

STATE BOARD OF LAND COMMISSIONERS

May 16, 2023
Consent Agenda

Subject

Authorization to purchase one Forest Legacy Program conservation easement, known as South Dawson, comprising 655 acres of privately-owned forestland in Boundary County

Question Presented

Shall the Land Board authorize the Department to acquire the South Dawson conservation easement?

Background

- The Idaho State Board of Land Commissioners authorizes the Idaho Department of Lands to acquire such interests by voluntary, cooperative means and to create a conservation easement pursuant to Idaho Code Title 55, Chapter 21.
- The Cooperative Forestry Assistance Act (the "Act") of 1978 (16 U.S.C. 2101 et. seq.), as amended by Section 1217 and Title XII of the Food, Agriculture, Conservation Trade Act of 1990 (16 U.S.C. 2103c), established the federal Forest Legacy Program to protect environmentally important forestlands threatened with conversion to non-forest use.
- The Forest Legacy Program is funded through the Land and Water Conservation Fund, which was established by Congress in 1965, in part, to assist states in conserving vital working lands, wildlife habitats, and outdoor recreation. These funds come from a small portion of the royalties paid by energy companies drilling for oil and gas on public land on the Outer Continental Shelf.

Discussion

The Forest Legacy Program (FLP)—a federal program in partnership with states—seeks to keep working forests working (Attachment 1-FLP Fact Sheet). Through a federal grant, Idaho's FLP purchases conservation easements (CEs) on private forestlands that might otherwise be converted to non-forest uses. Idaho's FLP CEs are designed to conserve the economic and environmental values that forestlands provide without removing the property from private ownership.

The FLP is an entirely voluntary program that offers willing landowners the opportunity to capture part of the "development value" of their land while receiving assurance that the forestland will remain a working forest forever. Idaho's FLP CEs restrict development and subdivision, require sustainable forestry practices through the implementation of a Forest Stewardship Plan, and protect other environmental values. Federal grant funds provide up to

75% of the program costs for the purchase of CEs on private forestlands with a 25% non-federal match requirement. Eligible program costs include conservation easement value as well as associated due diligence expenses. Eligible non-federal cost-share includes fully donated CEs, bargain sale CEs, in-kind services, and non-federal cash contributions.

The South Dawson CE is part of the Moyie River Corridor FLP Project (Attachment 2- Map). There are seven properties in this project; this would be the first to close. Molpus Woodlands Group, on behalf of its client landowners Nordic Crystal Falls LLC, wishes to convey this CE to the Idaho Department of Lands to conserve this forestland in perpetuity, thereby protecting the economic and environmental values while keeping the property in private ownership. This CE acquisition will be a bargain sale in which the 25% non-federal match will consist of donated easement value. The table below summarizes the conservation easement costs.

Landowner	Appraised CE Value	Landowner Donation	FLP Contribution
South Dawson	\$2,072,000	\$506,000	\$1,566,000

The South Dawson conservation easement is consistent with the goals and objectives of Idaho's FLP and will protect the following significant conservation values:

- **Timber:** Idaho's Forest Action Plan identifies the area where the project lands are located as one of the highest priority areas for forestland protection in the state. According to Boundary County's Comprehensive Plan, the harvest of timber and other products from forestland in Boundary County is essential to the local economy.
- **Wildlife Habitat:** Project lands contain some of the most valuable wildlife habitat in Idaho, supporting an abundant assortment of game and non-game species including federally-listed threatened species such as grizzly bear and Canada lynx.
- **Public Recreation:** The conservation easement terms ensure that these lands will remain accessible to the general public for non-commercial recreational uses including hunting, trapping, fishing, biking, hiking, cross-country skiing, and wildlife viewing.
- **Landscape Scale Conservation Impact:** The Moyie River Corridor project is located in an area of high conservation priority. Over twenty existing FLP conservation easements are located within 10 miles of this property.

The project has garnered broad public support by various public and private entities (Attachment 3-Public Support). These forestlands have substantial and significant conservation and economic values that are of great importance to the people of Idaho. The protection of these values will yield a significant public benefit.

Recommendation

Authorize the Idaho Department of Lands to acquire the South Dawson conservation easement.

Board Action

Attachments

1. Forest Legacy Program Fact Sheet
2. Map
3. Public Support



Forest Legacy Program Fact Sheet

The Forest Legacy Program (FLP) is a program that seeks to protect privately owned, economically and environmentally important forestlands that are threatened by conversion to non-forest uses. FLP is a voluntary program that, through the purchase of conservation easements, operates on the “willing buyer, willing seller” principle. Lands covered by a FLP conservation easement stay in private ownership and continue to be managed for traditional uses such as forest management.

1. What is a conservation easement?

A legal instrument through which certain rights, such as subdivision and development, are transferred from a landowner to a non-profit organization or government agency.

The grantee organization does not gain the right to subdivide or develop; rather, it holds those restrictions “in trust” and ensures that no one uses the rights restricted by the grantor.

A conservation easement is perpetual and runs with the land. Idaho Code Title 55, Chapter 21 is Idaho’s Uniform Conservation Easement Act.

2. Where does FLP funding come from?

- FLP is funded through the Land and Water Conservation Fund (LWCF), which was established in 1965, in part, to assist states in conserving vital working lands, wildlife habitats and outdoor recreation.
- Each year, a small percentage of royalties paid by energy companies drilling for oil and gas on public land on the Outer Continental Shelf is deposited into the LWCF account in the federal treasury. The premise of LWCF is essentially to protect one natural resource in exchange for the depletion of another.
- The U.S. Forest Service (USFS) administers the program at the national level and provides grants from LWCF to states to carry out the FLP.

3. What qualifies projects for consideration?

- Meets FLP’s primary objective to keep working forests working
- 75% forested
- Privately owned
- Includes a minimum 25% non-federal match
- Must be within a Priority Landscape Area as identified in Idaho’s Forest Action Plan
- Must be carried out in partnership with another state agency or land trust organization

4. How are projects evaluated and selected?

- Projects are evaluated using the following criteria:
 - Importance: criteria reflect the environmental, economic and social values the forest provides
 - Threat: criteria evaluate the likelihood of conversion from forest to non-forest uses that would result in a loss of forest values and public benefits
 - Strategic: criteria reflect the relevance to conservation efforts in a broader perspective (contributes to a conservation strategy and complements other intact forests)
- Projects are evaluated and ranked by a national review panel in Washington DC. The review panel, comprised of 6 state agency representatives and 6 USFS representatives from across the U.S., is tasked with ranking all projects submitted nationwide.

5. How are conservation easement values determined?

- A conservation easement purchase price is determined by an appraisal which conforms to the guidelines of two professional appraisal standards: the Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards of Federal Land Acquisitions (UASFLA or “Yellow Book”). Prior to the acquisition, the FLP requires an independent appraisal review.
- Appraisers meet rigorous private and federal appraisal standards, education, and training and must have considerable experience appraising projects of the same type and complexity.

6. How are federal funds conveyed for Forest Legacy acquisitions?

- Federal funds are directly distributed by the USFS to a title company that handles the closing transaction and recording of the conservation easement.
- The federal funding used to purchase a conservation easement cannot be higher than the appraised fair market value.

7. Who holds title to the FLP easement?

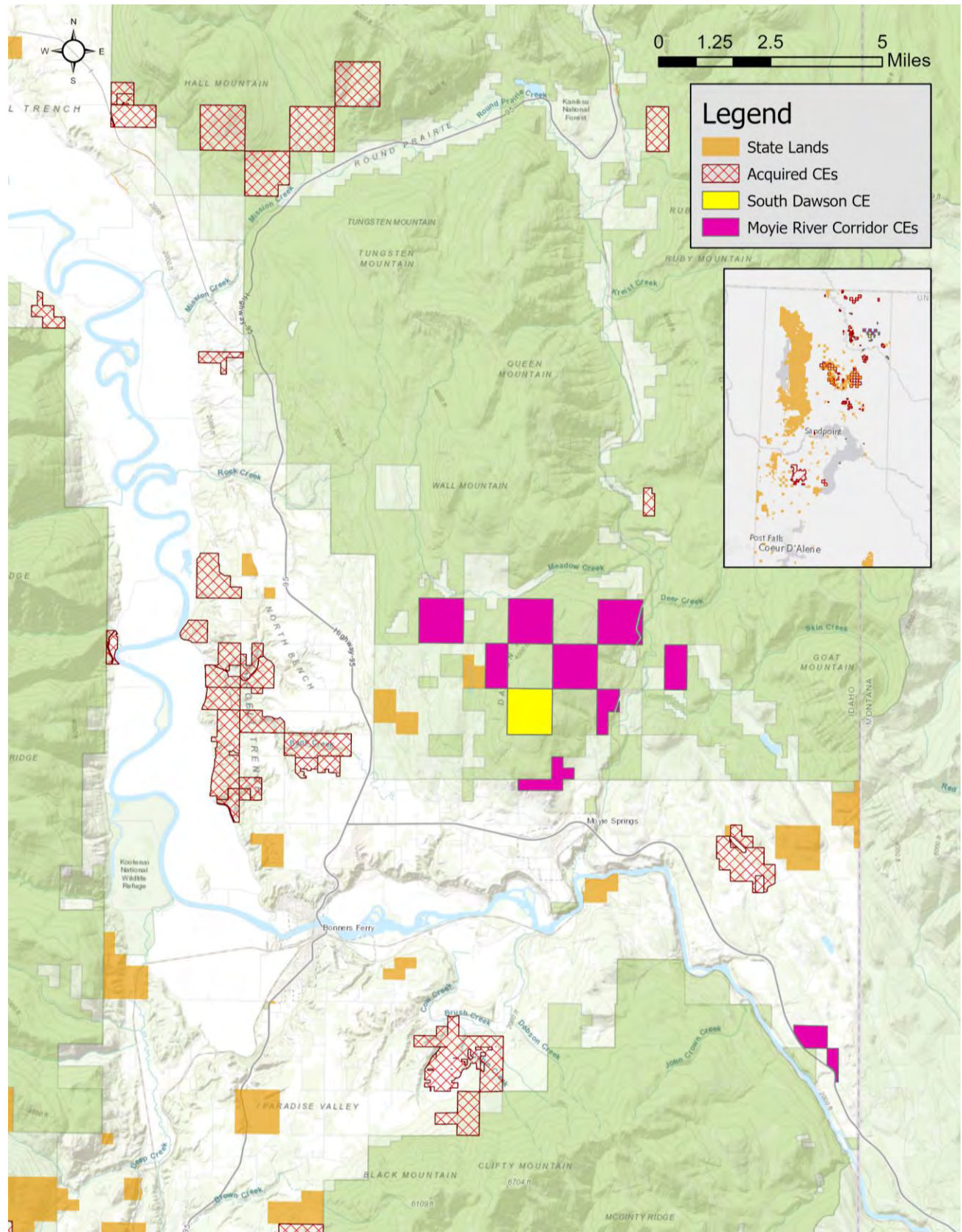
The State of Idaho

8. How do conservation easements impact property taxes?

The property is still in private ownership and taxed as such. Current property taxes are not impacted.

For more information, visit:

<http://www.idl.idaho.gov/forestry/forest-legacy-program>



Public Support of the FY2020-21 Moyie River Corridor Project in Boundary County

The following local, state and federal government agencies and local, state and regional conservation organizations provided written letters in support of the purchase of a conservation easement on the Moyie River Corridor project lands:

- City of Bonners Ferry
- City of Moyie
- Former Idaho State Senator, Jim Woodward
- Former Idaho State Senator, Shawn Keough
- Foust Logging, Inc.
- Idaho Department of Fish and Game
- Idaho Forest Owners Association
- Idaho Forest Group
- Inland Forest Management
- Stimson Lumber Co.
- Trans-border Grizzly Bear Project
- US Fish & Wildlife Service
- US Forest Service – Idaho Panhandle National Forest
- Vital Ground Foundation
- Yellowstone to Yukon Conservation Initiative

The Boundary County Commissioner's received a project update on 11/7/2022.