

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION



BRIAN SCHWEITZER, GOVERNOR

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STATE OF MONTANA

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February 19, 2010

Dear Cabinsite Lessee:

On December 21, 2009, the State Board of Land Commissioners ordered the DNRC to proceed with the process to adopt administrative rules implementing Alternative 3B as the selected new method for calculating the lease fee for cabinsite leases. With the official rulemaking process now underway, DNRC will conduct an environmental review in compliance with the Montana Environmental Policy Act (MEPA) to assess the impacts on the human and natural environment resulting from the adoption of administrative rules implementing Alternative 3B (the proposed action). The environmental review will analyze the impacts of implementing Alternative 3B in relation to the No-Action Alternative. The No-Action Alternative is the existing rules that determine how cabinsite lease fees are calculated, the same rules that have been in place since 2001. The lease fees will continue to be assessed in accordance with the existing rules and the terms and conditions of the existing lease agreement if the current rulemaking process to implement Alternative 3B is not completed.

This letter is to inform you that the DNRC is conducting an environmental review of the proposed action and to solicit your comments regarding the potential impacts on the human and natural environment as a result of the proposed action.

WRITTEN COMMENTS

DNRC is requesting your comments on the potential impacts from the proposed action. **Comments must be received by March 19, 2010.** Please submit your written comments to: Montana Department of Natural Resources and Conservation, Attention: Cabinsite Rules MEPA Comments, PO Box 201601, Helena, MT, 59620.

SCOPING MEETINGS

You may also provide comments in person at one of the following scoping meetings. These meetings will be in an "open house" format. Attendees may come any time during the scheduled meeting time. Agency representatives will be on hand to discuss the proposed action and to take comments.

Missoula

Tuesday, March 2, 5:30pm – 7:00pm
DNRC Southwestern Land Office
1401 27th Ave, Missoula

Kalispell

Thursday, March 4, 5:30pm – 7:00pm
Hampton Inn, Spring Creek Room
1140 Highway 2 West, Kalispell

ALTERNATIVE 3B AND THE NO-ACTION ALTERNATIVE

For information on the Alternative 3B and the No-Action Alternative, and to learn what your lease fee could be from years 2010 to 2024 under either of the two Alternatives, go to the following website and enter your lease agreement number. Visit: www.dnrc.mt.gov/trust/REMB/billing_outlook.asp. A brief description of Alternative 3B and the No-Action Alternative is also provided on the next page.

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ALTERNATIVE 3B

NO-ACTION ALTERNATIVE

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| Appraised Value of Lease Land | DNRC will use one of two methods to value a state lease parcel, whichever is less: 1) the 2003 Montana Department of Revenue (DOR) appraised value for a state parcel increased by 6.53 percent annually to 2009; or 2) the 2009 DOR appraised value for a state parcel. | The 2009 DOR appraised value. |
| Lease Rate/Fee | The lease rate is 5% of the appraised value. Lease fee is the higher of 1) 5% of appraised value, 2) the bid amount, or 3) a minimum annual rental of \$250. | Same as Alternative 3B |
| Annual Escalator (Annual Percentage Increase in Lease Fee) | The annual escalator (termed the Lease Fee Indicator, or LFI) is recalculated annually using the average of the national Consumer Price Index (CPI) and the Real Estate Index, but will be limited in that it will never be less than 3.25 percent and will never be more than 6.5 percent. | No annual escalator. |
| Lease Term | The cabinsite lease term would be 15 years but may be up to 35 years for loan security purposes. | The cabinsite lease term would be 15 years. |
| Lease Fee Adjustment | Every 15 years. | Every 6 years. |
| Financial Hardship | A cabinsite lessee may request a deferment for a maximum of 25 percent of the lease payment. An eligible lessee may obtain an annual lease deferment for a maximum of three years. At the end of the three years the deferred rent must be paid back. | No consideration for financial hardship. |

Sincerely,



Jeanne Holmgren
Chief, Real Estate Management Bureau