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| Project Name: | Continental Divide Subdivision Lot 45 |
| Proposed Implementation Date: | Fall 2008 |
| Proponent: | Department of Natural Resources & Conservation |
| Location: | Sale #466: Lot 45, Block 34 of Continental Divide Subdivision, 1 st Filing (1341 Kootenai Avenue, Billings, MT) |
| County: | Yellowstone County |

I. TYPE AND PURPOSE OF ACTION

Offer for sale at public auction, a 14,497 square foot lot located within the Billings city limits in Continental Divide Subdivision, 1st Filing. The subject lot is located at 1341 Kootenai Avenue. Continental Divide Subdivision was platted by the State in 1985 and all but 2 of the 33 lots were subsequently sold and the sale proceeds went into the Common Schools Trust. The State still owns Lot 45, Block 34 and Lot 1, Block 8 in Continental Divide Subdivision, 1st Filing. Both of these lots have significant impediments that limit their development feasibility and are the reason why they have not been sold. The subject Lot 45 has an overhead power line that limits its potential as well as having some significant topographic constraints that limit the buildable area. The Southern Land Office Area Planner has discussed this lot with the 2 adjoining lot owners and both expressed an interest in purchasing it. In addition, because the lot has legal access, as well as the ability to connect to municipal water and sanitary sewer services, anyone interested in purchasing it could participate in the sale auction. Currently, DNRC does not obtain any revenue from this property.

The Southern Land Office is still exploring the best options for disposing of Lot 1, Block 8. Possibilities include offering it separately at a future Land Banking sale or including it with the adjoining Skyview Ridge Subdivision sale that is on the same Trust land. The adjoining owner of Lot 1 does not have an interest in purchasing it and it is encumbered by an overhead power line that bisects the property and essentially makes it unbuildable.

The revenue generated from the sale of this Lot will be deposited into a special account to be used to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income generation and potential for multiple use. The new parcel would then be held in Trust for the benefit of Common Schools. This proposed sale is being initiated through the Land Banking program (Montana Code Annotated 77-2-361 through 77-2-367) that was approved by the Legislature in 2003 and modified in the 2007 session. The purpose of this program is to allow the Department of Natural Resources and Conservation to dispose primarily of parcels that are isolated and produce low income relative to similarly classified tracts and to allow the Department to purchase land with legal public access that can support multiple uses and will provide a rate of return equal to or greater than the parcels that were sold.

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 soliciting comments on the proposed land banking sale was sent on 2 November 2007 to interested parties requesting that comments be submitted on the proposal by 7 December 2007. These interested parties included the following: members of the Land Banking Negotiated Rulemaking Committee; Yellowstone County Board of County Commissioners; Region 5 of the MT Department of Fish, Wildlife and Parks; and the Billings office of the US Bureau of Land Management; Tom Madden; and John Gibson. A complete list of individuals contacted is included on Attachment D of this EA.

No comments were received during the public scoping on the proposed sale of Lot 45, Block 34 in Continental Divide Subdivision, 1st Filing.

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

None

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Offer a 14,497 square foot lot of Common Schools Trust Land described as Lot 45, Block 34 of Continental Divide Subdivision, 1st Filing for sale at public auction and subject to statutes addressing the sale of State Land found in M.C.A. 77-2-301 et seq. Proceeds from the sale would be deposited in the Land Bank Fund to be used in conjunction with proceeds from other sales for the purchase of other State Land, easements, or improvements for the benefit of the Common Schools Trust.

No Action Alternative: Defer inclusion of this lot in the Land Banking Program, thereby allowing the State to maintain ownership of this lot.

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.

The subject lot contains Bainville and Worland soil types, with the most likely building site being in the Worland classification which consists of a sandy loam. One constraint to any construction on the lot would be the shallow depth to sandstone and the steep slopes. If the purchaser of the lot desired to erect a structure on the lot a geotechnical evaluation should be conducted prior to any design or construction to further evaluate the soils and stability of the underlying sandstone. This would also allow a structure to be properly engineered, based on its location on the lot.

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.

There are no surface water resources on the property. This lot is located inside the Billings city limits and has the opportunity to access the municipal water and sanitary sewer systems, if a residence were constructed. No adverse impact to water quality is anticipated.

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 subject lot was platted in 1985 and the present zoning permits the construction of one single-family dwelling. If the lot is sold and a residence erected, there could be a small, temporary increase in particulate emissions during construction. No significant impact to air quality is expected as a result of implementing the proposed action.

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 on this tract is typical of property in the surrounding area and mainly is covered by native vegetation with areas of exposed sandstone. A search of the Montana Natural Heritage Program database indicates there are no known rare, unique cover types or vegetation on this lot. No significant impacts to vegetation cover, quantity or quality are expected if the proposed action is implemented.

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.

This parcel contains 14,497 square feet and does not encompass any unique wildlife habitats. In addition, there are residential dwellings immediately to the south and northeast that would detract from any wildlife value. Therefore, no significant wildlife impacts are anticipated.

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 indicates there are no known endangered or threatened species on this lot. No impacts are expected if the proposed action is implemented.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

The Southern Land Office consulted the DNRC Archeologist and was advised that there are no cultural resource concerns with the proposed action.

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.

The subject lot is the last undeveloped lot in the immediate area. The property to the south had a house erected on it approximately four years ago. The subject lot and the lot to the south, which is not in Continental Divide Subdivision, are located near the edge of a sandstone rock outcropping and are visible from Kootenai Avenue and also from the Alkali Creek valley below and West the lot. In addition, there is an existing overhead power line and 20' easement that runs along the south property line the subject lot that limits its development potential. There are additional homes that have been constructed along this same outcropping further to the southeast. The potential addition of one additional structure would not have a significant impact on aesthetics based on the existing home in the vicinity, as well as the power line that crosses the property and runs down the rimrocks.

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.

The construction of one dwelling unit in the City of Billings would have minimal to no impact on the services that it provides. It is possible that this lot will be purchased by an adjoining lot owner and they would let it remain undeveloped and only utilize it as an expanded yard space.

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.

Since this is an existing, platted lot within the City of Billings, there are limited additional actions that could occur on it by the State. To the north, the State has annexed 285 acres of Trust land into the City of Billings and also had portions of that property rezoned. However, this will not directly impact the subject lot. Any new lots created in the adjacent Skyview Ridge Subdivision will be analyzed by the city in the subdivision process and they will mitigate cumulative effects of the development, as permitted by state statute.

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.

The implementation of the proposed action will not have a significant impact on human health and safety.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

The proposed sale of Lot 45 will have no impact on industrial, commercial or agricultural activities. The lot is not presently leased and has no agricultural potential. In addition, it is currently zoned Residential-9,6000 which does not permit commercial, industrial or agricultural uses.

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.

The implementation of the proposed action will not have a significant impact on the quantity and distribution of employment.

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.

This tract is currently tax-exempt and the sale of this tract to a non-exempt entity would add it to the city and county tax base, thus marginally increasing tax revenues generated to both entities.

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

The proposed action will not directly increase the demand for government services. If the purchaser chooses to construct a dwelling on the lot, the City had the opportunity to review the impact on governmental services when the property was annexed and also when the lot was created during the subdivision review process. The addition of one dwelling, the maximum the present zoning Residential-9,600 permits, would have a negligible impact on the demand for government services.

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.

Implementing the proposed action would not conflict with the 2003 City of Billings Growth Policy. In addition, the property is presently zoned Residential-9,600 and would permit a maximum of one single-family dwelling to be constructed on the lot.

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 action will not adversely affect access to and quality of recreation and wilderness activities.

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.

The lot is zoned Residential-9,600 which permits the construction of one single-family dwelling and it has been platted since 1985. Development of this lot would not have a significant impact on density and distribution of population and housing.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

The implementation of the proposed action will not have a significant impact on social structures and mores.

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

Implementation of the proposed action will not have a significant impact on cultural uniqueness and diversity.

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 Common Schools Trust does not presently receive any revenue from this lot. The City of Billings does not permit livestock grazing within the City limits and this property is too small to be viable as a grazing unit. DNRC is presently paying \$345/year in fee assessments to the City of Billings. These assessments are for street maintenance, storm sewer maintenance and arterial construction. If this lot is sold, those would become the responsibility of the new owner, as well as paying property taxes from which the State is exempt.

An appraisal of the property value has not been completed to date. Under DNRC rules, the appraisal would be conducted after preliminary approval to proceed is granted by the Board of Land Commissioners. The revenue generated from the sale of this tract is intended to be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Common Schools Trust. It is anticipated that the value of this lot will be in excess of \$30,000. Utilizing that value, the current return on asset from this lot is -1.15%, since there is no revenue generated from the lot and DNRC pays assessments to the City of Billings.

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| EA Checklist Prepared By: | Name: Jeff Bollman, AICP | Date: 20 February 2008 |
| | Title: Area Planner, Southern Land Office | |

V. FINDING

25. ALTERNATIVE SELECTED:

The proposed alternative has been selected and it is recommended that the lot receive preliminary approval for sale and continue with the Land Banking process.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

DNRC did not receive any comments regarding the possible sale of this property. This property has been platted since 1985 and there have not been any significant attempts to sell this lot in the last 10 years. The Southern Land Office has discussed the potential sale of this lot to the two adjoining lot owners and both have expressed an interest in bidding on it if it does come up for auction. The property along the west boundary is City parkland.

The lot does not have any unique characteristics or environmental conditions indicating the tract should remain under management by the Department of Natural Resources and Conservation. It was created in 1985 to be sold for a single-family residence and it is appropriate to sell it at this time. There are no indications the tract would produce substantially greater revenue or have substantially greater value to the trust in the near future. Finally, the transfer of ownership of this 14,497 square foot lot will not result in any significant adverse effects to the human or natural environment.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

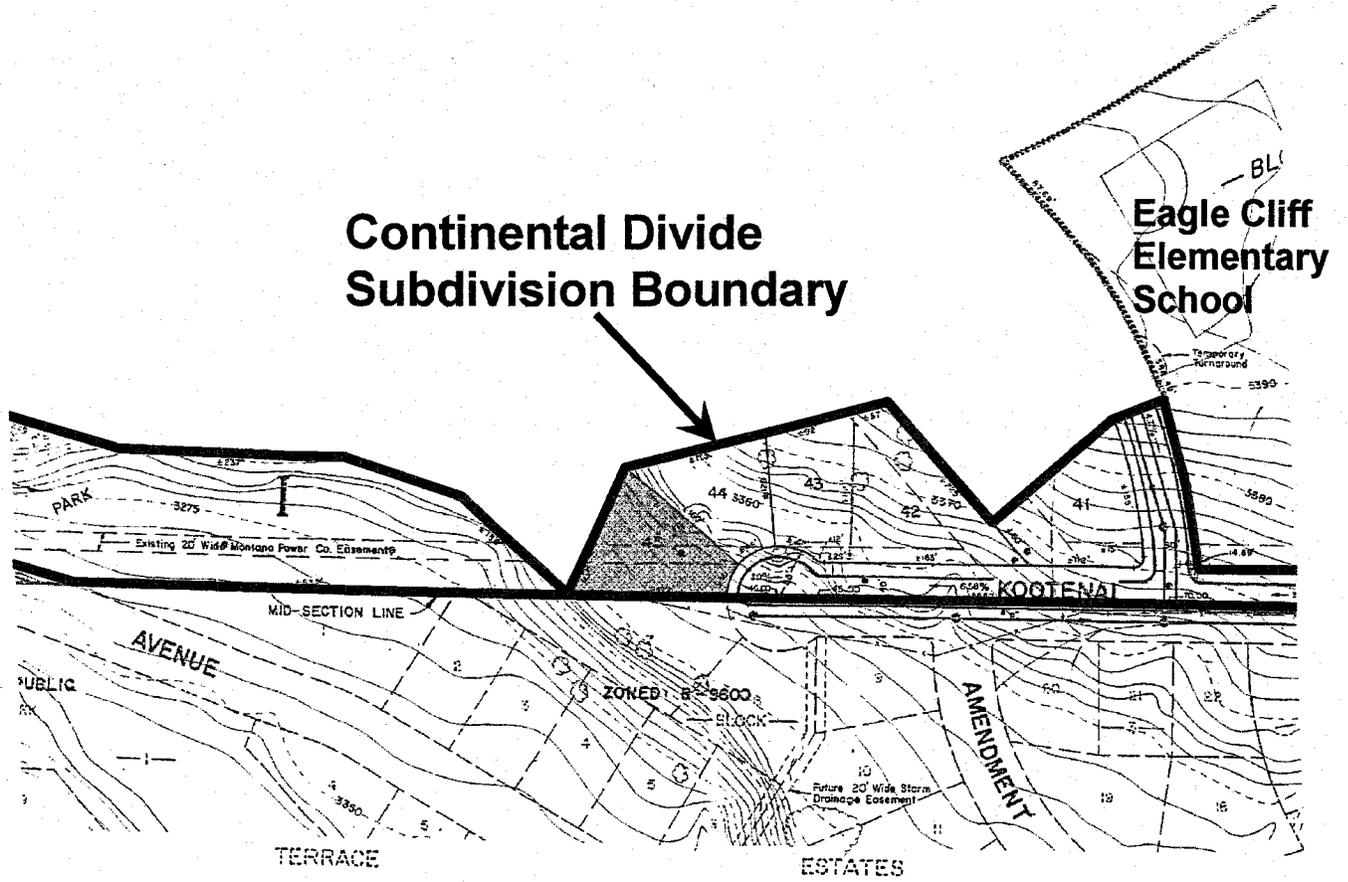
EIS

More Detailed EA

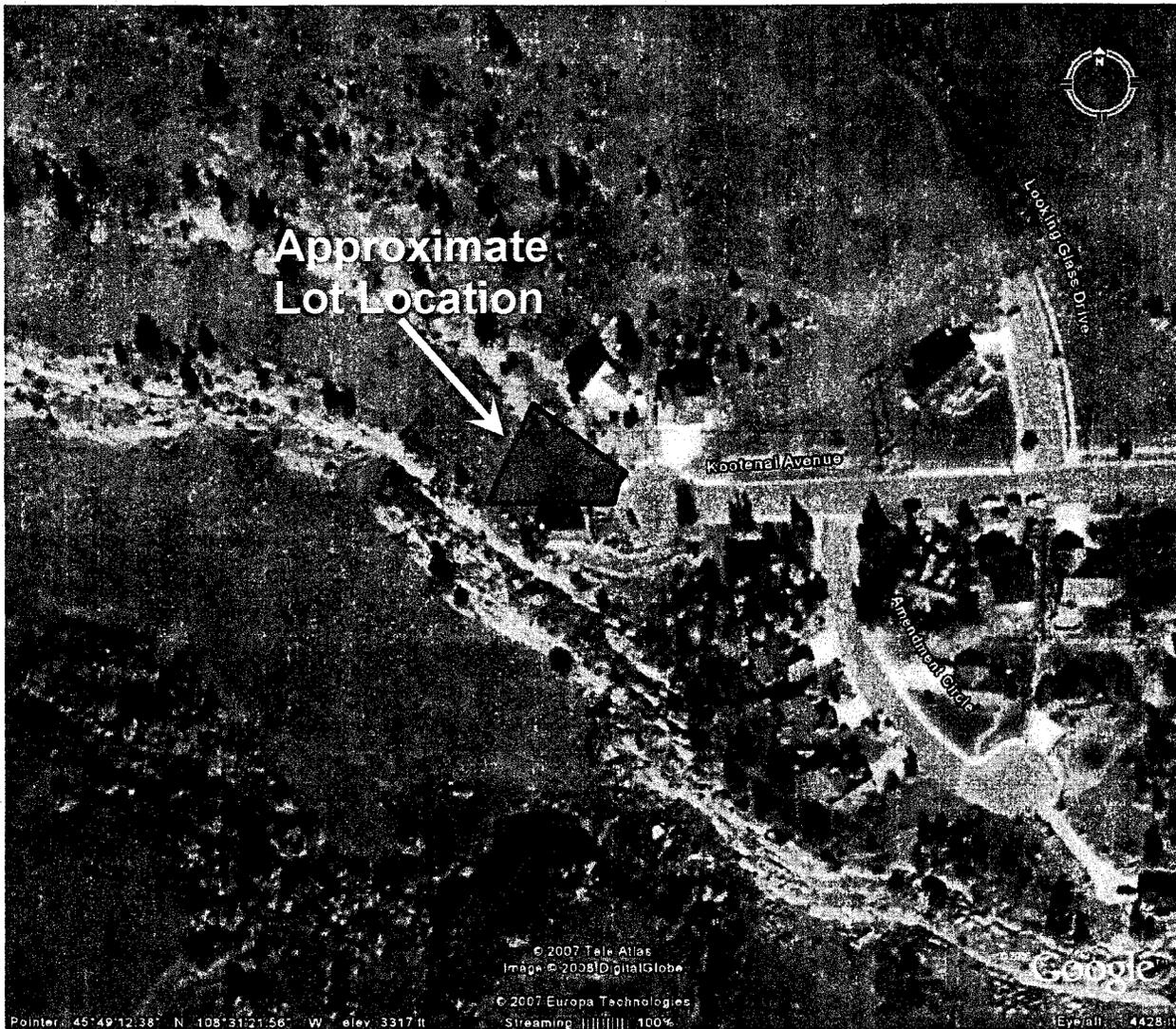
No Further Analysis

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| EA Checklist Approved By: | Name: Richard A. Moore |
| | Title: Area Manager, Southern Land Office |
| Signature: <i>Richard A. Moore</i> | Date: 2/21/2008 |

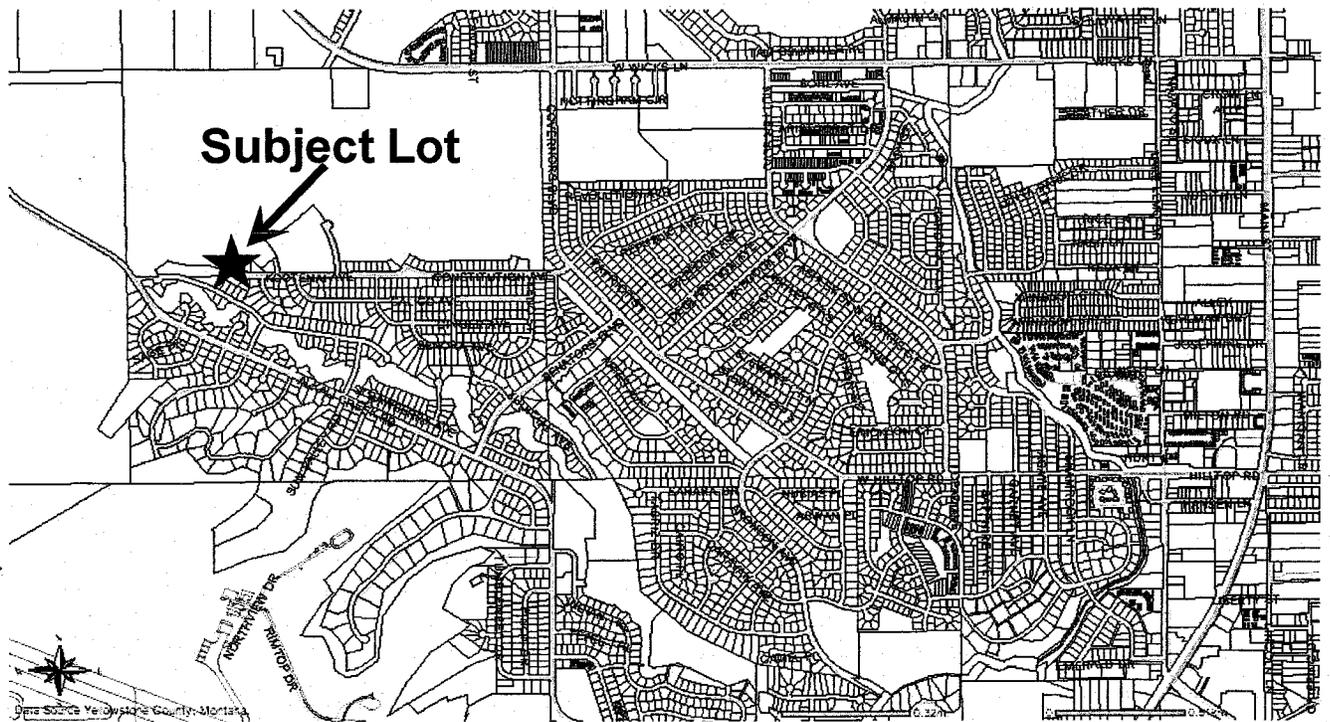
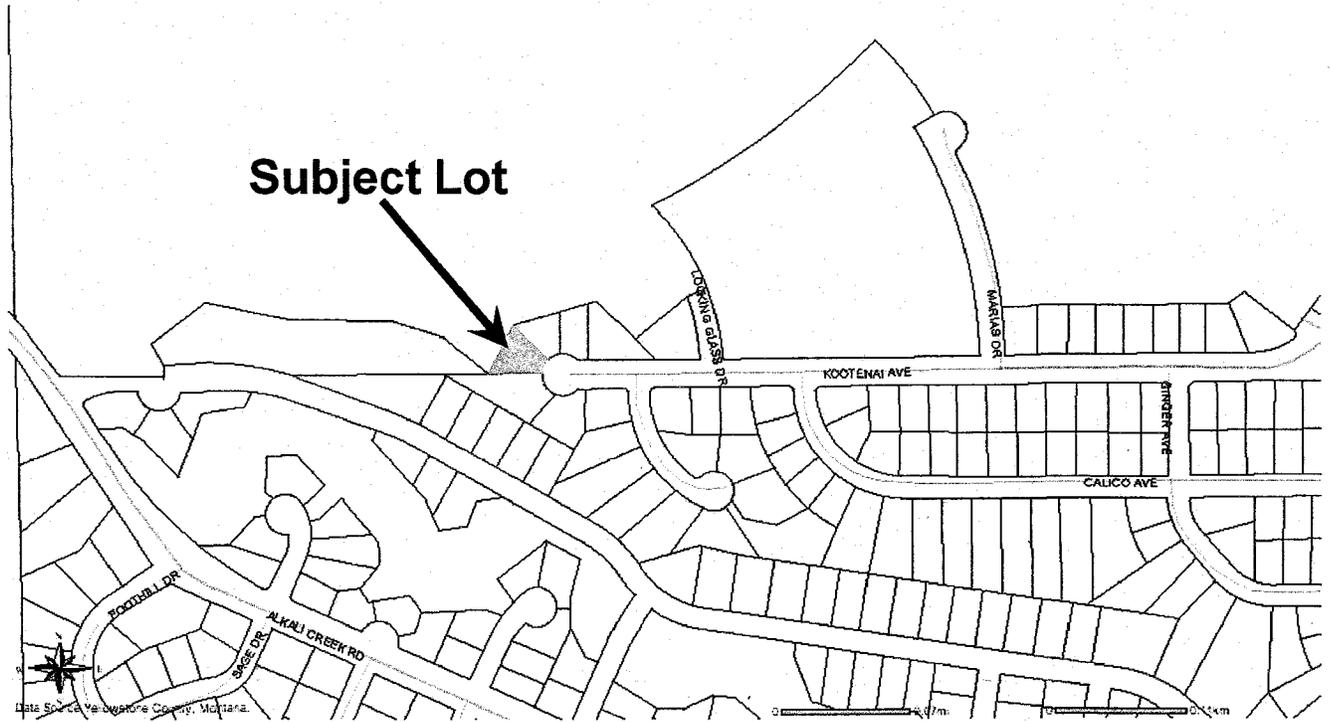
Attachment A – Continental Divide Subdivision, 1st Filing Plat Map



Attachment B – Aerial View



Attachment C – Parcel Maps



Attachment D - List of Persons Notified in Continental Divide Lot 45 Scoping Process

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