United States Department of the Interior
NATIONAL PARK SERVICE
1849 C Street, NW
Washington, DC 20240

(WASO-LWCF)

FINDING OF NO SIGNIFICANT IMPACT

Keystone Woods Wildlife Management Area
Environmental Assessment
City of Hugo; May Township, Minnesota
Unique Identification Number 27-00788.1
June 2026

BACKGROUND

In compliance with the National Environmental Policy Act (NEPA), this Finding of No Significant Impact (FONSI) documents the decision of the National Park Service (NPS) to approve a Land and Water Conservation Fun (LWCF) conversion of use. The Minnesota Department of Natural Resources (MNDNR) (State), removed the federal Land and Water Conservation Fund Act public outdoor recreation use restriction, now codified at 54 U.S.C. § 200305(f)(3) (referred to as Section 6(f)(3)) from Upper Sioux Agency State Park (USASP) within Yellow Medicine County, pursuant to the LWCF conversion regulations at 36 C.F.R. § 59.3. The conversion with delayed replacement removed public outdoor recreation use restrictions from 1,026.38 acres of property at USASP. MDNDR has proposed to designate 455.55 acres of property known as Keystone Woods Wildlife Management Area (WMA) in Washington County as the Replacement site. Acquisition of a replacement site is required under the LWCF program.

The initial LWCF grant to MNDNR for USASP in 1970, grant number 27-00320, was to acquire land for outdoor recreation purposes. The State accepted the terms of the grant agreement with full knowledge that the terms included maintaining the area for public outdoor recreation purposes, unless otherwise approved by the Secretary of the U.S. Department of the Interior (DOI), as delegated to the NPS, through the LWCF program conversion process.

During the 2023 Minnesota Legislative Session, laws were signed to return State-owned land within USASP to the Upper Sioux Community, given the cultural and historical significance of the area to the tribal community. This transfer of property triggered a conversion of use and allows the property ownership to be transferred and used for non-recreational purposes. Per 36 C.F.R. §800.16(y), the proposed federal undertaking is placing LWCF encumbrance on 455.55 acres of land at Keystone Woods WMA.

Rock Leaf Water Environmental prepared an Environmental Assessment (EA), dated June 2025, to document and analyze the potential effects of the decision to place LWCF Section 6(f)(3) stipulations and conduct outdoor recreation development components to Keystone Woods WMA to satisfy the conversion of use and conversion criteria of the LWCF Act, and the LWCF Program Post Completion Compliance Regulations found in 36 CFR Part 59. The NPS is adopting the EA prepared by Rock Leave Water Environmental that evaluates the impacts of placing LWCF encumbrance on 455.55 acres of the Phase I acquisition for Keystone Woods WMA, and the development of two gravel parking lots to provide public access to outdoor recreation.

The statements and conclusion reached in this FONSI are based on the documentation and analysis provided in the EA and associated decision file. To the extent necessary, relevant sections of the EA and Appendices are incorporated by reference below. Except where noted, references can be found in the EA.

SELECTED ALTERNATIVE AND RATIONALE FOR DECISION

Two alternatives were analyzed: 1) The No-Action Alternative in which the NPS LWCF Program would not approve the acquisition and development of the replacement property and encumbering the property for outdoor recreation and therefore MNDNR would need to search for alternative replacement property and the State would therefore be in a status of non-compliance with the NPS LWCF program and 2) the Proposed Action/Preferred Alternative (NPS Selected Alternative), in which the NPS LWCF Program approves the designation and encumbrance of 455.55 acres of Keystone Woods Phase I property and development of two gravel parking lots to satisfy the LWCF conversion of use requirements resulting from its removal at USASP. The preferred alternative will place a federal level of protection on Keystone Woods from being converted out of outdoor public recreation use and satisfy the requirements of the LWCF conversion from USASP to Keystone Woods WMA. A detailed description of the actions for each area are described in the EA.

After careful analysis of resource impacts, consultation with agencies, and review of stakeholder and public comments, the proposed action alternative was selected by the NPS. NPS will approve the replacement package submitted by MNDNR to resolve the conversion of use at USASP.

SIGNIFICANCE CRITERIA REVIEW

Potentially Affected Environment

The potentially affected environment covers 455.55 acres of wetland, prairie, hardwood forest, and aquatic habitats formerly used as agricultural homesteading and livestock pastures owned and managed by the Kelley Land and Cattle Company in the City of Hugo and May Township, Washington County, Minnesota (45.19291933167387, -92.88651012614862).

Degree of Effects of the Action

NPS considered the following actual or potential project impacts in evaluating the degree of the effects (40 Code of Federal Regulations [CFR] 1501.3(b)(2)) for the selected action.

a. Beneficial and adverse, and short- and long-term effects of the proposed action.

Living Resources

The U.S. Fish and Wildlife Service (USFWS) Information for Planning and Consultation (IPaC) database reported four federally listed endangered species within Washington County: northern long-eared bat (NLEB), Higgins eye, winged mapleleaf, and rusty-patched bumblebee. However, the rusty-patched bumblebee only has protections associated within High Potential Zones in Washington County, and there are no High Potential Zones, associated features, or direct observations associated within this site. Therefore, the NPS has issued a No Effect under Section 7 of the Endangered Species Act for the rusty patched- bumblebee due to the lack of High Potential Zone within the project site. Higgins eye and winged mapleleaf will not be directly, indirectly, or cumulatively impacted by the preferred alternative and the NPS has issued a No Effect under Section 7 of the Endangered Species Act for these species. The preferred alternative will require some tree removal for the Northern Site Area and scattered tree removal throughout the site for restoration purposes, which could directly impact NLEB if completed during the roosting season. To avoid direct impacts to potential northern long-eared bats, tree removal for construction and restoration will not occur between June 1 and July 31. Therefore, the NPS has issued a No Effect under Section 7 of the Endangered Species Act for NLEB.

The Minnesota DNR's Natural Heritage Information System was queried for a 1-mile radius

of the site and found seven species of interest including Blanding's turtle, fernleaf false foxglove, least darter, narrow-leaved water plantain, purple martin, and rattlebox. The proposed Project in the preferred alternative will not impact the site's wetlands and, therefore, will not directly, indirectly, or cumulatively affect Blanding's turtles during the overwintering period. However, Blanding's turtles travel between wetlands throughout the breeding (April to May) and active (May to October) seasons and female turtles travel away from the water towards upland zones to lay eggs. The preferred alternative could impact Blanding's turtles in three ways during these periods: 1) direct harm to traveling female turtles via construction equipment, 2) indirect adult or hatchling vehicular mortality, and 3) cumulative decrease in mating opportunities and eventual genetic diversity via steep slope barriers along parking lot edges. To minimize such impacts, construction within the Northern and Southern site Areas will occur outside the egg-laying period (May to July), proper signage should be used to caution/educate park visitors, potential nests within the parking lots should be monitored, and high edges should be limited when grading the parking lots.

The preferred alternative will require some tree removal for the Northern Site Area, which could directly impact fernleaf false foxglove if it involves the removal of oak trees. To avoid directly impacting fernleaf false foxglove, the NPS requires construction activities to not include the removal of oak species or keep removal to a regulatory approved minimum. The construction of gravel parking lots in the preferred alternative, will not impact purple martin nesting sites but could indirectly or cumulatively impact food and resource availability by decreasing total insect habitat. However, impacts are expected to be minor in proportion to the scale of the gravel parking lots. Purple martin, rattlebox, and the Least darter will not be directly, indirectly, or cumulatively impacted be the Project.

Geologic Resources

Direct impacts of the preferred alternative include minor grading (i.e., possible small change in topography) and alteration to the upper substrate from the addition of gravel for the proposed parking lots (Northern Site Area, Southern Site Area). The preferred alternative is not anticipated to have indirect or cumulative effects on the geologic resources.

Noise Impacts

The preferred alternative will install gravel parking lots, directly resulting in machinery and associated temporary construction noises. Indirect impacts include increased noise associated with human activity within the site. Permitted activities will include walking, hiking, biking, and e-bikes under certain restrictions. Cumulative noise impacts are not anticipated.

Air Quality

Direct impacts consist of temporary dust which will result from earthwork during the construction of gravel parking lots. Traffic in the immediate area is not anticipated to increase significantly, and indirect effects via carbon monoxide levels associated with vehicles within the parking lots are considered de minimus (EPA, n.d.; 40 CFR § 93.153(b)(1) and (b)(2)). No cumulative impacts are anticipated to occur as stationary source greenhouse gas emissions are not involved in the Project plans. In short, significant impacts to air quality at the site are not anticipated as a result of this Project.

Invasive Species

Construction of the parking lots and permitting of human recreational activities introduce the risk of negatively impacting the site via the spread of invasive species. The direct introduction of invasive species can lead to indirect and cumulative impacts of limiting native plant establishment and growth, reducing food resources for wildlife, and altering ecosystem processes such as nutrient cycling (MN DNR, n.d.). Methods of introduction include seed detaching from construction equipment or persons into the site. Preventative and mitigative measures include the following action steps: 1. Inspect all entering and exiting equipment 2. Maintain clean work areas 3. Provide shoe-cleaning stations for park visitors 4. Avoid planting invasive species. Control of existing invasive species, such as understory buckthorn removal, through eventual restoration activities may mitigate such risks.

b. Degree to which the proposed action affects public health and safety.

The NPS considered how implementation of the selected action will affect public health and safety during implementation. The purpose of the project is to create public outdoor recreation opportunities which will be beneficial to public health and safety.

c. Effects that would violate federal, state, tribal, or local law protecting the environment.

The selected alternative does not threaten or violate applicable federal, state, or local environmental laws or requirements imposed for the protection of the environment. A detailed

description of consultation and coordination efforts for the project can be found in the EA, pages 19, 20, 24 and 25. A brief summary of these efforts is below.

Consultation for compliance with Section 106 of the National Historic Preservation Act has been carried out with multiple stakeholders including the Minnesota State Historic Preservation Office (SHPO), federally recognized tribal governments and the public. A Phase I archeological survey was conducted and submitted to the Minnesota SHPO July 2024 which provided a recommended finding of effect of No Historic Properties Affected.

The NPS is responsible for carrying out government-to-government consultation with all federally recognized Indian Tribes and Native Hawaiian Organizations pursuant to 36 C.F.R. § 800.2(c)(2)(ii)(C). A project description and maps of the Area of Potential Effect (APE) were provided to consulting parties. The NPS formally notified the affiliated tribal governments of their opportunity to consult with NPS on this project, requesting responses by October 13, 2024. Consulting parties did not raise concerns for the project. The Upper Sioux Community, Minnesota, inquired if a tribal survey had been conducted. The NPS provided the 2024 Phase 1 Archaeological Survey for Keystone Woods, and through further consultations the NPS and Upper Sioux Community did not decide to conduct an additional tribal survey at the site for this undertaking. Refer to Item G for a full list of Tribal Historic Preservation Office representatives consulted on this Project.

On March 21, 2025 NPS issued a final National Historic Preservation Act Section 106 finding of No Historic Properties Affected to the MN SHPO and tribal consulting parties.

The Minnesota DNR opened a public input period related to the opening and desired uses of Keystone Woods WMA January 16, 2025 – March 2, 2025. The public input period included two in-person events, an online meeting, online survey, and opportunities to provide input via email, phone, or postal mail. The online survey received 1,602 responses; 66 emails and 4 letters. Opportunities of highest interest for the WMA include hunting, fishing, and trapping programs; ADA accessible events; outdoor skills programs; nature education programs; dog training programs; youth and women's outdoor programs.

The Environmental Assessment was released for a public comment period on the MNDNR website between July 24, 2025 and August 23, 2025. The DNR summarized findings and reconciled all responses. See Appendix A of this FONSI for a summary of comments and responses.

FINDING OF NO SIGNIFICANT IMPACT

Based on the information contained in the EA, I have determined that the proposed action does not constitute a major federal action having a significant effect on the human environment. Therefore, an environmental impact statement will not be required.

This finding is based on consideration of the 2025 version 516 DM 1 – U.S. Department of the Interior Handbook of National Environmental Policy Act Implementing Procedures, regarding the potentially affected environment and degrees of effects of the impacts described in the EA (which is hereby incorporated by reference).

The Department of the Interior (DOI) published an interim final rule, NEPA Implementing Regulations, on July 3, 2025, and a final rule on February 24, 2026, rescinding and making necessary targeted updates to its remaining regulations implementing NEPA, as well as a DOI NEPA

Handbook at 516 Departmental Manual 1. The sponsor published the plan and EA in June 2025, relying upon preexisting NEPA procedures that predate July 3, 2025, because the plan's NEPA review was sufficiently advanced at the time DOI issued the NEPA rule. Nonetheless, NPS is relying upon existing procedures to issue this FONSI, completing the NEPA review for the plan. The EA and FONSI are consistent with DOI's Final NEPA Implementing Regulations and DOI NEPA Handbook.

Recommended by:

BRANDON PACE

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Brandon Pace, Supervisory Compliance Officer — Date
Partnerships and Civic Engagement
National Park Service

Approved by:

STEPHAN NOFIELD

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Date: 2026.06.04 09:33:56 -04'00'

Stephan Nofield, Associate Director (A) — Date
Partnerships and Civic Engagement
National Park Service

Appendix A- Response to Comments

The following is a summary of public comments and associated responses resulting from the public comment period conducted by the Minnesota Department of Natural Resources

(MNDNR) regarding Keystone Woods Wildlife Management Area (WMA) – Environmental Assessment (EA) which analyzes potential impacts to the natural and human environment that may result from placing an LWCF encumbrance along with minor developments on the property.

MNDNR, as delegated by the National Park Service (NPS), retains responsibility to respond to those public comments that do not pertain to the action analyzed in the EA. The NPS has issued the following responses to comments that are substantive to the analysis in the EA.

- Several comments address the proximity of the replacement property to the converted property or concerns about future conversions. The LWCF Act states "No Property acquired or developed with assistance under this section shall, without the approval of the Secretary, be converted to other than public outdoor recreation uses. The Secretary shall approve such conversion only if he finds it to be in accord with the then existing comprehensive statewide outdoor recreation plan and only upon such conditions as he deems necessary to assure the substitution of other recreation properties of at least equal fair market value and of reasonably equivalent usefulness and location". The NPS regional or associate director is delegated this authority from the Secretary of the Interior and must approve the conversion of use and replacement land when the state office satisfactorily meets the conditions in the Act. The MNDNR has met the conditions in the Act in relation to their SCORP as well as replacement proximity. The MNDNR locally, under separate cover, will address and issue a response regarding the proximity of the replacement property and concerns of future conversions (not attached to this response).
- Several comments pertain to the future recreational uses to be offered at the proposed replacement site, as well as strategies for its management. The proposed recreational uses at Keystone Woods WMA meet the reasonable equivalent usefulness criteria that is required in the LWCF Act. The site will be encumbered via the LWCF perpetuity boundary and subject to stewardship inspections every five years to ensure the public outdoor recreation remains viable under the LWCF Act. If there is a non-compliant outdoor recreation aspect that occurs in the future, the NPS and MNDNR will work through a resolution at that point. The MNDNR and the Fish and Wildlife Division of MNDNR, who will manage the site long term, will respond to those concerns locally under a separate cover not attached to this response.
- One comment relevant to the EA conveys concerns regarding habitat fragmentation and impacts to sensitive species. NPS through the MNDNR under the analysis of this EA has initiated and completed consultations with the USFWS under Section 7 of the Endangered Species Act and have concluded that there will be no effect to any federally listed threatened or endangered species or protected habitat at the site. Furthermore, the DNR and NPS have followed MN Statute 84.0895, the Protection of Threatened and Endangered Species, which is referenced in the DNR's Natural Heritage Information System and identifies sensitive species in the area. The development and design plans have been incorporated to avoid the roosting

and egg laying seasons of sensitive species in the area. Additionally, there will be educational signage placed in the areas surrounding the parking lot to educate visitors and mitigate species loss. These measures will be ongoing at the site and include long-term operation and maintenance to the MN DNR Fish and Wildlife, who manage the site and have regulatory oversite of sensitive species under the MN Statute 84.0895. This information has been noted and explained further in the NPS Finding of No Significant Impact (FONSI) decision.

- One substantive comment received questions the alternatives analysis. For Environmental Assessments, bureaus must include the proposed action and the no-action alternative. There is no requirement to analyze a specific number of alternatives in an Environmental Assessment (43 C.F.R. 46).

Appendix B – Recreation Equivalent Usefulness Comparison

UPPER SIOUX AGENCY STATE PARK RECREATION LOSS:	KEYSTONE WOODS WILDLIFE MANAGEMENT AREA RECREATION GAINED:
HIKING	SNOWSHOEING
BIKING	HUNTING
HORSEBACK RIDING	HIKING
CAMPING	FISHING
WILDLIFE WATCHING	WILDLIFE OBSERVATION
INTERPRETATIVE PROGRAMS	WATER ACCESS
WATER ACCESS	

Per 36CFR 59.3(b)(3)(i), property to be converted must be evaluated in order to determine outdoor recreation resources and opportunities available. The property being proposed for substitution must then be evaluated in a similar manner to determine if it will meet recreation needs which are at least like in magnitude and impact to the user community as the converted site. The above table highlights the recreation facilities lost at the converted site (Upper Sioux Agency State Park) and gained at the replacement site (Keystone Woods Wildlife Management Area). The NPS has determined the replacement loss, and gain meets the equivalent usefulness criterion.