**INFORMATION MEMORANDUM FOR THE DIRECTOR**

From:John Mehlhoff, Acting Colorado State Director

Subject: Sutey Ranch Land Exchange, Eagle, Garfield, and Pitkin Counties, Colorado;

 COC-74812

Date: January 17, 2014

**I. Introduction/Summary:** The Bureau of Land Management (BLM) Colorado River Valley Field Office, and Leslie and Abigail Wexner (Proponents), are ready to complete a single- transaction land exchange. Participants in the proposed exchange are 2343 County Road, LLC, Prince Creek Crown, LLC, and Lady Belle Partnership, LLLP. Western Land Group, Inc. (WLG) is a facilitator for the exchange.

The proposed exchange would convey six parcels of Federal land in Eagle and Pitkin counties for two parcels of non-Federal land located in Garfield and Pitkin counties, Colorado. Consummation of the exchange will accomplish BLM land adjustment objectives, consolidate land ownership boundaries in the Red Hill Special Recreation Management Area, the Crown, and Horse Mountain areas, and improve access to public lands. The Federal lands have limited legal public access and are difficult to manage. The non‑Federal lands are adjacent to large blocks of public lands, have public access, and contain valuable winter wildlife habitat in an area where open space is rapidly disappearing due to development.

**II. Background:** The BLM and the Proponents initiated the proposed Sutey Ranch Land Exchange in 2011. Following approval of the Feasibility Package by the Director in April 2012, the BLM entered into an Agreement to Initiate a Land exchange with the Proponents, participants and facilitator.

Appraisal of the lands initially proposed for exchange determined the value of the non-Federal lands to be substantially higher than the value of the Federal lands. A supplemental appraisal separated the Sutey Ranch parcel into two tracts. Parcel 1A will remain as a non-Federal parcel in the proposed exchange. The parties agreed to exclude Parcel 1B from the exchange. The Proponents intend to donate Parcel 1B voluntarily, to the United States of America through a separate transaction under the provisions of Sec. 205 of the Federal Land Policy Management Act (FLPMA).

2343 County Road, LLC, will convey to the United States of America all of 2343 County Road, LLC’s right, title and interest in that portion of the Sutey Ranch (Parcel 1A) comprising 321.25 acres together with 2.25 cubic feet per second (cfs) ditch water rights and 50-acre feet of water storage rights.

Prince Creek Crown, LLC will convey to the United States of America all right, title and interest in Parcel 2, comprising 111.78 acres. The United States owns the mineral estate on Parcel 2 through patent reservation. Acceptance of title to the surface estate by the United States will merge ownership of the surface and mineral estates.

The BLM will convey the surface and mineral estates on Federal Parcels A, B, and B-1 (1269.37 acres) to 2343 County Road, LLC and the surface and mineral estates for Federal Parcels C, D, and E (200.64 acres) to Lady Belle Partnership, LLLP. The patent(s) will reserve a right-of-way for ditches and canals constructed by the authority of the United States pursuant to the Act of August 30, 1890 (43 U.S.C. 945).

Conveyance of the Federal lands complies with the Glenwood Springs Resource Management Plan (RMP), as revised in 1988. Disposing of the six Federal parcels to acquire the two non-Federal parcels is consistent with land tenure adjustment considerations outlined in the RMP. Under the revised RMP, the BLM may exchange Federal lands if the public value of the non-Federal lands acquired meets or exceeds the public value of the Federal lands disposed of. The 1988 RMP does not directly address the acquisition of the specific non-Federal lands. However, BLM retention zones surround the two non-Federal parcels. Acquisition of non-Federal Parcels 1A and 2 would meet considerations for determining land tenure adjustments, including consolidation, improved public access, and resource protection.

**Valuation Summary:**  The Department of Interior’s Office of Valuation Services (OVS) reviewed and approved appraisals for the Federal and non-Federal lands. Appraisals of the lands included in the initial exchange proposal determined the value of the non-Federal lands to be substantially higher than the value of the Federal lands. The appraised value for the six parcels of Federal lands is $4,000,000. The OVS established a value of $6,240,000 for the non-Federal lands included in the initial exchange proposal.

To equalize the exchange, the BLM and the Proponents agreed to exclude a portion of non-Federal Parcel 1 from the exchange. A supplemental appraisal of Parcel 1 in August 2013 separated the Sutey Ranch into two tracts. Parcel 1A would remain part of the non-Federal lands in the exchange. The parties agreed to exclude Parcel 1B from the exchange. The appraisal established a value of $3,050,000 for the 321.25 acre Parcel 1A. The appraised value of the 111.78-acre non‑Federal West Crown parcel (Parcel 2) is $950,000. The combined values of non-Federal Parcel 1A and Parcel 2 are equal to the value of the Federal lands.

**III. Position of Interested Parties:** In May 2012, the BLM published a Notice of Exchange Proposal in local newspapers of the three counties involved in the exchange. The BLM received 269 comment letters from individuals, non-governmental entities, and other public agencies. A majority of the comments were supportive of the proposed exchange. The Eagle, Garfield, and Pitkin County Boards of Commissioners, Colorado Parks and Wildlife Commission, other government agencies, and non-profit organizations submitted letters in support of the proposed exchange.

**IV. Legal Status:** The Colorado River Valley Field Office will publish a Notice of Decision (NOD) upon concurrence from the Washington Office to complete the actions required to close the exchange. Publication of the NOD will initiate a 45-day protest period for the public and a 60-day review period by the Colorado Governor and local governments.