

CHECKLIST ENVIRONMENTAL ASSESSMENT AND RECLASSIFICATION CAPABILITY INVENTORY

Project Name: Penwell Bridge Road Commercial Lease	Proposed Implementation Date: 5/2//2018
<p>Proponent: Bozeman Unit DNRC</p> <p>Description of Project: The Montana Department of Natural Resources and Conservation (DNRC) Trust Land Management Division (TLMD), Bozeman Unit is proposing the conversion of 10.0 acres of State land described as the NE1/4 NE1/4NE1/4 of Section 36, Township 1 North, Range 4 East from Grazing production to commercial development for the purpose of commercial leasing for development of a self-storage unit complex.</p> <p>The lands involved in the proposed action are held by the State of Montana for the Support of the Common Schools (<i>Enabling Act of February 22, 1889</i>). The Board of Land Commissioners (Land Board) and the DNRC are required by law to administer these State Trust Lands to produce the largest measure of reasonable and legitimate return over the long run for these institutions [<i>1972 Montana Constitution, Article X, Section 11; Montana Code Annotated (MCA) 77-1-202</i>].</p> <p>This land is currently classified as Grazing land and is not leased at this time. This land is outside the City Limits of Belgrade, but within the city's zoning jurisdiction, it is currently zoned PL1 – Public Lands and Institutions. The DNRC has identified this parcel as a candidate for future development in the Real Estate Management Plan. Reclassifying this land from Grazing production to Other would allow the use of a commercial lease for management and income generation of this land.</p>	
<p>Type of Reclassification: FROM: Grazing Timber Ag Other</p> <p style="padding-left: 100px;">TO: Grazing Timber Ag Other</p> <p style="padding-left: 40px;">ACRES: 10.0 Acres</p> <p style="padding-left: 40px;">TRUST(s): Common School</p>	
Location: NE¼NE¼NE¼ Section 36, T1N. R4E	County: Gallatin

I. PROJECT DEVELOPMENT

<p>1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.</p>	<p>July 21, 2017 – DNRC received a Letter of Interest concerning leasing 10 acres of land in the NE1/4 of Section 36, T1N-R4E to develop with self-storage units.</p> <p>October 10, 2017 – DNRC released a Request for Proposal soliciting proposals to lease the 10± acres of school trust land in the NE1/4 of Section 36, T1N-R4E. The RFP was posted on DNRC's website along with being Distributed electronically with DNRC's list serve application. DNRC advertised the RFP in the Bozeman Daily Chronicle on 10/22/2017 and 11/5/2017.</p> <p>January 10, 2018 – Was the Deadline for proposals to be</p>
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	<p>submitted. DNRC had received one proposal by the deadline.</p> <p>March 13, 2018 – DNRC finished evaluating the one proposal received to lease the 10+ acres and develop the site with a secured self-storage facility. The proposer, Dale Mailey of Bozeman Montana was notified that he would be issued a commercial lease for the site, pending MEPA analysis and reclassification of the acreage.</p> <p>March 21, 2018 – Scoping letters were sent to adjacent landowners requesting comments on the reclassification of the land and the commercial lease to be awarded. The scoping notice was also posted on the DNRC Public Notices website at http://dnrc.mt.gov/public-interest/public-notices , and Legal advertisement s soliciting comment on the proposed action were ran in the Bozeman Chronicle on 4/1/18 and 4/8/18.</p> <p>6 written comments were received, 2 phone inquiries were received. The comments were in opposition to commercial development of the site based on perceived adverse effects on adjacent Ryen Glen Estates homes, and the loss of open space in the area.</p> <p>A letter was received from the City of Belgrade Planning Director. He stated that this type of use would have to go through the City’s conditional use permit process, and that he would recommend annexation into the City if development occurs on this site.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>City of Belgrade - The property is within the City of Belgrade Official Zoning Map district all development will be reviewed and permitted by the City of Belgrade. The City of Belgrade, Planning Department would need to issue a conditional use permit for this commercial development to move forward.</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Alternative A – Reclassify the land to other and issue a commercial lease for a secured self-storage facility.</p> <p>Alternative B – Do not Reclassify the land to other, the land would remain as unleased grazing land.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] POTENTIAL IMPACTS N = Not Present or No Significant Impact will occur. Y = Impacts may occur (explain below) <i>LAND CAPABILITY CHARACTERISTICS</i>
<p>4. GEOLOGY, SOILS AND MINERALS:</p> <p>Are fragile, compactible or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? Are there any mineral characteristics and how would reclassification impact development? If any lands are proposed for breaking, what are the soil types & capability classes, texture, "T" factor, Wind Erodibility Group (WEG), and slopes? What crops will be grown and what are their potential yields? Will there be any mitigation measures implemented to address identified soil limitations?</p>	<p>[Y] The USDA soil survey for Gallatin County indicates the soils on this 10-acre site are classified as 76% Beaverell Loam, 0 to 2 % slopes; and 25% Beaverell-Beavwan loams, moderately wet, 0 to 2% slopes.</p> <p>Alternative A – The development of the self-storage facility will involve removing topsoil and vegetation over the entire site. Ground cover will be replaced with structures and graveled surface area. The development activities will be reviewed and permitted by the City of Belgrade. No adverse impacts would be anticipated.</p> <p>Alternative B - The land would remain unleased grazing land.</p>
<p>5. WATER QUALITY, QUANTITY AND DISTRIBUTION:</p> <p>Are important surface or groundwater resources present? Is there potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality?</p>	<p>[N] There are no surface or groundwater resources present. The development activities will be reviewed and permitted by the City of Belgrade.</p> <p>Alternative A – The reclassification and development activities would not negatively impact the ground water.</p> <p>Alternative B – The land would remain unleased grazing land.</p>
<p>6. AIR QUALITY:</p> <p>Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?</p>	<p>[N] The parcel is located just north of the Belgrade Airport and the City of Belgrade sewage lagoons. Residential and ag-land are other uses adjacent to this parcel. The parcel is currently unutilized grazing land, there may be an increase in particulate introduced to the air during construction.</p> <p>Alternative A – The development activities will be reviewed and permitted by the City of Belgrade. No adverse impacts would be anticipated.</p> <p>Alternative B – The land would remain unleased grazing land.</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY:</p> <p>Will vegetative communities be permanently altered? Are any rare plants or cover types</p>	<p>[Y] Vegetative ground cover is primarily western wheat grass, blue bunch wheat grass, green needle grass, seges and forbs. There is a minor infestation of spotted</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>present? <i>What is the existing vegetation?</i></p>	<p>knapweed and cheat grass. There are no rare plants on the site.</p> <p>Alternative A – The development of the self-storage facility will involve removing topsoil and vegetation over the entire site. Ground cover will be replaced with structures and graveled surface area. No adverse impacts would be anticipated.</p> <p>Alternative B – The land would remain unleased grazing land.</p>
<p>8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? <i>What wildlife resources use or occupy the area?</i></p>	<p>[N] This parcel receives use by birds and wildlife similar to the remaining adjacent trust lands and neighboring Ag land. Conversion of this 10-acre site from grazing to commercial will not greatly diminish the available habitat in this area.</p> <p>Alternative A – The reclassification and development activities would not negatively impact the availability of habitat in the area.</p> <p>Alternative B - The land would remain unleased grazing land</p>
<p>9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Sensitive Species or Species of special concern?</p>	<p>[N] . It appears there is potential habitat for one species of concern, the bobolink, which is a ground nesting bird associated with wet meadows. There are also a couple of sensitive plants potentially present in the vicinity of the parcel, but no observations have been made on the parcel itself. There are also two older bald eagle territory records about 2 miles east of the parcel, but nothing close enough to warrant concern or more detailed analysis. The parcel also lies within a rookery buffer for great blue herons, however no rookeries are close to the site. Other species could potentially use habitat associated with the parcel, however, grassland habitat of this type is not particularly limited in this area, particularly considering the parcel lies adjacent to the town of Belgrade. Any risk associated with these species would be minor.</p> <p>Alternative A - The reclassification and development activities would not negatively impact the availability of habitat in the area and risk associated with these species would be minor.</p> <p>Alternative B – The land would remain unleased grazing land.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

10. HISTORICAL AND ARCHAEOLOGICAL SITES: *Are any historical, archaeological or paleontological resources present?*

[N] A Class I (literature review) level review was conducted by the DNRC staff archaeologist for the area of potential effect (APE). This entailed inspection of project maps, DNRC's sites/site leads database, land use records, General Land Office Survey Plats, and control cards. The Class I search revealed that no cultural or paleontological resources have been identified in the APE. As such, no additional archaeological investigative work will be conducted in response to this proposed project. However, if previously unknown cultural or paleontological materials are identified during project related activities, all work will cease until a professional assessment of such resources can be made.

11. AESTHETICS: *Is the project on a prominent topographic feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light? Are there notable aesthetic features on the tract?*

[N] The 10-acre site, and the surrounding lands are relatively flat. There is a residential subdivision located directly across Lagoon Road from this site. To the south and southwest are the City of Belgrade sewage lagoons and the Airport. North of the parcel is irrigated Ag land. The site contains no prominent topographic features. There will not be excessive noise or light coming from the site, the facility will be visible from the adjoining roads, and a few of the residences in the adjoining subdivision.

Alternative A – The proposed self-storage facility will use lighting fixtures that will minimize light pollution in the area. The proposed buildings are Trachte Self-storage systems that utilize low pith roofs to minimize the building profile. The colors of the buildings will be earth tones. Noise pollution will be minimal.

Alternative B – The land would remain unleased grazing land

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY: *Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project?*

[N] The project will require electricity for security gates and lighting.

Alternative A – The development of the site for a self-storage facility would increase the use of energy for security lighting of the facility. The proposed lighting fixtures have a high energy efficiency rating, additional electrical energy use will not affect electricity available for other uses in the area.

Alternative B – The land would remain unleased grazing land

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?</p>	<p>[N] The Belgrade Long Range Transportation Plan, Existing Volume to Capacity Ratios map. This map shows current traffic volume to capacity ratios</p> <p>Alternative A – The Existing Volume to Capacity Ratios map indicates arterials and collector roads that serve this area currently have traffic volume well below capacity. The reclassification and development activities, and anticipated additional traffic, are not anticipated to overwhelm the current road systems.</p> <p>Alternative B – The land would remain unleased grazing land</p>
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III. IMPACTS ON THE HUMAN POPULATION

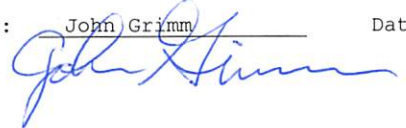
RESOURCE	[Y/N] POTENTIAL IMPACTS & CAPABILITY CHARACTERISTICS
<p>14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?</p>	<p>[N] The Belgrade Long Range Transportation indicates that roads leading to this site have existing volume to capacity ratios that are very low.</p> <p>Alternative A – The reclassification and development activities would not add to health and safety risks in the area.</p> <p>Alternative B – The land would remain unleased grazing land</p>
<p>15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>[Y] The 10-acre site under review is currently zoned PLI-Public Lands and Institutions District, by the City of Belgrade. The site is bordered by privately owned Ag land to the north, residential development to the east, and additional state trust land classified as grazing to the west and south</p> <p>Alternative A – The reclassification and development activities proposed for this site would require a Conditional use permit from the Belgrade Planning Department</p> <p>Alternative B – The land would remain unleased grazing land.</p>
<p>16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p>	<p>[N] The proposed project will create additional contract work during the construction phases, management of the facility will be conducted by existing staff of the proposer.</p>

	<p>Alternative A – The reclassification and development activities proposed for this site would create additional employment during the construction phases.</p> <p>Alternative B – The land would remain unleased grazing land.</p>
<p>17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p>	<p>[Y] The development proposed on this site would allow for taxation of the currently exempt land under beneficial use. The privately-owned improvements would also be taxable real property.</p> <p>Alternative A – The reclassification and development activities proposed for this site would increase the property tax revenue for this taxing jurisdiction.</p> <p>Alternative B – The land would remain unleased grazing land. The land is exempt from property taxation and would continue to generate no revenue for local taxing jurisdictions.</p>
<p>18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed?</p>	<p>[N] The parcel currently has a very low demand for government services except for a small wildfire risk. It is anticipated that there will be additional traffic, generated from accessing the storage facility. Under the proposed development there may be additional demand for fire and police protection.</p> <p>Alternative A – The reclassification and development activities proposed for this site would require a Conditional use permit from the Belgrade Planning Department. The Planning Director has indicated he will recommend annexation into the City of Belgrade to address the impact on government services. The development of the parcel would provide additional property tax revenue to fund governmental services.</p> <p>Alternative B – The land would remain tax-exempt unleased grazing land.</p>
<p>19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?</p>	<p>[Y] The parcel is not within the Belgrade city limits, but it is within the city of Belgrade's extra-territorial zoning jurisdiction. The proposed use will have to go through the City's conditional use process, and a conditional use permit issued.</p> <p>Alternative A — The reclassification and development activities proposed for this site would require a conditional use permit from the Belgrade Planning</p>

	<p>Department.</p> <p>Alternative B – The land would remain unleased grazing land.</p>
<p>20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:</p> <p>Are wilderness or recreational areas nearby or accessed through this tract? <i>Is the land legally accessible and is there recreational potential within the tract?</i></p>	<p>[N] The 10-acre grazing parcel, adjacent to ag land, other state trust land, and residential development offers minimal recreational opportunities. Over 100 acres of adjoining and legally accessible trust land will remain available for recreational activities.</p> <p>Alternative A – The reclassification and development activities proposed for this site would remove 10 acres of grazing land from recreational use.</p> <p>Alternative B – The land would remain unleased grazing land, available for recreational use with a recreational use permit.</p>
<p>21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:</p> <p>Will the project add to the population and require additional housing?</p>	<p>[N] The proposed development would be managed by the lessee and would not in itself add population or require additional housing.</p> <p>Alternative A – The reclassification and development activities proposed for this site would not add to population or require additional housing.</p> <p>Alternative B – The land would remain unleased grazing land.</p>
<p>22. SOCIAL STRUCTURES AND MORES:</p> <p>Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>[N] The current grazing land is in a transitional area adjacent to the City of Belgrade.</p>
<p>23. CULTURAL UNIQUENESS AND DIVERSITY:</p> <p>Will the action cause a shift in some unique quality of the area?</p>	<p>[N] The tract is currently part of a larger unleased grazing tract, zoned PL1 by the City of Belgrade. Land uses in the area are transitioning from ag use to residential and commercial uses.</p> <p>Alternative A – The reclassification and development activities proposed for this site would require a conditional use permit from the Belgrade Planning Department.</p> <p>Alternative B – The land would remain unleased grazing land</p>

<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p>	<p>[X] The 10-acre site is part of a larger unleased grazing tract. The last grazing lease payment received was in 2009, for \$167.00 for 129 acres, which include the 10-acre site. The DNRC has not received any proposals to lease the grazing land since that lease was terminated.</p> <p>Under the proposed action the DNRC would receive initially \$14,000.00 per year, with a 2% escalator applied annually.</p> <p>The trust land is currently tax exempt and generates no tax revenue for local taxing jurisdictions. Under a commercial lease, the previously tax-exempt land would be taxable under beneficial use, and the privately-owned improvements would also be taxable; generating tax revenue for local jurisdictions.</p> <p>Alternative A – The reclassification and development activities proposed for this site would generate initially \$14,000.00 dollars in revenue, that would escalate annually, for the common school trust. The development would also generate tax revenue to support local governmental services.</p> <p>Alternative B – The land would remain unleased grazing land, generating \$0 for the common school trust and no tax revenue to support local services.</p>
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Document Prepared By: John Grimm Date 4/20/2018



<p align="center">IV. ENVIRONMENTAL ANALYSIS FINDING</p>	
<p>25. ALTERNATIVE SELECTED:</p>	<p>Alternative A – Reclassify the ten acres of land to other and issuing a lease for a self-storage facility. The 10-acre site is currently generating no revenue for the common school trust, and the proposed development would be reviewed and a conditional use permit would have to be issued from the City of Belgrade, Planning Department.</p>
<p>26. SIGNIFICANCE OF POTENTIAL IMPACTS:</p>	<p>Comments received through public scoping of the proposed action are summarized and addressed below.</p> <p>Any development on the lease site will require a conditional use permit from the Belgrade Planning Department, and the Planning Department would recommend annexation into the city.</p> <ul style="list-style-type: none"> ○ The lease proponent is aware that a conditional use permit is required for the proposed development and plans to work proactively with the Belgrade Planning Office on the permitting process. <p>The proposed commercial development would negatively impact the adjacent neighborhood, and negatively</p>

affect property values in Ryen Glenn Estates.

- I confirmed with Mark Olson, Regional Manager with MT DOR that they have not seen a negative impact on values of residential properties adjacent to self-storage units in the Belgrade area. Specific self-storage facilities and adjacent residential properties looked at were: Airport Storage LLC adjacent to Briar Place; Belgrade Mini Storage LLC adjacent to Red Oak Drive; Backyard Storage LLC adjacent to Woodbury Avenue.

The development of a self-storage facility would add traffic, create noise and light pollution, and draw crime to the neighborhood.

- The 10-acre site proposed for lease and the adjoining Ryen Glen Estates Subdivision, are within 0.7 miles of the main runway of the Bozeman Yellowstone International Airport; within 0.2 miles of the City of Belgrade Sewage Lagoons; and within 1.25 miles of the Tri-County Stock Car Racing Track. Noise from the self-storage facility would not add significantly to existing noise pollution in the area. Lights used at the facility will be ground directed and have shades to help minimize light pollution. The Belgrade Police Department confirmed that self-storage facilities do not attract crime to surrounding neighborhoods, and the additional traffic on Penwell Bridge Road from users of the facility would not create significant congestion.

The proposed storage facility should locate on other lands available in the valley, or at least locate on another area of the state parcel.

- The 10-acre site is currently unleased and generating no revenue for trust beneficiaries. Other portions of the adjoining trust land are encumbered with ditch rights, and easements. This parcel is available for lease and will generate \$14,000.00 annually for the Common Schools Trust.

27. Need for Further Environmental Analysis:

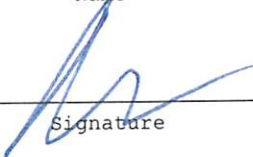
EIS More Detailed EA No Further Analysis

MARK BALUKAS

Name

TRUST LANDS PROGRAM MGR

Title



Signature

4/24/13

Date

V. RECLASSIFICATION RECOMMENDATION AND APPROVAL

28. Land Office Recommendation, including Highest and Best Use:

The 10-acre parcels HBU, with a conditional use permit that allows commercial development, would be for the proposed development of the self-storage facility.

29. Recommendation by AG Bureau Chief:

RECLASSIFY ADEQUATE to OTHER.

Reasons for Recommendation:

NO GRAZING LEASE EXISTS ON THIS TRACT.

[Handwritten Signature]

2 MAY 18

AG Bureau Chief Signature

Date

Recommendation by REMB Bureau Chief:

Reclassified issue 10AC level

Reasons for Recommendation:

[Handwritten Signature]

5-2-2018

REMB Bureau Chief Signature

Date

30. Final Decision on Reclassification by Trust Land Management Division Administrator:

Approve

Deny

[Handwritten Signature]

5-2-18

Signature

Date

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION
Trust Land Management Division



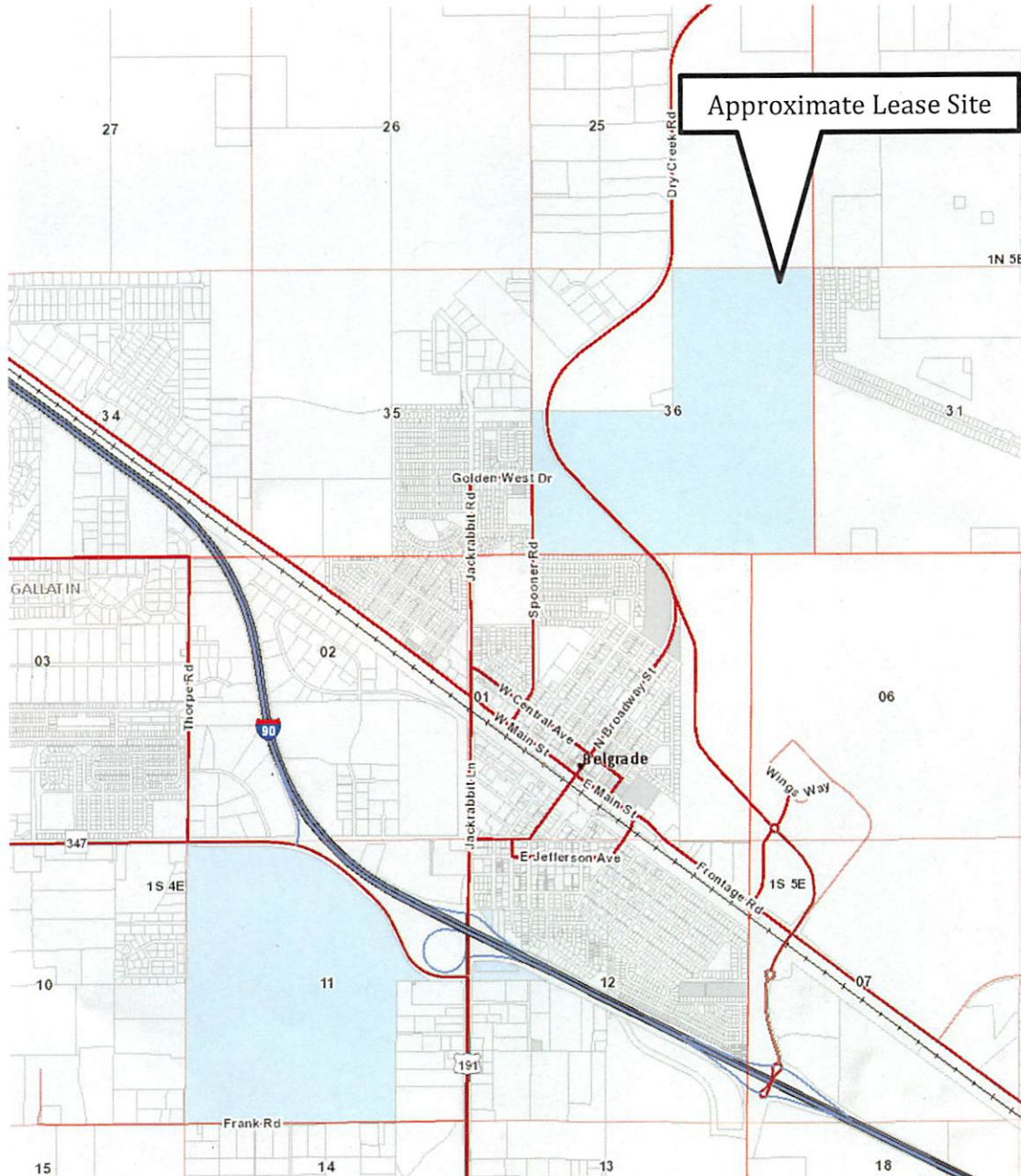
STEVE BULLOCK, GOVERNOR

1539 ELEVENTH AVENUE

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DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION
Trust Land Management Division



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