

Payette Land Trust

Conserving the rural landscape of West Central Idaho
a nonprofit 501 (c)3 Conservation Organization

Payette Land Trust Comments on the IDL Draft Payette Endowment Land Strategy

March 1, 2021

State Board of Land Commissioners,

Payette Land Trust (PLT) appreciates the State Land Board and the Idaho Department of Lands (IDL) request for public comments to the Draft Payette Endowment Land Strategy (PELS). Public forums, such as this one, bring a heavy weight of responsibility for all parties involved. For the Land Board and IDL, it is important to truly listen to those who comment. For organizations like PLT, it is crucial to provide comments to the Draft Strategy that suggest realistic solutions for managing endowment lands which still meet the fiduciary responsibility to the beneficiaries.

The Land Board and IDL have asked for interested parties to be creative in finding solutions to increase long term financial returns to the beneficiaries of the Trust. PLT takes this request seriously, not only in rhetoric but in action. If given the opportunity, PLT is prepared to partner with IDL to find solutions. We understand the PELS is a plan that outlines how IDL will implement endowment trust land management over the next 20 years. As part of that implementation, we see a need to create policies and protocols that allows for the conservation and outdoor recreation industries to bring their resources and economies to the table. By viewing the conservation and recreation industries on par and compatible with timber and grazing, the Land Board opens the door to new and expanding revenue streams. Payette Land Trust offers three suggestions and a recommendation to the Land Board and asks they be incorporated in the Final Payette Endowment Lands Strategy.

1) Develop protocol for determining when timberlands or other asset classes become transitional; what are the trigger/threshold values? Who makes this determination? How are parcel lines determined and what information is needed to make the determination.

Understanding how and when portions of the Endowment's land portfolio become areas of concern are crucial for organizations. For PLT, knowledge for determining if and when we contribute our financial resources to a property, before the funding gap becomes too large, is key for strategic planning. This becomes especially important when considering the issue of connectivity of habitat and access. Sometimes conserving the smallest of properties can preserve the larger dividend. When a small parcel becomes unproductive from a timber standpoint, it may still hold tremendous value in providing access to other productive timber and/or recreation land while keeping vital habitat connected. Without the knowledge a parcel is falling behind, cooperators like PLT are forced to participate from a reactive position vs. a proactive cooperative position. Clarification on how and when parcels move into transition would improve communications between IDL staff and interested collaborators.

2) Consider Outdoor Recreation and Conservation industries on par with Timberland and Development as viable primary financial contributors to the Endowment. Allocate and/or create departmental resources to expand Outdoor Recreation and Conservation Management in partnership with long term timber management. Develop dedicated conservation easement and recreational lease portfolios on both transitional and Timber Lands.

Permanently shielding large tracts of Endowment land from development provides the necessary assurances needed by timber, grazing and recreation industries to operate sustainably. Each of these industries require that trees, grass and open spaces will remain productive before committing the resources needed to build long term infrastructure required for profitability, subsequently returning a portion of that profitability to IDL. For example, return to the Endowment comes in the form of stacked leases combined with timber sales. PLT has seen these industries work together in the private sector for the benefit of all, including the land. The Endowment Trust is like no other landowner in Idaho because of their unique and diverse land holdings. The Land Board stands in a position to merge these land uses together under a strategy that brings financial return to the beneficiaries, secures the timber industry in developing communities, preserves traditional agricultural heritage and increases the needed infrastructure for growing outdoor recreation while protecting wildlife habitat, flora, fauna and water quality. Maximizing returns will require an internal coordinated effort within IDL to design interwoven land use agreements, leases and easements allowing these industries to work in harmony with each other and the land.

The key to this model requires assurances the required natural resources will be protected in perpetuity from the threat of development. This concept is so eloquently stated on the IDL Forest Legacy webpage.

“Idaho’s Forest Legacy Program recognizes that in order to protect all forest values and the benefits that society derives from forested lands it is first necessary to maintain those lands as forests. Idaho’s privately owned forestlands are becoming increasingly valuable and sought after for purposes other than their traditional uses.

Unfortunately, the inevitable development of this land threatens all that makes it attractive, including sustained wildlife, scenic and timber values. Idaho’s Forest Legacy Program is a tool that can be used to reconcile the desire of private landowners to capture the value of their lands without destroying the underlying values that those forests provide.”

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

While the Idaho Forest Legacy project only works on private land, PLT believes its intent, procedures and ethics can be used to construct a template and applied to Endowment properties.

3) Direct IDL to create protocols and procedures allowing for the use of perpetual conservation easements as a land management tool within the Payette Endowment Lands Strategy.

By luck or design, the Endowment owns land in the increasing wildland urban interface. Not only in the McCall area but across the state as well. The Land Board has been faced with the decision on how to manage land-uses as urban areas push into the forest. PLT believes a well-conceived land-use strategy focusing on engaging the timber, grazing and outdoor recreation industries, which includes perpetual conservation easements, can meet the Land Board's obligation to provide long term income to the Endowment. The use of conservation easements can balance the need for revenue generation through the stabilization of land-use practices and bring permanent land conservation to the people of Idaho. Selling a conservation easement at fair market value meets the IDL Mission "to professionally and prudently manage Idaho's endowment assets to maximize long-term financial returns to public schools and other trust beneficiaries".

Using the Idaho Forest Legacy project applicable protocols along with conservation easement procedures from the private sector, PLT believes IDL can produce the guidelines necessary for interested groups to apply. By developing an avenue for participation from conservation groups, IDL would create a tool for the Land Board to capitalize the appreciating development values on these unique properties which fit this model.

Conservation easements capitalize the appreciated development value. Allowing those funds to be invested elsewhere, returning value to the Beneficiaries while keeping land in the Endowment portfolio. Thus, providing some insurance against sizable value loss due to a catastrophic natural disaster. An event such as a full stand-replacing wildfire where development and timber value decrease significantly over the long term can be hedged through the sale of an easement.

In an effort to "creatively think outside the box" and to create a "Beta model for the state", PLT proposes the use of conservation easements on several parcels listed within the current draft PELs. PLT is actively working to create such a proposal to be presented to IDL staff. PLT's white paper titled "Conservation Easements and the Idaho Endowment: A Way Forward" is our guide for creating such a proposal. This proposal targets conservation easements on parcel's G and H (as described in the PELs). The PLT white paper is attached to these comments as Exhibit A.

4) Recommendation: Extend the moratorium on lands under the Draft Payette Endowment Land Strategy until sufficient due diligence can be performed on the use of perpetual conservation easements as a financial management tool on Endowment Lands, as well as other suggestions put forth by the PELS focus group which are pertinent and necessary to the Strategy.

Currently, IDL has not developed a business strategy providing a mechanism for long-term conservation of endowment lands in conjunction with emerging and traditional lease revenue sources. Without such a strategy the Land Board is not be able to determine the revenue potential of conserving endowment lands with high community value. To create the procedures, protocol and complete due diligence of this request will take time, more time than has been allotted for the current PELS. PLT is asking the Land Board to allow IDL the time required to fully investigate the possibilities of a conservation centric land-use model before making irreversible decisions on land within the McCall area. This request is not a delay tactic but a genuine appeal to investigate ways in which all interested parties can work together to benefit the Endowment and the people of Idaho.

PLT values its emerging partnership with the State Land Board and IDL. We look forward to continuing our efforts to find workable solutions to these complicated issues.

Respectfully,

Payette Land Trust Board of Directors

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Payette Land Trust

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Exhibit A

Payette Land Trust Conservation Easements and Idaho Endowment: A Way Forward January 2021

Goal

Payette Land Trust (PLT) seeks to purchase perpetual conservation easements (CE) on parcels of Idaho Endowment Lands described as "Transitional Land" under the "Payette Endowment Lands Strategy" (PELS).

Barrier

The Idaho Department of Lands (IDL) has yet to clarify factors it will consider in determining whether to accept a proposal for a CE. PLT is prepared to explore this option and assist in creating the necessary protocol for using CEs as a business strategy for the Payette Endowment Lands.

Key Information

A well-conceived strategy for the future of the McCall area lands that includes CEs can meet the Land Board's obligation to provide long-term income to the endowments.

A CE balances revenue generation on Endowment Lands and the need for permanent land conservation for the people of Idaho. A CE meets the IDL Mission "to professionally and prudently manage Idaho's endowment assets to maximize long-term financial returns to public schools and other trust beneficiaries". It also meets the PLT Mission "to conserve the rural landscape of west central Idaho for the benefit of our community and future generations by protecting the scenic, agricultural, ranch, recreational, historic, and wildlife values of the region".

PLT believes divesting of increasingly valuable land with exceptional environmental importance in a fast-growing region is not the only way to meet the Land Board's goal of maximizing long-term financial returns.

Currently, IDL has not developed a business strategy providing a mechanism for long-term conservation of endowment lands in conjunction with emerging and traditional revenue sources. Without such a strategy, the Land Board is unable to determine the revenue potential of conserving endowment lands with high community value.

Request

PLT asks the Land Board to consider the use of CE on several parcels listed within the current draft PELS.

The Value of Conservation Easements

Conservation Easements can:

- Ensure that significant land holdings will be maintained in perpetuity and provide material diversification and inflation protection to the endowments profile.
- Be purchased at fair market value.
- Provide a mechanism to reap development value without a sale or trade.
- Remove development pressure which threaten traditional uses due to rising real estate values.

- Allow for Timber, Grazing, Recreation and other similar uses to exist in perpetuity.
- Allowing for interwoven recreation development with tradition uses to obtain new sources of funding for the Endowment.
- Provide long term conservation, public use and water quality protection, all valuable State resources in this crucial area.

What Next Under PLT’s Proposed Approach:

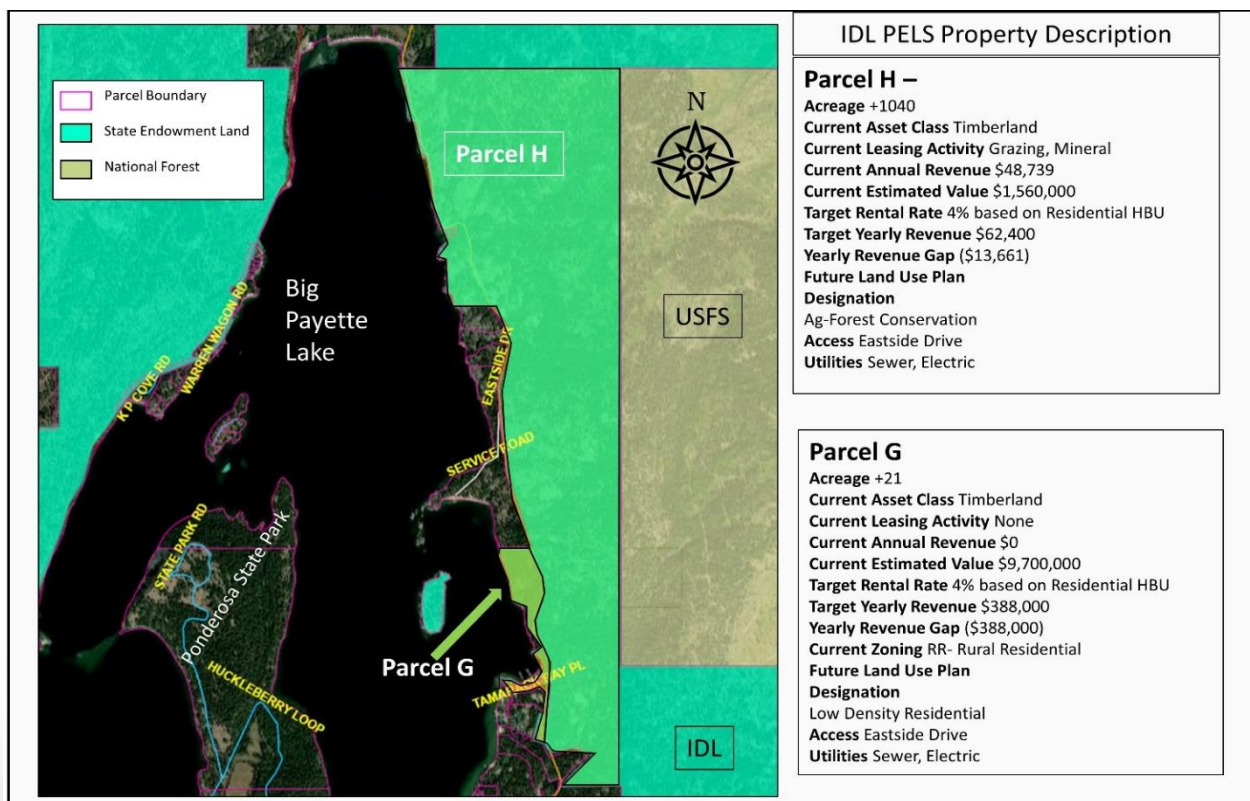
PLT and IDL work to create a protocol for using conservation easements as a tool to balance the need to raise upfront income while developing the long-term revenue possibilities on land experiencing increasing development pressures where traditional lease arrangements generate a funding gap.

PLT puts forth a proposal to purchase a perpetual conservation easement on Parcel G and H at market value. Market value determined by using the Idaho Forest Legacy projects applicable protocols, conservation easement procedures from the private sector and current IDL land appraisal procedures, USPAP (Uniform Standards of Professional Appraisal Practice).

PLT’s easement would allow for timber, grazing, low impact and limited recreational development such that the principal conservation values are protected.

PLT, the City of McCall, Valley County and other citizen groups work to fund a recreational lease need to meet any remaining funding gaps.

PLT would be responsible for stewarding the easements while other entities are responsible for lease related issues.



Summary:

A permanent CE would allow for the maximization the long-term financial return to the endowment by monetizing development value now and providing for future returns to the beneficiaries through retained ownership. This approach meets the Land Boards' constitutional fiduciary mandate while conserving working forests, traditional uses and the existing natural environment. PLT and IDL staff would collaborate and create protocol for perpetual conservation easements to be used as a tool for balancing the State Land Boards needs to raise upfront income while developing the emerging and traditional long-term revenue possibilities.

The unique lands around Payette Lake and McCall are experiencing increasing development pressures where traditional uses are becoming limited, thus generating a funding gap. A CE can assist in solving this financial issue and provide an environmental benefit to the people of Idaho.