



MONTANA STATE PARKS AND RECREATION BOARD AGENDA ITEM COVER SHEET

Meeting Date: March 10, 2020

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

Action Needed: Final

Time Needed on Agenda for this Presentation: 30 Minutes

Background:

Montana Fish, Wildlife & Parks (FWP) has leased the Big Arm Unit of Flathead Lake SP from the Department of Natural Resources and Conservation (DNRC) since 1966. The 2019 Legislative Session passed HB 695 in 2019, which authorized FWP to purchase a permanent recreational easement from DNRC to ensure the continued and permanent operation of the site for public recreation. The cost of the permanent recreational easement is its appraised value, which is expected to equal or be slightly less than the land's appraised value of approximately \$12 million. This one-time transaction will eliminate the annual lease payments, which were expected to increase significantly due to the value of lands on Flathead Lake.

Public Involvement Process & Results: FWP followed the Montana Environmental Policy Act (MEPA) process, including a public scoping and public comment period from December 3, 2019 to January 3, 2020; legal notices published in local newspapers and a state-wide news release. FWP received 26 comments from individuals and organizations: 22 responses supported Alternative A. Preserving public access to Flathead Lake and family camping traditions at Parks were cited in numerous written responses as the reason for support. FWP made no modifications to the draft environmental assessment (EA) based on public comment.

Alternatives and Analysis:

Alternative A – Acquire 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 would cost up to 100% of appraised value of the land (approximately \$12 million) and would provide authority for FWP to operate a recreation site at Big Arm in perpetuity. The actual fair market value of the easement is currently being appraised. Based on the appraised value of the easement, FWP will apply to the US Fish and Wildlife Service for funds under the Wildlife Restoration and Sport Fish Restoration grant programs. FWP's purchase of the easement will be possible only if sufficient funds are awarded.

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 it intends to charge the standard lease rate of 5% of appraised value annually for subsequent annual payments. Based on a 2014 appraisal, it is estimated that the annual lease rate would be as high as \$600,000/year. Given the anticipated increase in the lease payment, it is likely that FWP would not be able to afford continued operation, thus forcing closure. All capital improvements would become the property of DNRC.

Agency Recommendation & Rationale:

Based on the EA and public comments received, FWP and DNRC select Alternative A, as the preferred alternative. Execution of this alternative is contingent upon FWP receiving federal grant funding approval, as well as final approvals of the State Parks and Recreation Board, the Fish and Wildlife Commission, and the Montana State Board of Land Commissioners.

Proposed Motion: I move the Parks and Recreation Board approve that FWP proceed with the purchase of a permanent easement at the Big Arm Unit of Flathead Lake State Park for the operation of a public recreation site.