tribal representatives on current DNRC agency list.
- COMMENTS RECEIVED:
 - How many: Two (2)
 - Letter from Montana FWP stating no issues with this project.
 - Voice mail from a nearby property owner apparently just desiring to confirm potential sale of this property (neighbor was not responsive to three follow-up calls.)
 - Concerns: None.
 - Results (how were concerns addressed): N/A

DNRC specialists were consulted, including:

Mark Harvel Real Estate Specialist, DNRC
Kelly Motichka, Lands Section Supervisor, DNRC
Chris Forristal, Biologist, DNRC

Marc Vessar, Forest Hydrologist, DNRC

Internal and external issues and concerns were incorporated into project planning and design and will be implemented in associated contracts.

OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

- **City of Whitefish:** The City of Whitefish has jurisdiction over the property as it is located within the Whitefish city limits. No additional permits would be required for the land banking project.
- **Flathead County:** The City of Whitefish, and therefore this property, are located within Flathead County. No additional permits would be required for the land banking project.

ALTERNATIVES CONSIDERED:

The sale parcel is a commercial townhouse which was received as a part of a larger land exchange in 2009. That exchange included provisions requiring that the proponent guarantee the State Trust Lands a net revenue of \$30,000 annually for ten years. The ten-year guarantee which augments the rental income is set to expire in April of 2019. The prior guaranteed rental revenue far exceeds the current market rental rates. In addition to loss of the guaranteed rental income are concerns of vacancy cost and future repairs and improvements.

The property shares a wall and other common improvements with neighboring townhouse owner(s). The Lupfer property's underlying covenants, conditions, and deed restrictions require that most building improvements, replacements, repairs, and other activities be authorized by and contracted through an owners' association, of which DNRC is a minority member. While the association has always tried to accommodate DNRC's needs, DNRC's budget, procurement, and insurance requirements often conflict with the association's desired practices for same.

No-Action Alternative: To retain the Lupfer Avenue Commercial Townhouse and continue to lease it commercially. Rental revenues would decline given the expiration of the above-market rental revenue guarantee. Conflicts between DNRC's required processes and the association's preferred practices would inevitably increase over time—and become more time-consuming to resolve--as the conjoined structure depreciates and requires more substantial repair and maintenance (e.g., pending roof replacement, etc.).

Action Alternative: To sell the Lupfer Avenue Commercial Townhouse and use the revenue generated from that property's sale to purchase a replacement property better suited to meet asset productivity criteria and DNRC's standard property management practices/requirements. This would provide an opportunity to generate improved return and reduce the time and management complexity currently required to support ownership of the subject property.

Impacts on the Physical Environment

Evaluation of the impacts on the No-Action and Action Alternatives including **direct, secondary, and cumulative** impacts on the Physical Environment.

VEGETATION:

This project is located within the city limits of Whitefish, MT. Existing vegetation comprised of a minimal lawn and a few shrubs. No vegetation disturbance is proposed and therefore no further analysis is deemed appropriate.

SOIL DISTURBANCE AND PRODUCTIVITY: This project is within the city limits of Whitefish, MT. No ground disturbing activities are proposed and therefore no further analysis is deemed appropriate.

WATER QUALITY, QUANTITY, AND FISHERIES: This project is within the city limits of Whitefish, MT. No ground disturbing activities near surface water are proposed and therefore no further analysis is deemed appropriate.

WILDLIFE: This project is within the city limits of Whitefish, MT. There are no anticipated effects to wildlife with either the No Action or the Action Alternative and therefore no further analysis is deemed appropriate.

AIR QUALITY: This project is located within the city limits of Whitefish, MT. There are no anticipated effects to air quality and therefore no further analysis is deemed appropriate.

ARCHAEOLOGICAL SITES / AESTHETICS / DEMANDS ON ENVIRONMENTAL RESOURCES: The structure is not 50 years old, so it is outside consideration as a cultural resource per the mandates of the Montana State Antiquities Act.

This project is located within the city limits of Whitefish, MT. Given the subject property's deed restrictions, it is unlikely that any purchaser would tear down the structure or use the property in any way significantly different from its current use. Therefore, neither the No Action or the Action alternatives are anticipated to have any effects on aesthetics or environmental resources of land, water, or energy.

OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

- **City of Whitefish Municipal Code**

Impacts on the Human Population

Given the subject property's deed restrictions (covenants do not allow residential use) and the fact that the conjoined townhouses are privately owned and also occupied for retail/professional use, it is unlikely that any purchaser would use the townhouse in any way significantly different from its current uses. In addition, these uses are compliant with the City of Whitefish's Municipal Code. Because a beneficial use tax has been applied to the tenants during the DNRC's ownership, a change to private ownership would result in a minimal change (if any) in property tax revenue to the City of Whitefish and/or Flathead County. Therefore, neither the No Action or the Action alternatives are anticipated to have any impacts on the human population.

Locally Adopted Environmental Plans and Goals:

- City of Whitefish Municipal Code

Neither the No Action or the Action alternatives are anticipated to create any significant Impacts on locally adopted environmental plans and goals.

Other Appropriate Social and Economic Circumstances:

No Action: No social impacts are anticipated as the property's deed restrictions require similar property use to that which occurs now. Economically, the No Action alternative would continue to generate an annual rental return, however it would diminish substantially from the prior guaranteed revenue of \$30,000/year. DNRC would have to spend more time managing the property and incur additional costs related to ownership and maintenance of a depreciating structure.

Action: No social impacts are anticipated as the property's deed restrictions require similar property use to that which occurs now. Economically, the Action alternative would allow DNRC to secure a current appraisal of the property and land bank it to invest in another property with potential for more dependable revenue and streamlined management needs.

References:

77-2-361 through 367, Montana Code Annotated
City of Whitefish Municipal Code

Does the proposed action involve potential risks or adverse effects that are uncertain but extremely harmful if they were to occur?

No.

Does the proposed action have impacts that are individually minor, but cumulatively significant or potentially significant?

No.

Environmental Assessment Checklist Prepared By:

Name: Anne Shaw Moran
Title: Real Estate Specialist, Kalispell Unit, DNRC
Date: January 29, 2019

Finding

Alternative Selected

I select the action alternative.

Significance of Potential Impacts

No significant impacts are expected due to the sale of this property.

Need for Further Environmental Analysis

EIS

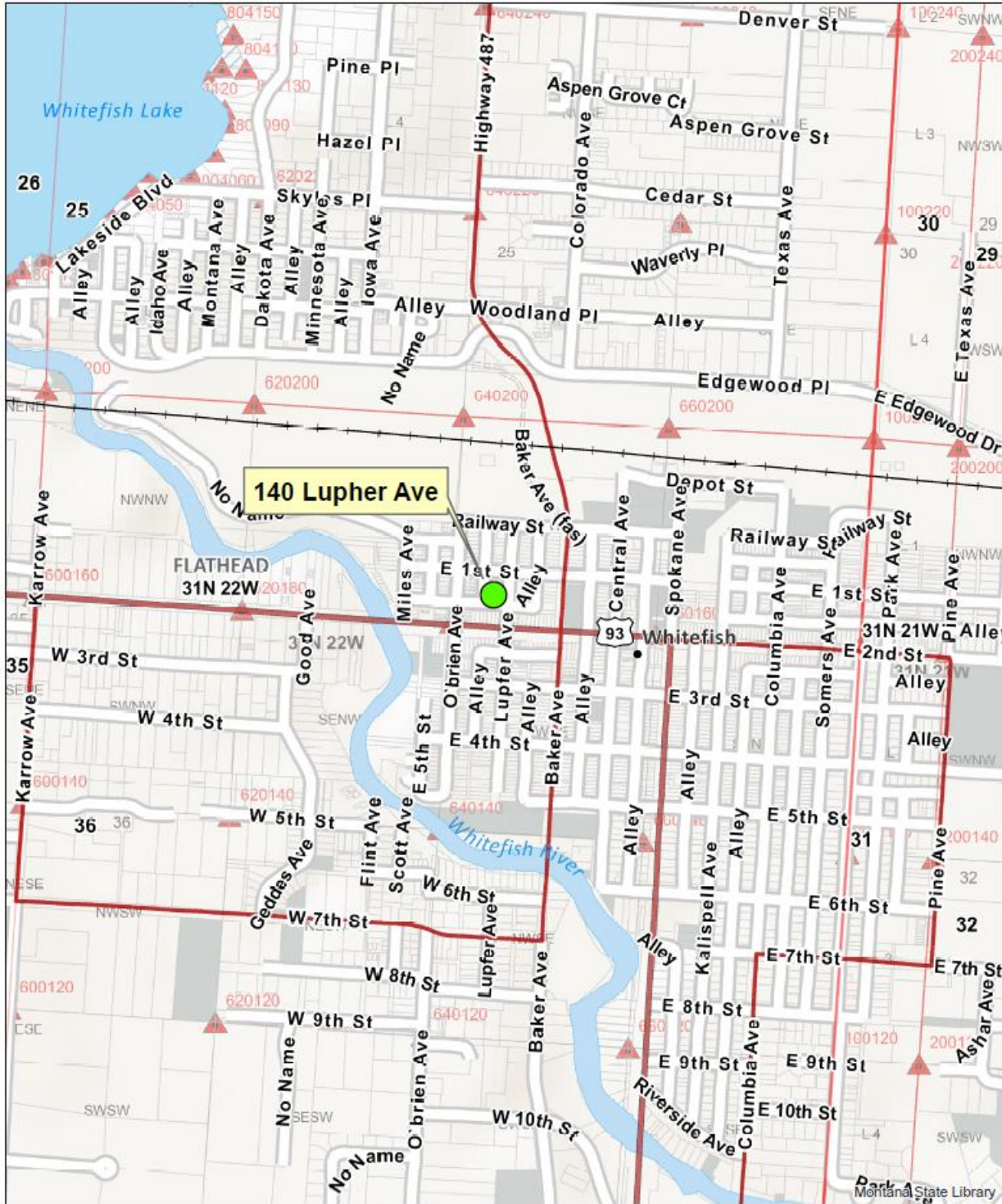
More Detailed EA

No Further Analysis

Environmental Assessment Checklist Approved By:

Name: David M. Poukish
Title: Kalispell Unit Manager, DNRC
Date: 1/29/2019
Signature: /s/ David M. Poukish

EXHIBIT A – LUPFER AVENUE COMMERCIAL TOWNHOUSE LAND BANKING PROJECT VICINITY MAP



Location: 140 Lupfer Ave, Whitefish, MT
County: Flathead
Date: September 28, 2018

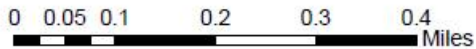


EXHIBIT C, PHOTO OF LUPFER AVENUE COMMERCIAL TOWNHOUSE

