



Owyhee Land Exchange Tour Summary May 7, 2015

On May 7, 2015 Idaho Department of Lands took 37 people on a tour to Owyhee County to look at two parcels of land, one section of IDL land to be traded to the BLM, and one block of BLM land (30 sections of BLM) the state would be acquiring in the trade.

Participants included: State Controller Brandon Woolf; Secretary of State Lawrence Denney; Scott Phillips - State Controller's Office; Josh Whitworth – State Controller's Office; Tim Hurst – Secretary of State's Office; John Sullivan – Wilderness & Realty Program Lead, Bureau of Land Management; Jeff Foss – Acting State Director, Bureau of Land Management; Anne Briggs – Acting Resources Branch Chief, Bureau of Land Management; Dick Todd – State Office Realty Specialist, Bureau of Land Management; Idaho State Senator Bert Brackett; Darcy Helmick – Simplot; Karen Williams – Idaho Cattle Association; Kelly Aberasturi- Owyhee County Commissioner ; Jerry Hoagland – Owyhee County Commissioner; Joe Merrick, Owyhee County Commissioner; Russ Hendricks- Idaho Farm Bureau; Brad Griff – Office of Representative Raul Labrador; Mike Roach – Office of Senator Jim Risch; Mitch Silvers – Office of Senator Mike Crapo; Layne Bangerter – Office of Senator Mike Crapo; Chuck Kiester - Owyhee Soil Conservation Commissioner; Brenda Richards - Owyhee Initiative; Lou Lunte – The Nature Conservancy/Owyhee Initiative; Lindsey Manning – Tribal Chair Shoshone-Paiute; Gretchen Hyde - Idaho Rangeland Resource Commission; Lynn Bachman – Owyhee Cattlemen's Association; Daniel Richards – Vice President of Owyhee Cattlemen's Association; Edith Pacillo – Deputy Attorney General; Tom Schultz – Director IDL; Patrick Hodges – Deputy Director IDL; Bob Brammer – Chief Operations Officer IDL; Kurt Houston – Operations Chief South IDL; Dean Johnson – Southwest Area Resource Supervisor IDL; Bob Pietras – Southwest Area Manager IDL; Diane French – Program Manager Grazing, Agriculture & Conservation IDL; Ryan Montoya – Real Estate Program Manager IDL; Sharla Arledge – Public Information Officer IDL.

Presentations:

Layne Bangerter: information on the development of the Owyhee Initiative and Senator Mike Crapo's involvement in the process.

Brenda Richards: update on the work that continues to be done by the Owyhee Initiative organization.

John Sullivan: history and status of the exchange process from the Bureau of Land Management perspective.

Kurt Houston: discussion of the parcels and outstanding issues in the exchange process.



Owyhee Land Exchange Tour Discussion, Concerns, and Responses

1. Where will the money come from for the appraisals? Will it be endowment money or an appropriation?
 - IDL response: It will come from Earnings Reserve allocation for entitlement.

2. When will there be Congressional movement regarding the Wilderness Boundary issue? There are two sessions to get the changes through before the first exchanges are likely take place.
 - Layne Bangerter response: He did not believe there needed to be action because the Owyhee Initiative did not include the exchange and boundary.
 - Discussion: Others (BLM & Owyhee Initiative) believe it will require action because it was not defined in the Owyhee Initiative
 - IDL will coordinate with both the BLM and the Initiative to gain clarity on this issue.

3. Will we see the same group of lessees currently included in the proposed exchange, or do you think more will drop out?
 - IDL response: We are not sure. We believed this group was ready to move forward, however IDL had received a letter from the Farm Bureau stating our last letter was not clear to all the recipients and they might not understand the repercussions. The last IDL letter to possible exchange lessees stated if the lessee had concerns or did not want to participate they were to let IDL know by a certain date, otherwise IDL would assume the party had no objections.

4. How will IDL deal with the length of the permit when the exchange takes place?
 - IDL response: IDL envisions a phased in process. Those with five (5) years or less would have the option to wait and renew their permit with BLM. IDL will accept whatever years are left on the permit as an encumbrance and will honor the number of years remaining through an IDL permit at IDL rates.

5. Do we need to wait until the parcels are up for renewal? If so, do we have to go through the permit process with the BLM?
 - IDL response: BLM permittees can decide to go directly into the exchange and receive a state permit at any time once the appraisal process is complete. However, they have the option to go through the BLM permit process if they would like to guarantee a longer state permit at the initial exchange.

- Discussion regarding the BLM permit process: BLM requires a NEPA review prior to issuing a new permit that would be subject to possible lawsuits. Lynn Bachman noted it might be advantageous to go over to the state permit right away. Others stated each permittee would need to weigh their options, looking at the pros and cons.
6. Why can't the state just issue a new lease at the time of the exchange?
 - IDL response: The state could issue new grazing leases for the lands acquired from the BLM. In accordance with required procedures, the lands would first be advertised as available for lease and an auction held if more than one application was received. Rather than issue new leases, the state and BLM have agreed to accept lands from each other in this exchange subject to the remaining lease/permit terms that are currently in place.
 7. How does Simplot feel about the exchange and the impact on their operations?
 - Simplot response: There are positives and negatives. We are neutral. Our concern is that the correct process is followed.
 8. What about BLM and the state lease?
 - BLM response: The BLM will honor the AUM's assigned to the area and will honor the remaining term of the state lease.
 9. Why are the numbers of acres not equal between the BLM & IDL?
 - IDL response: The final land exchange between the BLM and IDL will be based on equal value rather than equal acres as required by both state and federal law. There may also be differences in per acre value for individual parcels based on attributes -- such as public road frontage or other site characteristics.
 10. How many acres of State land will be within the wilderness after the exchange?
 - IDL response: IDL completed a GIS analysis. If all the current parcels scheduled for the exchange remain, IDL will exchange 13,393 acres currently in the 2009 wilderness boundaries. IDL will still have 3,806 acres within the wilderness boundaries.
 11. What about the idea to divide BLM-acquired state sections rather than keep the whole when portions of the parcel are within Wilderness Boundaries? What is the potential cost for additional surveys?
 - IDL response: When the BLM acquires state parcels that straddle the wilderness boundary, the BLM will determine whether those sections are entirely in or entirely out of the wilderness or whether they should be split. The BLM will also determine if any surveys of the wilderness boundary are needed after the exchange, and will complete those at their expense. No surveys are being required to complete the land exchange.
 12. In BLM allotments some parcels are run in common with another business entity, how would IDL handle these situations? Does the state do single authorizations only?
 - IDL response: If there are multiple entities on the BLM allotment, each would get a separate permit. IDL will assign the AUM's to each permit based on the percentage of use made each entity in the allotment. Those AUM's would then be assigned to specific acres (legal description) based on the stocking rate (acres/AUM) reflected in the BLM permit.

13. Why does BLM have to do NEPA to renew a permit that is the same as in prior years when the Forest Service does not have to do NEPA to renew a lease?

- BLM response: The BLM has different regulations than the Forest Service.

14. How many conflicted auctions are there a year and how many lessees usually win?

- IDL response: There has been only **one (1) conflict auction in Owyhee County** within the **last six years** and the current lessee was the high bidder. The Lease conflict parcel is **not** within the land exchange area being considered. Below are the overall statistics:

IDL Conflict Grazing Auctions, 2010 - 2014

Year	Premium Bonus Bid	Annual Grazing Lands Revenue	% Annual Revenue	Grazing Leases Conflicted	Total Grazing Leases Offered	% Leases Conflicted
2010	\$79,900	\$1,532,562	5%	4	156	2%
2011	\$28,750	\$1,878,863	2%	2	166	1%
2012	\$554,700	\$1,439,217	39%	16	134	12%
2013	\$121,610	\$1,932,652	6%	3	115	3%
2014	\$414,752	\$2,160,442	19%	6	133	5%
5-Year Average	\$239,942		14%	6	141	5%

Source: IDL Annual Reports, 2010 - 2014

IDL Past Six Years of Conflict Auctions

Year	Number of Conflicted Auctions	Number of Current Lessees With High Bid
2009	10	5
2010	4	3
2011	2	2
2012	16	10
2013	3	2
2014	6	4

On average 70% of the time the current lessee retains the lease

15. Please explain the IDL conflict auction process.

- IDL response:

If more than one person applies to lease the same land, then the lease is auctioned to the applicants at a “conflict auction.” Conflict lease auctions are only available to the conflicting applicants.

Any challenger is required to submit:

- a completed Application for Use Form
- payment of the \$250 nonrefundable application fee
- payment of the first year’s rent amount
- payment of appraised value of existing lessee’s improvements (if applicable)

Existing lessees will only be required to provide the completed Application for Use Form and the \$250 application fee by the application deadline.

If more than one complete application is received for a lease, the IDL will notify each applicant of the lease conflict.

The IDL then will proceed with the valuation of any creditable improvements (personal property) on the site.

Notices will be sent to the applicants of the pending auction according to Idaho Code, which requires the IDL to provide a 14-day written notice of the time and place of the auction.

Prior to commencement of the auction, challengers of an existing lease will be required to deposit with the IDL an amount equal to the appraised value of the lessee’s creditable improvements (personal property).

At the next regularly scheduled board meeting following the auction, the IDL will present the auction results to the Land Board for final approval. Idaho Code allows the Land Board to reject any and all bids made at an auction, when in their judgment there has been fraud or collusion, or for any other reason, which in the judgment of the Land Board justifies the rejection of said bids.

If the existing lessee is not awarded the lease, the IDL will disburse payment for the creditable improvements to the existing lessee from the deposit of the successful challenger.

Any challenger who is not awarded the lease will receive a refund of the first year’s rental deposit and improvement deposit.

16. Regarding Western Watershed and other environmental groups – what are the lease values for conservations leases compared to grazing leases?

- IDL response:

22 Active Conservation Leases

12 IDFG for Wildlife Habitat Management	\$250/year up to \$20,350/year
1 Western Watersheds	Billed at AUM rate for 52 AUMs
1 WDG Shadow Ridge	Billed at AUM rate for 80 AUMs
2 County Leases*	Billed \$250/year and the other \$5,320/year
6 Conservation Reserve Program**	50% of the CRP rate per acre***

(*one historic, one research and education)
(**Farm Bill Program)
(***authorized by the Farm Service Agency)

17. Where do lessees get the water for their cattle (IDL section)?
- IDL response: Water is typically hauled in but some ranchers access the rivers within the wilderness boundaries on State lands. Cherry-stem road access to rivers (water) on State lands is one reason Simplot does not want to give up State leases in wilderness.
18. There is a road built by the CCC which is currently maintained by the BLM which currently goes through land permitted by the BLM which will be part of the exchange. What will happen to the maintenance of the road after the exchange?
- IDL response: IDL will have future discussions with BLM regarding this road. It does go through what will become IDL land; however it does provide access to other BLM property as well.
19. When BLM land is exchanged and becomes IDL land, what is the public access?
- IDL response: State of Idaho endowment lands are open to the general public, if such use does not interfere with the other permitted uses on the land.
20. What is the ballpark value of the land involved in the exchange?
- IDL response: The value of the properties will not be known until the appraisals are completed.
21. Will the mineral rights go with the property?
- IDL response: Surface and mineral rights will be traded for surface and mineral rights in the exchange.

Comments:

Senator Bracket twice emphasized the importance of permit holders having the ability to decide if they want to participate and phase into the exchange based on their permit term length. The phased option offers opportunity for exchange participants to bow out if necessary and make arrangements otherwise. They need to have a 'choice' in the matter.

Owyhee County Commissioners said it is great to see the Lessees and permittees involved in this process.

Owyhee County Soil Conservation Commissioner noted it was good to have IDL reach out to them.