



MONTANA STATE PARKS AND RECREATION BOARD AGENDA ITEM COVER SHEET

Meeting Date: June 20, 2019

Agenda Item: Flathead Lake State Park – Big Arm Unit Permanent Easement Acquisition

Action Needed: Endorsement

Time Needed on Agenda for this Presentation: 30 Minutes

Background: The Parks Division has leased the Big Arm Unit of Flathead Lake State Park from Department of Natural Resources and Conservation (DNRC) since 1966. The current annual lease structure will expire on March 1, 2020. Following expiration, DNRC will revert to the standard lease appraisal rate formula, and the lease rate is expected to jump from \$18,000/year to as high as \$600,000/year. In response, the 2019 legislature passed House Bill (HB) 695, which authorizes FWP to purchase a permanent recreation easement from DNRC for the continued and permanent operation of a public recreation site at this important location. The cost of a permanent easement is the appraised value of the park, which is estimated to be approximately \$12 million.

Public Involvement Process & Results: A Montana Environmental Policy Act (MEPA) process, including a public scoping and public comment period would be conducted upon endorsement from the Montana Parks and Recreation Board, and completion of due diligence research.

Alternatives and Analysis:

Alternative A – Evaluate Purchase Options for a Permanent Easement at the Big Arm unit of Flathead Lake State Park: Under this alternative, FWP would purchase a permanent recreation easement for the Big Arm unit, thus eliminating the annual lease payment. A permanent easement cost is 100% of appraised value and would provide authority for FWP to operate a recreation site at Big Arm in perpetuity. FWP and DNRC would appraise the existing park footprint, as well as additional DNRC owned property that is not currently part of the Big Arm lease but is contiguous with the park. Based on appraisal values, FWP would purchase an easement on as much of this acreage as the authorized funding level allows.

Alternative B – No Action: Under this alternative, FWP would evaluate the ability to continue paying an annual lease for Big Arm following the expiration of the current lease on March 1, 2020. DNRC has indicated that they intend to charge the standard lease rate of 5% of appraised value annually for subsequent annual payments. Based on a 2014 appraisal, estimates are that the annual lease rate would jump to as high as \$600,000/year. Given the anticipated increase in the cost, it is likely that the Department would not be able to afford continued operation, thus forcing closure. All capital improvements would become the property of DNRC.

Agency Recommendation & Rationale: FWP recommends Alternative A. FWP feels the purchase of a permanent easement for the continued operation of a public recreation site at Big Arm is critical. This state park unit is a major component of one of Montana's flagship state parks, located on one of the most significant waterbodies in the country. Since the initiation of the campsite reservation system in 2012, Big Arm has been among the top 4 most heavily utilized campground in Montana's state park system. The park is arguably the most significant access point for boating and angling access on Flathead Lake and is the primary departure point for the Wild Horse Island Unit of Flathead Lake State Park. This permanent easement will also be brought to the Fish and Wildlife Commission for their endorsement at their August 15, 2019 meeting.

Proposed Motion: I move the Montana State Parks and Recreation Board approve that the Department proceed with the evaluation and possible purchase of a perpetual recreation easement at the Big Arm Unit of Flathead Lake State Park, for the continued operation of a public recreation site.