

Central Wasatch Commission Board Meeting
August 6, 2018



U.S. Forest Service Federal Land Exchange Process

Presentation by:

- **Nate Lewis, USFS Land Adjustment Program Manager**
- **Kraig Frome, USFS Regional Appraiser**

Land Exchange Overview

The Federal land exchange process is designed to ensure that:

- The exchange is in the public interest.
- The lands exchanged are of equal market value.
- The lands have acceptable title.

However, land exchanges are:

- Complex
- Time-consuming (typically taking 3-4 years)
- Costly to both parties.

Land Exchange Process Summary

Proposal

Feasibility Analysis

Agreement to Initiate

Congressional Oversight

Notice of Exchange Proposal

NEPA

Appraisal

Decision

Exchange Agreement

Closing and Escrow

Feasibility Analysis and Agreement to Initiate

Feasibility Analysis (FA)

- Survey work – Legal Description
- Title Work
- Valuation Consultation
- Minerals Report
- Water Rights Analysis
- Hazmat
- Improvements & Encumbrances

Agreement to Initiate (ATI)

- Identifies lands to be exchanged
- Timeline
- Who is paying for what
- Division of responsibilities

Public Involvement Opportunities and NEPA

1. Notice of Exchange Proposal (NOEP) published.
2. NEPA includes formal public comment period (scoping period).
3. Publication of draft environmental analysis (EA or EIS).
4. Publication of the final EA or EIS and draft decision (Objection period).

Appraisal Requirement

Market Value (MV) Appraisals are completed concurrently but separate from the NEPA process.

- The Agreement to Initiate describes the property to be appraised.
- Completed by a Qualified Appraiser.
- FS Review Appraiser determines technical compliance.
- Must comply with Uniform Appraisal Standards for Federal Land Acquisitions.

What is Market Value?

“The most probable price in cash, or terms equivalent to cash, which lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence.”

What Does the Appraiser Consider?

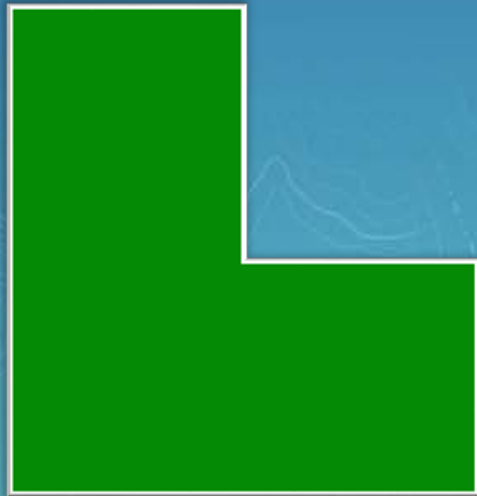
First, what is the Highest and Best Use of each property?

“Highest and Best Use means an appraiser’s supported opinion of the most probable and legal use of a property, based on market evidence, as of the date of valuation.”

Comparisons are then made with private land sales and other market evidence in estimating market value.

Example of Cash Equalization

Federal Land Value
\$1,000,000



Non-Federal Land Value
\$950,000



+ \$50,000 cash



Decision and Exchange Agreement

NEPA Decision – Explains the rationale for proceeding or denying the exchange. Based on:

- **Public Interest Determination**
- **Appraisal**

Exchange Agreement

- **Identifies properties**
- **Encumbrances**
- **Market Values of lands involved**
- **Cash equalization**
- **Final responsibilities**

Closing