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DETAILED ANALYSIS

PROPOSAL FOR THE ACQUISITION OF LAND BY THE BOARD OF LAND COMMISSIONERS AND THE STATE LOAN AND INVESTMENT BOARD

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**DETAILED ANALYSIS
FOR
THE PROPOSED ACQUISITION OF LAND BY THE BOARD OF LAND
COMMISSIONERS AND THE STATE LOAN AND INVESTMENT BOARD
IN
ALBANY COUNTY, WYOMING**

PROPOSAL:

Acquisition of 276 acres more or less located approximately 20 miles west of Laramie, adjoining the X-Bar Ranch.

The property may need to be surveyed for exact legal descriptions and acreages.

On May 24, 2011 the Office of State Lands & Investments (Office) received an application from the Wyoming Central Land and Improvement Company (Applicant) proposing the State of Wyoming, Board of Land Commissioners (Board) acquire deeded land owned by the Applicant in Albany County. An appraisal of the land has been completed and considered within this detailed analysis. The application is attached as [Exhibit "A"](#).

AUTHORITY:

If the proposed acquisition takes place, existing authority to expend funds within the permanent land trust fund account would be sufficient to support this acquisition. The permanent land trust fund has approximately \$13,775,000 available for future land acquisitions. The lands held in the common school account are currently 13,600 acres below the baseline established by the Wyoming Legislature in the 2005 General Session.

W.S. 36-2-107, W.S. 9-4-715(k) W.S. 9-4-715(k) "Upon request of the board, the state treasurer may invest funds received from sales of state trust lands plus up to two million dollars (\$2,000,000.00) one-time seed money contained in the common school account within the permanent land fund, by purchasing land and improvements thereon within Wyoming as assets of the trust."

Board's Rules Chapter 26, Section 3

Trust Land Management Objectives adopted by the Board August 11, 2005

Documents relating to the Board's authorization to acquire private land are attached as [Exhibit "B"](#).

SUBJECT PROPERTY DESCRIPTION:

Owner:

The Wyoming Central Land and Improvement Company

Legal Description:

Township 14 North, Range 76 West, 6th P.M., Albany County, WY
Section 21: S2 276.56± acres (per Albany County Assessor)

Location/Access:

The land is located approximately 20 miles west of the town of Laramie with legal access from State Highway 230.

Maps and Photographs:

Maps and photographs of the subject property are attached as [Exhibit "C"](#).

Land Description:

The property is mostly native grass and rolling hills with a portion of Sodergreen Lake located on the parcel providing public fishing and other recreational opportunities. The parcel adjoins a large block of State Trust land known as the X-Bar Ranch.

The property is in good overall range condition. There is minimal evidence of overgrazing. There were some minor noxious weeds and pests observed during inspection.

Water Resources:

Approximately half of Sodergreen Lake is located on the proposed property. No water rights are included in the proposed land transaction, specifically no water rights from Sodergreen Lake. The other half of Sodergreen Lake is located on land already owned by the State of Wyoming, Board of Land Commissioners (X-Bar Ranch). There are existing water rights appurtenant to the State Trust lands within X-Bar Ranch. The Pioneer Canal Enlargement is a diversion works canal from a point of diversion at the Laramie River to and including Sodergreen Lake for overflow water to Lake Hattie.

Buildings/Improvements:

There are no building improvements on the property. There are fences located on the property and it appears that all fences are appropriately situated on the property lines. There are several two track roads that traverse the property.

Utilities and Rights of Way:

There is a right of way dated August 5th, 1994 recorded in Book 469 at Page 896 of the Albany County, Wyoming records. THE WYOMING CENTRAL LAND AND IMPROVEMENT COMPANY issued a 32 ft. wide strip of land parallel to the northerly right of way line of Wyoming State Highway 230 in the SE4 to the TOWN OF WALDEN.

Said strip of land is approximately 1150 feet or 69.1 rods long. There are no other recorded rights of way or utilities located on the property.

Other Resources:

There are some willows and small cottonwood trees located around the shoreline of Sodergreen Lake. There are no trees of commercial value on the property.

Annual Tax Load:

The 2011 property taxes assessed for the property totaled \$641.34 according to the Albany County Assessor's Office. The State is exempt from property tax and thus would not be assessed if the State were to acquire the parcel.

COMMENTS FROM AGENCIES:

Wyoming Game and Fish Department:

The Wyoming Game and Fish Department reviewed the proposed acquisition and commented that they are in support of the State's acquisition of the Real Property known as Sodergreen Lake. Comments are attached as "[Exhibit D](#)".

State Parks & Cultural Resources:

The Department of State Parks and Cultural Resources reviewed the proposed acquisition and has commented that there is an unevaluated segment of the National Register eligible Pioneer Canal that traverses the SW portion of the property. Comments are attached as "[Exhibit E](#)".

Geological Resources:

All minerals held by the Applicant will be conveyed in the acquisition of the property. The Office has not conducted a mineral title research. There is no mineral activity in the immediate area and there is no physical evidence that there ever has been such activity on or near the property.

APPRAISED VALUE:

The parcel proposed for acquisition was appraised by Michael Hastings, a Certified General appraiser with Hastings & Associates. The effective date of the appraisal is October 18, 2011. The appraiser was instructed to consider the property's current use, probable future use, and current highest and best use. The highest and best use was determined to be Rural Residential Development.

The Sales Comparison Approach was used to develop a market value opinion of the fee simple interest of the subject parcel. The subject parcel is unimproved, so the cost approach did not apply. The subject land is not an income producing property, therefore the income approach was not applicable to the report.

The sales used in the analysis demonstrated varying degrees of comparability with the subject parcel and were analyzed accordingly. The report includes a summary

discussion of the adjustment process used in the Sales Comparison Approach. Supporting analyses and discussion included a sales comparison analysis, explanation of market adjustments and a final reconciliation of value. A final value indication is developed within a bracketed range of value for the subject parcel. The appraisal report has been reviewed by an OSLI staff appraiser.

The appraised value is:

$\$2,150/\text{Acre} \times 276.56 \text{ Acres} = \$594,600$
Rounded to
\\$595,000.00
five hundred ninety five thousand dollars

The appraisal, including comparable sales information, maps, photographs and related information is available in the Office for review.

MANAGEMENT OF THE PARCEL:

Chapter 26 of the Rules and Regulations of the Board requires the detailed analysis to include an assessment of the manageability of the parcel, individually and in combination with other state trust lands.

As a Stand Alone Property:

The 276 acre property is fenced in conjunction with existing State Trust land and would be readily rentable as pasture for livestock.

In Combination with Other State Trust Lands:

Acquisition of the property would block into an existing 12,500 acre block of State Trust land commonly known as the X-Bar Ranch. It is anticipated that a lease for the 276 acres of land to be potentially acquired would be included as part of the X-Bar Ranch lease.

Subject to the Rules and Regulations of the Board of Land Commissioners, Chapter 13, Public Hunting, Fishing and General Recreation Use, the property, if acquired, could be available for public hunting and casual recreational use at no charge. The Office has no plans to subdivide the property. It would be managed as a part of the working X-Bar Ranch, as is currently the case the State's lessee of the X-Bar Ranch also leases the land nominated for acquisition.

The Office would continue to work with The Wyoming Game and Fish Department to establish a Walk-In Area and/or Hunter Management Area designed to improve the manageability of the land asset and to leverage the management resources of that agency to oversee recreational access. The walk-in designation and associated signage and established parking areas/access points would be designed to protect the land and wildlife resources from off-road vehicle use and the costly environmental problems often associated with irresponsible off-road vehicle travel. The Office will

continue to evaluate the practicality and manageability of the Wyoming Game and Fish Department's camping area on the property.

ANTICIPATED INVESTMENT 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:

Board of Land Commissioners Rules and Regulations Chapter 26 requires the detailed analysis to include an estimate of the income generating potential of the parcel, individually and in combination with other State Trust lands.

Property:

The carrying capacity of the 276 acre parcel is estimated to be 72 AUMs, which would generate \$334.00 annually based on the 2011 rate of \$4.64/AUM. Any additional income generated on adjacent State Trust lands as a result of this potential acquisition is considered nominal.

Projected Income from Wildlife Oriented Opportunities:

Because those who would benefit from public access to the combined 12,780 acre parcel (X-Bar Ranch) would probably already hold a valid hunting or fishing license, it is not likely that the acquisition of the 276 acres of land would contribute any additional income from wildlife oriented opportunities.

There is an existing Hunter Management and Walk-In Access Agreement with the Wyoming Game and Fish Department till 2013, which provides public access to Sodergreen Lake for fishing, boating, camping, water fowl hunting and big game hunting, which generates \$1,702 per year in revenue to the property. Both agreements state that changes in ownership of the property shall terminate the agreement upon the date of closing. Acquisition of the property would probably not influence sales of hunting or fishing licenses because those who benefit from public access to the X-Bar Ranch would probably already hold hunting and/or fishing licenses.

Projected Income from Public Recreational Opportunities:

Additional income from public recreational opportunities is unlikely.

Projected Income from Mineral Related Opportunities:

Since the Board would acquire the mineral rights to the property, the Office would receive any royalties, impact payments and the like from minerals discovered and produced on the property. However, as there is no current mineral activity in the immediate area, no income is expected from mineral development.

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

It is anticipated that the value of the property will continue to appreciate but at an unknown rate. Appreciation rates are influenced by several factors including current market conditions, economy, interest rates, and inventory levels.

The acquisition of the 276 acre parcel would provide additional legal access to the adjoining X-Bar Ranch. It would seem logical that the value of the X-Bar Ranch would increase at a slightly higher rate with the additional legal access.

ECONOMIC ANALYSIS:

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, with a focus on protecting the corpus for multiple generations. Accordingly, all State trust land sales, acquisitions, and exchange proposals are evaluated using the Board approved State Trust Land Management Objectives ([Exhibit "B"](#)).

A proposal need not meet all objectives, but all objectives will be considered by the Board of Land Commissioners, which has 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 acquisition meets the following Trust Land Management Objectives:

1. Better meet the beneficiaries' short and/or long term objectives:
 - a. Revenue – Improved income generating potential from grazing and agricultural leasing, estimated at \$334.00 per year based on the standard AUM fee currently at \$4.64. If the property can be leased competitively at a rate higher than the standard state AUM fee the advantage to the beneficiaries would be greater. The possibility of leasing the property under a long-term special use lease to The Wyoming Game and Fish Department for the purpose of public recreation, fishing and camping on Sodergreen Lake could also be considered.
 - b. Investment Returns
 - i) Asset Value – The value of the property would be considered high amenity land. The highest and best use of the property will be rural residential/recreational or as an add-on to an existing ranch operation.
 - ii) Appreciation potential – It is anticipated that the value of the property will continue to appreciate but at an unknown rate. It would appear that the 276 acre parcel with legal public access could increase the appreciation potential of the adjoining X-Bar Ranch. Appreciation of the land asset would only be realized by the State land trust beneficiaries if the land was either sold or exchanged at some point in the future.
2. Improve the manageability of the land asset:

- a. Consolidate ownership patterns – The completion of the 276 acre acquisition would provide a contiguous block of 12,780 acres of State Trust land with additional access and recreational opportunities.
 - b. Leverage management resources of other agencies – There exists potential for cooperation and collaboration with the Wyoming Game and Fish Department for additional Walk-In Area status and Hunter Management Agreements to protect the land and productivity from unauthorized uses, which would damage the natural resources.
3. Meet a specific school and/or community need:
- a. Improve access/recreational opportunity – The exchange will provide continued public access and recreational opportunities to Sodergreen Lake and to adjoining State Trust lands. The completion of the acquisition would also preserve open space in an area currently under subdivision pressure.

CONCLUSION:

This Detailed Analysis will be distributed to the public in accordance with Board of Land Commissioners Rules and Regulations. The Detailed Analysis will be available on the Office's website. It will also be available for public viewing at several locations in Albany County including the County Library, County Clerk's Office, County Treasurer's Office, and County Commissioner's Office.

As required in the Rules, a public hearing will be conducted in Albany County. The date, time and location of the public hearing will be advertised in the Laramie Boomerang.

Public comment will be accepted concerning the proposed acquisition for a period of two (2) weeks immediately following the public hearing.

Not less than sixty (60) days after the detailed analysis is made available to the public, the Board of Land Commissioners shall consider in an open Board Meeting the proposed land acquisition. If the Board rejects the proposed land acquisition, the Office shall remove the parcel from the acquisition list. If the Board determines that the Subject Property should be acquired, it shall direct the Office to exercise the option to purchase.

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

- Detailed description of the Subject Property including maps and photographs.
- A summary of the appraisal of the Subject Property. The appraisal is available for public review in the Office.

- The determination by the Wyoming Game and Fish Department of the existence and importance of any wildlife habitat and wildlife-oriented recreational opportunities located on the parcel being proposed for acquisition.
- The determination by the Wyoming Department of State Parks & Cultural Resources of the existence and importance of any public recreation opportunities or cultural resources located on the parcel being proposed for acquisition.
- Anticipated investment returns from income generation and appreciation.

LIST OF EXHIBITS

[“A” Letter & Application from the Wyoming Central Land and Improvement Company](#)

[“B” Authorities of the Board to Acquire Private Land](#)

[“C” Maps and Photographs](#)

[“D” Wyoming Game and Fish Department Comments](#)

[“E” Wyoming State Parks and Cultural Resources Department Comments](#)