

CHECKLIST ENVIRONMENTAL ASSESSMENT

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| Project Name: | City of Bozeman, Murdock's Utility Easement |
| Proposed Implementation Date: | 1/1/2016 |
| Proponent: | Murdock's for the City of Bozeman |
| Location: | Township 1 South, Range 5 East, Section 36 |
| County: | Gallatin |

I. TYPE AND PURPOSE OF ACTION

Murdock's Corporate Headquarters is requesting an easement to be held by the City of Bozeman for a water and Sewer line that would connect to the City of Bozeman's water and sewer lines that follow the Wheat Drive alignment through the State Land (commonly referred to as North Park properties).

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project. List number of individuals contacted, number of responses received, and newspapers in which notices were placed and for how long. Briefly summarize issues received from the public.

June 1, 2006 – DNRC and the City of Bozeman received a traffic Study prepared by Robert Peccia and Associates.

October 23, 2006 – City of Bozeman annexes and approves zoning for the State land located north of I-90 in section 36, Township 1 South, Range 5 East, now known as the North Park Properties.

May 23, 2012 & June 28, 2012 – CTA Architects, The City of Bozeman and the DNRC help a public meeting as part of the process for developing a North Park Conceptual Development Plan.

August 2012 – CTA Architects and MXD Development Strategists – completed the North Park Properties Concept Land Use Plan contracted by the City of Bozeman and DNRC.

October 7, 2012 – Hyalite Environmental completed a Phase 1 Environmental Site Assessment for the City of Bozeman and the DNRC on the North Park properties.

August 29, 2013 – Letters were sent to the following agencies for input to the North Park Preliminary Engineering Report:

- City of Bozeman Public Schools
- Gallatin County Flood Plain Administrator
- Gallatin County Water District
- City of Bozeman Planning Department
- Department of Commerce Economic Information Center
- Department of Commerce, TSEP Manager
- Department of Commerce, CDBG program Manager
- DEQ Permitting & Compliance Division
- Department of Fish Wildlife & Parks Region 3

Department of Natural Resources & Conservation
Department of Transportation
State Historic Preservation Office
Natural Resource Conservation Service
U.S. Army Corps of Engineers, Omaha District
U.S. Fish and Wildlife Service, Ecological Service
Federal Highway Administration Western Federal Lands Highway Division
Montana Rail Link, Inc.
Prospera Business Network
City of Bozeman Engineering Department

8 responses were received.

The pertinent issues of concern that were identified included; water quality in Mandeville Creek, the at grade crossing of Montana Rail Links railroad tracks at Red Wing drive (on the Cities property), and the limitations associated with an exit off of I-90 or crossing I-90.

October 20, 2013 – An ad was placed in the Bozeman Daily Chronicle noticing a public meeting facilitated by CTA Architects on the Final Draft of the North Park Preliminary Engineering Report, contracted by the City of Bozeman and the DNRC.

December 4, 2013 – North Park Properties Preliminary Engineering Report contracted by the City of Bozeman and the DNRC was completed by CTA Architects and Engineers.

September 29, 2014 – Scoping letters were sent to adjacent landowners and the lease holder on the State property requesting comments on the easements requested. Specifically the letters were sent to the following entities:

Montana Rail Link
City of Bozeman
Gallatin County Commissioners
PDI Investments, LLC
William Tatarka
Mountain Rain, LLC
Murdoch Family Limited Partnership
John & Donna Mandeville

2511 N. LLC

Rocky Mountain Retail, LLC

Space Bank, LLC

1 comment was received, no new issues of concern were identified.

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

Examples: cost-share agreement with U.S. Forest Service, 124 Permit, 3A Authorization, Air Quality Major Open Burning Permit.

City of Bozeman - The property is within the municipal boundaries of the City, all development will be reviewed and permitted by the City of Bozeman.

3. ALTERNATIVE DEVELOPMENT:

Describe alternatives considered and, if applicable, provide brief description of how the alternatives were developed. List alternatives that were considered but eliminated from further analysis and why.

Alternative A – Grant the requested easement and allow the sewer and water line installation.

Alternative B - Not grant the easement and leave the parcel as is.

| III. IMPACTS ON THE PHYSICAL ENVIRONMENT |
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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> |
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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 direct, indirect, and cumulative effects to soils.

The USDA soil survey for Gallatin County indicates the soils are classified as Blackdog Silt Loam and Blackdog-Quagle Silt Loams.

Alternative A – The Blackdog Silt Loam and the Blackdog-Quagle Silt Loams are rated as somewhat limited for roads and infrastructure due to the potential for frost action, but that limitation can be overcome through engineering. Construction of sewer and water lines would have to comply with the City’s engineering requirements.

Alternative B - The Blackdog Silt Loam is rated as “Prime Farmland” which the USDA defines as having the best combination of physical and chemical characteristics for producing food, feed, forage, fiber and oil seed crops. The Blackdog-Quagle Silt Loams is rated as farmland of statewide importance which includes those farmlands that are nearly prime and that economically produce high yields of crops when treated and managed according to acceptable farming methods. The tract is currently leased for agricultural small grain production.

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 direct, indirect, and cumulative effects to water resources.

Mandeville Creek crosses the State tract south to north near the center of the parcel within a 25 acre strip of uncultivated land. Mandeville creek is classified as impaired, due predominantly to storm water runoff upstream from the city of Bozeman and MSU.

Alternative A – The location of the water and sewer easement is not near Mandeville Creek and is buffered from the Mandeville Creek by topography. Storm runoff infrastructure will be required with construction of the streets to help mitigate transport of runoff to the stream. Future development of the parcel will require review under the City’s Unified Development Code which will address water issues specific to the proposed development.

Alternative B – The land will continue to be cultivated and the stream will remain buffered by the unfarmed strip of land in which it is located.

6. AIR QUALITY:

What pollutants or particulate would be produced (i.e. particulate matter from road use or harvesting, slash pile burning, prescribed burning, etc)? Identify the Airshed and Impact Zone (if any) according to the Montana/Idaho Airshed Group. Identify direct, indirect, and cumulative effects to air quality.

The parcel is located adjacent to the City of Bozeman and Interstate 90. Commercial development and roads with high traffic volumes surround the parcel. The parcel is currently farmed in a crop fallow rotation, there is increase particulate introduced to the air during harvest and during and just after tillage.

Alternative A – Sewer and water line installation will introduce dust to the airshed, it can be expected to be short term since the disturbed ground will be revegetated. As development occurs in the area traffic will increase along with the associated increase in pollutants associated with an urban setting.

Alternative B – The fields would continue to be cultivated, introducing the associated particulates into the airshed.

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 direct, indirect, and cumulative effects to vegetation.

There are no rare plants on the easement site; it is in small grain production.

Alternative A – Once installed the disturbed ground would be revegetated and continue to be farmed until the ground is developed.

Alternative B – Continued small grain production.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify direct, indirect, and cumulative effects to fish and wildlife.

Current agricultural use of the land provides seasonal habitat for fauna such as insects, small animals (which are prey for raptors, fox, and coyote), deer, and field birds.

Alternative A – Granting of the easements will allow for the installation of the sewer and water lines, then the site will return to agricultural production until it is developed.

Alternative B - Working the fields (land application of sludge, tilling, seeding, herbicide application, harvesting) provides extreme intermittent disruption.

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 direct, indirect, and cumulative effects to these species and their habitat.

Bald Eagle

In May 2015, DNRC was made aware of a new bald eagle nest established in a small grove of cottonwood trees in the southwest ¼ of the parcel. The birds are likely a local pair whose previous

nest may have blown from a nearby tree (P. Epple, and M. Vivian, Montana Audubon, pers. comm). The new nest is situated approximately 150 yards east of Interstate 90 in an active agricultural field, and the pair fledged at least one chick in 2015. The fledged chick was observed at the nest site by DNRC staff on August 10, 2015. This particular eagle pair has demonstrated high tolerance of intense human disturbance factors. Continuous nearby Interstate traffic and several sizable construction projects and agricultural cultivation activities were ongoing in the Primary Use Area when this pair established the new nest. Considerable human activity and numerous disturbance sources also occur within the broader Home Range Area for this pair. The demonstrated tolerance of this pair to motorized disturbance is an important consideration, which may allow for project-related activities to take place >0.25 miles from the nest site on a limited basis with adequate concurrent monitoring of the birds and their behavior.

Bald eagles are afforded federal protection under Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act (50 CFR 22.26), which prohibit “take” of eagles. Thus, disturbance of eagles during the nesting season in a manner that could cause abandonment or harm to young is prohibited, and disturbance-causing activities within ½ mile of the nest are typically prohibited from February 1 through August 15 each year.

Alternative A – Granting the sewer and water line easement as proposed would pose no direct adverse effects to the nesting eagle pair. However, the activities involved in installing the sewer and water line may adversely affect the nesting pair. DNRC is currently in the process of applying for an incidental take permit from the U.S. Fish and Wildlife Service to address activities near the nest. However, until the appropriate permitting is secured by DNRC, it is the sole responsibility of the easement holder conducting any activities associated with installation sewer and water line to comply with the protections afforded the nesting eagles by the aforementioned acts.

Alternative B – Continued farming may possibly adversely affect the nesting pair. DNRC is currently in the process of applying for an incidental take permit from the U.S. Fish and Wildlife Service to address activities near the nest. However, until the appropriate permitting is secured by DNRC, it is the sole responsibility of lessees conducting any activities associated with in the vicinity of the nesting area to comply with the protections afforded the nesting eagles by the aforementioned acts.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

On February 6, 2005 Patrick Rennie, DNRC Staff Archeologist conducted an inventory of cultural and paleontologic resources in response to a proposed cell tower development in Gallatin County, Montana. Despite a detailed search of the project area, no cultural or paleontologic resources were identified.

Alternative A - No effects are anticipated.

Alternative B – No effects are anticipated.

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 direct, indirect, and cumulative effects to aesthetics.

While currently in agricultural production the North Park properties have been zoned by the City of Bozeman as M1 (light industrial) and M2 (Heavy Industrial) resulting in a future aesthetic change. The parcel is a part of the City's Entryway Corridor Zoning Overlay. All future development that takes place on the site will have to meet the design requirements of the code.

Alternative A - Granting of the easements will allow for the planned change in use from agricultural to urban landscape. This change has been anticipated and planned for in the City's Growth Policy and zoning ordinance. .

Alternative B – The change to an urban environment would be expected to occur more slowly with the initial changes taking place on the borders of the property where access exists.

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 direct, indirect, and cumulative effects to environmental resources.

The tract is composed of prime agricultural farmland and a riparian corridor; it is also zoned by the City of Bozeman for industrial use and identified as the only large location within the City that would accommodate this growth.

Alternative A – Granting the easements would facilitate the future development of these properties within the City as planned for in the City's Growth Policy and could be expected to accelerate the change from agricultural production to developed use.

Alternative B – Not granting the easements would be expected to leave the land in agricultural production longer, but may encourage development and growth in areas that have not been planned for and are outside of urbanized areas.

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.

The Bozeman Solvent Site - The site is within the Controlled Groundwater Area (CGWA) of the Bozeman Solvent Site.

Mandeville Properties Phase 1 Environmental Assessment

North park Properties Preliminary Engineering Report – December 11, 2013

City of Bozeman Road Easement – 10/16/2012

North Park Development Phase 1, Checklist Environmental Assessment and Reclassification Capability Inventory. – November XX, 2015

Northwestern Energy Gas Line Relocation Easement – 11/XX/2015

Alternative A – No effects anticipated with the Bozeman Solvent Site. The easements are associated with the development issues analyzed in the Phase 1 Environmental Assessment and the Preliminary Engineering Report.

Alternative B – No effects are anticipated with the Bozeman Solvent Site or the Phase 1 Environmental assessment. The longer a period of time that elapses from the completion of the Preliminary Engineering Report prior to implementation could result in the findings becoming less relevant.

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.

In October of 1988 the City of Bozeman purchased easements and installed a water and sewer line through the property now known as North Park under a current City easement that will be an extension of Wheat Drive. This easement was purchased and developed to supply services to the North of the Frontage road and to the properties in the vicinity of the city and state property as they developed.

Alternative A – Granting of these easements will improve the development opportunities on the State land by increasing the available infrastructure.

Alternative B – Not granting the easements would force the infrastructure that could serve the State properties to be placed elsewhere and the State would not see an improvement in the developable viability of its land.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

The North Park Properties are currently in agricultural production, but are zoned as for industrial use. These properties have been identified by the City of Bozeman as the largest parcel available to support industrial development in the Bozeman city limits. The City of Bozeman and the DNRC have worked as partners in developing concepts for industrial development of these lands.

Alternative A – The site is zoned for light manufacturing and commercial development. Granting of the easements will facilitate for the planned development of this site. It would be expected that industrial and commercial endeavors would increase and the current agricultural endeavors would decrease, but would continue on the State ownership as long as it remains viable.

Alternative B – Current agricultural operations would continue as development proceeds at a slower rate, until urban development pressures make it unreasonable to continue.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify direct, indirect, and cumulative effects to the employment market.

The agricultural production on the parcels supports a very small number of employment opportunities, principally the farmer's organization and to a lesser extent grain elevators and farm implement dealers.

Alternative A – Granting the easements would be expected to enhance the development potential of both the State and City owned properties creating more opportunities for locating light industry in the City limits of Bozeman. Those opportunities if realized would be expected to create jobs and help to diversify the economic base in Bozeman.

Alternative B – Development on the properties would be expected to proceed at a slower rate starting on the periphery of the property and would not be expected to enhance employment at as high a rate as may be expected if the easements were granted.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify direct, indirect, and cumulative effects to taxes and revenue.

These parcels are located on State and City land and contribute very little to the tax rolls.

Alternative A – Granting the easements would enhance the development potential of both ownerships. The private improvements developed on the State land would contribute to the tax base as would the private improvements or the transfer to private ownership on the City land. New businesses attracted to the North Park project location will increase local and state tax base and revenues.

Alternative B – Current agricultural operations would continue until urban development pressures would make it unreasonable to continue. The construction of private improvements and expansion of businesses would be expected to proceed at a slower rate, increasing the timeframe for support to the tax rolls.

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 direct, indirect, and cumulative effects of this and other projects on government services

The parcels currently have a very low demand for government services with the exception of a small wildfire risk.

Alternative A – Additional government resources will be required for operation and maintenance of water, sewage collection, transportation systems and emergency services. Mitigation of these additional services will be through connection fees, monthly user fees and an additional tax base associated with development.

Alternative B – It would be expected that agricultural operations would continue and development would precede piece meal along the periphery. As development occurred the need for government services would increase.

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 City of Bozeman annexed and zoned the State and City Land respectively M1 and M2.

The City of Bozeman has established an Entry Way Corridor Zoning that affects a portion of these lands.

The Montana DNRC Trust Lands Division, Real Estate Management Bureau has identified the State Trust land located within this parcel as a Commercial Development Project.

The city of Bozeman has adopted The North Park Properties Concept Land Use Plan commissioned by the City of Bozeman and the DNRC.

Alternative A – Granting the easements will help to facilitate each of the local plans and goals.

Alternative B – Not granting the easements would be expected to delay the implementation of the developed plans.

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 direct, indirect, and cumulative effects to recreational and wilderness activities.

As an agricultural tract of State land, it is categorically closed by Administrative Rule {36.25.150(b)} for recreational use while it is in agricultural production. When it is not in agricultural production there is little evidence of recreational use.

Alternative A – Granting the easements would not be expected to have any effect on current recreational use.

Alternative B – Not granting the easement would not be expected to have any effect on current recreational use.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify direct, indirect, and cumulative effects to population and housing.

The current agricultural operation is located on land zoned by the city of Bozeman as M1 and would not directly influence the density and distribution of population and housing.

Alternative A – Granting of the easements would not be expected to directly influence the density and distribution of population and housing. It would be expected that the rate of development of the site would increase and that may create opportunities for a future increase or redistribution of population within and urbanized area.

Alternative B – Not granting the easement would not be expected to directly influence density and distribution of population and housing.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

The current agricultural production is in an urbanized area of the city of Bozeman.

Alternative A – Granting the easements would not be expected to affect social structures and mores.

Alternative B – Not granting the easements would not be expected to affect social structures and mores.

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

The tract is currently managed for small grain production, but zoned M1 by the City of Bozeman. There are few large scale tracts managed for agriculture in the City Limits of Bozeman.

Alternative A – It would be anticipated that the granting of an easement would encourage the conversion from agricultural production to developed M1 use.

Alternative B – It would be anticipated that agricultural operations would continue as development encroached at the periphery until it was no longer practical.

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 direct, indirect, and cumulative economic and social effects likely to occur as a result of the proposed action.

The 148 acre agricultural lease has returned a ¼ crop share yielding a 5 year average of \$9119.00 or about \$61.62 per acres annually to the common school trust over the past 5 years. The land was recently appraised at \$18,013.05 per acre as agricultural land, considering the average \$62.63 per acre the derived the annual income return on the asset would be about 0.3 percent.

On the south east corner of this tract the DNRC has developed a 10 acre lot for commercial lease. This tract currently has an annual rental of \$64,158.13 or \$6,415.81 per acre annual return. Considering the appraisal \$18,013.00 per acre the derived the annual income return on the asset on the developed property is about 36 percent.

Alternative A – The easements totaling 5.26 acres would be sold at full market value based on the per acre value of the existing tract (\$18,013.05) for a total one time return to the permanent trust of \$94,748.64. Once the easements were developed into a road, commercial conversion of the agricultural lands could be expected to accelerate creating greater opportunities for the trust.

Alternative B – Agricultural lease operations would continue to return a ¼ crop share to the trust. It would be expected that development would proceed on the periphery at a slower rate than if there was greater access.

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| EA Checklist Prepared By: | Name: Katie Svoboda | Date: 11/20/15 |
| | Title: Bozeman Unit Office Manager | |

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative A – Grant the requested easement and allow the extensions of Wheat Drive and Flora Lane.

With Modifications

Applicant will be notified of the presence of the nesting eagle pair and the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act (50 CFR 22.26), which afford protections to bald eagles that they will be required to apply.

Applicant must ensure that nesting eagles are minimally disturbed during project operations. This must be accomplished by completing necessary project work during an operating window from August 16 to January 31. The applicant would have the option to initiate project work earlier beginning June 16 if concurrent qualified third-party monitoring is undertaken to observe the behavior of the eagles during operations. Should the eagle's behavior indicate that activities are incompatible with successful nesting, operations would cease immediately, but would be allowed to resume on August 16. In order to initiate project work prior to August 16, the applicant would be required to submit an eagle nest monitoring plan to Montana DNRC for approval prior to startup of operations.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I have determined that none of the anticipated environmental impacts outlined in the EA are significant according to the criteria outlined in *ARM 36.2.524*. I find that no impacts are regarded as severe, enduring, geographically widespread, or frequent. Further, I find that granting the easements is in accordance with the City of Bozeman's long term plans and enhances the DNRC's goals of future parcel development.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS
 More Detailed EA
 No Further Analysis

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| EA Checklist Approved By: | Name: Craig Campbell |
| | Title: Bozeman Unit Manager |
| Signature:  | Date: 11/20/15 |

