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Funding Wyoming Public Education

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DETAILED ANALYSIS

BAGLEY LAND EXCHANGE PROPOSAL

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Prepared by the

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**LAND EXCHANGE PROPOSAL BETWEEN THE
BOARD OF LAND COMMISSIONERS
and
KDELL BAGLEY
in
LINCOLN COUNTY, WYOMING**

PROPOSAL:

Kdell Bagley, Trustee: Lorain & Geraldine Bagley Estate Trust (Bagley's) has presented a land exchange proposal to the Office of State Lands and Investments (the Office) involving 20± acres of State Land for 18± acres of deeded land. Bagley's submitted a letter proposing the exchange on October 16, 2008. The letter and application of the proposed exchange are attached as [Exhibit "A"](#).

The Office recorded the proposal on the Category I Disposal/Acquisition lists. After preliminary review, the Director determined that the parcels may be suitable for exchange, and moved the parcels to the Category II Disposal/Acquisition lists in accordance with the Board's rules.

AUTHORITY:

W.S. 36-1-107. Exchange of state-owned and privately owned lands.

W.S. 36-1-110. Authority of Director to effect and complete exchanges.

W.S. 36-1-111. Orders, rules and regulations relative to exchange of lands.

Rules: Chapter 26, Section 5. Exchanges.

All documents relating to the Board's authorization to exchange State land are attached as [Exhibit "B"](#).

LEGAL DESCRIPTIONS:

State land:

Township 31 North, Range 119 West, 6th P.M., Lincoln County, WY
Portion of Section 16: 20.50 ± Acres

Private Land:

Township 31 North, Range 119 West, 6th P.M., Lincoln County, WY
Portion of Section 17: 18.15± acres

MAPS AND PHOTOGRAPHS:

Maps and photographs of the State Land and of the Bagley Land are attached as [Exhibit "C"](#).

COUNTY/ LOCATION:

The State Land parcel is located approximately 2 miles to the southwest of the town of Fairview in Lincoln County.

The Bagley Land is also located approximately 2 miles to the southwest of the town of Fairview in Lincoln County.

ACCESS:

State land:

Legal public access to the State parcel is provided by County Rd. 141 (Crow Creek Rd.), which bisects the property running from the northeast to the southwest of the parcel.

Private land:

Legal public access to the Bagely parcel is provided by County Rd. 141 (Crow Creek Rd.), which runs along the northern border of the property.

PROPERTY DESCRIPTIONS:

State Land

The parcel proposed for disposal is a 20.50± acre portion of a 520± acre block of State Trust land. It is comprised of rolling hills, creek bottom, meadow hay, and dry alfalfa hay. The rolling hills are vegetated with native grasses and shrubs. It is bisected by a county road that runs in a southerly direction from its northern boundary. There are approximately 7.5 net useable acres north and west of the county road, with 0.8 acres located along the northern border east of the county road. Electrical and phone easements also traverse the State parcel. Crow Creek flows along its southern border.

Fund:

Common School

Rights Acquired by the State of Wyoming:

All surface and mineral rights were granted under the Act of Admissions on July 10, 1890.

Size/Shape:

The parcel is located in NE¼ of the NW¼ of section 16. Its border follows the aliquot lines along the east, north and west, with the southern boundary roughly following Crow Creek.

Topography:

The parcel is gently rolling with creek bottom along the southern boundary. It is generally sloping from the northwest down towards Crow Creek to the south.

Grazing Leases:

Lease #3-7770 with a 10 year term, expires on March 1, 2019
Geraldine Bagley, lessee

Carrying Capacity & Annual Income:

The 520± acre block of Trust land has a 400± acre lease (#3-7770), of which 335± acres of land are suitable for agricultural and grazing use. The current carrying capacity of the grazing lease is rated at 234 AUMs (0.69 AUMs per acre). Based upon \$4.64/AUM, the 18.16± acres (of the proposed 20.50± acre parcel) that are suitable for agricultural and grazing use would generate \$58.14 in 2011.

Soils & Vegetative Cover:

The soils are silty clay loam with open foothill grasslands, some hay meadows, willows and shrubs along the lower creek bottoms.

Utilities:

Electric power and phone service are available in the area.

Fences & Land Improvements:

There are several improvements that are owned by Geraldine Bagley located on the State parcel. These include; house, barn, garage, shed, corrals, and fencing. The Lessee's improvements were approved by the Board of Land Commissioners in 1954. It is the intent of the Bagley's to own the land on which the improvements reside.

Water Rights:

Records in the State Engineer's Office indicate that there are 14.4 acres of water rights out of Crow Creek within the NENW of section 16. Water rights information is attached as [Exhibit "D"](#).

All water rights on the State Land and on the Bagley's Land would transfer with the land if the exchange is completed.

Mineral Rights:

The State of Wyoming owns the mineral rights to the parcel. There are currently no mineral leases on the parcel. All mineral rights will be retained by the State.

Easements, Hazards, Detriments:

There is a 60' wide roadway easement issued on 12/29/1982 to the Lincoln County Board of Commissioners (Crow Creek Rd.). There are also four 60' roadway easements that run parallel with the parcel's north boundary line, that were issued in 1997 as nonexclusive right of use, in perpetuity, right of ways to the 4 lots within the Argyle Subdivision, which is located to the east of the parcel.

There are no Special Use Leases or Temporary Use Permits on the parcels. The State parcels will be exchanged subject to all easements of record.

The appraiser did not notice any hazardous material or detriments on the parcels during his inspection. While the appraiser has inspected the subject properties he is not trained to detect hazardous material or detriments and therefore must assume that for appraisal purposes there are no hazardous substances present on the parcels.

Annual Tax Load:

Since the parcel is owned by the State, it is not assessed or taxed by Lincoln County. The Lincoln County Assessor's Office has estimated that the annual tax on the 20.50± acres of State land to be approximately \$1,250 based upon existing assessed values in the area should the property become privately owned.

Zoning:

The county zoning for the State parcel is "Public Zone", which would allow for land uses appropriate for publicly owned lands which are consistent with the historical uses of the public lands. Should the parcel become privately owned, state subdivision law W.S. 18-5-316, addresses requirements for large subdivisions leaving it up to the counties to regulate.

Forest Products:

The State Forest inventory data shows no forest resources on this parcel. Examination of the 2009 aerial photography shows willows along the creek. There are no commercial timber opportunities on this parcel.

Bagley's Land

The 18.15± acres of land that Bagley's are offering to exchange is located along Crow Creek and is adjacent to a 520± acre section of State Trust land. Crow Creek is a year-round source of water for livestock and wildlife.

Size/Shape:

The acquisition of the 18.15± acres would not increase or decrease access to the existing 520± acres of Trust land. There are no adjoining BLM or National Forest lands that would be affected by the proposed exchange.

Topography:

The parcel is primarily gently rolling creek bottom, with a steep hillside along the southern boundary. It is generally sloping from the creek bottom on the northern portion, upward to the timbered slope on the southern portion.

Soils & Vegetative Cover:

The soils are silty clay loam with open foothill grasslands, some hay meadows, willows and shrubs along the lower creek bottoms.

Utilities:

Electric power and phone service are available in the area.

Fences & Land Improvements:

There is a hay shed and a bridge across Crow Creek located in the northern portion of the parcel. There are no other improvements located on the land.

Water Rights:

Records in the State Engineer's Office indicate that there are 5.90 acres of water rights out of Crow Creek within the SENE of section 17. Water rights information is attached as [Exhibit "D"](#).

All water rights on the State Lands and on the Bagley's Land would transfer with the land if the exchange is completed.

Livestock Water:

Crow Creek is a year-round source of water for livestock and wildlife.

Mineral Rights:

The Office has not conducted a mineral title research on the subsurface estate under the Bagley's surface. However, the Bagley's have indicated that at this time there is no mineral activity on the tract and nothing is planned. Mineral ownership would remain with the Bagley's, if the proposed exchange is completed.

Easements, Hazards, Detriments:

The Bagley's land will be exchanged subject to all easements of record. No easements are currently known to exist however; the Title Insurance Commitment will show all of the easements of record.

The appraiser did not notice any hazardous material or detriments on the tract during his inspection. While the appraiser has inspected the subject property he is not trained to detect hazardous material or detriments and therefore must assume that for appraisal purposes there are no hazardous substances present on the tract.

Annual Tax Load:

If the exchange of the property takes place, Lincoln County would no longer assess property taxes on the 18.15± acre deeded parcel. The Lincoln County Assessor's Office assessed taxes were \$1,018 in 2009.

Zoning:

The county zoning regulation for the parcel is "Rural Zone" which provides agricultural uses combined with low density residential uses. The parcel could be broken down into 5+ acre tracts, residential subdivisions where 3 or more lots are created. State subdivision law W.S. 18-5-316, addresses requirements for large subdivisions leaving it up to the counties to regulate. The state currently does not have any intention of subdividing the tract.

COMMENTS FROM AGENCIES:

Wildlife and Wildlife Habitat:

The Wyoming Game and Fish Department (the Department) was asked to provide the Office with a written assessment of the existence and importance of any wildlife habitat and wildlife-oriented recreational opportunities on the lands involved in the proposed exchange. The Department commented that the parcels are designated mule deer crucial winter yearlong range. They expressed their concern with a loss of legal public access to State Trust lands and recommend that the Office of State Lands & Investments obtain legal public access to the deeded lands it would acquire.

The Department has stated that they have no significant aquatic concerns pertaining to this land exchange.

Should the exchange be completed, as stated previously, there will not be a loss of public access to the existing 520± acre block of Trust land.

The Department's entire report is attached as [Exhibit "E"](#).

Cultural Resources:

The Department of State Parks and Cultural Resources (State Parks) was asked to provide the Office with a written assessment of the existence and importance of public recreational opportunities or cultural resources located on the lands involved in the proposed exchange. State Parks reviewed the proposal and found no eligible known sites of cultural significance on the parcels.

The Department's entire report is attached as [Exhibit "F"](#).

If the property is retained by the Board, it likely will continue to be utilized under the grazing and agricultural lease.

The proposed 20.50± acre parcel has a 2.34 acre roadway easement, which will result in 18.16± acres that are suitable for agricultural and grazing use. The 18.16± acres would generate \$58.14 in 2011, based on 12.53 AUMs (0.69 AUM per acre) @ \$4.64/AUM.

Bagley's Land:

The 18.15± acre Bagley parcel adjoins 520± acres of State Trust land located in section 16. At the present time, the Bagley's lease the 400± acres of State land under grazing lease No. 3-7770.

Based on the carrying capacities of the present State Lands located to the east, the carrying capacity of the 18.15± acre parcel is estimated to be 12.50 AUMs which would generate \$58.00 in 2011 based on \$4.64/AUM.

If Bagley's acquire the State parcels through this exchange, indications are that the parcels will continue to be used for agricultural grazing/pasture as part of their ranching operation. The proposed 20.50± State parcel would be removed from the 400± acre grazing lease No. 3-7770. The Bagley's land that the State would acquire would be added back to the Bagley's existing grazing lease No. 3-7770 expiring in 2019.

ANTICIPATED ASSET RETURN:

The total return of any investment is comprised of two parts: (1) income generating potential, and (2) appreciation of the underlying asset.

1. INCOME GENERATING POTENTIAL:

The Board of Land Commissioners Rules and Regulations Chapter 26 require the Detailed Analysis include an estimate of the income generating potential of the parcels, individually and in combination with other state trust lands.

If the 20.50± acres of State Land are compared directly to the 18.15± acres of Bagley's Land, there would not be a practical decrease in grazing revenue to the State. The 20.50± acres of State land are rated at 12.53 AUMs and will generate \$58.14, in 2011, based on \$4.64/AUM. The carrying capacity of the 18.15± acre Bagley's land is estimated to be 12.50 AUMs which would generate \$58.00 in 2011 based on \$4.64/AUM. The value in the proposed exchange is the disposal of State Trust land that contains the Bagley's dwelling, barn, garage, shed, corrals & fence and the acquisition of private lands with minimal improvements. The proposed exchange will not significantly decrease the size of the existing 520± acre block of Trust land, nor will it affect the current legal access to the 520± acres.

Projected Income from Wildlife Oriented Opportunities:

It is not likely that the acquisition of the 18.15± acres of Bagley Land would contribute any additional income from wildlife oriented opportunities.

Projected Income from Public Recreational Opportunities:

Any additional income from public recreational opportunities is unlikely. The proposed exchange would not increase or decrease the availability of general recreational opportunities in the area. Public access for recreational purposes would be maintained if the exchange is completed.

Projected Income from Mineral Related Opportunities:

Since the Board would not acquire any of the mineral rights under the Bagley's surface estate, the Office would not receive any royalties from minerals discovered on the property. If any subsurface resources were developed, the Board as owner of the surface estate would be treated as a split estate land owner and could receive surface damage payments as compensation. The State would retain the minerals under the land it would dispose of and the right to develop such minerals.

2. ANTICIPATED APPRECIATION OF PARCELS AS A REAL ESTATE ASSET:

Future appreciation in land values is an unknown. Appreciation rates are influenced by several factors including current market conditions, economy, interest rates, and inventory levels.

The existing 520± acre tract of State Land currently has legal public access and such access would be maintained if the exchange proposal were completed. It would seem logical that the value of the entire 520± parcel would receive the same rate of appreciation as presently exists.

CONCLUSION:

The Wyoming State Legislature has declared that trust land should remain a substantial component of the trust portfolio, managed under a total asset management policy, and with a focus on protecting the corpus for multiple generations. Accordingly, all state trust land sales, acquisitions, and exchange proposals are evaluated using the following objectives. A proposal need not meet all objectives, but all objectives are considered by the Board of Land Commissioners who have the sole discretion to determine how to best manage the state trust lands.

The Detailed Analysis has been completed as required by the Board's rules. The Detailed Analysis has determined that the proposed land exchange meets the following Trust Land Management Objectives:

1) Better meet the beneficiaries' short and/or long term objectives:

Revenue – Acquisition of the Bagley parcel would not result in any additional revenue to the State and the disposal of the State parcel will not result in any practical loss of revenue. The 20.50± acres of State land are rated at 12.53 AUMs and will generate \$58.14, in 2011, based on \$4.64/AUM. The 18.15± acres of Bagley's land are estimated to have a carrying capacity of 12.50 AUMs which would generate \$58.00 in 2011 based on \$4.64/AUM.

Investment Returns:

Asset Value – The value of the Bagley lands per acre are equal to the value of the State lands per acre as outlined in the current appraisal.

Appreciation potential – The Bagley land and the State land should continue to increase in value at about the same rate. Appreciation of the land would only be realized by the trust beneficiaries if the land were either sold or exchanged sometime in the future.

2) Improve the manageability of the assets:

Consolidate ownership patterns –The 18.15± acres of Bagley land that would be acquired will retain legal public access and is contiguous to the existing 520± acre block of State land.

At the present time, the Bagleys lease 400± acres of the 520± acre block of State land for grazing. The 20.50± acre parcel of State land would be removed from the existing lease and the 18.15± acre parcel of Bagley land would be added back to the existing lease.

Leverage management resources of other agencies – Potential for cooperation and collaboration with the Wyoming Game & Fish Department exists to protect the land and productivity from unauthorized uses which would damage the natural resources.

3) Meet a specific school and/or community need:

Provide growth opportunity and recreational opportunities – The proposed exchange will continue to provide legal public access to the 520± acre block of State land and will continue to provide public fishing opportunities on Crow Creek.

The Detailed Analysis is being distributed to the public through the Lincoln County Commissioners, legislators, interested parties, adjacent landowners, agencies and organizations. The Detailed Analysis is available on the Office's website. A public hearing will be conducted in Lincoln County. The date, time and location of the public hearing will be advertised in local and state wide newspapers.

This Detailed Analysis includes the following documents and attachments as required by the rules:

- Detailed descriptions of the State lands and the privately owned lands, including maps and photographs.
- A summary of the appraisals of the state trust land parcels and the Bagley's land. The appraisals for the properties are available for public review in the Office.
- The determination by the Wyoming Game & Fish Department of the existence and importance of any wildlife habitat and wildlife-oriented recreational opportunities located on the parcels considered in the exchange proposal.
- The determination by the Department of State Parks & Cultural Resources of the existence and importance of any public recreation opportunities or cultural resources located on the parcels considered in the exchange proposal.
- Anticipated Investment Returns from Income Generation and Appreciation.

LIST OF EXHIBITS

A Application/Proposal for Exchange

B Authorities of the Board to Exchange Land

C Maps and Photographs

D Water Rights & Easement Information

E Wyoming Game and Fish Department Comments

F State Parks and Cultural Resources Department Comments