CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Land Banking Parcel Nominated for Sale
Proposed Implementation Date:	Fall 2005
Proponent:	Hillenbrand, John
Location:	Sale #113 T19N R40E Sec. 36 SE4SE4 40 acres
County:	Garfield

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, 40 acres of state trust 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. 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.

MEPA Public Scoping Process

Date	Group and/or Individuals Contacted
September 21, 2004	**Letters sent to lessees announcing the Land Banking program and presenting criteria for nominating parcels.**
October 1, 2004 to January 31, 2005	**All DNRC administrative units accept Land Banking nominations from interested lessees.**
March 7, 2005 to April 5, 2005	**Initiated Montana Environmental Policy Act (MEPA) public scoping for parcels that have been identified to proceed further through the Land Banking sale process. Individuals and organizations contacted were: Trust Land lessees, adjacent landowners, interested parties identified through our ELO routine contact list for Trust Land projects, Garfield and Custer County Commissioners, and the Negotiated Rulemaking Committee. (See Attachment "A" for a complete list of contacts).** **Public "Legal Announcements" were published in the following local newspapers; Miles City Star, Sidney Hearald-Leader, Glendive Ranger-Review, Forsyth Independent-Enterprise, and Jordan Tradewind.**

Public meetings were held at the following locations and dates to gather public input:

Date	City/Location
March 14, 2005	Glendive, MT
March 16, 2005	Miles City, MT
March 22, 2005	Forsyth, MT
March 29, 2005	Jordan, MT

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

None

3. ALTERNATIVES CONSIDERED:

Alternative A – No action, do not sell Trust Land.
Alternative B – Sell Trust Land

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.

No Impact-the existing use is expected to continue.

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.

Tom Hughes, Water Resources specialist for DNRC, was contacted and three water rights were found for this parcel.

Sale #113

POU	Lessee	WRGT#	Purpose	DIV Type
SE	Hillenbrand, John	40D 3563 00	Irrigation	Pump
SESE	Hillenbrand, John	40D 135983	Stock	Direct From Source
SW	Hillenbrand, John	40D 3563 00	Irrigation	Pump

All water rights appurtenant to the state parcel will transfer to the successful bidder.

No Impact-the existing use is expected to continue.

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.

No Impact-the existing use is expected to continue.

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 vegetation is dominated by Western Wheatgrass (*Agropyron smithii*), Sandberg Bluegrass (*Poa sandbergii*), Blue Grama (*Bouteloua gracilis*), Needleandthread Grass (*Stipa comata*), and native forbs. Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management, or agricultural use. The vegetation on this tract is typical of a land throughout the vicinity. A search of the Montana Natural Heritage Program database indicates there are no known rare, unique cover types or vegetation on the tract. We do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

No impact-the existing use is expected to continue.

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.

The parcel of state trust land is used by a variety of wildlife species typical of use on undeveloped lands throughout the country. Wildlife populations can be affected by land use activities associated with livestock grazing, residential development, or agricultural practices. A variety of wildlife species including sage grouse, mule deer, whitetail deer, antelope, fox, coyotes, mountain lion, and numerous non-game birds use the tract during various times of the year. A search of the Montana Natural Heritage Program database indicated there is a greater landscape for sage grouse habitat in eastern Montana. This state trust land parcel is in the greater general landscape. We do not expect direct or cumulative wildlife impacts would occur as a result of implementing the proposal.

No impact-the existing use is expected to continue.

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 showed the presence of potentially sensitive species (Black Tail Prairie Dogs and Greater Sage Grouse) near this section. Prairie Dog habitat type is located in the general area of the state trust lands nominated for sale. However, no specific habitats are located on any state trust land proposed for sale in Garfield County. Sage grouse leks, while present in the general area, are not present on any state trust land proposed for sale in Garfield County.

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.

No Impact-the existing use is expected to continue.

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.

No Impact-the existing use is expected to continue.

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.

This parcel is a very remote Trust Land grazing parcel and the existing use is expected to continue.

IV. IMPACTS ON THE HUMAN POPULATION

- *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 Impact-the existing use is expected to continue.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:
Identify how the project would add to or alter these activities.

No Impact-the existing use is expected to continue.

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.

No Impact-the existing use is expected to continue.

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 parcel would move from tax exempt status to taxable status, which will provide income to the county. The exact amount is unknown until assessor appraisal is completed.

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

No Impact-the existing use is expected to continue.

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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 land is identified as agricultural. The growth policy indicates that the existing land use will continue.

No Impact-the existing use is expected to continue.

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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.

There are no recreational or wilderness areas nearby or accessed through this parcel.

No Impact-the existing use is expected to continue.

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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.

No Impact-the existing use is expected to continue.

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22. SOCIAL STRUCTURES AND MORES:
Identify potential disruption of native or traditional lifestyles or communities.

No Impact-the existing use is expected to continue.

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23. CULTURAL UNIQUENESS AND DIVERSITY:
How would the action affect any unique quality of the area?

Eastern Montana has a rich history of ranching. The sale of the state land will not directly or cumulatively impact cultural uniqueness or diversity.

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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.

The tract currently has a grazing lease for 10 Animal Unit Months (.4 AUM's/acre) at a rate of $6.64/AUM and generating an income of $66.40 or approximately $1.66/acre in 2004. Based on the DNRC Annual Report for Fiscal Year 2004, the average income for the 4.3 million acres of grazing land was $1.28/acre with an average productivity of .25 AUM's/acre. Therefore the parcel is considered slightly above average in productivity and revenue per acre. This parcel is a small piece (40 acres) isolated from any other state or federal land. There is no indication the parcel, if remaining in state ownership, would be used for purposes other than grazing and it is likely the future income would remain relatively stable.

An appraisal of the property value has not been completed. Assuming an appraised value of $125/acre, as determined in a preliminary land value estimate, the current annual return on the asset for this tract is 1.33%.

Land Banking statute requires that land acquired as replacement property through Land Banking is "likely to produce more net revenue for the affected trust than the revenue that was produced from the

land that was sold" (Section 77-2-364 MCA). Property considered for acquisition will include cropped or irrigated land, and/or land with recreational, timber, or commercial potential. All these land classifications or uses presently produce a higher rate of return on State Trust land than the average parcel of State Trust grazing land.

This would indicate a higher return on asset value could be expected under Alternative B (Sell).

EA Checklist Prepared By:	**Name:**	Rick Strohmyer	**Date:**	4/7/05
	Title:	Area Manager, Eastern Land Office		

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B – Sell Trust Land

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

Because the existing use is expected to continue, potential impacts will be insignificant.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

	EIS		More Detailed EA	**X**	No Further Analysis

EA Checklist Approved By:	**Name:**	Candace Durran		
	Title:	Real Estate Section Supervisor		
Signature:			**Date**:	4/14/05