

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
October 17, 2022, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

- 1022-1 **Department of Fish, Wildlife & Parks: Purchase of Property for Big Snowy Mountain Wildlife Management Area** APPROVED 4-1
Benefits: N/A (non-trust land) ATTORNEY GENERAL
Location: Golden Valley County KNUDSEN OPPOSED
- 1022-2 **Timber Sales:** APPROVED 5-0
A. Chalk Buttes
Benefits: Common Schools
Location: Carter County
B. Low Lion
Benefits: Common Schools
Location: Lake County
- 1022-3 **Cabin and Home Site Sales: Set Minimum Bid for Sale** APPROVED 4-1
A. Golden Valley County COMMISSIONER
Benefits: Common Schools DOWNING OPPOSED
Location: Golden Valley County
B. Meagher County
Benefits: Common Schools
Location: Meagher County
- 1022-4 **Easements: Standard Grants** APPROVED 5-0
Benefits: Common Schools and Public Buildings
Location: Toole County

PUBLIC COMMENT

1022-1

DEPARTMENT OF FISH, WILDLIFE & PARKS:

Purchase of Property for Big Snowy Mountain
Wildlife Management Area

**Land Board Agenda Item
October 17, 2022**

1022-1	<u>Department of Fish, Wildlife & Parks: Purchase of Property for Big Snowy Mountain Wildlife Management Area</u>
Location:	Golden Valley County, T10N and 11N, R20W
Trust Benefits:	N/A (non-trust land)
Trust Revenue:	N/A

Item Summary: FWP proposes to purchase approximately 5,677 acres at the base of the Big Snowy Mountains near Ryegate, Montana from the Montana Children’s Home and Hospital (aka Shodair Children’s Hospital). The purchase would enhance access to adjacent public land in the Big Snowy Mountains, secure high-value wildlife habitat and provide public recreation opportunity including hunting. FWP would continue an existing grazing lease on the property with some adjustment to the grazing rotation to optimize wildlife habitat, forage and cover while providing an economic benefit to a local ranch and community. To facilitate the new grazing system, FWP would upgrade boundary fences, construct interior cross-fencing and install a new water system.

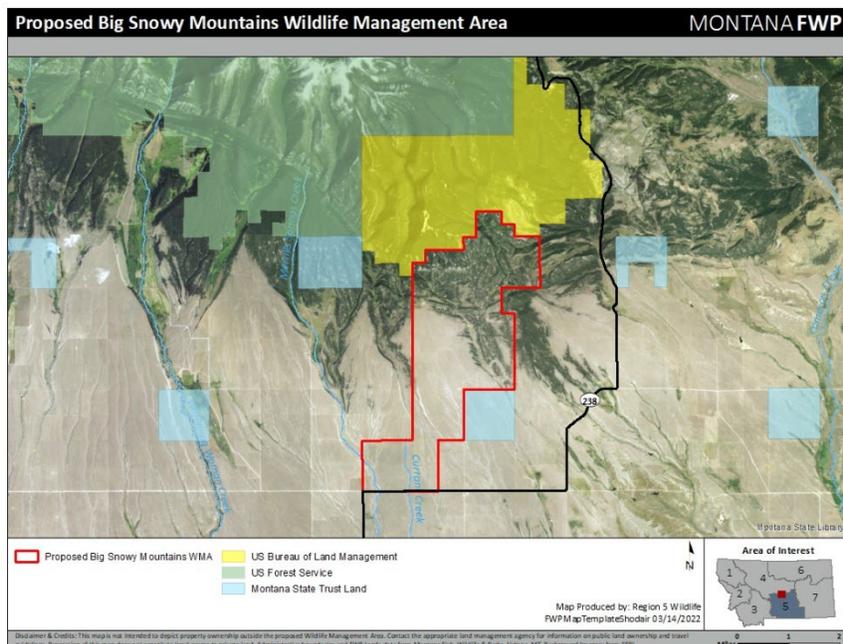
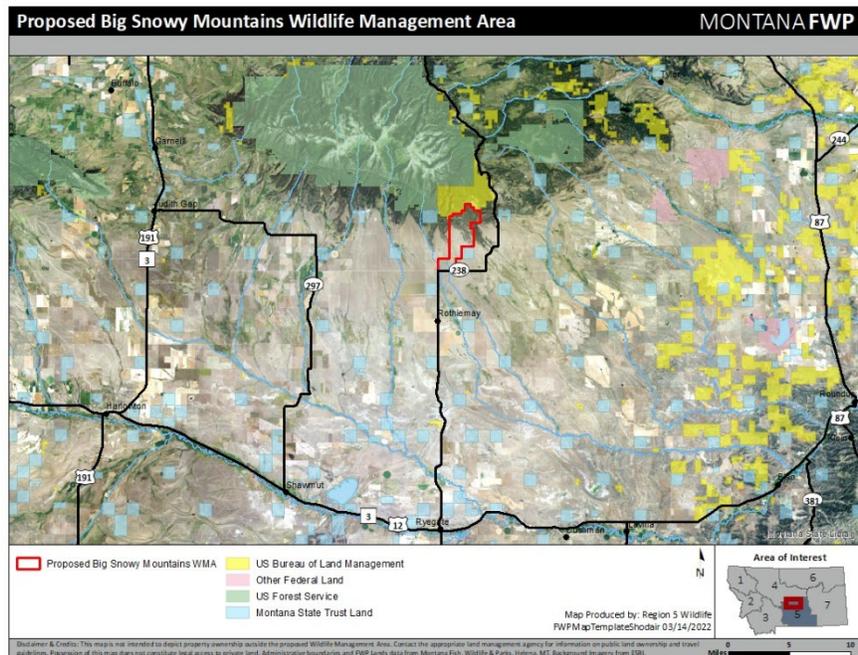
FWP is partnering with Rocky Mountain Elk Foundation (RMEF) on this project. The property is winter range and year-round habitat for elk, mule deer, and pronghorn, as well as habitat for black bear, white-tailed deer, and other native species. FWP’s intends to maintain the proposed addition for public use under management and grazing plans. FWP will pay the equivalent of property taxes to Golden Valley County pursuant to MCA 87-6-103. Two County Commissioners support this project, and one opposes.

Purchase Price and Budget: The purchase price of the proposed Big Snowy Mountains WMA acquisition is the appraised value of \$8.22 million. Funding would come from federal Pittman-Robertson Wildlife Restoration (PR) funds (\$6.184 million), Habitat Montana Program (\$1.243 million), and the Access Public Lands Program (\$393,000). RMEF is also contributing \$325,000 toward the purchase and secured an additional \$75,000 from the Montana Fish and Wildlife Conservation Trust. Due diligence and closing costs are estimated at \$13,000, using PR funds. Development and maintenance of this WMA would be funded with Habitat Montana, PR, and general license funds, along with another generous donation from RMEF in the amount of \$250,000. Initial projected maintenance and improvement costs are estimated to be approximately \$714,000, which includes weed management, fence maintenance and construction, parking area construction, stock water development, road improvements, and signage. If this acquisition proceeds, FWP would not open the WMA until parking areas and signage are in place, after May 15, 2023.

Public Comments: FWP published an environmental assessment on March 24, 2022 and accepted public comment for 30 days. A virtual public hearing was held on April 12, 2022. The process generated 107 public comments including 104 expressing support and 3 opposed. The Decision Notice addressed public comments and recommended proceeding with the acquisition. The Fish and Wildlife Commission unanimously approved this purchase on August 25, 2022.

Rationale for Land Board Action: Residents of nearby communities and the public in general would benefit from recreational access to the new WMA and to the Big Snowy Mountains. This purchase would also permanently secure wildlife habitat and improve the grazing system to benefit both the grazing lessee and wildlife.

Recommendation: FWP recommends the Land Board approve FWP's fee simple acquisition of the Montana Children's Home & Hospital land at the purchase price of \$8.22 million, to create the Big Snowy Mountains Wildlife Management Area.



1022-2

TIMBER SALES:

A. Chalk Buttes

B. Low Lion

**Land Board Agenda Item
October 17, 2022**

1022-2A Timber Sale: Chalk Buttes

Location: Carter County
Section 36 T1S R56E

Trust Benefits: Common Schools

Trust Revenue: \$24,000 (estimated, minimum)

Item Summary

Location: The Chalk Buttes Timber Sale is located approximately 15 miles southwest of Ekalaka, Montana.

Size and Scope: The sale includes 1 harvest unit (256 acres) of tractor logging.

Volume: The estimated harvest volume is 4,800 tons (640 MBF) of sawlogs.

Estimated Return: The minimum bid is \$5.00 per ton, which would generate approximately \$24,000 or more for the Common School Trust and approximately \$624 in Forest Improvement fees.

Prescription: This sale would utilize a selection harvest prescription, designed to reduce stocking levels to a more historic level. Dominant and co-dominant live green ponderosa pine trees from all size classes will be left to promote regeneration.

Road Construction/Maintenance: Department of Natural Resource and Conservation (DNRC) is proposing 1 to 2 miles of temporary road construction.

Access: Access is obtained by existing roads on state lands and private lands via two temporary road use agreements through the Shephard Ranch and 4 Lazy 3 Ranch, LLC.

Public Comments: No public comments were received in response to the Chalk Buttes Timber Sale.

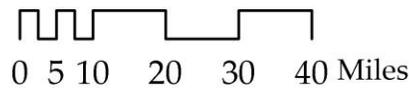
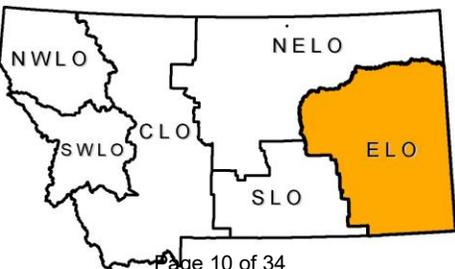
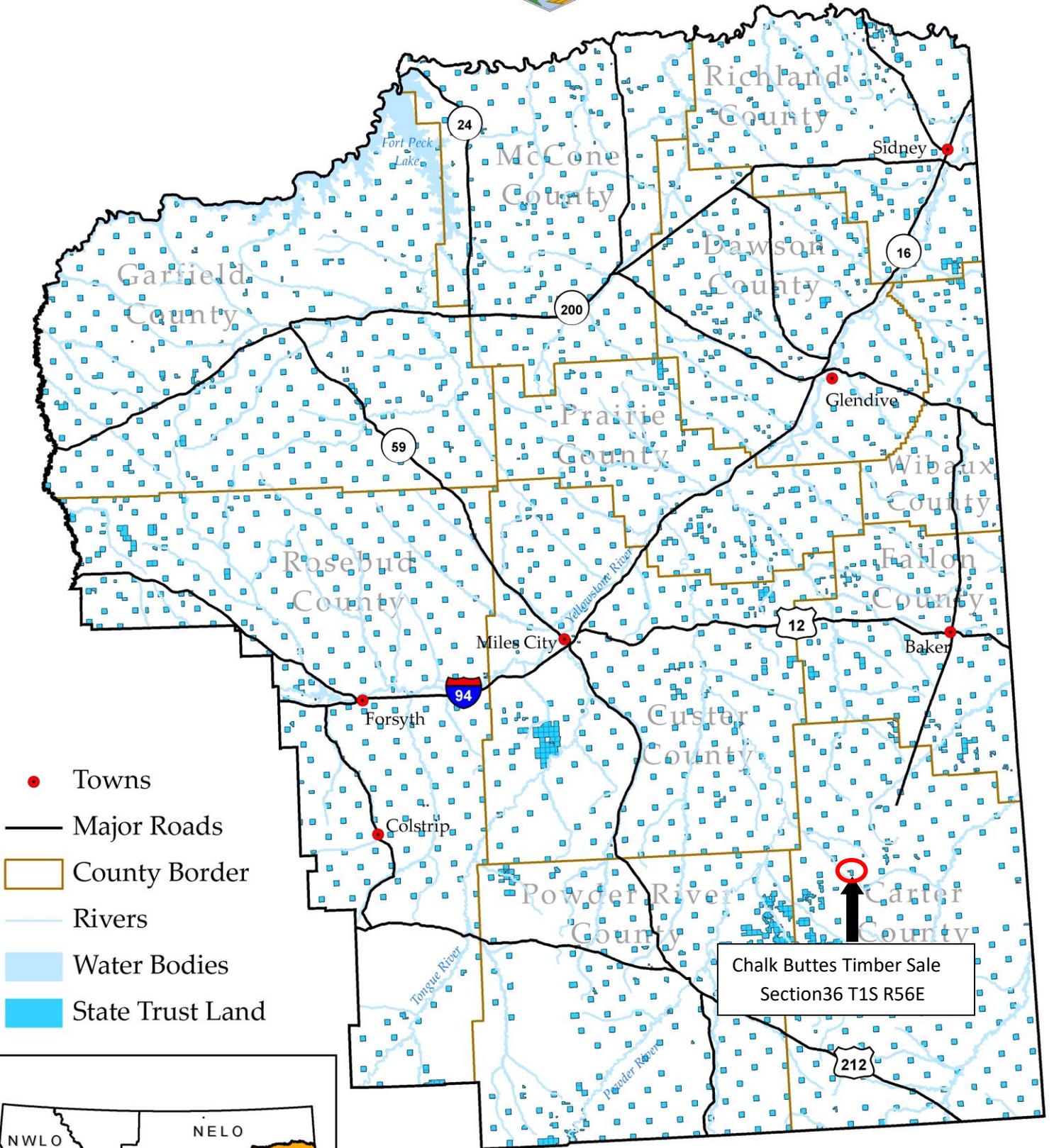
DNRC Recommendation

The DNRC recommends the Land Board direct DNRC to sell the Chalk Buttes Timber Sale.

Chalk Buttes Timber Sale VICINITY MAP

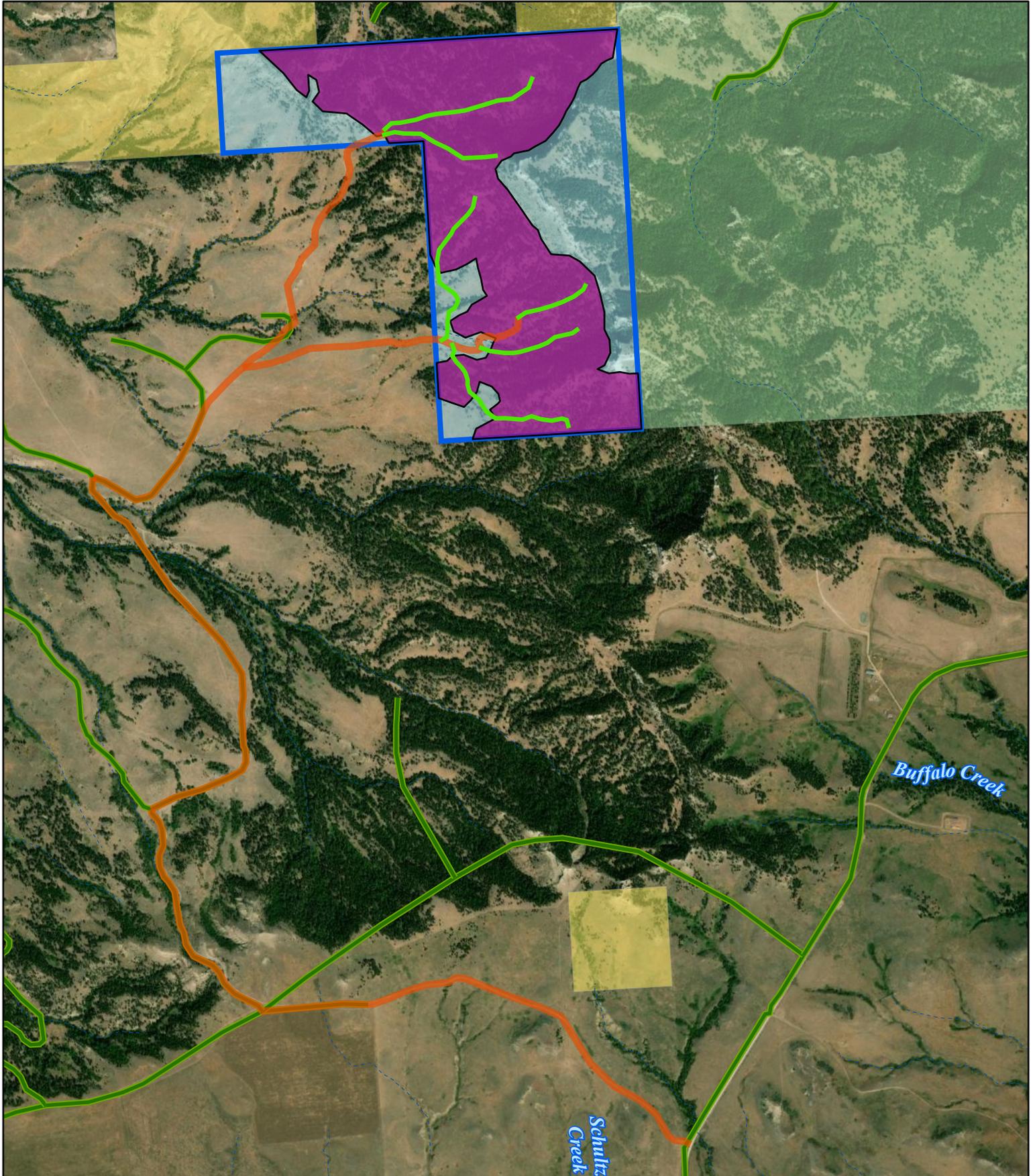
EASTERN LAND OFFICE

1022-2A



Chalk Buttes Timber Sale Harvest Unit and Haul Route

1622-2A



- | | | |
|-------------------|------------------------|---------------------------|
| Haul Route | Restricted Class A | Intermittent Stream |
| New Road | Restricted Class B | Bureau of Land Management |
| FMB_Roads | Abandoned or Reclaimed | US Forest Service |
| Highway | Harvest Units | Montana State Trust Lands |
| Open/Public Roads | DNRC Trust Lands | |

N

0
0.25
0.5

Miles

**Land Board Agenda Item
October 17, 2022**

1022-2B Timber Sale: Low Lion

**Location: Lake County
Section 12, 24, 35, and 36 T23N R18W**

Trust Beneficiaries: Common Schools

Trust Revenue: \$141,243 (estimated, minimum bid)

Item Summary

Location: The Low Lion Timber Sale is located approximately 14 miles south of Swan Lake, Montana.

Size and Scope: The sale includes 3 harvest units (*210 acres*) of tractor logging.

Volume: The estimated harvest volume is 6,149 tons (*1.1 MMBF*) of sawlog.

Estimated Return: The minimum bid is \$22.97 per ton, which would generate approximately \$141,243 for the Common Schools Trust and approximately \$27,978 in Forest Improvement fees.

Prescription: This sale would utilize a combination of seed tree, commercial thin and old growth maintenance harvest prescriptions designed to reduce insect and disease issues and to promote forest health.

Road Construction/Maintenance: In conjunction with the sale, the Department of Natural Resources and Conservation (DNRC) is proposing 1.03 miles of new permanent road construction, 0.31 miles of road reconstruction, and 18.2 miles of road maintenance.

Access: Access is obtained through the Fatty Creek Road system.

Public Comments: Three public comments were received in response to the Wood Lion Environmental Impact Statement (EIS) which is the environmental review that covers this timber sale. Two comments received from industry representatives showed support for the project. One comment from a local environmental organization expressed various environmental and economic concerns, which were addressed in the final EIS.

DNRC Recommendation

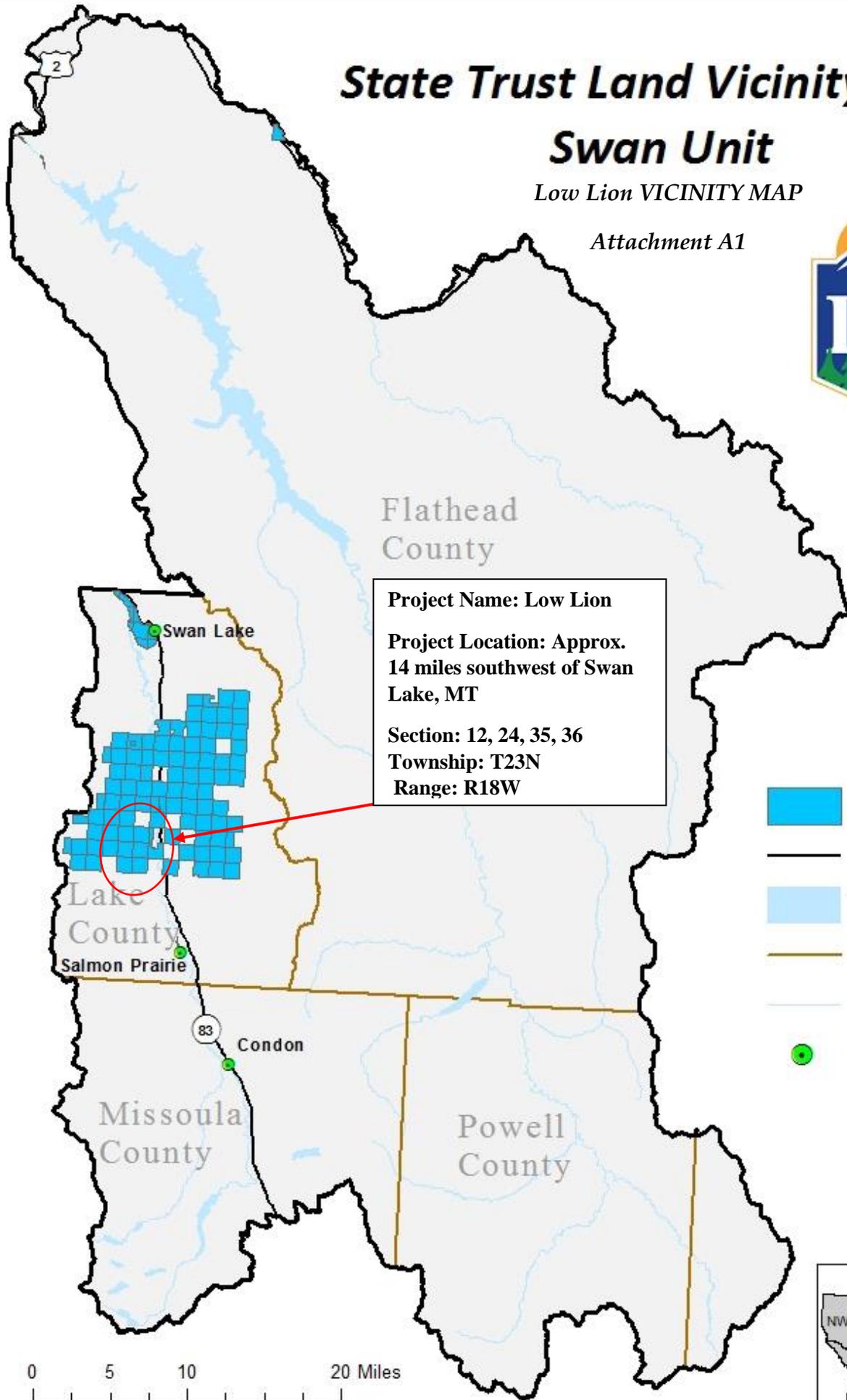
The DNRC recommends the Land Board direct DNRC to sell the Low Lion Timber Sale.

State Trust Land Vicinity Map

Swan Unit

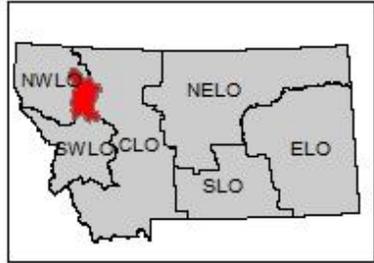
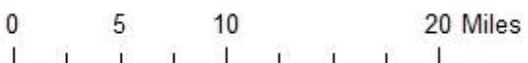
Low Lion VICINITY MAP

Attachment A1

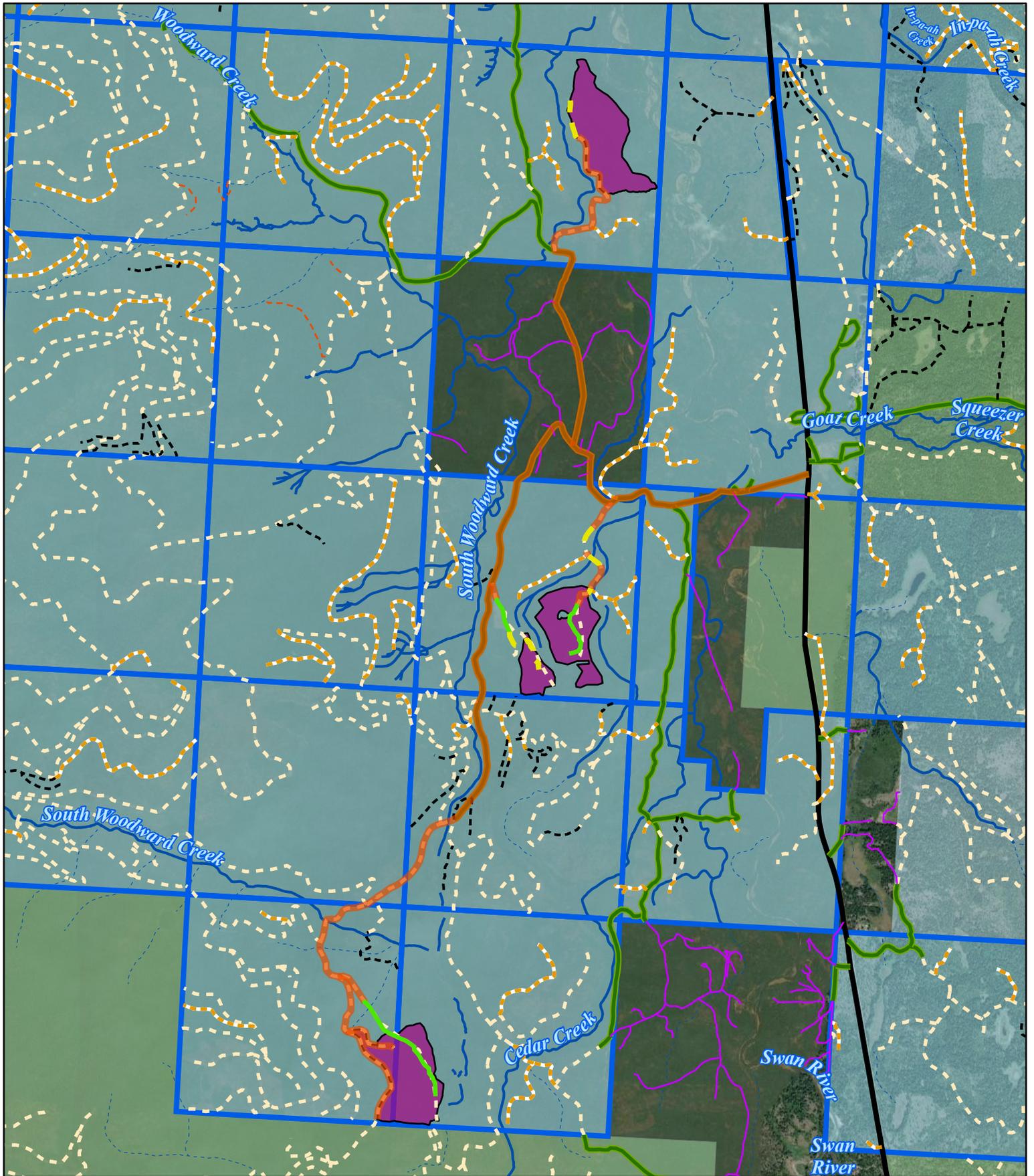


Project Name: Low Lion
Project Location: Approx. 14 miles southwest of Swan Lake, MT
Section: 12, 24, 35, 36
Township: T23N
Range: R18W

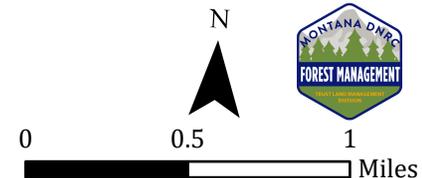
-  State Trust Land
-  Major Roads
-  Water Bodies
-  County Lines
-  Rivers
-  Towns



Low Lion Timber Sale Haul Route and Harvest Units_{1022-2B}

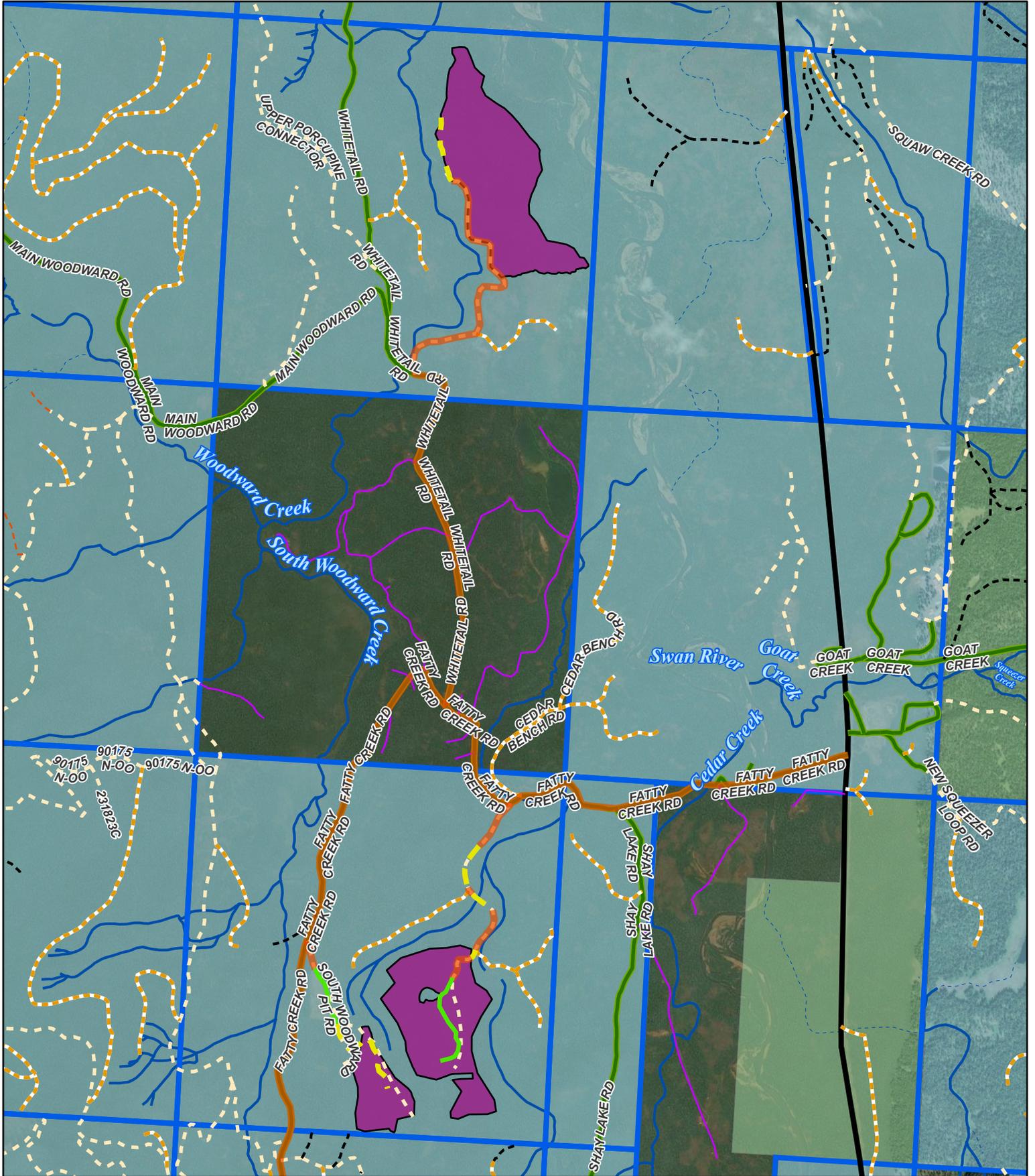


- | | | |
|---------------------------------|--------------------------|---------------------------|
| Haul Route | Restricted Class A | DNRC Trust Lands |
| New Road | Restricted Class B | Perennial Stream |
| Reconstruction of Existing Road | Abandoned or Reclaimed | Intermittent Stream |
| Highway | Pvt Access or Admin Site | US Forest Service |
| Open/Public Roads | Temporary | State of Montana Misc. |
| | Harvest Units | Montana State Trust Lands |



Low Lion Timber Sale Harvest Units in Sections 12 & 24

1022-2B



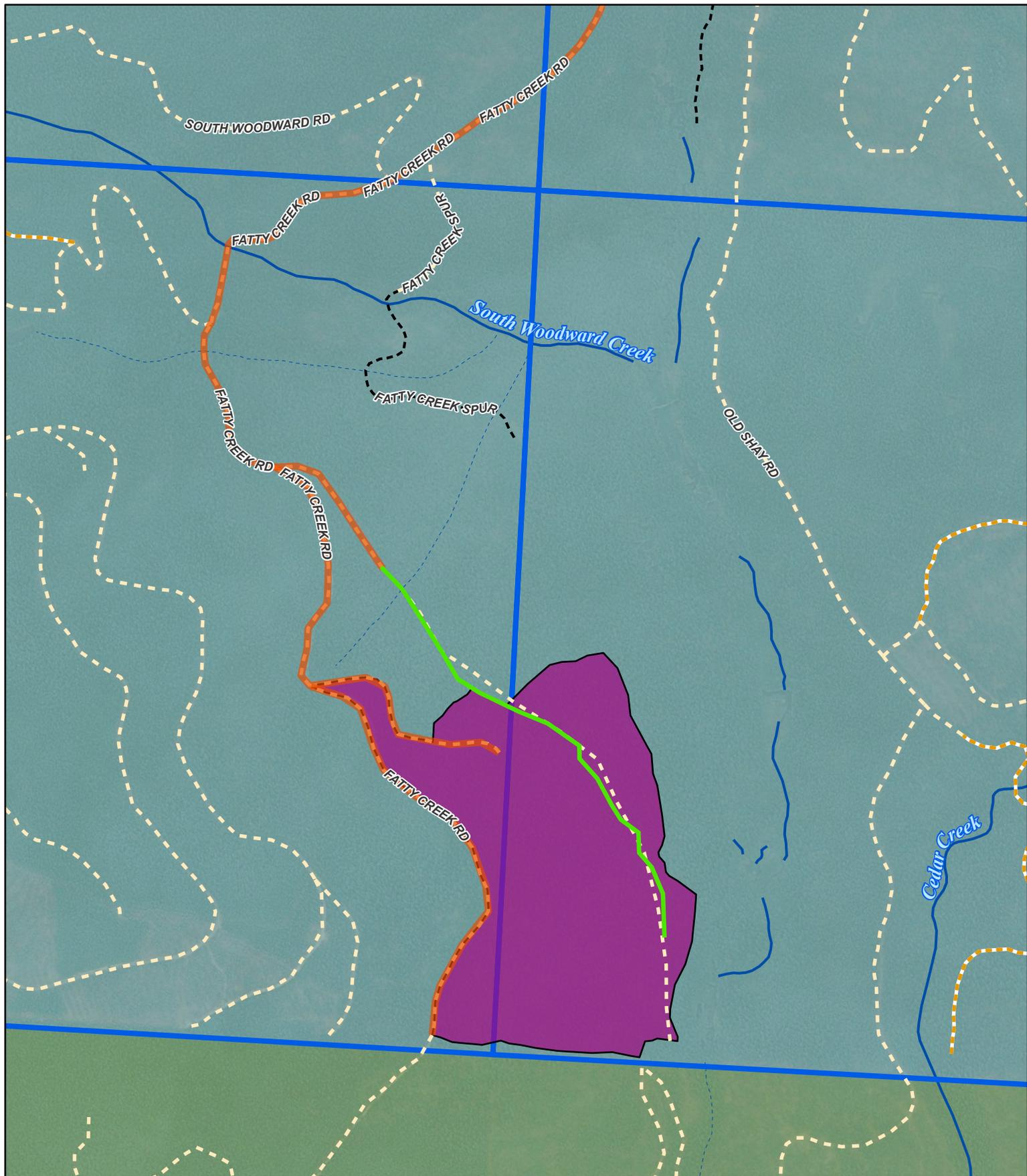
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|---------------------------------|--------------------------|---------------------------|
| Haul Route | Restricted Class A | DNRC Trust Lands |
| New Road | Restricted Class B | Perennial Stream |
| Reconstruction of Existing Road | Abandoned or Reclaimed | Intermittent Stream |
| FMB_Roads | Pvt Access or Admin Site | US Forest Service |
| Highway | Temporary | State of Montana Misc. |
| Open/Public Roads | Harvest Units | Montana State Trust Lands |

0 0.25 0.5 Miles

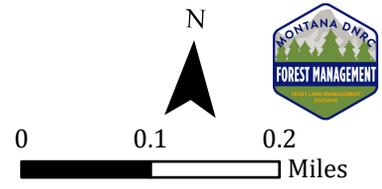


Low Lion Timber Sale Harvest Unit in Sections 35 & 36

1022-2B



- | | | |
|-------------------|--------------------------|---------------------------|
| Haul Route | Restricted Class A | DNRC Trust Lands |
| New Road | Restricted Class B | Perennial Stream |
| Highway | Abandoned or Reclaimed | Intermittent Stream |
| Open/Public Roads | Pvt Access or Admin Site | US Forest Service |
| | Temporary | Montana State Trust Lands |
| | Harvest Units | |



1022-3

CABIN AND HOME SITE SALES:

Set Minimum Bid for Sale

- A. Golden Valley County
- B. Meagher County

**Land Board Agenda Item
October 17, 2022**

1022-3A	<u>Cabin and Home Site: Set Minimum Bid for Sale</u>
	Location: Golden Valley County Trust Benefits: Common Schools Trust Revenue: \$23,000

The Department of Natural Resources and Conservation (DNRC) is requesting to set minimum bid for one (1) home site nominated for sale in Golden Valley County. This sale was nominated by the lessee in conjunction with the 2020-2021 Cabin and Home Site Sales Program.

Sale No.	Acres	Legal Description	Nominator	Trust
1161	9.71±	Tract 1, COS 01-2022 in SW4 T5N-R22E, Section 9	Steven Heiken	Common Schools

The parcel is currently leased as a home site and produces below average income for residential leases statewide.

Background:

Preliminary Land Board approval was granted in April of 2020 (Approved 5-0) for this site to be included as part of the 2020-2021 Cabin and Home Site Sale Program.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous structures and the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. This sale will have no effect to state-owned heritage properties.

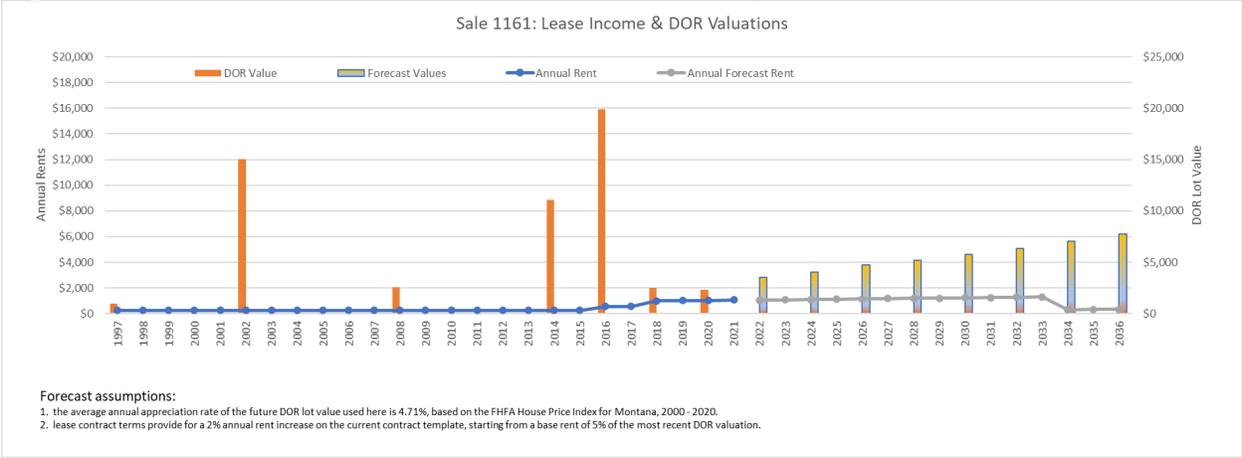
Access/Recreational Use:

As part of the cabin and home site sale process, the State will convey any access that it has and can be conveyed to the purchaser of the cabin or home site property. Current cabin/home site access is limited to the lessee and does not provide access or recreational use to the general public. State lands classified as cabin or home sites are closed to general recreational use by the public in accordance with ARM 36.25.150(1)(a). Therefore, the State is not selling land under the cabin site sale program that the public is permitted to use for recreation. Rather, the funds generated by these sales will go towards purchasing new lands that will have dedicated public access and recreational opportunities.

Economic Analysis:

Short term – The average rate of return on this sale parcel is 3.591%. The parcel will continue to receive this return if it remains in state ownership. The income rate of return will likely grow smaller over the next 20 years, as average annual value appreciation is greater than the annual rent increase, as shown in Figure 1 below.

Figure 1: Sale 1161-Review of Past Income and Values; Forecast Income & Values



Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through DNRC’s Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 3.04% on acquisitions with income generated from annual lease payments. However, the rates of return on land acquired more recently have been higher, ranging from 3.46% on acquisitions purchased within the last five years to 3.41% for lands acquired within the last ten years. Figure 2 shows hypothetical lot values derived from the 3-year average net revenue of the current lease, at a sample range of income rates of return that could be anticipated when the sale proceeds are used for a land banking acquisition.

Figure 2: Lot Values derived from 3-year Average Net Income at Sample Rate of Return

Sale Number		Rate of Return at Current Appraised Value for Land	Average Rate of Return on all Land Banking Acquisitions	Average Rate of Return on Land Banking Acquisitions within the last 5 years	Average Rate of Return on Land Banking Acquisitions within the last 10 years
	Income Rate of Return	3.591%	3.04%	3.46%	3.41%
1161	Derived Lot Value	\$23,000	\$27,166	\$23,938	\$24,219

Appraised Values of Land and Improvements:

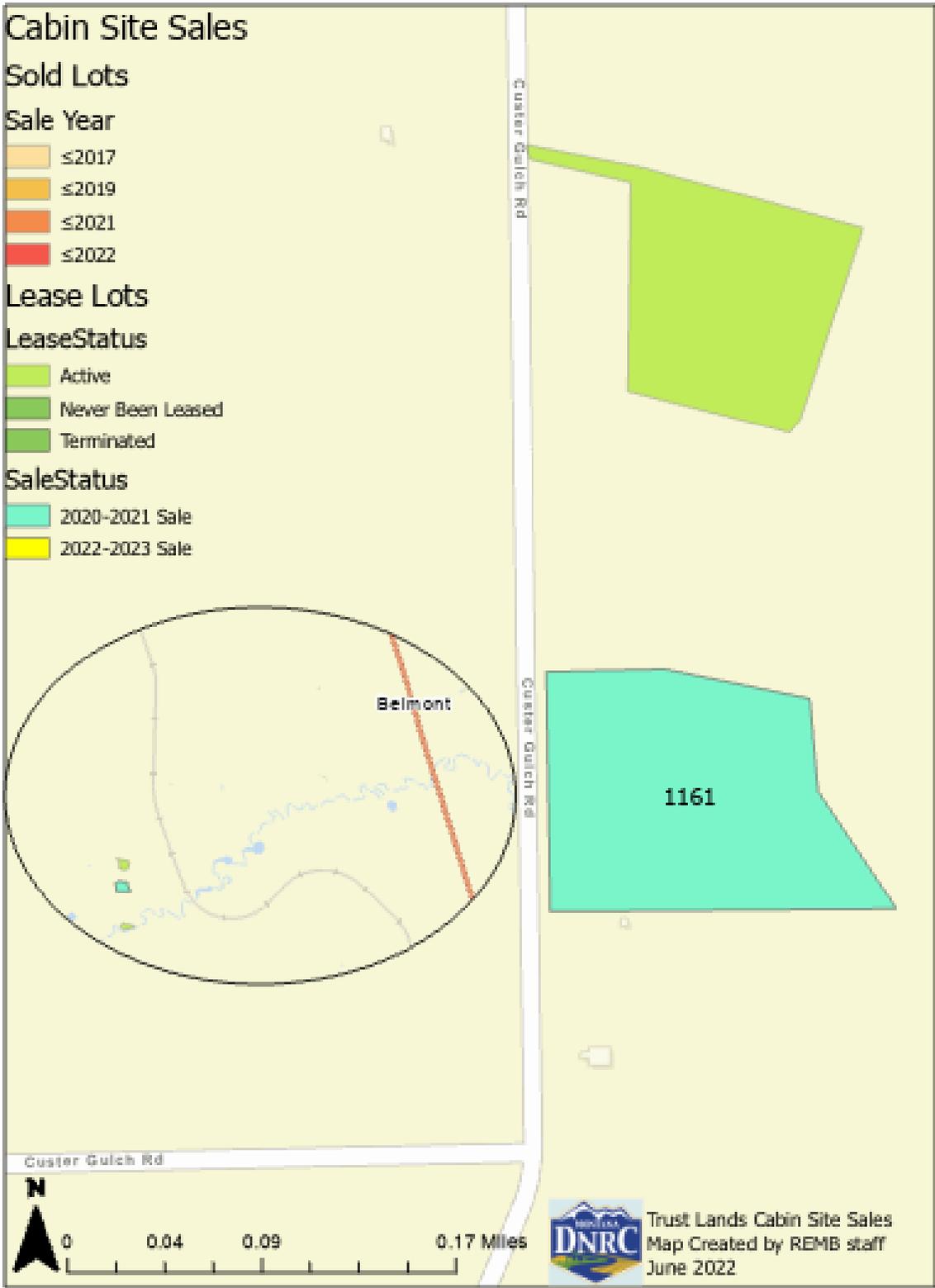
The appraisal was prepared by Montana General Certified Appraiser Ernest F. Goettlich V of Northern Acres Appraisal Services, LLC in Havre.

Sale Nos.	Appraised Land Value	Appraised Improvements Value
1161	\$23,000	\$220,000

DNRC Recommendation

The DNRC recommends that the Land Board set the minimum bid for the home site at the appraised land value and the maximum value of compensation for the improvements shown above.

Sale 1161, Golden Valley County



**Land Board Agenda Item
October 17, 2022**

1022-3B Cabin and Home Site: Set Minimum Bid for Sale

Location: Meagher County
Trust Benefits: Common Schools
Trust Revenue: \$43,000

The Department of Natural Resources and Conservation (DNRC) is requesting to set minimum bid for one (1) home site nominated for sale in Meagher County. This sale was nominated by the lessee in conjunction with the 2020-2021 Cabin and Home Site Sales Program.

Sale No.	Acres	Legal Description	Nominator	Trust
1165	12.4±	Tract 1, COS 148457 T8N-R6E, Section 16	Ben R. Galt	Common Schools

The parcel is currently leased as a home site and produces below average income for residential leases statewide.

Background:

Preliminary Land Board approval was granted in April of 2020 (Approved 5-0) for this site to be included as part of the 2020-2021 Cabin and Home Site Sale Program.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous structures and the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. This sale will have no effect to state-owned heritage properties.

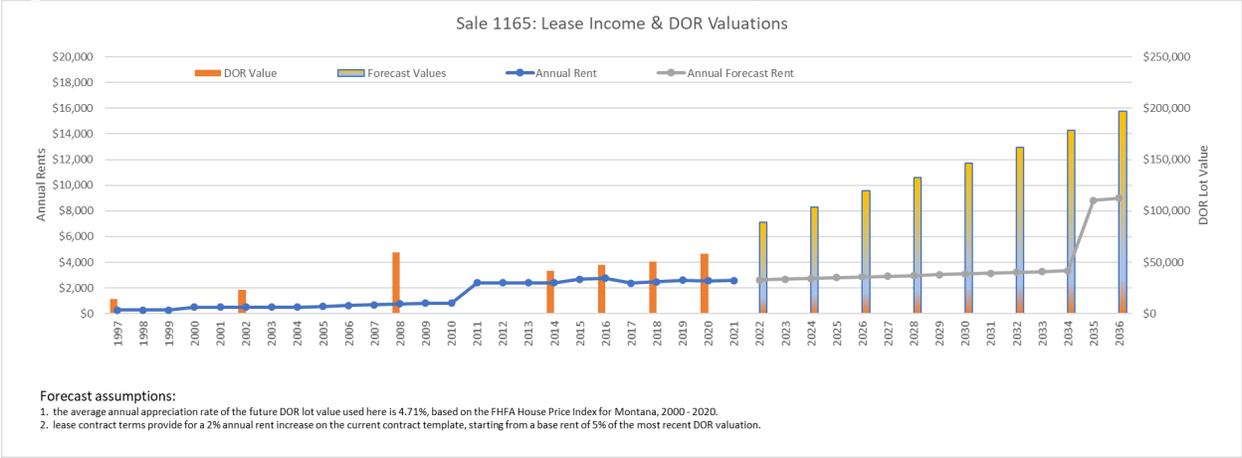
Access/Recreational Use:

As part of the cabin and home site sale process, the State will convey any access that it has and can be conveyed to the purchaser of the cabin or home site property. Current cabin/home site access is limited to the lessee and does not provide access or recreational use to the general public. State lands classified as cabin or home sites are closed to general recreational use by the public in accordance with ARM 36.25.150(1)(a). Therefore, the State is not selling land under the cabin site sale program that the public is permitted to use for recreation. Rather, the funds generated by these sales will go towards purchasing new lands that will have dedicated public access and recreational opportunities.

Economic Analysis:

Short term – The average rate of return on this sale parcel is 4.846%. The parcel will continue to receive this return if it remains in state ownership. The income rate of return will likely grow smaller over the next 20 years, as average annual value appreciation is greater than the annual rent increase, as shown in Figure 1 below.

Figure 1: Sale 1165-Review of Past Income and Values; Forecast Income & Values



Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through DNRC’s Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 3.04% on acquisitions with income generated from annual lease payments. However, the rates of return on land acquired more recently have been higher, ranging from 3.46% on acquisitions purchased within the last five years to 3.41% for lands acquired within the last ten years. Figure 2 shows hypothetical lot values derived from the 3-year average net revenue of the current lease, at a sample range of income rates of return that could be anticipated when the sale proceeds are used for a land banking acquisition.

Figure 2: Lot Values derived from 3-year Average Net Income at Sample Rate of Return

Sale Number		Rate of Return at Current Appraised Value for Land	Average Rate of Return on all Land Banking Acquisitions	Average Rate of Return on Land Banking Acquisitions within the last 5 years	Average Rate of Return on Land Banking Acquisitions within the last 10 years
	Income Rate of Return	4.846%	3.04%	3.46%	3.41%
1165	Derived Lot Value	\$43,000	\$68,545	\$60,399	\$61,108

Appraised Values of Land and Improvements:

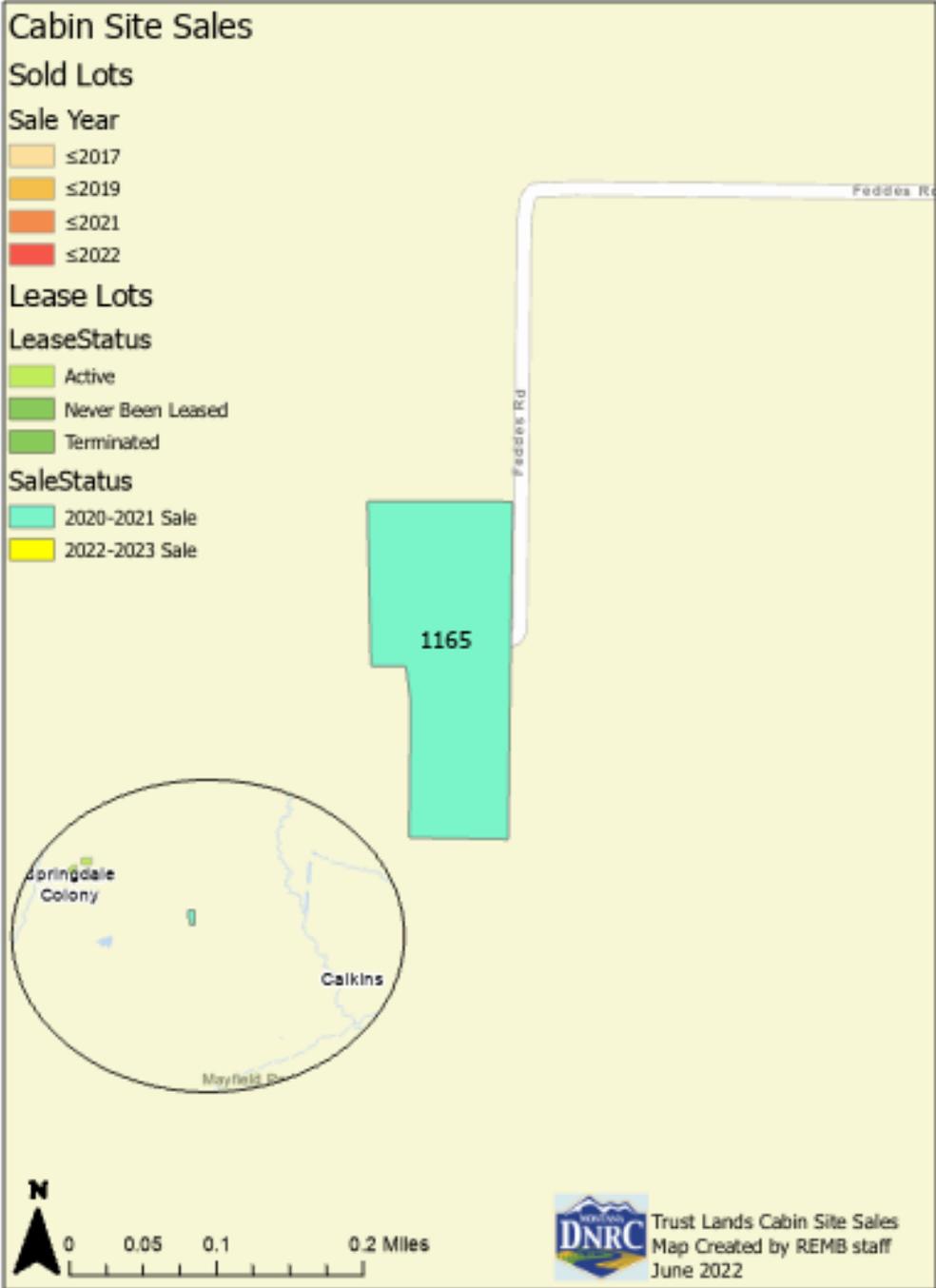
The appraisal was prepared by Montana General Certified Appraiser Ernest F. Goettlich V of Northern Acres Appraisal Services, LLC in Havre.

Sale No.	Appraised Land Value	Appraised Improvements Value
1165	\$43,000	\$0

DNRC Recommendation

The DNRC recommends that the Land Board set the minimum bid for this home site at the appraised land value shown above.

Sale 1165, Meagher County



1022-4

EASEMENTS:

Standard Grants

**Land Board Agenda Item
October 17, 2022**

1022-4 Easements: Standard Grants

Location: Toole County

Trust Benefits: Common Schools, Public Buildings

**Trust Revenue: Common Schools = \$ 968
Public Buildings = \$ 984**

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
Northern Telephone Cooperative	Buried Fiber Optic Cable	Permanent	30-34

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northern Telephone Cooperative, Inc.
P O Box 190
Sunburst MT 59482

Application No.: 19405
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 0.96
Compensation: \$384.00
Legal Description: 20-foot strip through SW4NW4, W2SW4, Sec. 29, Twp. 36N,
Rge. 2W, Toole County
Trust Beneficiary: Public Buildings

Item Summary

Northern Telephone Cooperative is requesting easements to place new buried fiber optic cable in the Sunburst exchange area. The new cable will improve broadband service to rural customers and provide additional capacity for future customers. The line will be trenched in along existing road corridors, therefore impact to Trust Lands is limited.

DNRC Recommendation

The DNRC recommends approval of the application of Northern Telephone Cooperative.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northern Telephone Cooperative, Inc.
P O Box 190
Sunburst MT 59482

Application No.: 19406
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 1.50
Compensation: \$600.00
Legal Description: 20-foot strip through E2NE4, SW4SE4, Sec. 30, Twp. 36N,
Rge. 2W, Toole County
Trust Beneficiary: Public Buildings

Item Summary

Continuation of Northern Telephone Cooperative applications.

DNRC Recommendation

The DNRC recommends approval of the application of Northern Telephone Cooperative.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northern Telephone Cooperative, Inc.
P O Box 190
Sunburst MT 59482

Application No.: 19407
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 2.42
Compensation: \$968.00
Legal Description: 20-foot strip through S2S2, Sec. 36, Twp. 36N, Rge. 3W,
Toole County
Trust Beneficiary: Common Schools

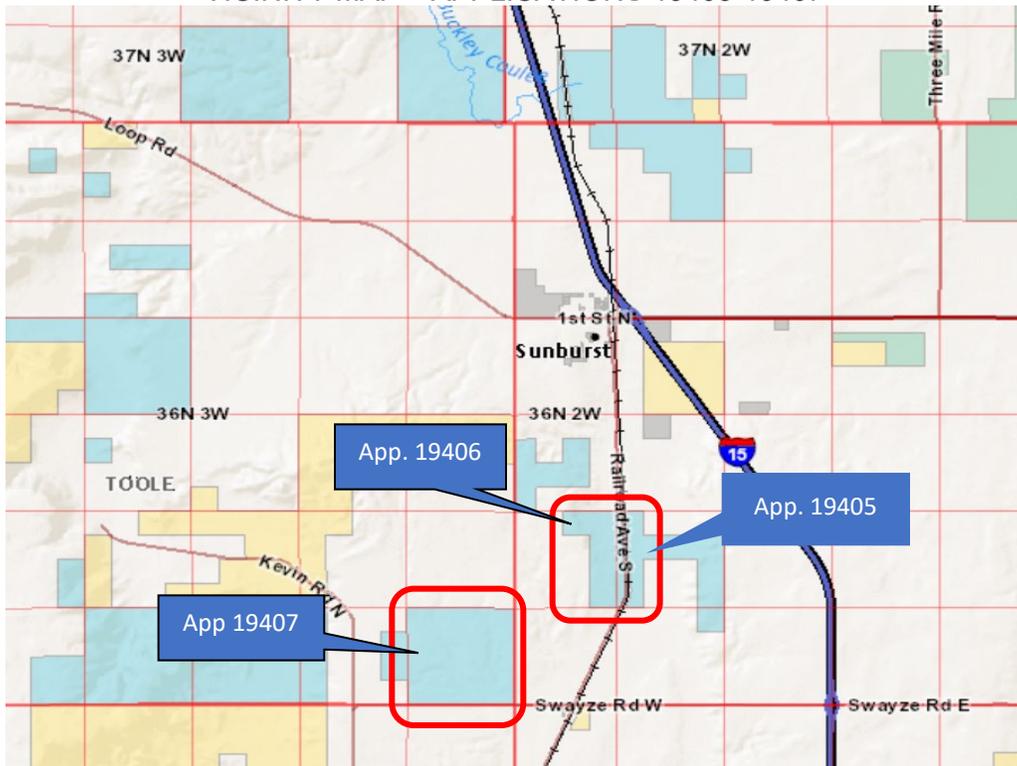
Item Summary

Continuation of Northern Telephone Cooperative applications.

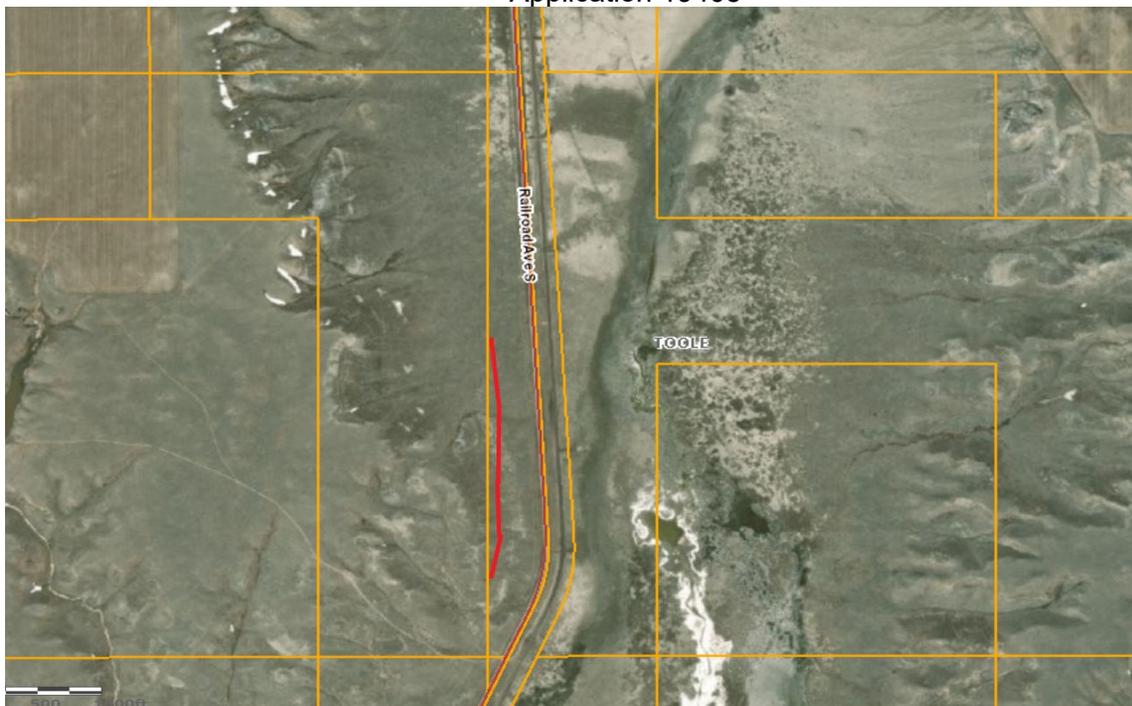
DNRC Recommendation

The DNRC recommends approval of the application of Northern Telephone Cooperative.

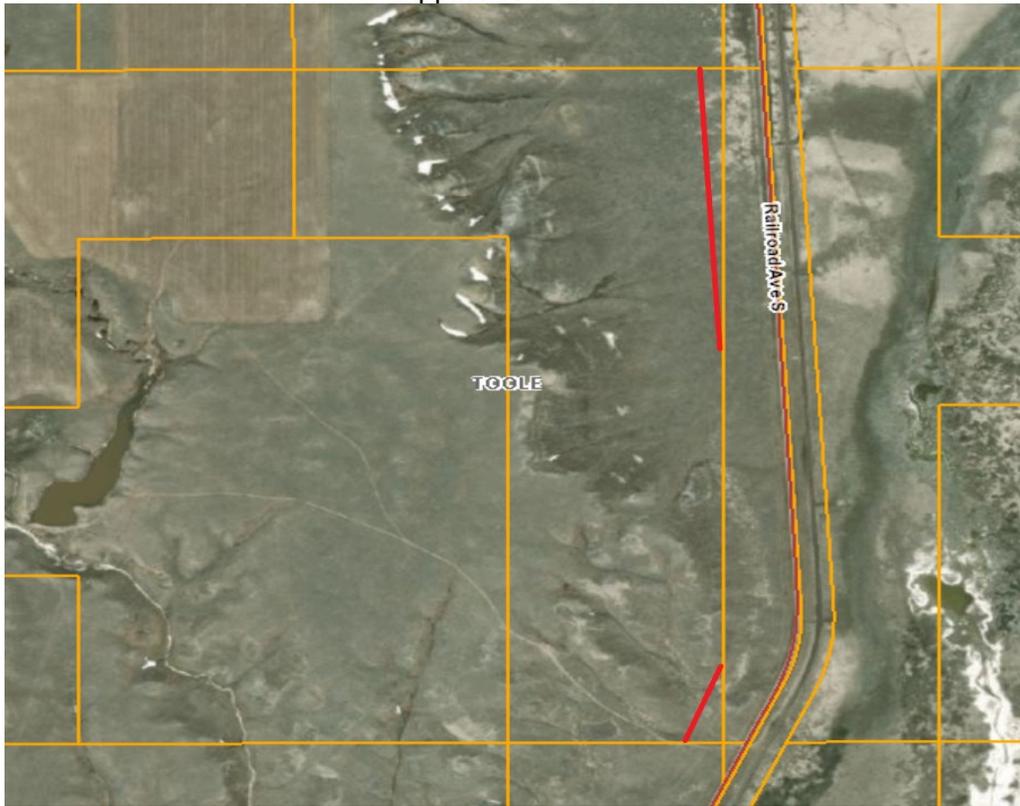
VICINITY MAP – APPLICATIONS 19405-19407



Application 19405



Application 19406



Application 19407



