

STATE BOARD OF LAND COMMISSIONERS

December 15, 2020

Information Agenda

Subject

Payette Endowment Lands Strategy – Written Plan Update

Background

At the State Board of Land Commissioners' (Land Board) Regular Meeting on June 16, 2020, the Idaho Department of Lands (Department) was directed to prepare a plan for the management of endowment lands in the vicinity of the City of McCall in Valley County, Idaho. At the November 17, 2020 Land Board meeting, the Department presented a draft and outline of the Payette Endowment Land Strategy (PELS). In that presentation, the Department explained that it would present a written draft of the PELS at the December 15, 2020 meeting.

Discussion

The PELS is a management plan for the 5,478 acres of endowment land within the City of McCall's Area of Impact (AOI). The PELS outlines how the Department will implement endowment trust land management within the AOI over the next 20 years. The remainder of the endowment trust land in Valley County lying outside the AOI will be managed through other policies adopted by the Land Board including the Forest Asset Management Plan, Statement of Investment Policy, Strategic Reinvestment Plan, and Asset Management Plan.

The PELS seeks to guide land management decisions within the AOI as growth patterns influence the Department's ability to implement traditional land management and take advantage of opportunities for higher revenue generation. The PELS explores strategies across short- (Tier 1), mid- (Tier 2), and long-term (Tier 3/4) timeframes on certain properties located within the AOI. Specifically, the PELS examines approaches to transition lands to higher and better uses where land values are significantly higher than traditional asset classifications, and revenue generation is either not commensurate with values or is impaired by surrounding urbanized uses.

The PELS is intended to be an adaptive management plan that will be reviewed and updated regularly as community development, land use patterns, and market trends develop over time. The PELS will also be evaluated for alignment and consistency with the Land Board's Plans as necessary.

Attachment 1 is a written draft of the Payette Endowment Lands Strategy. The Department will provide time for public comment and additional information gathering prior to presenting a final plan to the Land Board, with the following anticipated timeline:

- December 15, 2020 – Present draft PELS to the Land Board
- January and February 2021 – Commenting and information gathering
- March 2021 – Department finalization of PELS and final presentation to Land Board

The Department will be posting the written draft PELS on its website and providing a method for public comment.

Attachments

1. Payette Endowment Lands Strategy – Written Draft



Idaho Department of Lands

Payette Endowment Land Strategy



December 2020

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Executive Summary

The Payette Endowment Land Strategy ("PELS" or "Plan") is a management plan for the 5,478 acres of endowment land surrounding and within the City of McCall ("McCall") in Valley County, Idaho. The PELS outlines how the Idaho Department of Lands (Department) will implement management of endowment trust land within the McCall's Area of Impact ("Area of Impact") over the next 20 years. The remainder of the endowment trust land outside of the Area of Impact will be managed through other policies adopted by the Idaho State Board of Land Commissioners including the Forest Asset Management Plan, Statement of Investment Policy, Strategic Reinvestment Plan, and Asset Management Plan.

Historically, the Department has implemented property or land asset specific plans based on specific asset classifications (e.g. Cottage Site Disposition Plan). Unlike these asset specific plans, the PELS identifies the risks and opportunities of maximizing financial returns and management efficiencies for endowment trust lands within the geographic scope of a growing community. The PELS seeks to guide land management decisions within the Area of Impact as growth patterns influence the Department's ability to implement traditional land management and take advantage of opportunities for higher revenue generation.

This Plan explores strategies across short (Tier 1), mid (Tier 2), and long-term (Tier 3/4) timeframes on certain properties located within the Area of Impact. Specifically, the Plan examines approaches to transition lands to higher and better uses where land values are significantly higher than traditional asset classifications and revenue generation is either not commensurate with values or is impaired by surrounding urbanized uses.

The PELS is intended to be an adaptive management plan that will be reviewed and updated regularly as community development, land use patterns, and market trends develop over time. The PELS will also be evaluated for alignment and consistency with the Land Board's Plans as necessary.

I. Introduction

Mission and Management Directives of State Endowment Trust Lands

Upon statehood in 1890, Idaho received a total of 3,650,000 acres of land in trust from the federal government as a means for generating revenue for specific public services and institutions, or "endowment beneficiaries." The State Constitution establishes the State Land Board of Land Commissioners ("Land Board") as the trustee over the assets of the nine endowments. Through Idaho Code § 57-718, the Land Board created the Idaho Department of Lands ("Department") to manage the land assets of the trust "in such manner as will secure the maximum long-term financial return".

Over time, the Department has leased, sold, acquired and exchanged endowment trust lands. Today, the Department manages 2,500,000 acres of state endowment trust land prudently, efficiently, and with accountability to the beneficiaries. To achieve this, the Department has established general operating expectations including:

- Preserving land holdings where leasing will generate a competitive rate of return.
- Seeking to enhance land values before considering sale or exchange of underperforming land assets.
- Acquiring lands, structures, and resources when the acquisition will add value or diversification to the overall trust portfolio.
- Selling lands, structures, and resources when the outcome adds value to the overall trust portfolio.

The land management strategies of the Land Board and the Department are guided first by the Idaho Constitution and the requirement to "secure the maximum long-term financial return to the institution to which granted..." This guiding principle is further detailed in Land Board approved management strategies including the Statement of Investment Policy ("Policy"), which establishes a basis for evaluating investment and management results, and a relevant time horizon for which assets will be managed. The Department's specific management strategies are further defined by the Asset Management Plan ("AMP"), which among other things, provides staff guidance on decision making across land asset classes.

Purpose and Need

The original federal land grants in Idaho were based on the land allocation of the Public Lands Survey System ("PLSS"). The federal grant of endowment trust land to the state of sections 16 and 36 inherently created challenges associated with non-contiguous land ownership patterns. In other words, the state

was granted endowment trust lands in a "checkerboard" pattern across the state. As a result, the Department has worked, through time, to consolidate the lands into large blocks.¹

Trust land assets are classified according to their "primary" use and while other uses may be allowed, the primary use drives much of the management decisions for those lands. Of the approximate 2,500,000 acres of endowment trust land managed by the Department, there are two major asset classes, rangeland and timberland (1,758,213 acres and 1,030,498 acres, respectively). Endowment trust land management does not occur in isolation.

Many endowment trust lands face management challenges where the primary use classification is in conflict or in some way impeded by surrounding uses and ownership (for example, timber management within city boundaries). Historically, this conflict was minimal due to limited development and growth. However, over the last few decades, Idaho has grown and areas once primarily used, valued, and assessed as timberlands or grazing are now in the highest growth areas in the state. The result is endowment trust lands in areas surrounded by and intermingled with residential and commercial development. This creates a situation where the land is classified by the Department as its historical use, which does not align with the current market value, use, and/or designation. The overarching effect is revenue that is not commensurate with the Department's "primary" use of that asset.

As defined by the Asset Management Plan, "lands within traditional asset classes already owned by the Endowment may become suitable for a higher and better use than the current asset classification. Often these properties exhibit high property values and low annual revenues (underperforming) and may be encroached upon by urban development." The Department considers these lands as "transition lands". Transition lands require broader planning in the context of surrounding uses and market conditions but will be specific to individual sites. As market and regional conditions are not static, it is necessary to develop transition strategies that provide for long-term time horizons.

Therefore, the following plan considers both the current and future trends of the McCall area and provides a suite of strategies to maximize revenue generation over a 20-year time horizon.² The following are the goals of the PELs:

1. Describe the current situation of endowment trust land in the vicinity of McCall.
2. Identify endowment trust lands characterized as "transition lands".
3. Determine the timeframe/tier the property falls within for next steps.

¹ The endowment trust land in this plan was consolidated through the lieu land selection process and numerous land exchanges.

² The Department considered developing the Payette Endowment Land Strategy as a comprehensive plan. It even reviewed and inquired into Montana's Department of Natural Resources' study on Whitefish, MT as a comparison for a comprehensive plan. However, due to the time, costs, and rapidly changing market conditions in McCall, it was determined that a plan that evaluated specific individual sites would be applicable and accurate. Additionally, the Department was concerned that a comprehensive plan could limit the flexibility and accuracy of specific property conditions at a given time, for example, property values.

4. Describe the next steps the Department will take to transition the lands to align with Land Board direction and constitutional requirements.

II. Planning Area

Payette Lakes Area Management

The endowment trust lands identified in this Plan are managed by the Payette Lakes Supervisory Area ("Supervisory Area"). The Supervisory Area is responsible for the management of 183,411 acres of endowment trust land within Adams, Washington, Valley, Idaho, and Gem counties. The Supervisory Area manages 105,229 timbered acres with the remaining 78,182 acres classified as non-timber, primarily rangeland.

City of McCall and Valley County Planning

McCall is a mountain community located along the shores of Payette Lake in Valley County. McCall has a long history as a destination/resort town surrounded by the West Central Mountains, Payette National Forest, and close proximity to two major ski resorts. These outdoor amenities and relative proximity to the population center of Boise, have made McCall a recreational destination, which is both a major driver of its economy and land development pattern. As such, much of the community's comprehensive plan is focused on promoting land-uses that support the community and preserve the surrounding natural amenities, particularly view sheds, open space, and recreational opportunities.

While McCall is the jurisdiction for its city limits, it also has the authority over the Area of Impact which is outside of the city boundary. Valley County's population growth and increase in recreational tourism has brought with it changes in use and development patterns as well as priorities of community values. These changes affect the use of endowment lands.

Endowment trust lands located adjacent to or in proximity to urban development, exhibit characteristics of high market value relative to traditional revenue generation (timber management). In addition, adjacent uses such as residential or commercial development may inhibit or prevent the maximum revenue generation of a property due to limitations of certain uses or opposition to such uses as intensive timber management. For these reasons, there is a continuing need to evaluate and discuss future endowment lands within and immediately outside of the City of McCall's city limits and area of impact.

Land use in the region of focus is guided by the Valley County Comprehensive Plan and City of McCall Comprehensive Plan, both updated in 2018. Both plans serve as guiding documents for the McCall and Valley County's future development. Idaho law requires that cities and counties designate areas of city impact as a basis for planning to anticipate future growth needs. The management of endowment trust lands in the vicinity of the City of McCall is one example of conflicting uses and ownership.

Payette Endowment Lands Planning Area

There are a total of 5,478 acres of State Endowment Lands within the Area of Impact (Figure 1). While state endowment trust lands are not subject to local zoning ordinances, lands within local jurisdictions are likely to be impacted by local land-use decisions and decisions on adjacent private lands. The majority of endowment trust lands within the planning area are classified as timberland. Residential and commercial endowment trust lands make up the small portion of remaining lands (0.94%). Although timber management is the primary management activity on the majority of these endowment trust lands, secondary leasing activities occur on 3,668 acres, which include communications, grazing, minerals, residential, and other activities.

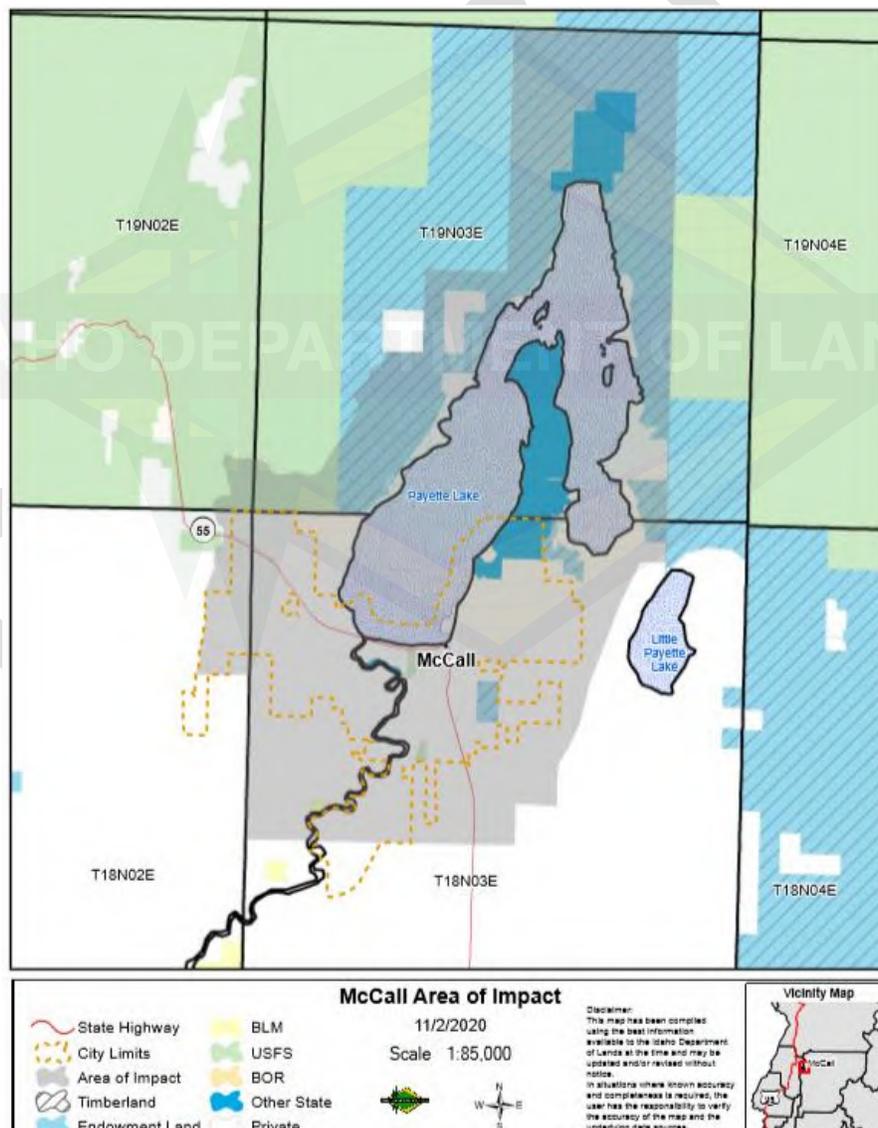


Figure 1.. Payette Endowment Land Strategy Planning Area

III. Land Asset Management

Through the direction of the Land Board, the Department manages endowment land assets to capture full potential economic value for the beneficiaries. As outlined in the AMP, the general operating expectations by which endowment lands are managed include but are not limited to the following:

- Preserving land holdings where leasing will generate a competitive rate of return.
- Seeking to enhance land values before considering sale or exchange of underperforming land assets.
- Acquiring lands and resources within traditional asset classes when the acquisition will add value or diversification to the overall trust portfolio.
- Selling lands, structures, and resources when the outcome adds value to the overall trust portfolio.
- Exchanging lands and resources when the exchange will add value or diversification to the overall trust portfolio.

Timber Management

Timberland assets are guided by the Forest Asset Management Plan ("FAMP"), which provides the tactical and strategic direction for timber management over a 5 to 10-year time horizon. The FAMP also provides a planning structure by which each supervisory area develops a specific localized plan. The Payette Lakes FAMP, which was finalized in 2019 considered nine alternative strategies to explore the costs and benefits of various management approaches and limitations. The preferred management strategy for the Payette Lakes region focuses on reducing standing volume at a reasonable pace by implementing four strategies including:

- Reduction of large diameter volume
- Reduction of over mature volume
- Harvest volume levels with low risk of age class gaps and near future volume reduction
- Allow increase in growth resulting in more resilient, healthy forests

Land Leasing

Pursuant to Article IX Section 8 of the Idaho Constitution, the Land Board is required to "provide for the location, protection, sale or rental of all the lands heretofore" and with specific regard to leasing activities "contract with private entities to operate business activities upon the land trust assets." One of the primary strategies by which the Land Board and the Department generate revenues on endowment lands is through leasing contracts. Leasing activities are allowed on all endowment lands so long as they generate a competitive rate of return, do not degrade the land asset, and do not adversely affect the primary use of the land asset.

The following leasing types are those currently and most commonly occurring in the planning area. For each of the major leasing types, the AMP identifies specific strategies to achieve the over-all management goals identified therein.

Residential

- For the duration of the cottage site leasing program, develop and manage residential leases that appropriately compensate the endowments.³

Commercial

- Develop and manage commercial leases that achieve a rate of return consistent with objectives in the Investment Policy Statement.
- Ensure lease terms and conditions comport with industry standards.

Grazing

- Develop and manage long-term grazing leases that achieve a rate of return consistent with the objectives in the Investment Policy Statement.
- Minimize contractual and environmental risks.

Minerals

- Lease lands for potential mineral products that capitalize on market demands.
- Minimize contractual and environmental risks associated with extractive industries.

Table 1. Current Leasing Activity in the McCall AOI (As of December 2020)

Lease Activity	Number of Leases	Acres Leased
Commercial- Communications	1	4
Grazing	3	2,090
Minerals	4	400
Miscellaneous	6	1,145
Residential	20	10

Disposition

From the initial granting of state endowment lands, disposition has been considered a potential management strategy towards achieving the Constitutional mandate as described in Article IX Section 4 of the Idaho Constitution. In accordance with the AMP, disposition of endowment lands should be considered when the result adds value to the overall trust portfolio, either through reinvestment or reduction of risk. The AMP further identifies specific management objectives for disposition including:

- Increase long-term financial return at a prudent level of risk.

³ (The Land Board approved Voluntary Auction for Ownership properties are not included in this strategy, as they have already been approved for disposition under another plan.)

- Reduce cost through improved management efficiency.
- Adjust land holdings based on current and projected market conditions to capture value in excess of target returns.
- Evaluate and prioritize proposed transactions.

Residential

- Execute the approved Cottage Site Plan to unify the estate in a business savvy manner to maximize return to the trust beneficiaries.

Land Exchange

The land asset portion of the endowment trust has been maintained to generate revenues for the beneficiaries as well as reduce over-all risk by providing diversification from the financial assets portion of the trust portfolio. Management risk associated with the land asset is due in part to the allocation of endowment lands when first granted. While efficient for distribution of the large amount of land to western states, the PLSS system created a "checkerboard" pattern of ownership, with endowment lands being intermingled with both private and federal lands. As stated in the AMP a primary management philosophy is to "seek to reposition parcels to reduce risk, lower management costs". A function by which repositioning holdings while maintaining the land asset is through the exchange of lands with both private owners and other public land management agencies.

While land exchanges may be proposed by private landowners and public agencies, the outcome of the exchange must meet specific criteria set out by the Land Board including, but not limited to:

- **Equal or greater value.** Land to be acquired by the state must be at least as valuable as the state land being exchanged
- **Consolidation of state lands.** Consideration will be given to a land exchange that results in the consolidation of existing state lands
- **Access.** Consideration will be given to a land exchange whose acquisition will improve access to existing state lands.
- **Equal or greater income to the trust.** Consideration will be given to a land exchange that results in the state receiving equal or greater income for the Endowments.

IV. Transition Lands

As stated in the AMP, "[I]and asset classifications can be changed to meet changing markets or to capitalize on emerging alternative opportunities." The Land Board approved Policy and the AMP direct the Department to identify potential lands that should be classified as transition lands. The Department has identified certain properties as transitional and the respective next steps based on a "Tier" designation.

Lands within the Tier I-III designation have been identified for transition due to their underperformance in terms of revenue generation relative to their estimated land value. Much of this financial gap is caused by higher land values associated with urban development and sprawl rather than traditional asset classifications such as timberland. In other instances, properties may have commercial and residential classifications, but little to no current revenue generating activities occur on these properties. As a result, the lands within the planning area generate approximately \$257,535 annually and have an estimated total land value of \$53,080,952 or .49% return on value. Thus, using a 4% return rate as a benchmark, there is a gap of approximately \$1,888,703 in annual revenue.

Again, the revenue gap is based on estimated values of the land in the impact area that has increased in value due to the market. The land, which is predominantly timberland, has value that is not commensurate with the Department's classification of timberland. The result is the need to increase revenue on the high value lands. Increasing revenue can be accomplished through leasing or repositioning of the assets into new revenue producing assets or disposition.

Implementation of this Plan will impact approximately 373 acres or 6.9% of the endowment lands within the Area of Impact while addressing 88.0% of the land value held by the endowments within the Area of Impact over the next 20 years.

The following outlines those parcels within the planning area by their transition tier designation. Each profile provides a snapshot of the parcel, its current use and revenue generation, as well as the zoning and future land-use designations identified by McCall as part of its comprehensive planning process. Although endowment trust lands are not subject to these zoning designations, it does provide the reader an understanding of current and potential surrounding land-uses in which the parcel is located. More in-depth descriptions and information regarding the transition potential for each parcel can be found in Appendix A.

Tier I – Planned Transition

Lands identified in the Tier I classification are those that have a high probability of transitioning within the next 1-5 years. Such parcels typically have a high land value relative to current revenue generation, typical of lands within or adjacent to urbanized areas. Tier I lands also have features necessary for the facilitation of transitions to higher and better uses, such as on-site utilities, road frontage, platted, annexed within city limits, and within sewer and water capacities. Such characteristics allow a parcel to be transitioned in the near future, which means they are able to maximize favorable market conditions.

Management strategies for Tier I parcels include:

- Work with third party advisor to develop preliminary site scenario
- Perform preliminary valuation of property
- Work with third party brokers to market property within appropriate markets for leasing or sale of property.

Tier II – Probable Transition

Lands classified as Tier II are similar to Tier I in that urban growth has influenced either current management or is likely to in the near future. These changes are reflected in the disparate land value to current revenue generation, similar to Tier I. Also similar to Tier I properties, Tier II lands may possess some attributes favorable to transition, such as being located within or adjacent to city limits, onsite or adjacent utilities, and access. However, unlike Tier I parcels, additional planning processes are necessary to move forward with a transition. Such steps may include final platting or sewer and water capacity determination. Also, like Tier I parcels, the Tier II classification has a market element. Markets or demand for Tier II parcels may not be favorable currently or in the near term due to the availability of other lands.

Management strategies for Tier II parcels include:

- Gain jurisdictional approvals, such as annexation, utility access, or subdivision platting.
- Perfect legal access, if not already available.
- Continue or seek leasing opportunities until market conditions for transition are more favorable.
- Facilitated discussions with stakeholders to establish coordination and cooperation within constitutional limitations and mandate.

Tier III – Feasible Transition

Tier III parcels are those that are within the Area of Impact that are not currently impacted by urban uses, but may be transitioned over the next 10-20 years. Therefore, within the context of this plan, state endowment lands identified as Tier III will continue to be managed in accordance with their current asset classification so long as they do not meet the criteria of Tier I or Tier II. However, as with the City and County's comprehensive plan, these lands will be continuously reviewed during the timeframe and management strategies adjusted as growth occurs.

Management strategies for Tier III parcels include:

- Continue or seek leasing opportunities until market conditions for transition are more favorable.
- Review property and market conditions every 1-5 years to conditions and potential for transition.
- Participate in City and County planning processes to ensure mission and objectives for state endowment land management are incorporated into comprehensive planning processes.
- Work with local land use jurisdictions to assure endowment lands are appropriately zoned and understood.
- Facilitated discussions with stakeholders to establish coordination and cooperation within constitutional limitations and mandate.

Tier IV – Transition not Planned

All lands outside of the city limits and that do not meet the criteria of Tier I-III lands and are likely to continue under current asset management strategies in the next 10-20 years are considered Tier IV.

Although these lands may be reconsidered in the future, there are no expected or intended management changes for these lands.

Management strategies for Tier IV parcels include:

- Continue current land management strategies and seek opportunities to enhance revenue potential for individual sites.
- Participate in City and County planning processes to ensure mission and objectives for state endowment land management are incorporated into comprehensive planning processes.

Table 2. Transition Lands Matrix

	Tier I	Tier II	Tier III	Tier IV
Primary/Secondary Timber Base			✓	✓
Planned Timber Harvest			✓	✓
Grazing/Mineral/Recreation Lease			✓	✓
Water/Sewer/Electric Utilities On Site	✓	✓	✓	
Preliminary Plat	✓	✓		
Zoned R4 or greater density	✓	✓		
Residential/ Commercial Lease	✓	✓		
Zoned CC or I	✓			
Final Plat	✓			

V. Payette Endowment Land Strategy Analysis

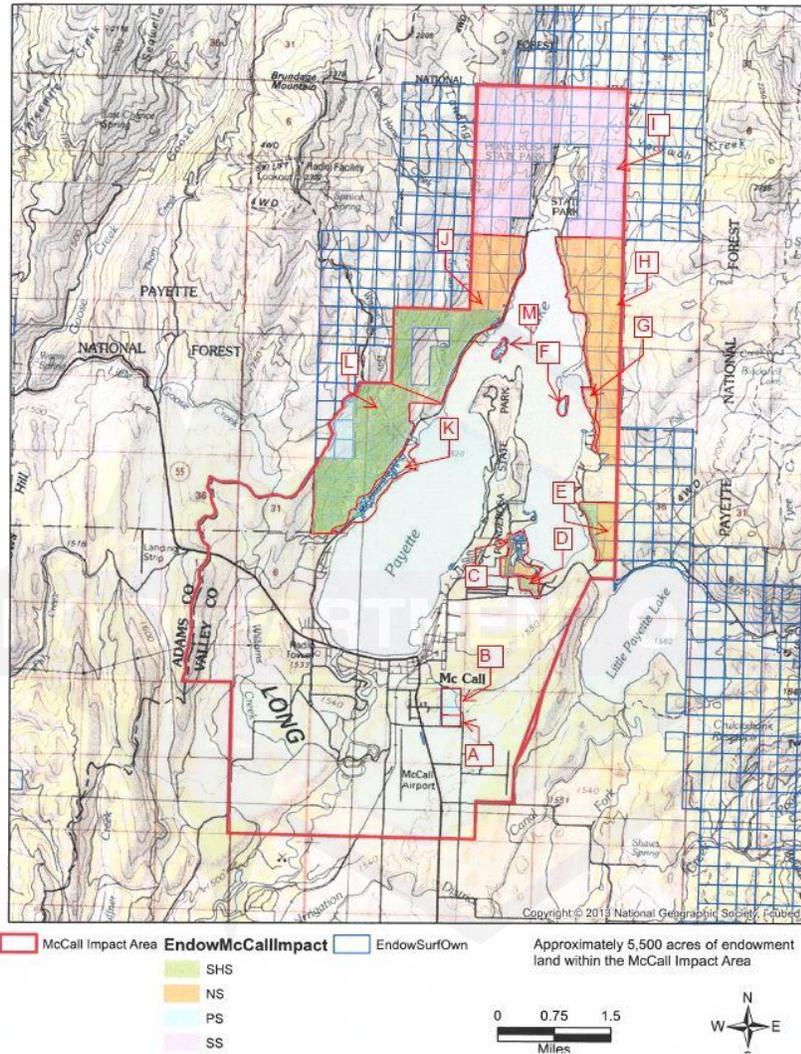
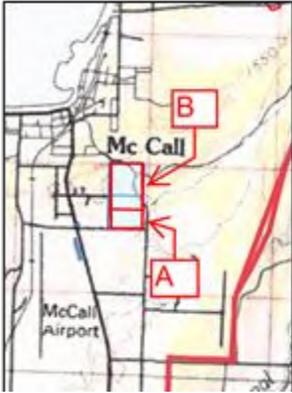


Figure 2. Parcels in the PELS Planning Area

Tier I Planned Transition (1-5 years) – Parcels A, K and M

Parcel A – Deinhard Commercial



Acreage	20
Current Asset Class	Commercial Real Estate
Current Leasing Activity	Office/Retail, Communication
Current Annual Revenue	\$28,750
Current Estimated Value⁴	\$1,150,000
Target Rental Rate	4%-8% based on Commercial HBU
Target Yearly Revenue	\$69,000
Yearly Revenue Gap	(\$40,250)
Current Zoning	CC- Community Commercial
Future Land Use Plan Designation	Commercial Development
Access	Deinhard Lane and Spring Mountain Boulevard
Utilities	Water, Sewer, Electric

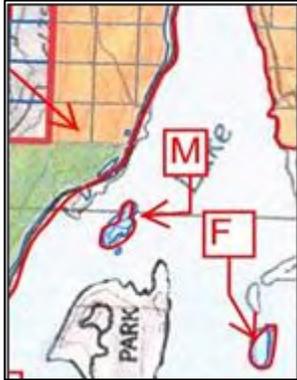
Parcel K - Syringa Park



Acreage	3.5859
Current Asset Class	Residential Real Estate
Current Leasing Activity	Residential
Current Annual Revenue	\$0
Current Estimated Value	\$240,000 based on 3-4 acres
Target Rental Rate	4% Based on Residential HBU
Target Yearly Revenue	\$9,600
Yearly Revenue Gap	(\$9,600)
Current Zoning	R4- Low Density Residential
Future Land Use Plan Designation	Medium Density Residential
Access	Warren Wagon Road and Payette Drive
Utilities	Sewer, Electric

⁴ Estimated value, will need to be updated with current estimate or appraisal.

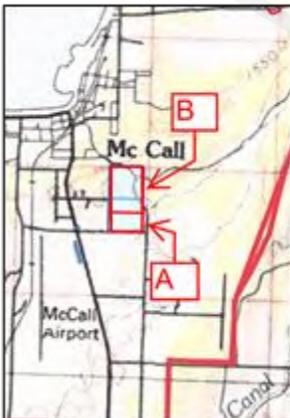
Parcel M - Cougar Island



Acreage	14.21
Current Asset Class	Residential Real Estate
Current Leasing Activity	Residential
Current Annual Revenue	\$32,440
Current Estimated Value⁵	\$4,795,000
Target Rental Rate	4% Based Upon Residential HBU
Target Yearly Revenue	\$191,800
Yearly Revenue Gap	(\$159,360)
Current Zoning	RR- Rural Residential
Future Land Use Plan Designation	Large Residential
Access	Boat only
Utilities	Lake water, solar electric, drain field for existing leased lot

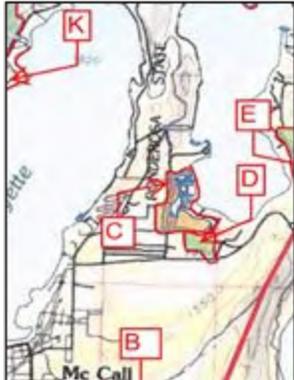
Tier II – Probable Transition (5-10 years) – Parcels B, C and F

Parcel B-Deinhard Residential



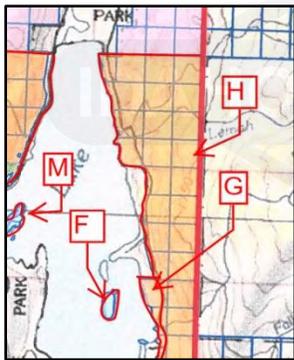
Acreage	60
Current Asset Class	Residential Real estate/Timberland
Current Leasing Activity	None
Current Annual Revenue	\$0
Current Estimated Value	\$595,000
Target Rental Rate	4% Based Upon Residential HBU
Target Yearly Revenue	\$23,800
Yearly Revenue Gap	(\$23,800)
Current Zoning	R4- Low Density Residential
Future Land Use Plan Designation	Rural Residential
Access	Deinhard Lane, Spring Mountain Boulevard, 3 rd Street
Utilities	Water, Sewer, Electric

Parcel C - White Pine



Acreage	56.1
Current Asset Class	Residential Real estate/Timberland
Current Leasing Activity	None
Current Annual Revenue	\$0
Current Estimated Value⁶	\$21,750,000 Potential of 150 lots
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$870,000
Yearly Revenue Gap	(\$870,000)
Current Zoning	R4- Low Density Residential
Future Land Use Plan Designation	Rural Residential
Access	Pilgrim Cove Road, John Alden Road, Miles Standish Road
Utilities	Water, Sewer, Electric

Parcel F - Shellworth Island

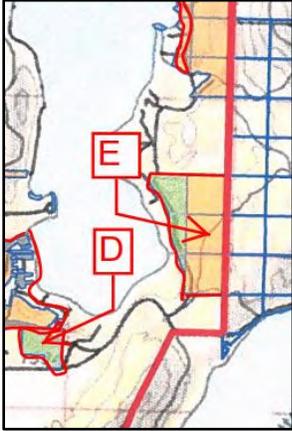


Acreage	13.13
Current Asset Class	Residential Real estate
Current Leasing Activity	Residential
Current Annual Revenue	\$11,070
Current Estimated Value	\$2,400,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$96,000
Yearly Revenue Gap	(\$84,930)
Current Zoning	RR- Rural Residential
Future Land Use Plan Designation	Ag-Forest Conservation
Access	Boat only
Utilities	Lake water, solar electric, drain field for existing leased lot

⁶ Estimated value, will need to be updated with current estimate or appraised.

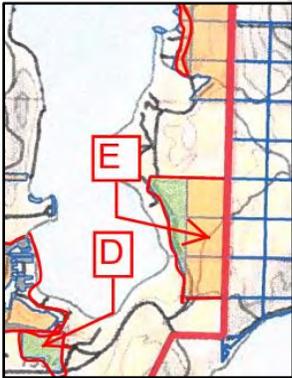
Tier III – Feasible Transition (10-20 years) – Parcels D, E, and G

Parcel D - Lick Creek



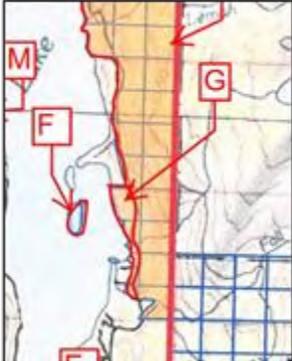
Acreage	37.71
Current Asset Class	Timberland
Current Leasing Activity	Communication
Current Annual Revenue	\$10,850
Current Estimated Value	\$6,000,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$240,000
Yearly Revenue Gap	(\$229,150)
Current Zoning	R4- Low Density Residential
Future Land Use Plan Designation	Low Density Residential
Access	Lick Creek Road, Pilgrim Cove Road, Miles Standish Road, Shady Lane
Utilities	Water, Sewer, Electric

Parcel E - Eastside Drive



Acreage	167
Current Asset Class	Timberland
Current Leasing Activity	Grazing, Commercial Recreation
Current Annual Revenue	\$14,167
Current Estimated Value	\$400,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$16,000
Yearly Revenue Gap	(\$1,833)
Current Zoning	RR- Rural Residential
Future Land Use Plan Designation	Ag-Forest Conservation
Access	Eastside Drive and Fall Creek Road
Utilities	Sewer, Electric

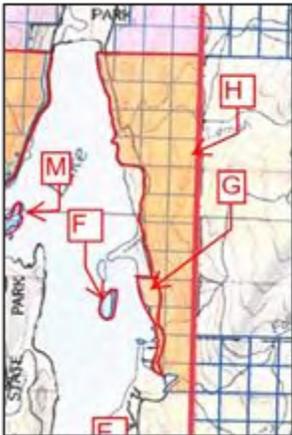
Parcel G - Grove



Acreage	29.44
Current Asset Class	Timberland
Current Leasing Activity	None
Current Annual Revenue	\$0
Current Estimated Value	\$9,700,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$388,000
Yearly Revenue Gap	(\$388,000)
Current Zoning	RR- Rural Residential
Future Land Use Plan Designation	Low Density Residential
Access	Eastside Drive
Utilities	Sewer, Electric

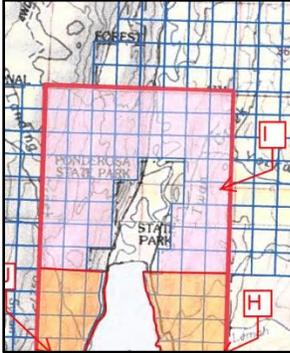
Tier IV – Transition Not Planned – Parcels H, I, J, and L

Parcel H - East of Eastside Drive to Tip



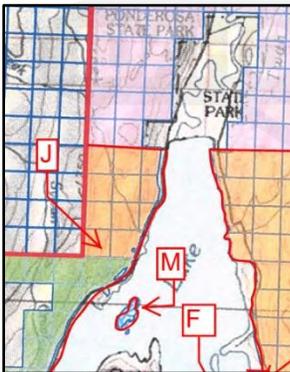
Acreage	985.8
Current Asset Class	Timberland
Current Leasing Activity	Grazing, Mineral
Current Annual Revenue	\$48,739
Current Estimated Value	\$1,560,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$62,400
Yearly Revenue Gap	(\$13,661)
Future Land Use Plan Designation	Ag-Forest Conservation
Access	Eastside Drive
Utilities	Sewer, Electric

Parcel I – Tip



Acreage	2042
Current Asset Class	Timberland
Current Leasing Activity	Grazing, Mineral, Noncommercial Recreation
Current Annual Revenue	\$28,257
Current Estimated Value	\$570,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$22,800
Yearly Revenue Gap	\$5,457
Current Zoning	RR- Rural Residential
Future Land Use Plan Designation	Ag-Forest Conservation
Access	Eastside Drive, Warren Wagon Road
Utilities	None

Parcel J - West Warren Wagon to Simplot



Acreage	939
Current Asset Class	Timberland
Current Leasing Activity	Grazing
Current Annual Revenue	\$28,135
Current Estimated Value	\$880,952
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$35,238
Yearly Revenue Gap	(\$7,103)
Current Zoning	RR- Rural residential
Future Land Use Plan Designation	Ag-Forest Conservation
Access	Warren Wagon Road
Utilities	Sewer, Electric

Parcel L - Warren Wagon West



Acreage	1,058
Current Asset Class	Timberland
Current Leasing Activity	Grazing, Mineral, Commercial Recreation
Current Annual Revenue	\$98,637
Current Estimated Value	\$3,040,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$121,600
Yearly Revenue Gap	(\$22,963)
Current Zoning	RR- Rural Residential
Future Land Use Plan Designation	Low Density Residential
Access	Warren Wagon Road, Green Gate Road
Utilities	Sewer, Electric

IDAHO DEPARTMENT OF LANDS

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VI. Implementation Strategies (IS)

Tier I

IS-1.1 Perform full USPAP compliant appraisals for Tier I properties identified herein. Appraisal will be used to set base rent or disposition value.

IS-1.2 Work with a third-party advisor to develop individual transition plans for each Tier I property identified herein.

IS-1.3 Convene a key stakeholder group to review proposed strategies and garner feedback for consistency with community vision, within IDL's constitutional limitations and mandate.

IS-1.4 Market Tier I properties based on third-party recommendations and timeframe.

IS-1.5 Evaluate alternative actions (land exchange or disposition) if IS-1.4 marketing is unsuccessful.

Tier II

IS-2.1 Work with a third-party advisor to develop individual transition plans for each Tier II property identified herein.

IS-2.2 Complete platting and annexation processes with the City of McCall for Parcel B and Parcel C.

IS-2.3 Utilities, sewer and water

IS-2.4 Conduct public outreach and presentations to Valley County and City of McCall Commissioners regarding transition plans.

IS-2.5 Seek short-term leasing opportunities on Parcels B and Parcel C to generate interim revenues while not prohibitively encumbering future transition potential.

IS -2.6 Lease Parcel F under conditional provisions that will allow for the eventual transition of the Parcel.

Tier III

IS-3.1 Seek leasing opportunities on Parcel G that generate mid-term revenues and that do not hinder future transition potentials.

IS-3.2 Seek new or additional leasing opportunities on Parcels D and E that increase revenue generation relative to property values.

IS-3.2 Participate in City and County planning processes to ensure mission and objectives of endowment land management are incorporated into planning processes.

IS-3.3 Conduct annual and five-year reviews of land development and market conditions.

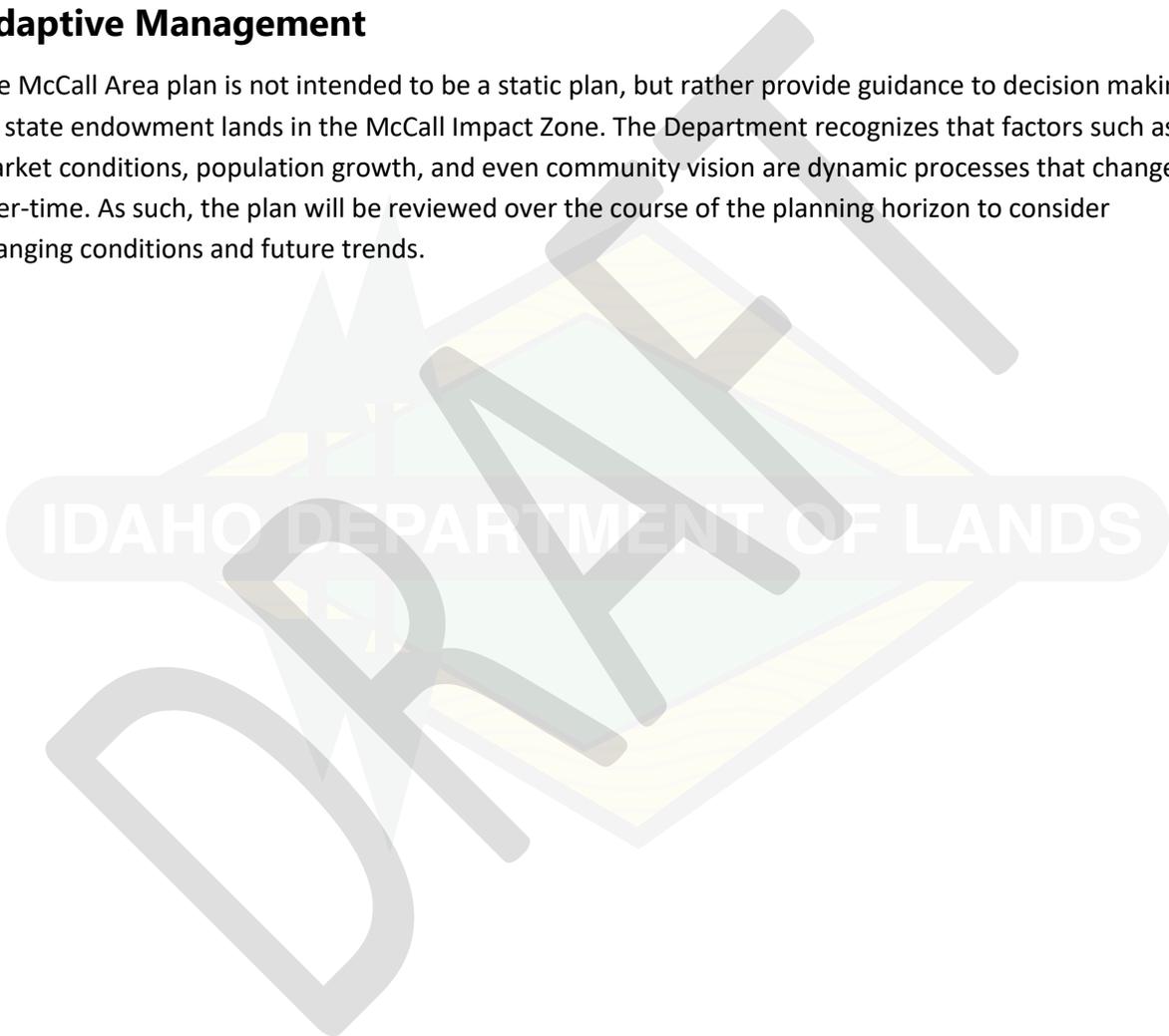
Tier IV

IS-4.1 Continue current land management strategies and seek opportunities to enhance revenue potential for Parcels H, I, J, and L.

IS-4.2 Participate in City and County planning processes to ensure mission and objectives for state endowment land management are incorporated into comprehensive planning processes.

Adaptive Management

The McCall Area plan is not intended to be a static plan, but rather provide guidance to decision making on state endowment lands in the McCall Impact Zone. The Department recognizes that factors such as market conditions, population growth, and even community vision are dynamic processes that change over-time. As such, the plan will be reviewed over the course of the planning horizon to consider changing conditions and future trends.



Appendix A – Transition Land Profiles

Parcel A - Deinhard Commercial

Legally Permissible: The current zoning is Community Commercial (CC). There are multiple permitted as well as uses based on the conditional use approval. The (CC) land use designation supports general commercial uses that serve the greater community of McCall. Permitted development includes a wide variety of industrial uses (agriculture or garden use, amusement facility, bank, night club, care center, local housing unit, lumber supply store, laundry mat, nursery, retirement home, studio, automobile service, bar, brew pub, church, medical clinic, hotel, professional offices, package delivery service, retail store, R&D facility, restaurant, theater, and vocational school). In addition to being zoned (CC), the McCall future land use comprehensive plan designates the property a high likelihood to change to commercial development. Considering the current zoning designation, surrounding uses, and market demand, the property would most likely be allowed a variety of general commercial uses.

Physically Possible: Deinhard Commercial (A) is approximately ±15-20 acres, depending on the "carve-out" from the existing Supervisory Area Office facilities and leased communication site. Roughly, 4-5 acres will be retained for leasing the office. The larger area would provide ample parking for a variety of uses, which also provides a convenient walking path for pedestrian traffic. The property has no obvious physical restrictions that would limit development to its highest and best use. The topography, which is generally level, and its configuration provide development alternatives under present market dynamics. The size of the property site affords development scenarios of a mid-sized general commercial, light industrial, or retail use classification. The property has average accessibility both within the neighborhood off East Deinhard Lane and Spring Mountain Blvd., however, offers no visibility from locations external to the neighborhood such as 3rd Street. All municipal utilities are immediately available including water, sewer, and power. With the above in mind, the property's physical characteristics are not believed to measurably restrict the development potential.

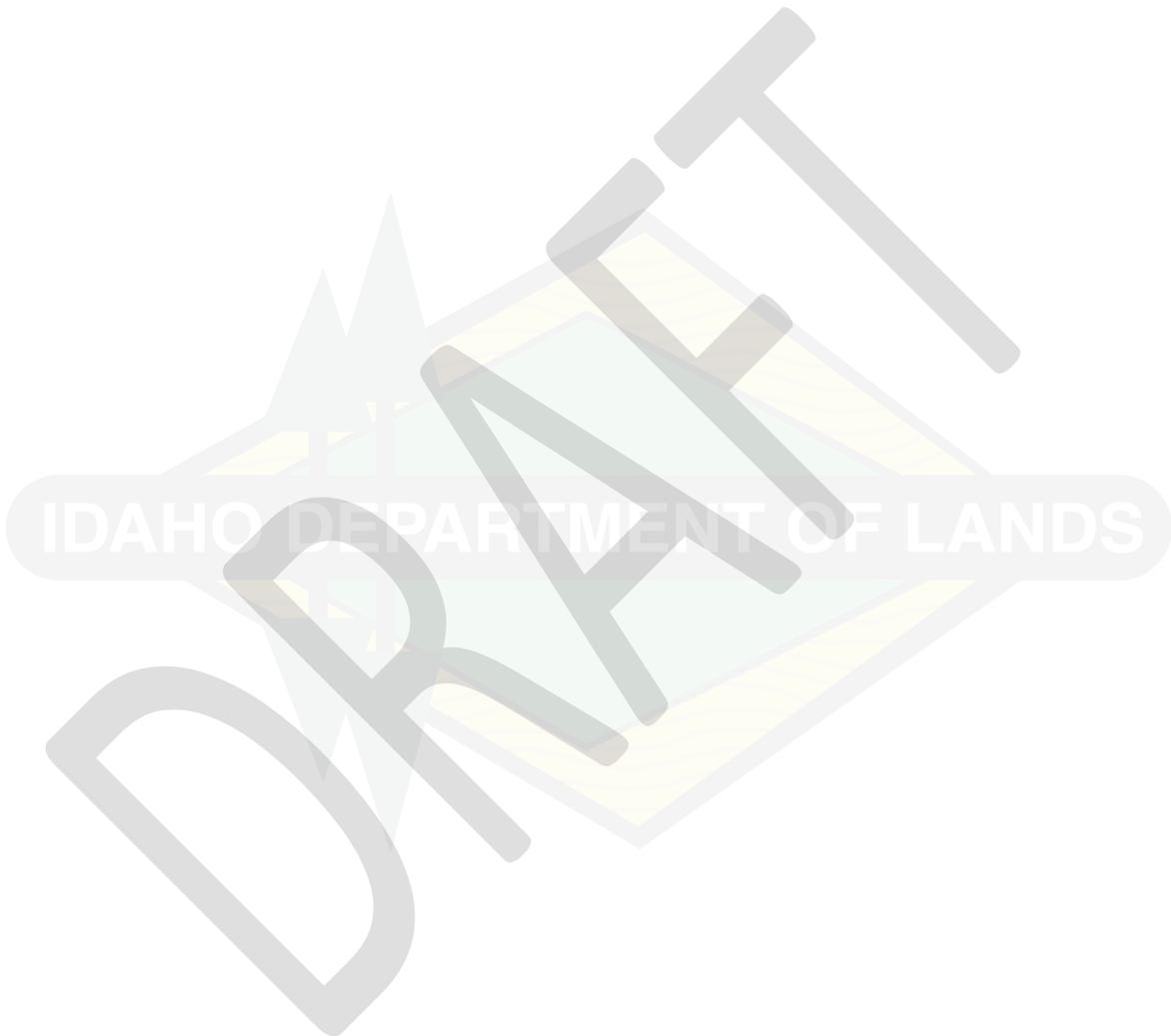
Financially Feasible: The decision as to the ultimate use of the property should include considerations of the probability of attaining a return on the investment. Any proposed use should take highest advantage of the marketable attributes of the property, while minimizing any negative characteristics. At the same time, a proposed use should operate within the limits of prudent and justified investments. The market is showing signs of improvement with strengthening rents, buyer demand, and vacancy improving. A number of local agents reported lease rate improvement upon renewals and a number of new leases for available space having been secured. As a result, Recent commercial construction activity is expanding in the immediate area, including Idaho First Bank, McCall Design & Planning (architect), Ridley's Family Market, and Legend CrossFit. Credit markets have eased with more availability of financing, resulting in increased transaction activity for development parcels. Given these trends, commercial development appears to be financially feasible.

Maximally Productive: 15-20 acres of general commercial use.

Most probable buyer/tenant: Commercial owner/occupant or build-to-suit developers.

Current Revenue: \$28,750 from three (3) Office Leases and a Communication Site Lease

Tier Category: Tier I – Planned Transition



Parcel B - Deinhard Residential

Legally Permissible: The property falls under zoning designation Low Density Residential (R4). This designation restricts development of property to residential uses. (R4) Zone: The R4 land use designation permits the development of low-density single-family residential neighborhoods. These neighborhoods would consist of larger home sites. The zone allows a maximum density of four (4) dwelling units per acre. A conceptual development plan would need to be provided.

Physically Possible: Deinhard Residential (B) is approximately ±60 acres, located to the north of Deinhard Commercial (A). The property is located in an area that holds good residential appeal and is in good proximity to Payette Lake as well as good time linkage to 3rd Street. The current access is from E Deinhard Lane and Spring Mountain Blvd. The shape is rectangular with adequate road frontage, width, and depth to allow for residential uses. The site topography is gentle to flat, thereby beneficial for a home or structure. Public utilities are currently available to the property.

Financially Feasible: Overall, a well-planned single-family subdivision is believed to be a financially feasible undertaking in the prevailing market conditions.

Maximally Productive: Under present land zoning and in light of development trends located in the immediate neighborhood, it is concluded the most probable speculative development of the property is for residential subdivision development with allowable density restrictions.

Most probable buyer/tenant: The most probably buyer is considered to be an investor/developer. That is someone interested in developing the property into a residential subdivision and selling the lots for profit.

Current Revenue: None

Tier Category: Tier II – Probable Transition

Parcel C - White Pine

Legally Permissible: Present zoning is Low Density Residential (R4). This designation restricts development of property to residential uses. (R4) Zone: The R4 land use designation permits the development of low-density single-family residential neighborhoods. These neighborhoods would consist of larger home sites. The zone allows a maximum density of four (4) dwelling units per acre. The Department preliminary platted and recorded the White Pine Heights Subdivision. Considering the zone allows a maximum density of four (4) dwelling units per acre, a conceptual development plan would be needed to further subdivide the larger lots and blocks into smaller residential lots to maximize returns and to be concurrent with local zoning. Currently the property is not incorporated within city limits of McCall and after discussions with Nathan Stewart (City Engineer) it would be beneficial for the city and the Department to annex the entire ±56.1-acre aggregate tract before platting. A conceptual development plan has not been performed further to current zoning density.

Physically Possible: White Pine (C) is shaped somewhat like a boot and lots range in size at 18.3 acres, 8.99 acres, 0.62 acres, 0.59 acres, 25.31 acres, for a combined size of 56.1 acres, excluding the roads from White Pine Heights Subdivision Preliminary Plat. The site topography is gentle to flat, thereby beneficial for a home or structure. Currently water is available with the potential to tap into Payette Lakes Water and Sewer District (PLWSD) sewer. There appears to be no concerns that PLWSD is at capacity in the immediate area. Access is a triad of roadways including Miles Standish Road, Pilgrim Cove Road, and John Alden Road with other ancillaries to the lake (Water Lily Lane and Plymouth Road).

Financially Feasible: The ultimate determination of financial feasibility of any proposed subdivision development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development. A single-family subdivision maximized to four dwellings units per acre is believed to be financially feasible.

Maximally Productive: Under present land zoning and in light of development trends located in the immediate neighborhoods, it is concluded the most probable speculative development of the property is for residential subdivision development with allowable density restrictions.

Most probable buyer/tenant: The most probable buyer is considered to be an investor/developer. That is someone interested in developing the property into a residential subdivision and selling the lots for profit.

Current Revenue: None

Tier Category: Tier II – Probable Transition

Parcel D - Lick Creek

Legally Permissible: The current zoning allows for Low Density Residential (R4). In conversations with the City of McCall and based on development trends in the area, combined with the property's land use designation, it appears that the site would most likely be approved for a single-family residential subdivision development and continued leased/timber uses. The Department preliminary platted and recorded this parcel with the White Pine Heights Subdivision. Currently the property is not incorporated within city limits of McCall. It would be beneficial for the city to annex the entire 30± acre larger parcel (aggregate parcel). A conceptual development plan has not been performed further to current zoning density.

Physically Possible: Lick Creek (D) is located to the south of White Pine (C) in an area that holds good residential appeal and is in good proximity to Payette Lake as well as the McCall public golf course. Primary access is from Lick Creek Road to Pilgrim Cove Road to Miles Standish Road to the east. The current access from Shady Lane is narrow however and not marked well. The shape is somewhat rectangular with adequate road frontage, width, and depth to allow for residential uses. The site topography is gentle to flat, thereby beneficial for a home or structure. Based upon typical auction lot absorption periods, the property's neighborhood represents an average supply of potential inventory. Public water and sewer are available to the property under Miles Standish Road.

Financially Feasible: The ultimate determination of financial feasibility of any proposed subdivision development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development. A single-family subdivision is believed to be financially feasible.

Maximally Productive: Highest and best use of the property, as vacant, is its proposed residential subdivision. The most likely purchaser of development land in the property's market area would be the traditional land developer. It is considered reasonable that under a land residual scenario, using typical development costs and typical lot values, a residential subdivision of the portion of the aggregate site is financially feasible and maximally productive.

Most probable buyer/tenant: The most probably buyer is considered to be an investor/developer. That is someone interested in developing the property into a residential subdivision and selling the lots for profit.

Current Revenue: \$10,850 from a Communication Site lease

Tier Category: Tier III – Feasible Transition

Parcel E - Eastside Drive

Legally Permissible: The area encompasses two different endowments and Parcel (E) is zoned as Rural Residential (RR), which has a maximum density of 1 dwelling unit per ten (10) acres. A boundary survey or conceptual development plan has not been performed to maximize current zoning density.

Physically Possible: Eastside Drive (E) is roughly 160 acres with Eastside Drive bordering the property along the western edge. Fall Creek road is the primary access road from the south that splits in a "Y" shape and extends through the northeastern portion of the property. The site is irregularly shaped with heavy tree cover and is large enough to accommodate many uses. The topography varies from 5,258' to 5,086' generally sloping towards the lake. Sewer and electricity are available at Eastside Drive, however, they have not been extended onto the parcel.

Financially Feasible: The current zoning clearly limits use to single-family residential use together with any ancillary improvements such as garage, storage buildings, guest cabin, boathouse, etc. The site is physically capable of providing for that utility. The highest and best use of the vacant site is for development to the maximum density allowed under current zoning which is representing one residential building sites or 3 dwelling units per 10-acres (roughly residential 15 lots).

Maximally Productive: The ultimate determination of financial feasibility of any proposed subdivision development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development. A single-family subdivision is believed to be financially feasible.

Who is the Most Likely Buyer: The most probably buyer is considered to be an investor/developer. That is someone interested in developing the property into a residential subdivision and selling the lots for profit.

Current Revenue: \$14,167 from Timber, Grazing, and a Commercial Recreation Lease

Tier Category: Tier III – Feasible Transition

Parcel F - Shellworth Island

Legally Permissible: The property site is zoned as Rural Residential (RR) which has a maximum density of 1 dwelling unit per ten (10) acres. The Department has a preliminary plat only drawn up as one lot from the ordinary high-water mark. The total acreage for Shellworth Island is 13.13 acres. Idaho Department of Lands is typically not subject to local zoning jurisdictions, so a conceptual development plan could be performed while in IDL ownership.

Physically Possible: Shellworth Island (F) is an island lot, therefore, there is no road frontage or wheeled vehicular access, access is via boat only. The site reflects a knoll characteristic which rises from the lake on both the south and west sides, with rocky hillsides. The western shoreline is all exposed granite and would not provide recreational access into the lake without boring into the rock for steps. This would appear to be marginal use frontage. The south portion of the shoreline is a small cove-like feature and there appears to be a rocky and sandy shoreline/beach area.

The topography of the site is mostly level with the central portions raising ± 50 feet. The approximate shoreline is 3,699 linear feet with native ground cover (as pertinent primarily where the site might have development challenges due to rock outcroppings). It is recognized the lot is located on Shellworth Island and there are seasonal limitations for boat only access given lake levels, lake freezing, etc. The island has moderate tree cover and no public utilities. Residences would need lake water extraction and decomposing septic systems.

Financially Feasible: The zoning clearly limits use to single-residential unit together with any ancillary improvements such as garage, storage buildings, guest cabin, boathouse, etc. The site is physically capable of providing for that utility but with limitations due to the exposed bedrock characteristics of the site. Uses are expected to be seasonal due to winter conditions and the lack of road access (this is an island property). It is recognized that when the lake freezes over access from the mainland using snowmobiles is a possibility but that is not a reliable and consistent form of access.

Maximally Productive: The property site has a highest and best use for a single residential unit together with typically expected ancillary improvements such as garage/storage building, guest quarters (cabin), storage sheds, dock improvements (if appropriate) and site improvements such as decks, patios, stairs/paths, etc.

Who is the Most Likely Buyer: The most likely buyer is a recreationist who desires the recreational attributes associated with Payette Lake, the McCall area, and the other recreational qualities of this sub-market. The Payette Lake market has a crossover between year-round home ownership and the seasonal recreational user.

Current IDL Revenue: \$11,070 from a Residential Lease

Tier Category: Tier II – Probable Transition

Parcel G - Grove

Legally Permissible: The subject site is zoned as Rural Residential (RR), which has a maximum density of 1 dwelling unit per ten (10) acres. The City Planner, Morgan Bessaw, stated the regulation, in fact, uses a ratio of 1 dwelling unit per 360,000 SF so the gross site size of 24.88 acres divided by this figure defines maximum density for this tract at 3 dwelling units.

Physically Possible: Grove (G) has a vast 3,100 lineal feet of shoreline and has a general east to west slope towards the lake. The tract is elongated and irregularly shaped with a "neck" near the central portion of the property. Access is by East Side Drive from Lick Creek Road. Utilities consist of electrical power, telephone, cable service, as well as access to PLWSD sewer.

Financially Feasible: The current zoning clearly limit use to single-residential use together with any ancillary improvements such as garage, storage buildings, guest cabin, boathouse, etc. The site is physically capable of providing for that utility. The highest and best use of the vacant site is for development to the maximum density allowed under current zoning, which is representing three (3) Residential Building sites or 3 dwelling units.

Maximally Productive: This does not preclude an estate property that reflects the ability to develop multiple residential buildings and ancillary structures consistent within that definition. This is not to say further subdivision options/assembling other IDL lands are viable. The property has a highest and best use for a maximum density (development) of three (3) residential dwelling units, which is equivalent to the term residential building sites. These sites have not been formally approved so there is a recognition that subdivision of the land would be required.

Most likely buyer/tenant: The most likely buyer, the ultimate buyer, will be owner/users who desire the recreational attributes associated with Payette Lake, the McCall area and the other recreational qualities of this sub-market.

Current IDL Revenue: None

Tier Category: Tier III – Feasible Transition

Parcel H - East of Eastside Drive to Tip

Legally Permissible: The property is zoned Rural Residential (10 Acres) RR, under the McCall area jurisdiction. This allows for single-family homes on significant acreage at maximum density of one dwelling unit per ten (10) acres. From a legal viewpoint, residential development is considered the most likely use. The property has Lake Frontage along portions of the east side of Payette Lake. As such, current zoning is given significant consideration and, recreational residential development is considered most likely.

Physically Possible: East of Eastside Drive to Tip (H) is roughly 985 acres with some shoreline development potential which could be increased significantly if Eastside Drive were relocated inland from its current location. Electric utilities are available but would have to be extended. PLWSD extended the sewer line to the middle of the parcel to service one private inholding. Additional sewer capacity would most likely require upgrading this sewer line to accommodate more effluent. The topography of the property at its steepest points has building limitations. Typical topographic issues include slope, waterfront qualities, lake depth qualities, and overall usability. However, recreational cabin site owners tend to build on this type of challenging topography to protect their lake front view. Furthermore, steeper terrain can often aid in the removal of timber resources. The property is irregularly shaped, however, is large enough to accommodate many uses. Access is achieved through an existing road (Eastside Drive). Overall, some physical limitations were observed. The extreme limitations would require some rock blasting.

Financially Feasible: While vacant land remains at high demand for residential/recreational development, the large property would require city approval, surveying, platting, feasibility studies, subdivision analysis, and other development costs. Over the last few decades, more recreational uses and retirement site demand exists for land in near proximity to Payette Lake. Prices paid for leases and private cabin sites and recreational uses exceed those prices warranted for agricultural or forest land uses. However, much of the steeper land is not entirely suited for cabin site development and the unusable areas is leased for grazing and mineral extraction in the interim. Therefore, based on common motivation for land purchases in this area, along with increased community development and high demand of private lakefront or near lake front property, it is felt that use as a recreational /residential subdivision coupled with additional timber/grazing leases would be financially feasible due to common motivation for land purchases in this area.

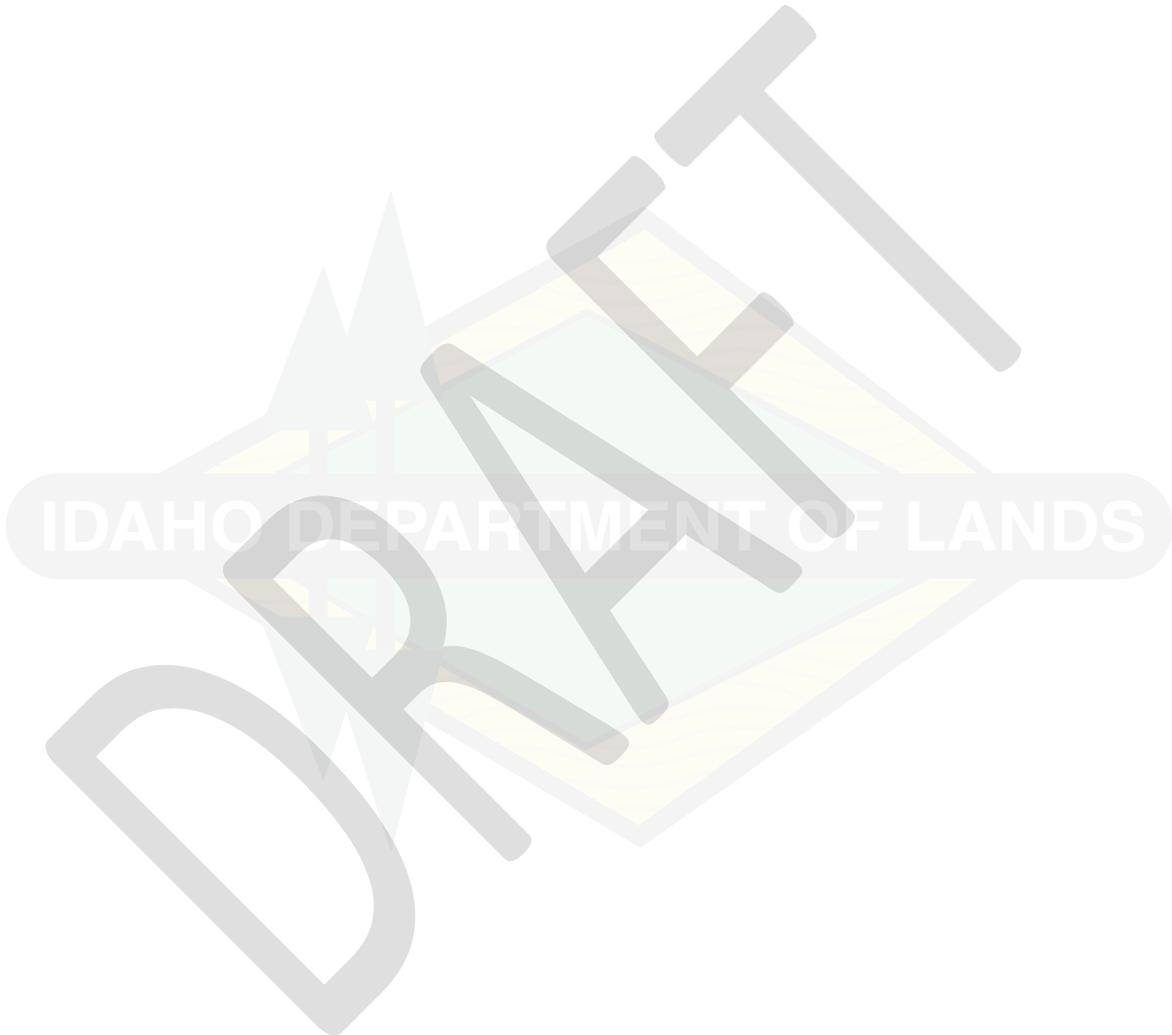
Maximally Productive: Highest present land value as vacant is obtained by residential recreational development as warranted by demand. Because of the good views from the lake front portions of the site, its attractive aesthetics, and the recreational uses in the area, a combined use of both timber/grazing upland along with residential recreational use is the highest and best use of the property. The maximum productivity of each individual site would be the ability to incorporate both residential and recreational aspects of land use. Most prudent phasing would be to focus on selling sites

with road frontage without spending large sums of money to develop interior roads. A concurrent use would be for timber management and grazing.

Most probable buyer/tenant: The most probably buyer would be a large-scale developer with expertise in native grazing and investment.

Current IDL Revenue: \$48,739 from Timber, Grazing, and Mineral Leasing

Tier Category: Tier IV – Transition Not Planned



Parcel I - Tip

Legally Permissible: The property site is zoned as RR Rural Residential, which has a maximum density of 1 dwelling unit per ten (10) acres. This allows for single-family homes on significant acreage at maximum density of one dwelling unit per ten (10) acres. From a legal viewpoint, residential development is considered the most likely use.

Physically Possible: Tip (I) is located adjacent to Ponderosa State Park (1,515 acres) which is a public recreation area occupying the meandering inlet of the NF Payette River and the northern extremity of Payette Lake. Access is via Eastside Drive to a northerly apex, looping to Warren Wagon Road along the west side of the lake. The property size is approximately 2,040 acres. The topography of the property at its steepest points has building limitations. Along the western portion of the parcel, elevations rise 500' with heavy timber. Typical topographic issues include slope and overall usability. Furthermore, steeper terrain can often aid in the removal of timber resources. The property is rectangular shaped, however, is large enough to accommodate many uses. The property does not have lake frontage. Certain higher elevations have wonderful views of Payette Lake.

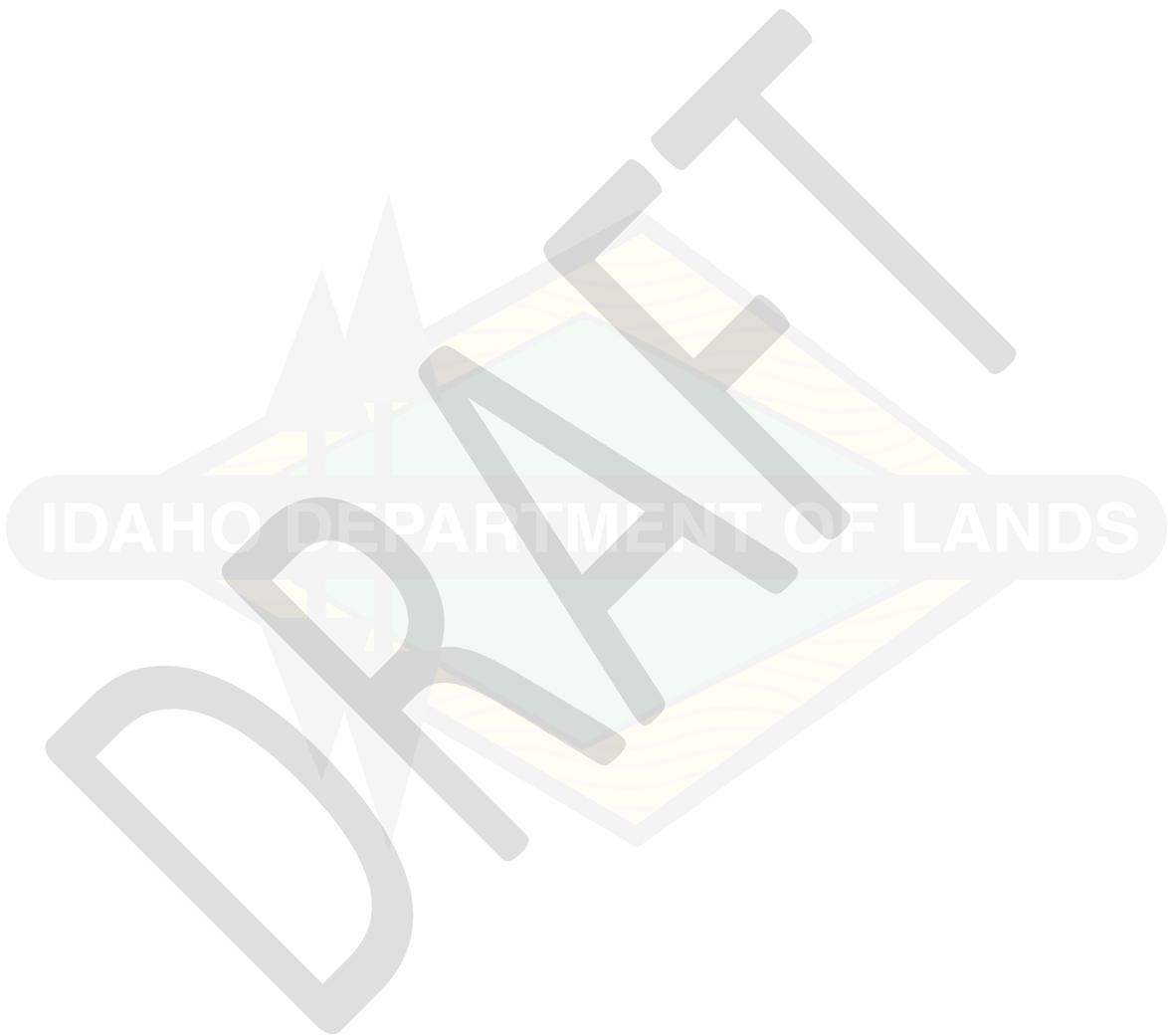
Financially Feasible: While vacant land remains at high demand for residential/recreational development, the large property would require city approval, surveying, platting, feasibility studies, subdivision analysis, and other developing costs. Over the last few decades, more recreational uses and retirement site demand exists for land in near proximity to Payette Lake. Prices paid for leases and private cabin sites and recreational uses exceed those prices warranted for agricultural or forest land uses. However, much of the steeper land is not entirely suited for cabin site development and the unusable areas is leased for grazing and mineral extraction in the interim. Therefore, based on common motivation for land purchases in this area, along with increased community development, it is felt that use as a recreational /residential subdivision coupled with additional timber/grazing leases would be financially feasible due to common motivation for land purchases in this area.

Maximally Productive: Highest present land value as vacant is obtained by residential recreational development as warranted by demand. Because of the good views from portions of the site, it's attractive aesthetics, and the recreational uses in the area, a combined use of both timber/grazing upland along with residential recreational use is the highest and best use of the property. The maximum productivity of each individual site would be the ability to incorporate both residential and recreational aspects of land use.

Most probable buyer/tenant: The most probably buyer would be a large-scale developer with expertise in native grazing and investment.

Current IDL Revenue: \$28,257 from Timber, Grazing, Mineral, Noncommercial Recreation Leasing

Tier Category: Tier IV – Transition Not Planned



Parcel J - West Warren Wagon to Simplot

Legally Permissible: The property is zoned Rural Residential (RR) (10 Acres), under the McCall area jurisdiction. This allows for single-family homes on significant acreage at maximum density of one dwelling unit per ten (10) acres. From a legal viewpoint residential development is considered the most likely use. The property has Lake Frontage along portions of the west side of Payette Lake. As such, current zoning is given significant consideration and recreational/residential development is considered most likely.

Physically Possible: West Warren Wagon to Simplot (J) is ±380-acres of wooded timberland. Electric utilities are available but would have to be extended. The topography of the property at its steepest points has building limitations. Typical topographic issues include slope, waterfront qualities, lake depth qualities, and overall usability. However, recreational cabin site owners tend to build on this type of challenging topography to protect their lake front view. Furthermore, steeper terrain can often aid in the removal of timber resources. The property is irregularly shaped; however, it is large enough to accommodate many uses. Access is achieved through an existing road (Warren Wagon Road).

Financially Feasible: While vacant land remains at high demand for residential/recreational development, the large property would require city approval, surveying, platting, feasibility studies, subdivision analysis, and other development costs. Over the last few decades, more recreational uses and retirement site demand exists for land in near proximity to Payette Lake. Prices paid for leases and private cabin sites and recreational uses exceed those prices warranted for agricultural or forest land uses. Based on common motivation for land purchases in this area, along with increased community development and high demand of private lakefront or near lake from property, it is felt that use as a recreational /residential subdivision coupled with additional timber/grazing leases would be financially feasible due to common motivation for land purchases in this area.

Maximally Productive: Highest present land value as vacant is obtained by residential recreational development as warranted by demand. Because of the good views from the lake front portions of the site, its attractive aesthetics, and the recreational uses in the area, a combined use of both timber/grazing upland along with residential recreational use is the highest and best use of the property. The maximum productivity of each individual site would be the ability to incorporate both residential and recreational aspects of land use.

Most probable buyer/tenant: The most probably buyer would be a large-scale developer with expertise in native grazing and investment.

Current IDL Revenue: \$28,135 from Timber and a Grazing Lease

Tier Category: Tier IV – Transition Not Planned

Parcel K Warren Wagon East

Legally Permissible: The current zoning allows for Low Density Residential (R4). In conversations with the City of McCall and based on development trends in the area, combined with the property's land use designation, it appears that the site would most likely be approved for a single-family residential subdivision development and continued leased/timber uses. Considering the zone allows a maximum density of four (4) dwelling units per acre, a conceptual development plan would be needed to further subdivide the larger lots and blocks into smaller residential lots to maximize returns and to be concurrent with local zoning.

Physically Possible: This includes platted Syringa Park Subdivision (3.56 acres of non-lakefront property). The surrounding area has remaining leased cottage sites consist of approximately 15 non-lakefront, quarter-acre lots. The terrain is generally level and varies with drainage easterly to the lake. Access is good via Warren Wagon Road with Syringa Way and Payette Drive as ancillary roads. Utilities are available in the area. Parcel K is triangular, however, is large enough for a single-family residential use.

Financially Feasible: The current zoning clearly limit use to Single-Residential Use together with any ancillary improvements such as garage, storage buildings, guest cabin, boathouse, etc. The site is physically capable of providing for that utility. The highest and best use of the vacant site is for development to the maximum density allowed under current zoning, which is representing about three (3) Residential Building sites or 3 dwelling units.

Maximally Productive: Under present land zoning and in light of development trends located in the immediate neighborhood, it is concluded the most probable speculative development of the property is for residential subdivision development with allowable density restrictions.

Most probable buyer/tenant: The most probably buyer is considered to be an investor/developer. That is someone interested in developing the property into a residential subdivision and selling the lots for profit.

Current IDL Revenue: None

Tier Category: Tier I – Planned Transition

Parcel L Warren Wagon West

Legally Permissible: The property is zoned Rural Residential Estates (10 Acres) RR, under the McCall area jurisdiction. This allows for single-family homes on significant acreage at maximum density of one dwelling unit per ten (10) acres. From a legal viewpoint residential development is considered the most likely use. The property has Lake Frontage along portions of the west side of Payette Lake. As such, current zoning is given significant consideration and recreational/residential development is considered likely.

Physically Possible: Electric utilities are available, however, would have to be extended. The topography of the property at its steepest points has some building limitations with great views. The property is generally a bench sloping towards the lake with moderate elevation changes. The property is irregularly shaped, however, is large enough to accommodate many uses. Access is through an existing road (Warren Wagon Road). The property's size is ±1,520-acres of wooded timberland. There are no other physical limitations that would affect the highest and best use.

Financially Feasible: While vacant land remains at high demand for residential/recreational development, the large property would require city approval, surveying, platting, feasibility studies, subdivision analysis, and other developing costs. Over the last few decades, more recreational uses and retirement site demand exists for land in near proximity to Payette Lake. Prices paid for leases and private cabin sites and recreational uses exceed those prices warranted for agricultural or forest land uses. Based on common motivation for land purchases in this area, along with increased community development and high demand of private lakefront or near lake from property, it is felt that use as a recreational /residential subdivision coupled with additional timber/grazing leases would be financially feasible due to common motivation for land purchases in this area.

Maximally Productive: Highest present land value as vacant is obtained by residential recreational development as warranted by demand. Because of the good views from the lake front portions of the site, its attractive aesthetics, and the recreational uses in the area, a combined use of both timber/grazing upland along with residential recreational use is the highest and best use of the property. The maximum productivity of each individual site would be the ability to incorporate both residential and recreational aspects of land use.

Most probable buyer/tenant: The most probably buyer would be a large-scale developer with expertise in native grazing and investment.

Current IDL Revenue: \$98,637 from Timber, Grazing, Mineral, Commercial Recreation Leasing

Tier Category: Tier IV – Transition Not Planned

Parcel M - Cougar Island

Legally Permissible: The site is zoned as RR Rural Residential which has a maximum density of 1 dwelling unit per ten (10) acres. Currently, the island is platted into 5 lots; one which is improved and leased. The City Planner, Morgan Bessaw, stated the lots are non-conforming to zoning but these five (5) lots are buildable tracts, however, none of these lots can be further subdivided. The Conditions, Covenants & Restrictions (CC&Rs) prohibit further subdivision as well. The City Planner stated there are no prohibitions on obtaining a building permit for any of these lots and, should a structure be destroyed or demolished, there is no prohibition upon re-building. Therefore, the key point here is compliance with the current zoning and CC&Rs.

Physically Possible: Cougar Island (M) is an island, therefore, there is no road frontage or access, access is by boat only. The site reflects a knoll characteristic which rises from the lake on all sides with basalt hillsides. The total aggregate size is 14.21 acreage with the combination of 5 platted lots: 3.47, 2.52, 2.94, 3.35, and 1.93 acres all with a mixture of lake frontage containing 4,320 linear feet of shoreline.

There are no known characteristics that would eliminate the legally identified use of the property with the exception of limited desirable septic drain field locations. There has been a classification of the site qualities which includes size, waterfront, if any, topography, ground cover, access, soils (as pertinent primarily where the site might have development challenges due to rock outcroppings). It is recognized the lot is located on Cougar Island and there are seasonal limitations for access given lake levels, lake freezing, etc.

Financially Feasible: The zoning and the CC&R's clearly limit use to single-residential unit together with any ancillary improvements such as garage, storage buildings, guest cabin, boathouse, etc. The site is physically capable of providing for that utility but with limitations due to the exposed bedrock characteristics of the site. Uses are expected to be seasonal due to winter conditions and the lack of road access (this is an island property). It is recognized when the lake freezes over access from the mainland using snowmobiles is a possibility but that is not a reliable and consistent form of access. The property site has a highest and best use for five single residential unit together with typically expected ancillary improvements such as garage/storage building, guest quarters (cabin), storage sheds, dock improvements (if appropriate) and site improvements such as decks, patios, stairs/paths, etc.

Who is the Most Likely Buyer: The most likely buyer is a recreationist who desires the recreational attributes associated with Payette Lake, the McCall area, and the other recreational qualities of this sub-market. The Payette Lake market has a crossover between year-round home ownership & the seasonal recreational user.

Current IDL Revenue: \$32,440 from a Residential Lease

Tier Category: Tier I –Planned Transition