Grazing Lease Basics

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April 17, 2014
District Grazing Background

- MROSD began acquiring property in the 1970’s including working ranch lands in San Mateo and Santa Clara Counties.
- During this time period, science based grazing practices were rare, and grazing was perceived as detrimental to natural resources.
- Early 2000’s – The District began taking steps to re-introduce livestock grazing as a tool to manage natural resources on District land.
How did the District get to 10,000 acres in less than 10 years?

• Coastside Protection Program Mission includes: “preserve rural character, encourage viable agricultural use of land resources, preserve agricultural operations on the coast”

• San Mateo County MOU for agricultural leases

  Requires leases meet unique ranching requirements, specifies uses, allows for adaptation, allows for farm labor housing, balances resource mgmt/public access/ranching, term allows for return on investment

• Grazing Policy – outlined District’s Conservation Goals

  Protective of natural resources; compatible with public access; to maintain and enhance the diversity of native plants and animal communities, manage vegetation fuel for fire protection; sustain local ag economy, preserve region’s rural heritage
## District’s Grazing Properties

<table>
<thead>
<tr>
<th>Property</th>
<th>Lease Term</th>
<th>Year first grazed under District ownership</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Dipper</td>
<td>5yr/5yr</td>
<td>2007</td>
<td>955</td>
</tr>
<tr>
<td>Bluebrush Canyon</td>
<td>5yr/5yr</td>
<td>2009</td>
<td>302</td>
</tr>
<tr>
<td>Lobitos Ridge</td>
<td>5yr/5yr</td>
<td>2010</td>
<td>389</td>
</tr>
<tr>
<td>Elkus Ranch Uplands</td>
<td>5yr/5yr</td>
<td>2009</td>
<td>450</td>
</tr>
<tr>
<td>October Farm</td>
<td>Interim</td>
<td>2012</td>
<td>270</td>
</tr>
<tr>
<td>Tunitas Creek Ranch</td>
<td>5yr/5yr</td>
<td>2008</td>
<td>707</td>
</tr>
<tr>
<td>Toto Ranch</td>
<td>Assigned x yr from POST</td>
<td>2012</td>
<td>952</td>
</tr>
<tr>
<td>Driscoll Ranch</td>
<td>5yr/5yr</td>
<td>2006</td>
<td>3,681</td>
</tr>
<tr>
<td>McDonald Ranch</td>
<td>5yr/5yr</td>
<td>2014</td>
<td>2,060</td>
</tr>
<tr>
<td>Mindego Hill</td>
<td>Will be 5yr/5yr</td>
<td>2015 (Proposed)</td>
<td>1,047</td>
</tr>
</tbody>
</table>

- **Currently utilize grazing on approximately 9,750 acres**
- **Expect to be utilizing grazing on approximately of 10,800 acres by 2015**
Basic Elements of a Grazing Lease

• Rangeland Management Plan
• Rent
• Lease Term
• Rental Credits
• Grazing capacity
• Grazing season
• Residual Dry Matter
Rent

- **Market based or set by bid process**
- **Rent/Acre** – Based on County Crop Report
- **Fixed Amount** – Landowner determines
- **AUM Based Rent** – Grazing lease fees are calculated utilizing an Animal Unit Month (AUM) system. AUM is defined as one Animal Unit Equivalent (AUE) grazing for one month. One AUE is considered to be one mature cow, two years old and above, including a nursing calf of less than eight months of age at her side.

<table>
<thead>
<tr>
<th>TYPE OF ANIMAL</th>
<th>ANIMAL UNIT EQUIVELANT (AUE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mature Cow (Including Cow/Calf Pair)</td>
<td>1.00</td>
</tr>
<tr>
<td>Replacement Heifers/Bred Heifers</td>
<td>1.00</td>
</tr>
<tr>
<td>Mature Bull</td>
<td>1.50</td>
</tr>
<tr>
<td>Stocker Cattle (400-700 lbs)</td>
<td>0.50</td>
</tr>
<tr>
<td>Stocker Cattle (700-900 lbs)</td>
<td>0.75</td>
</tr>
<tr>
<td>Horse</td>
<td>1.25</td>
</tr>
</tbody>
</table>
Rangeland Management Plan

A plan founded on ecological principals dealing with the use of rangeland and range resources for a variety of purposes. These purposes include use as watersheds, wildlife habitat, grazing by livestock, recreation, aesthetics, as well as other associated uses.

Lease Term

Lease Term should long enough to allow:
- Lessee to accomplish conservation goals
- Lessee to accomplish livestock goals
- Lessee to accomplish financial goals
Grazing Capacity

The number of Animal Units (AUs) specified for the available forage. This may vary depending on yearly conditions of the ranch, water availability, and conservation goals of the landowner.

Grazing Season

The period for which the specified Animal Units (AUs) may be on the ground. This may be seasonal (Nov – May or May – Oct). Or, it is year round. Available forage, water and conservation goals of the landowner are determining factors.
Rental Credits

Substitute performance of work by Lessee for rent. Includes improving grazing infrastructure (water, fencing, corrals), invasive removal, and other conservation practices.

Residual Dry Matter

The most common characteristic utilized in monitoring rangelands. RDM is a measure of the dry, dead forage or non-woody vegetation remaining on the ground at the conclusion of the grazing season.
Landowner/Lessee Relationship Basics

- Clear Goals
  - Grazing Policy
  - Rangeland Management Plan
  - Lease

- Clear Responsibilities
  - Landowner
  - Lessee – stated in lease
  - Lessee – rental credits
Landowner/Lessee Relationship Beyond Leases

• Communication
  • Initial
  • Rental Credit Proposals
  • Long Term Planning
  • Issues
• Flexibility – but keep program goals in mind
• Staff – continual education on new practices
• Take time to learn/understand Lessee business
• Develop relationships with key organizations
  • RCD/NRCS (alternate funding for Lessee, new practices)
  • Rangeland Trusts/Coalitions
Lessee Goals
  • Feed/Forage
  • Animal (right mix of stock to grow operation and net a profit)
  • Economics/Sustainability

“Penciling out”
  • Gross Income (market price – based on weight this summer)
  • Cash Costs
    ✓ Feed (lease cost)
    ✓ Transportation
    ✓ Overhead and Other
  • Any change these variables can affect Net Income
Future Lease Challenges for the District and in General

- Evolving Conservation Goals & Policy to meet new challenges (grass banking)
- Flexibility – improving lease mechanisms to meet changes in market, environment, & practices
- Valuing Ecosystem Services
- Grazing Infrastructure on new ranches including housing beyond rental credits
- Predation
- Recreation
Questions?

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Robert Buelteman, Markegard Family Grassfed, Southwest Fence