DRAFT ENVIRONMENTAL ANALYSIS

MEPA Checklist

FOR

Big Arm State Park Permanent Recreation Easement Acquisition

MISSION. Montana Fish, Wildlife & Parks, through its employees and citizen commissions, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana, while contributing to the quality of life for present and future generations

Montana Department of Natural Resources and Conservation, through its employees and the Land Board, provides help to ensure Montana's land and water resources provide benefits for present and future generations.

All Montanans have the right to live in a clean and healthful environment. This environmental analysis (EA) is intended to provide an evaluation of the likely impacts to the human environment from proposed actions of the project cited below. This analysis will help Montana Fish, Wildlife & Parks and the Department of Natural Resources and Conservation fulfill oversight obligations and satisfy rules and regulations of the Montana Environmental Policy Act (MEPA).

PART I. PROPOSED ACTION DESCRIPTION

1. Type of proposed action:

Development _____

Renovation _____

Maintenance _____

Land Acquisition _____

Equipment Acquisition _____

Other (Describe) Permanent easement purchase

2. If appropriate, agency responsible for the proposed action:
Montana Fish, Wildlife & Parks and Montana Department of Natural Resources and Conservation.

3. **Name, address, phone number, and e-mail address of project sponsor:**
Montana Fish, Wildlife & Parks, 1420 East 6th Ave, PO Box 200701, Helena, MT 59901

Montana Department of Natural Resources and Conservation, 1539 11th Avenue
P.O. Box 201601 Helena, MT 59601

4. **Name of project:**

Big Arm State Park Permanent Recreation Easement Acquisition.

5. **If applicable:**

Estimated construction/commencement date: NA

Estimated completion date: February, 2020.

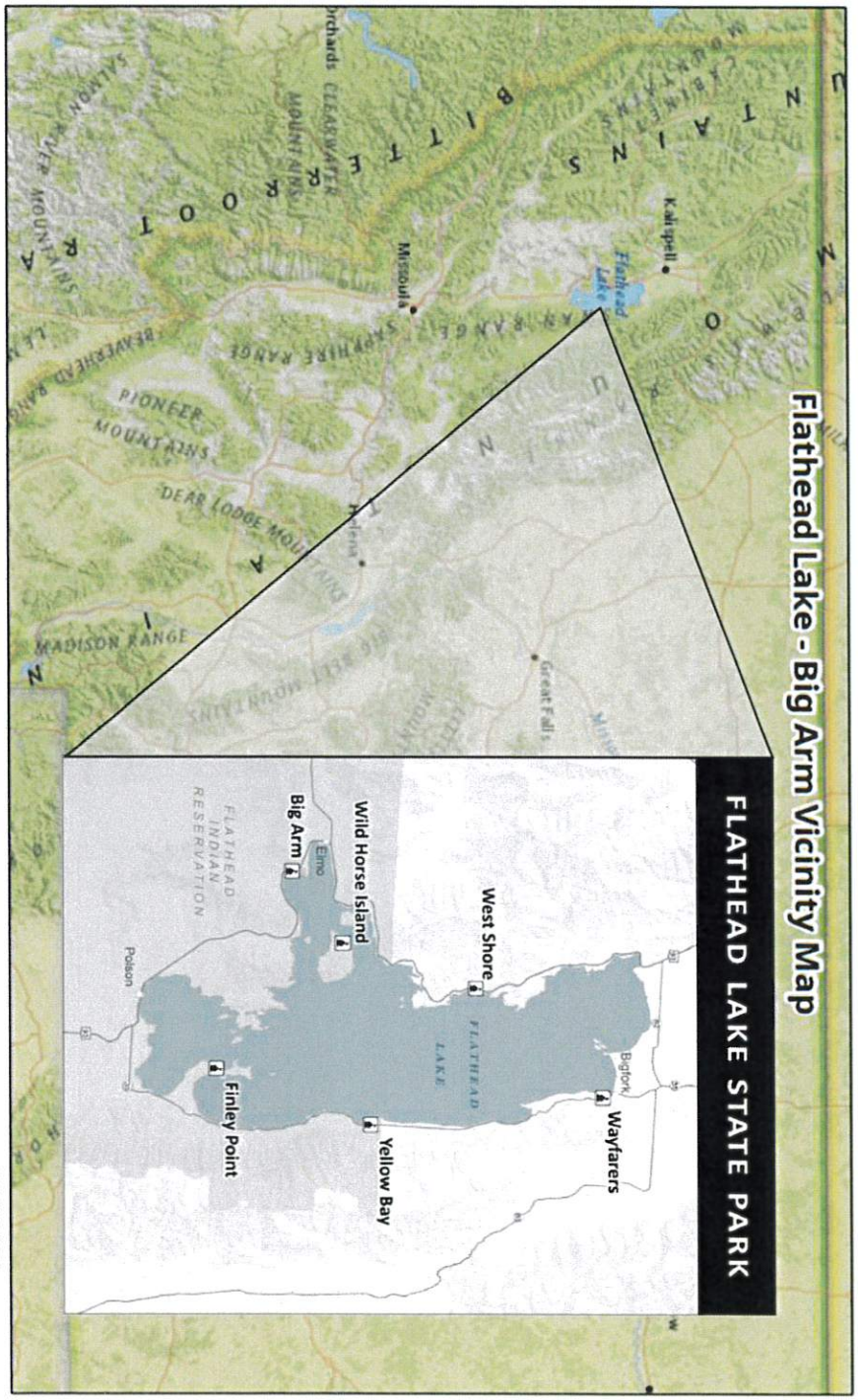
Current status of project design (% complete): NA

6. **Location affected by proposed action (county, range and township):**
SW4NE4, W2SE4, Lots 5,6,7 Sec 29, 24N, 21W 186.68 acres +/-
NW4NE4 West of Hwy 93 & N2E2NW4NE4 East of Hwy 93 Sec 32, 24N, 21W 31.58 acres +/-

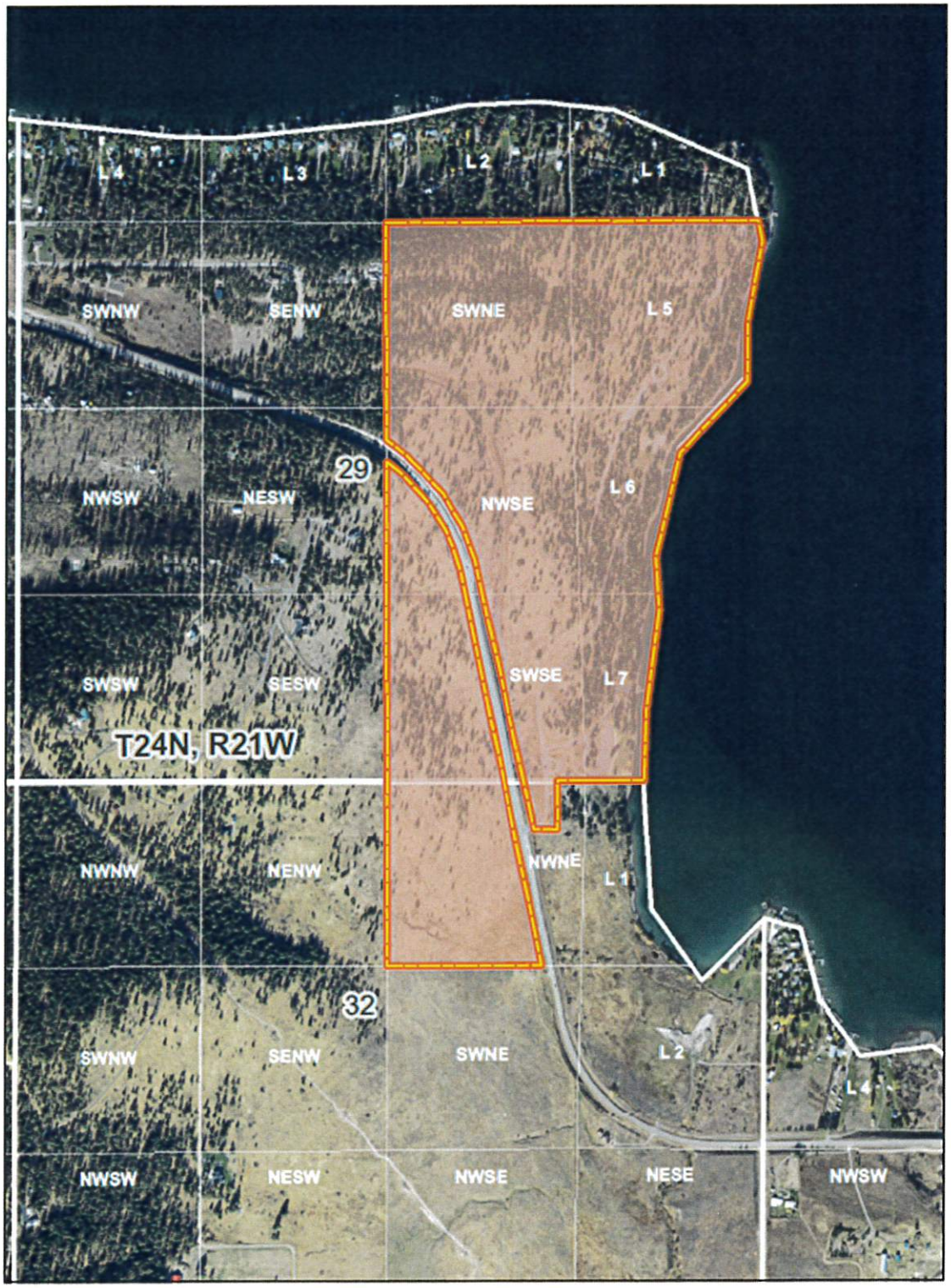
7. **Project size:**

(a)	Developed:	
	residential.....	__ acres
	industrial	__ acres
	Developed/ Recreational…….	Up to 241 +/-acres
(b)	Open Space/Woodlands/ Recreation.....	___acres
(c)	Wetlands/Riparian Areas	2 +/- acres
(d)	Floodplain.....	__ acres
(e)	Productive:	
	irrigated cropland.....	__ acres
	dry cropland	__ acres
	forestry	__ acres
	rangeland.....	__ acres
	other.....	__ acres

8. Map/site plan:



Alternative B



Base Imagery from NAIP 2017

1 Inch = 1,000 feet

Approximately 218 Acres

Alternative C

Base Imagery from NAIP 2017

1 inch = 1,000 feet

Approximately 218 Acres

Approximately 23 Acres

9. Narrative summary:

Project Description

Montana Fish, Wildlife & Parks (FWP) and the Montana Department of Natural Resources and Conservation (DNRC) jointly propose the purchase of a permanent recreational easement by FWP from DNRC at Big Arm State Park on Flathead Lake. Big Arm State Park is located on Montana School Trust property that is leased annually by FWP from DNRC for the purpose of providing a public recreation and lake access site in the Big Arm Bay of Flathead Lake in Lake County, Montana.

Alternative B of this analysis proposes the purchase of a permanent recreation easement for the current 218.26- acre state park footprint for the appraised value of $8,064,000.

Alternative C proposes the purchase of a permanent recreation easement on the existing 218.26-acre park footprint, plus approximately 23 acres of adjoining state school trust land. This proposal would result in a total park footprint of approximately 241 acres that would expand the park on its South boundary. The cost for this alternative would be the appraised value of $10,635,000.

Annual lease rates are based on a percentage of appraised value and have increased over time. By creating a permanent recreation easement, DNRC and FWP mutually agree that this proposal would fulfill the important mission for DNRC of generating revenue to support education in Montana, while providing FWP the ability to provide continued management of the property as a public recreation and lake access facility.

FWP has leased this property from DNRC since 1966. The current annual lease is valued at $24,242 per year and will expire on March 1, 2020. At lease renewal, DNRC would be required to update the lease rate to market value (as derived from the current rate of return of the Montana Board of Investments), which at the time of this writing may be calculated at approximately 4-5% of the appraised value of the subject property, or approximately $403,200/year. In response, the 2019 legislature passed 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 land.

Big Arm is one of Montana's flagship recreation parks providing enhanced amenities and is located on one of the most significant water bodies in the country. Big Arm has been among the top four most heavily utilized public campgrounds in Montana's state park system. The park is one of the best access points 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. Additionally, Big Arm is an important school trust property that has potential to significantly improve revenue generation in support of Montana schools. This proposal provides a solution to help meet these important objectives.

<u>Easement Costs and Revenue Generation for Common Schools K-12</u>
A permanent recreation easement would result in FWP continuing to manage Big Arm as a

public recreation and lake access site, while DNRC would retain the underlying fee and mineral ownership. FWP would pay full market value of the property for a permanent recreation easement. The current appraised value of the DNRC lands under lease at Big Arm State Park is $8,064,000. The additional 23-acre parcel that is proposed as a potential addition to the park has been appraised at $2,570,000. FWP and DNRC have validated these appraisal values. This one-time payment would replace annual lease payments. Funds would be invested into the State Trust Permanent Fund, with proceeds of that being distributed to Common Schools - K12. The average annual interest rate earned from the Permanent Fund is approximately 4%. About 95 percent of the annual interest generated from the Permanent Fund investments is distributable revenue for the trusts, while the remaining 5 percent is reinvested in the Permanent Fund. The estimated easement purchase of $8,064,000 under Alternative B would generate approximately $306,432 of annual distributable revenue for the trust. The estimated easement purchase of $10,635,000 under Alternative C would generate approximately $404,130 of annual distributable revenue for the trust.

10. **Description and analysis of reasonable alternatives:**

a) No-action Alternative: The no-action alternative would result in the continuation of FWP paying the annual lease for the school trust lands of Big Arm State Park. This annual lease would likely be based on 4 - 5% of appraised value. The cost of the lease is estimated to be between $322,560 and $403,200. This would provide a revenue stream to the school trust for as long as FWP can afford the annual lease. Due to the anticipated increase in the annual lease cost, it is likely that FWP would not be able to afford annual lease payments following expiration of the current lease in March of 2020. If FWP does not renew the annual lease, FWP would cease to operate the State Park, and DNRC would determine how best to repurpose the property in accordance with the school trust mandate and real property management directives.

b) FWP Purchase of a permanent easements on the 218.26 acres of State Trust Lands for the continued operation of Big Arm State Park. This alternative would result in FWP purchasing a permanent recreation easement for the full market value of the two parcels that comprise the current 218.26-acre Big Arm State Park. This alternative would facilitate the continued operation of a public recreation and lake access site on the park's current footprint. This easement would authorize FWP to make use of the surface for a public recreation site, including the building of associated roads and trails, boating facilities and developing additional recreational amenities. Any future additional amenities would follow MEPA guidelines for environmental review and public input. DNRC would retain the ability to utilize the property for other non-conflicting uses. This easement purchase would be in lieu of annual lease payment and would fulfill the DNRC fiduciary responsibility to generate revenue for the school trust, while simultaneously providing FWP with long-term management stability of this important public recreation and access site. The cost for this alternative would total $8,064,000.

c). FWP Purchase of a permanent easement on 241.26 acres of State Trust Lands for the continued operation of the Big Arm Unit of Flathead Lake State Park. This

alternative would result in FWP purchasing a permanent recreation easement for the full market value of the two parcels that currently comprise the 218.26-acre Big Arm State Park, as well as an additional 23-acre parcel that adjoins the park's current Southern boundary. A two-acre private cabin lease that is within this additional 23-acre parcel would not be included in a permanent easement. This alternative would facilitate the continued operation of a public recreation and lake access site, while perpetuating availability of additional water-front acreage for outdoor recreation and access. Any future development of recreational amenities on this parcel would be subject to additional public scoping and input. This easement would convey management of surface resources to FWP, while DNRC would retain mineral rights and property ownership. These easement purchases would be in lieu of annual lease payments and would fulfill the DNRC fiduciary responsibility to generate revenue for the school trust, while simultaneously providing FWP with long-term management stability of this important public recreation and access site. If alternative c is not chosen, DNRC would move to find other uses for the parcel in order to meet their constitutional obligations to secure full market value for its use. This parcel is currently unleased and generating no income for the beneficiary. The cost for this alternative would total $10,635,000.

11. Listing of each local, state or federal agency that has overlapping or additional jurisdiction:

(a) Permits		
Agency Name:	Permit:	Date Filed:

(b) Funding

Agency Name:	Funding Amount:		
Montana Fish, Wildlife & Parks	Fund	**Alt B. 218 acres**	**Alt C. 241 acres**
	General License	$5,237,700	$5,237,700
	Parks Earned Revenue		$1,285,000
	Land&Water Conservation Fund		$1,285,000
	Pittman-Robertson Federal Aid in Wildlife Restoration Act,	$276,300	$276,300
	Dingell-Johnson Act, Federal Aid in Sport Fish Restoration	$2,500,000	$2,500,000
	Montana Fish and Wildlife Conservation Trust	*$50,000	$50,000
	Total	**$8,064,000**	**$10,635,000**

*Secured by the State Parks Foundation

(c) Other Overlapping or Additional Jurisdictional Responsibilities	
Agency Name: Confederated Salish and Kootenai Tribes	Type of Responsibility: Shoreline Protection Cultural Resource Protection Wildlife Management Law Enforcement
Agency Name: Department of Natural Resources and Conservation	Type of Responsibility: Hazardous Fuels Reduction Stream Side Management Zone Navigable Waters Water Rights

Agency Name:	Type of Responsibility:
Lake County	Planning and Zoning Emergency Management Law Enforcement Environmental Health Weed Control

12. List of agencies consulted during preparation of this environmental checklist:

Department of Fish, Wildlife & Parks
Department of Natural Resources and Conservation
Lake County Government
Tribal Preservation Office
State Historical Preservation Office

13. Name of preparer(s) of this environmental checklist:

MT Fish, Wildlife & Parks
Regional State Parks Manager David Landstrom
490 N Meridian Road
Kalispell, MT 59901
406-751-4590
dlandstrom@mt.gov

MT Department of Natural Resources and Conservation
Kalispell Unit Manager Dave Poukish
655 Timberwolf Parkway
Kalispell, MT 59901
406- 751-2263

Signed by: David M. Poukish David M. Poukish
(signature) (print)

Signed by: David Landstrom
(signature) (print)

14. Date submitted: November 26, 2019

PART II. ENVIRONMENTAL CHECKLIST FOR ALTERNATIVES B AND C

PHYSICAL ENVIRONMENT

1. LAND RESOURCES Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Soil instability or changes in geologic substructure?		X				
b. Disruption, displacement, erosion, compaction, moisture loss, or over-covering of soil, which would reduce productivity or fertility?		X				
c. Destruction, covering, or modification of any unique geologic or physical features?		X				
d. Changes in siltation, deposition, or erosion patterns that may modify the channel of a river or stream or the bed or shore of a lake?		X				
e. Exposure of people or property to earthquakes, landslides, ground failure, or other natural hazard?		X				
f. Other						

This proposal would result in an administrative change only and would not impact the continued use of this property as a public recreation and lake access site. There would be no change to the physical environment, including land resources.

2. AIR Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Emission of air pollutants or deterioration of ambient air quality? (Also see 13c.)		X				
b. Creation of objectionable odors?		X				
c. Alteration of air movement, moisture, or temperature patterns, or any change in climate, either locally or regionally?		X				
d. Adverse effects on vegetation, including crops, due to increased emissions of pollutants?		X				
e. Any discharge that will conflict with federal or state air quality regs?		X				
f. Other						

This proposal would result in an administrative change only and would not impact the continued use of this property as a public recreation and lake access site. There would be no change to the physical environment, including air resources.

3. WATER Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Discharge into surface water or any alteration of surface water quality, including but not limited to temperature, dissolved oxygen, or turbidity?		X				
b. Changes in drainage patterns or the rate and amount of surface runoff?		X				
c. Alteration of the course or magnitude of floodwater or other flows?		X				
d. Changes in the amount of surface water in any water body or creation of a new water body?		X				
e. Exposure of people or property to water-related hazards such as flooding?		X				
f. Changes in the quality of groundwater?		X				
g. Changes in the quantity of groundwater?		X				
h. Increase in risk of contamination of surface or groundwater?		X				
i. Effects on any existing water right or reservation?		X				
j. Effects on other water users as a result of any alteration in surface or groundwater quality?		X				
k. Effects on other users as a result of any alteration in surface or groundwater quantity?		X				
l. Effects to a designated floodplain?		X				
m. Any discharge that will affect federal or state water quality regulations?		X				
n. Other: Effects on a designated Wet Land		X				3n. Alt C

This proposal would result in an administrative change only and would not impact the continued use of this property as a public recreation and lake access site. There would be no impacts to physical environment, including water resources.

3n. Alt C.- The alternative would result in no affects to the wetlands estimated to cover 2 +/- acres of the 23-acre parcel. The freshwater emergent wetlands are part of a riparian system that is a seasonally flooded shrubland and woodland found throughout the northern Rocky Mountain region. Wetlands of this type are found at lower montane elevations in valleys and foothills on alluvial terraces, streambanks, and floodplains along moderate to high gradient streams and rivers. Any change in existing use of this area would trigger an environmental assessment of the new use.

4. VEGETATION Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Changes in the diversity, productivity, or abundance of plant species (including trees, shrubs, grass, crops, and aquatic plants)?		X				
b. Alteration of a plant community?		X				
c. Adverse effects on any unique, rare, threatened, or endangered species?		X				
d. Reduction in acreage or productivity of any agricultural land?		X				
e. Establishment or spread of noxious weeds?		X				
f. Effects to wetlands or prime and unique farmland?		X				
g. Other:						

This proposal would result in an administrative change only, and would not impact the continued use of this property as a public recreation and lake access site. There would be no impacts to physical environment, including vegetation.

5. FISH/WILDLIFE Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Deterioration of critical fish or wildlife habitat?		X				
b. Changes in the diversity or abundance of game animals or bird species?		X				
c. Changes in the diversity or abundance of nongame species?		X				
d. Introduction of new species into an area?		X				
e. Creation of a barrier to the migration or movement of animals?		X				
f. Adverse effects on any unique, rare, threatened, or endangered species?		X				
g. Increase in conditions that stress wildlife populations or limit abundance (including harassment, legal or illegal harvest, or other human activity)?		X				
h. Adverse effects to threatened/endangered species or their habitat?		X				
i. Introduction or exportation of any species not presently or historically occurring in the affected location?		X				
j. Other:		X				

This proposal would result in an administrative change only and would not impact the continued use of this property as a public recreation and lake access site. There would be no impacts to fish and wildlife as a result.

HUMAN ENVIRONMENT

6. NOISE/ELECTRICAL EFFECTS Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Increases in existing noise levels?		X				
b. Exposure of people to severe or nuisance noise levels?		X				
c. Creation of electrostatic or electromagnetic effects that could be detrimental to human health or property?		X				
d. Interference with radio or television reception and operation?		X				
e. Other:						

This site has been managed as a public recreation and access point for over 50 years. This proposal would not create changes to the status quo with regard to noise or electrical effects.

7. LAND USE Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Alteration of or interference with the productivity or profitability of the existing land use of an area?		X				
b. A conflict with a designated natural area or area of unusual scientific or educational importance?		X				
c. A conflict with any existing land use whose presence would constrain or potentially prohibit the proposed action?		X				
d. Adverse effects on, or relocation of, residences?		X				
e. Compliance with existing land policies for land use, transportation, and open space?		X				
f. Increased traffic hazards, traffic volume, or speed limits or effects on existing transportation facilities or patterns of movement of people and goods?		X				
g. Other:						

This proposal would result in an administrative change only and would not impact the continued use of this property as a public recreation and lake access site. This proposal would not create changes to the status quo with regard to land use.

8. RISK/HEALTH HAZARDS Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Risk of an explosion or release of hazardous substances (including, but not limited to oil, pesticides, chemicals, or radiation) in the event of an accident or other forms of disruption?		X				
b. Effects on existing emergency response or emergency evacuation plan or create need for a new plan?		X				
c. Creation of any human health hazard or potential hazard?		X				
d. Disturbance to any sites with known or potential deposits of hazardous materials?		X				
e. The use of any chemical toxicants?		X				
f. Other:						

This site has been managed a unit of the Montana State Park System for over 50 years. This proposal would not create changes to the status quo with regard to human risk or health hazards.

9. COMMUNITY IMPACT Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Alteration of the location, distribution, density, or growth rate of the human population of an area?		X				
b. Alteration of the social structure of a community?		X				
c. Alteration of the level or distribution of employment or community or personal income?		X				
d. Changes in industrial or commercial activity?				X (positive)		9d
e. Increased traffic hazards or effects on existing transportation facilities or patterns of movement of people and goods?		X				
f. Other:						

9d. This proposal would ensure that this property would continue to provide benefits to the community by ensuring long term management for public recreation and access to Flathead Lake, while simultaneously providing revenue to the school trust.

10. PUBLIC SERVICES/TAXES/UTILITIES Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. An effect upon, or result in a need for new or altered, governmental services in any of the following areas: fire or police protection, schools, parks/recreational facilities, roads or other public maintenance, water supply, sewer or septic systems, solid waste disposal, health, or other governmental services? If so, specify:		X				
b. Effects on the local or state tax base and revenues?		X				
c. A need for new facilities or substantial alterations of any of the following utilities: electric power, natural gas, other fuel supply or distribution systems, or communications?		X				
d. Increased used of any energy source?		X				
e. Other.						
Additional information requested:						
f. Define projected revenue sources.						
g. Define projected maintenance costs.	Big Arm State Park had an operating budget of approximately $125,000 in FY 19					

This proposal would not alter the status quo in regard to public services, taxes, or utilities.

11. AESTHETICS/RECREATION Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Alteration of any scenic vista or creation of an aesthetically offensive site or effect that is open to public view?		X				
b. Alteration of the aesthetic character of a community or neighborhood?		X				
c. Alteration of the quality or quantity of recreational/tourism opportunities and settings? (Attach Tourism Report)		X				
d. Adverse effects to any designated or proposed wild or scenic rivers, trails, or wilderness areas?		X				
e. Other:						

This proposal would not alter the aesthetic or recreational setting of this site. This proposal would ensure the long-term management of this site as a public recreation site, and continued access to Flathead Lake.

12. CULTURAL/HISTORICAL RESOURCES Will the proposed action result in:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Destruction or alteration of any site, structure, or object of prehistoric, historic, or paleontological importance?	X					
b. Physical changes that would affect unique cultural values?	X					
c. Effects on existing religious or sacred uses of a site or area?	X					
d. Adverse effects to historic or cultural resources?	X					
e. Other:	X					

An inspection of the Statewide Cultural Resource Files at the State Historic Preservation Office (SHPO) revealed that two previous cultural resource inventories have occurred within portions of the subject Area of Potential Effect (APE). The first occurred in 1978 and provided a pedestrian inventory of "trails, campsites and shoreline" of the then Big Arm Recreation Area (Davis 1978). The second inventory occurred in response to a proposed highway reconstruction project and covered "200 feet each side of the highway edge" (Caywood 1990). Only one cultural resource (24LA108) was identified and formally recorded during these inventories. It consists of the remnants of a N/S trending fence line on the west margin of the state land boundary in Section 29, T24N R21W. The site has been determined ineligible for listing in the National Register of Historic Places (NR). The only other cultural resource currently documented near the APE for this proposal is site 24LA331. This resource consists of the highly visible Hungry Horse to Kerr Dam Overhead Transmission Line. The resource is approximately 500 m south of the project APE. Its NR listing potential has not been determined.

This proposal would result in an administrative change in the way the FWP compensates DNRC for these trust lands, and cultural and historic resources would not be altered. The Antiquities Act would continue to guide all actions regarding cultural/historical resources for this site.

13. SUMMARY EVALUATION OF SIGNIFICANCE Will the proposed action, considered as a whole:	IMPACT				Can Impact Be Mitigated	Comment Index
	Unknown	None	Minor	Potentially Significant		
a. Have impacts that are individually limited, but cumulatively considerable? (A project or program may result in impacts on two or more separate resources that create a significant effect when considered together or in total.)		X				
b. Involve potential risks or adverse effects that are uncertain, but extremely hazardous if they were to occur?		X				
c. Potentially conflict with the substantive requirements of any local, state, or federal law, regulation, standard, or formal plan?		X				
d. Establish a precedent or likelihood that future actions with significant environmental impacts will be proposed?		X				
e. Generate substantial debate or controversy about the nature of the impacts that would be created?		X				

f. Have organized opposition or generate substantial public controversy?		X				
Additional information requested:						
g. List any federal or state permits required.						

This proposal would not change the long-standing use of this site as recreational and lake access facility. The proposal would change the contractual relationship between DNRC and FWP by changing the way that FWP compensates the school trust. Compensation would change from an annual lease payment to a one-time, lump-sum payment based on the appraised value of the property. This arrangement would provide an infusion of revenue into the state school trust generating annual income distributions for the long-term benefit of Montana schools, while providing continued operation of this site as a public recreation and lake access site.

PART IV. PUBLIC PARTICIPATION

Scoping

Planning for the Big Arm Recreational Easement was first solicited on May 6, 2019. The initial scoping proposal of the Big Arm Recreational Easement was mailed to 75 people and posted in the *Missoulian, Daily Inter Lake* and *The Lake County Leader* newspapers on July 10, 2019. Additionally, this proposal has been highlighted frequently in local print and electronic media, including *the Missoulian, Kalispell Daily Inter Lake, Flathead Beacon* and *Montana Public Radio*.

Draft Environmental Assessment Public Comment Period

The public will be notified in the following manner to comment on this current EA, the proposed action and alternatives:
Two public notices in each of these papers: *Kalispell Daily Inter Lake,* the *Missoulian,* the *Helena Independent Record* and *The Lake County Leader.*
One statewide press release.
Public notices will appear, and the EA will be posted on the following web pages: Fish, Wildlife & Parks web page: *http://fwp.mt.gov.* Montana State Parks web page: http://stateparks.mt.gov/ and The DNRC web page http://dnrc.mt.gov/
Hard Copies of this EA will be available upon request.

Duration of comment period:
The public comment period will extend for (30) thirty days following the publication of the second legal notice in area newspapers. Written comments will be accepted until 5:00 p.m. January 3, 2019 and can be mailed to the address below:

Montana Fish, Wildlife & Parks Region One
Attn: Big Arm Permanent Easement Proposal – Parks Division
490 N. Meridian Rd. Kalispell, MT 59901

OR

Written comments may be emailed to:
dlandstrom@mt.gov