

TO: OTAC Members

FR: Oregon NRCS – Programs Division

**ACTION REQUESTED:** OTAC recommendation that the state conservationist use last year's Geographic Area Rate Caps (GARCS) for WRP and GRP based upon the previous market analyses for established regions and land descriptions.

The easement compensation procedures authorized by the 2008 Farm Bill offers NRCS an important opportunity to reduce burdens on the landowner, reduce NRCS technical assistance costs and provides for increased efficiency in program enrollment. By establishing GARCs early in the application and evaluation process it allows potential applicants to know how much they may be compensated and NRCS to spend less time with applicants that decide not to accept the compensation offered. In addition, if an applicant withdraws from the program, an offer can be extended quickly to the next highest ranked applicant.

NRCS must ensure that Wetland Reserve Program (WRP) and Grassland Reserve Program (GRP) easements are acquired at the lowest possible price that is fair and equitable to the landowner. Pursuant to the statute, easement compensation to landowners must be the lower of:

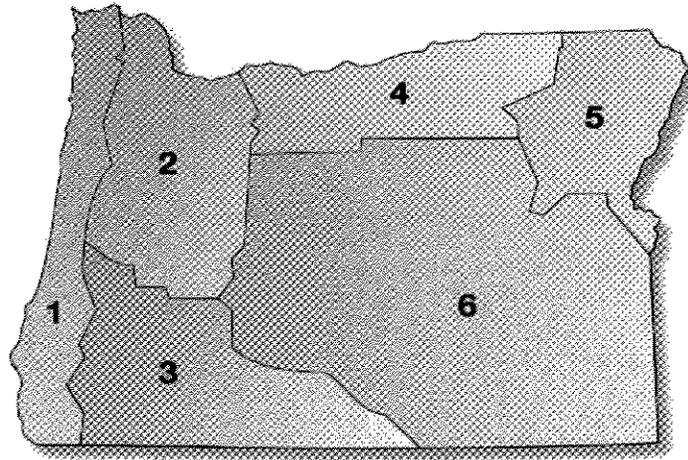
1. The fair market value of the land. This value is usually determined by an area wide market analysis or survey.
2. The Geographic Area Rate Cap (GARC). The GARC reflects the value the state conservationist, with the advice of the State Technical Committee, determines to be fair for the value of the easement.
3. A voluntary written offer by the landowner.

Attached to this document are the WRP and GRP GARC rates established in FY 2010.

- The WRP GARCs were developed based upon a review of several market analyses conducted throughout Oregon. After a review of the data, the state was divided into 6 regions to adequately consider the variation in land values.
- The GRP GARCs were developed after dividing the state into East and West regions. Rates were then determined based upon the likelihood of development pressure to convert from grassland to non-agricultural or non-grassland uses.

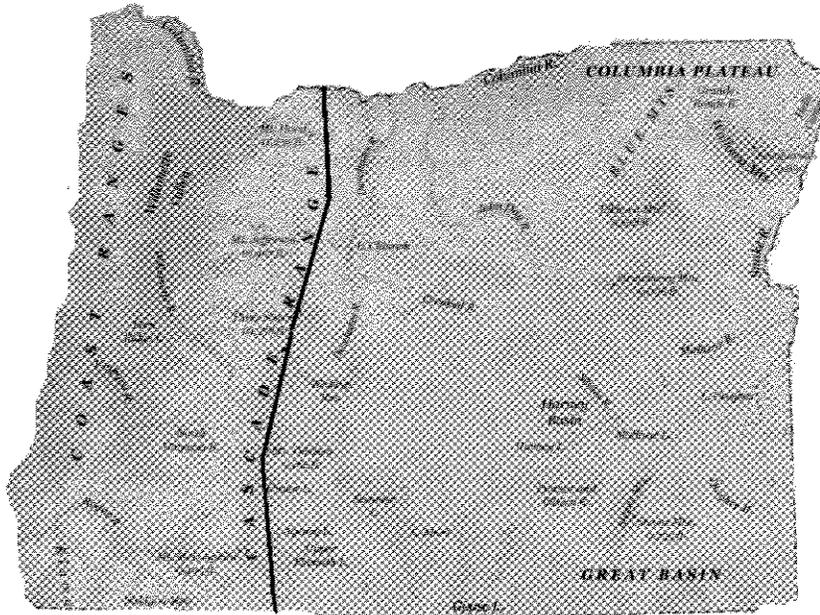
Based upon the sluggish economy over the past two years it is highly probable that the WRP and GRP GARCS established in FY 2010 are still valid and would provide fair and equitable easement compensation for FY 2011 program applicants.

FY-2010 Wetland Reserve Program



	Regions	Land Use Description	GARC Rate (\$/ac)
1	Coast	Irrigated and Non-irrigated agricultural landscapes	\$2,000
2	Willamette Valley	Cropland (non-limited)	\$4,125
		Cropland (limited)	\$3,500
		Pasture (livestock grazing)	\$1,500
		Forestland	\$1,200
3	Southern, OR	Improved pasture w project or private water rights. Potential hay land	\$2,000
		Cropland located in the Klamath Falls area (w "A" rights)	\$2,800
		Improved pasture w project or private water rights. Some could be hay land.	\$2,000
		Natural and improved pasture (irrigated with water rights). Located in Klamath marsh. Grazing land	\$1,000
		Natural and improved meadow pasture (no water rights)	\$550
		Dry native pasture	\$300
		Native un-improved pasture	\$175
4	Columbia Basin	Cropland	\$1,000
5	Northeastern, OR	Irrigated cropland w/out water rights	\$2,000
		Irrigated cropland	\$2,000
		Irrigated pastures and hay land	\$1,250
		Rangeland	\$345
6	Central/Southeast, OR	Dry pastureland (improved)	\$400
		Cropland w water rights	\$1,000
		Irrigated pastures and hay land	\$1,250
		Rangeland	\$345

FY-2010 Grassland Reserve Program



Region	Land use	Average Fair Market Value (FMV) (\$/ac)	Estimated FMV of Grassland with Easement (\$/ac)	Estimated FMV of Development Rights on Grassland (\$/ac)	GARC Rate (\$/ac)
Eastside	Grassland	\$800	\$480	\$320	\$300
Westside	Grassland	\$2,100	\$1,050	\$1,050	\$1,000

The GARC is set to approximate the per acre easement value for applications from those areas of the state most likely to rank high enough to participate in GRP. The Eastside areas are on the lower end of the market value spectrum, as they tend to be more remote, subject to relatively less development pressure, and less likely to convert to non-grassland agricultural land uses. The Westside values are higher due to higher development pressures to convert from grasslands. Westside applicants for GRP easements are expected to be minimal.