

**United States Department of Agriculture**



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**Subject:** LTP-Easement Compensation Procedure for FY2014 Wetland Reserve Program (WRP) Applications

**TO:** Washington State Technical Advisory Committee

In the tables below are the proposed Fiscal Year 2014 Geographic Area Rate Caps (GARCS) for Washington State. The GARCS are used to determine easement compensation values under NRCS WRP and WREP-RRPP easement signups. These rates are pending review and concurrence by the Washington State Technical Advisory Committee (STAC).

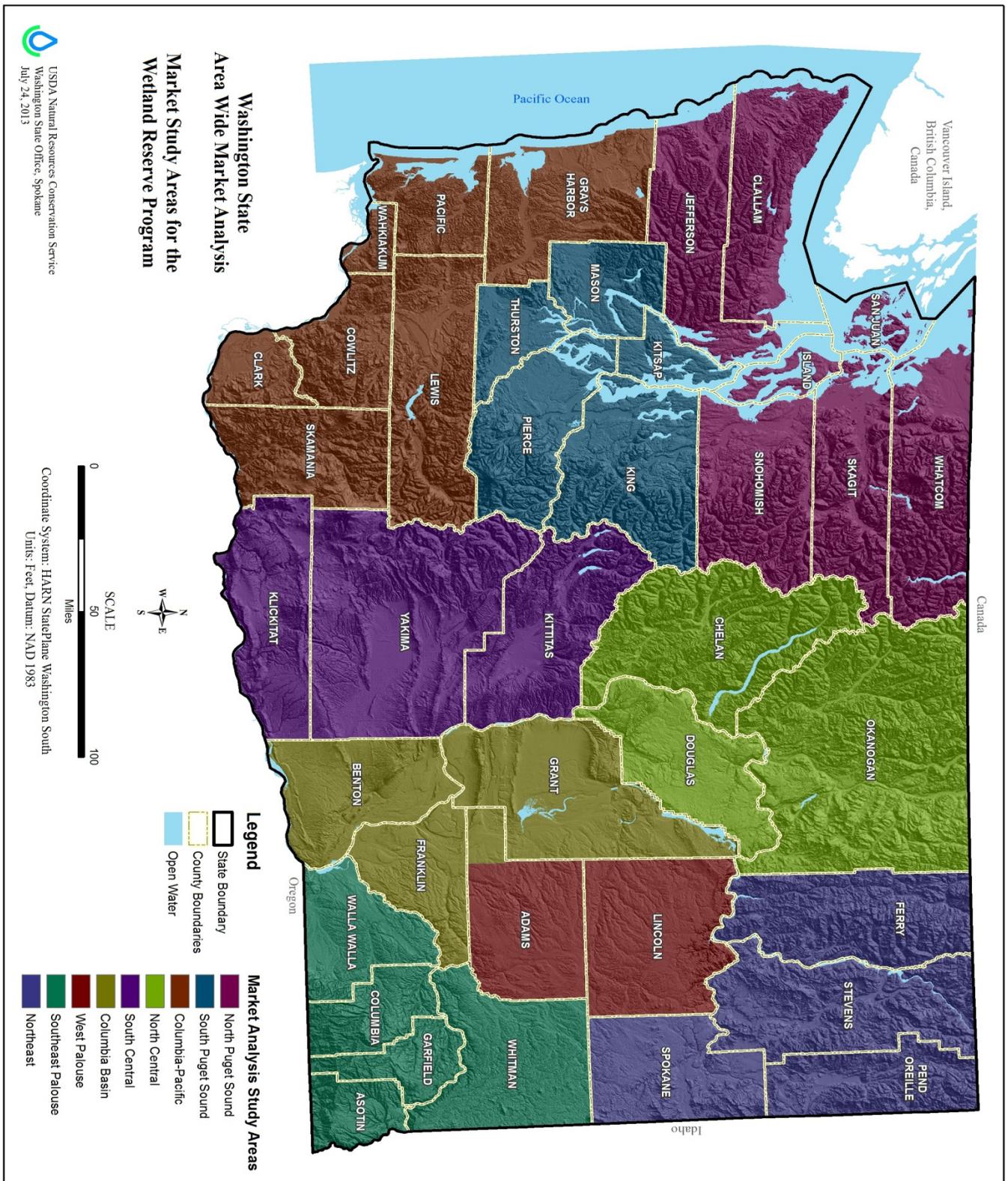
In accordance with WRP statute, regulations, and policy, NRCS must determine whether eligible lands may be enrolled in WRP based on the likelihood of successful restoration of wetland functions and values, taking into considering the cost of acquiring the easement and the cost of the restoration, protection, enhancement, maintenance, and management.

Each fiscal year the State Conservationist, in consultation with the State Technical Committee, must establish a process to determine easement and 30-year contract compensation values. The basis for the compensation offer for an easement or 30-year contract enrollment will be the lowest of the following: (i) The fair market value (FMV) of the land using either of the following: A Uniform Standards for Professional Appraisal Practices (USPAP) appraisal (see Section 514.32(C)) An area wide market analysis (AWMA) or survey (see Section 514.32(B)) (ii) The geographic area rate cap (GARC) (see Section 514.32(D)) (iii) An amount voluntarily offered by the landowner (see Section 514.32E).

For fiscal year 2014 NRCS Washington is proposing to use Geographic Area Rate Caps (GARCS) to establish easement and 30-yr contract compensation values. NRCS has acquired an Area Wide Market Analysis (AWMA) from Williams and Associates, Inc., a qualified appraisal service. The vendor was ordered to determine the fair market value for irrigated cropland, non-irrigated cropland, rangeland, pastureland and forestland. The intended use will be for NRCS consideration in generating internal offers for lands considered for easement program enrollment.

The analysis divided the state into nine geographic regions, based on county boundaries (Figure 1). This will allow for a better comparison of comparable sales for lands having similar economic, social, climatic and governmental influences. The mean of the cash equivalent values for comparable sales for each land type, within the counties of each region, was used to establish the fair market value.

Figure 1 - Geographic regions used for 2014 GARC determinations



Land Use Type Definitions to be Analyzed in Each Study Area - the following land uses will be analyzed in each market study area and an opinion will be provided of the typical market value for each land use.

- o **Irrigated Cropland (including sub-irrigated)** - land with a current or recent history of annual crop production, typically small grains and row crops, grown under irrigation or on soils that are naturally sub-irrigated.
- o **Nonirrigated Cropland** - land with a current or recent history of annual crop production, typically small grains and row crops, but without the use of irrigation or without soils that are naturally sub-irrigated.
- o **Pastureland/Hayland** - land with a current or recent history of forage production.
- o **Forestland** - land that is currently in tree production.
- o **Rangeland** - non-tilled land with primarily an herbaceous or shrub cover or that does not fit any of the categories above.

Market Study Area Delineations - the following market study area delineation table and map will be used in conducting the Area Wide Market Analysis.

<u>Market Study Area Name</u>	<u>Counties Included in Study Area</u>
North Puget Sound	Clallam, Island, Jefferson, San Juan, Skagit, Snohomish, Whatcom
South Puget Sound	King, Kitsap, Mason, Pierce, Thurston
Columbia-Pacific	Clark, Cowlitz, Grays Harbor, Lewis, Pacific, Skamania, Wahkiakum
North Central	Chelan, Douglas, Okanogan
South Central	Kittitas, Klickitat, Yakima
Columbia Basin	Benton, Franklin, Grant
West Palouse	Adams, Lincoln
Southeast Palouse	Asotin, Columbia, Garfield, Walla Walla, Whitman
Northeast	Ferry, Pend Oreille, Spokane, Stevens

Under NRCS policy, GARC values must always be less than appraised values or values derived from an area wide market analysis. The GARCs must result in an easement compensation value that is fair compensation for the rights being acquired through the easement or 30-year contract. Under NRCS easements certain interests of the real estate are purchased and certain interests are reserved to the landowner. Therefore, the easement compensation should always be less than the fair market value (FMV). NRCS may use a percentage of the FMV that provides a balance between. This percentage is arrived at in consultation with the State Technical Advisory Committee (STAC). Washington NRCS appreciates the review and comments from the STAC and will incorporate them to the extent possible.

**It is proposed that the GARC values for permanent easement offers will be 80% of the fair market value for each land type in each geographic region.**

**It is further proposed that compensation for 30-yr easements, 30-yr tribal land use contracts and WREP-reserved grazing rights grazing pilot easements be set at 75% of the GARC for permanent easements.**

In general, values for the western Washington counties are significantly higher (>20%) than for the rest of the state. These are reflective of the differences in economic and social conditions. Competition for open agricultural land and forestland by other uses has resulted in higher fair market values in the western counties. Other differences are related to soil quality, rainfall and average value of crops and forage grown and marketed from a particular area.

The following tables summarize the proposed 2013 GARC values for the state of Washington.

**2014 WRP GEOGRAPHIC AREA RATE CAPS  
WASHINGTON STATE**

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>North Puget Sound</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Clallam, Island, Jefferson, San Juan, Skagit, Snohomish, Whatcom			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$15,055	\$5,000	\$3,750
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$6,925	\$5,000	\$3,750
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$6,025	\$4,820	\$3,615
<b>Forestland</b>	<i>WRP</i>	\$2,395	\$1,916	\$1,437
<b>Rangeland</b>	<i>WRP</i>	N/A	N/A	N/A

Washington NRCS WRP Geographic Area Rate Caps - 2014

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>South Puget Sound</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
King, Kitsap, Mason, Pierce, Thurston			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$15,055	\$5,000	\$3,750
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$6,925	\$5,000	\$3,750
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$6,025	\$4,820	\$3,615
<b>Forestland</b>	<i>WRP</i>	\$3,495	\$2,796	\$2,097
<b>Rangeland</b>	<i>WRP</i>	N/A	N/A	N/A

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>Columbia-Pacific</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Clark, Cowlitz, Grays Harbor, Lewis, Pacific, Skamania, Wahkiakum			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$6,360	\$5,000	\$3,750
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$2,860	\$2,288	\$1,716
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$2,670	\$2,136	\$1,602
<b>Forestland</b>	<i>WRP</i>	\$1,355	\$1,084	\$813
<b>Rangeland</b>	<i>WRP</i>	N/A	N/A	N/A

Washington NRCS WRP Geographic Area Rate Caps - 2014

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>North Central</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Chelan, Douglas, Okanogan			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$6,180	\$4,944	\$3,708
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$2,780	\$2,224	\$1,668
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$2,470	\$1,976	\$1,482
<b>Forestland</b>	<i>WRP</i>	\$1,235	\$988	\$741
<b>Rangeland</b>	<i>WRP</i>	\$280	\$224	\$168

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>South Central</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Kittitas, Klickitat, Yakima			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$5,565	\$4,452	\$3,339
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$1,450	\$1,160	\$870
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$1,320	\$1,056	\$792
<b>Forestland</b>	<i>WRP</i>	\$1,400	\$1,120	\$840
<b>Rangeland</b>	<i>WRP</i>	\$815	\$652	\$489

Washington NRCS WRP Geographic Area Rate Caps - 2014

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>Columbia Basin</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Benton, Franklin, Grant			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$5,550	\$4,440	\$3,330
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$910	\$728	\$546
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$900	\$720	\$540
<b>Forestland</b>	<i>WRP</i>	\$1,400	\$1,120	\$840
<b>Rangeland</b>	<i>WRP</i>	\$570	\$456	\$342

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>West Palouse</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Adams, Lincoln			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$4,625	\$3,700	\$2,775
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$1,050	\$840	\$630
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$995	\$796	\$597
<b>Forestland</b>	<i>WRP</i>	\$1,695	\$1,356	\$1,017
<b>Rangeland</b>	<i>WRP</i>	\$265	\$212	\$159

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>Southeast Palouse</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Asotin, Columbia, Garfield, Walla Walla, Whitman			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$2,785	\$2,228	\$1,671
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$1,825	\$1,460	\$1,095
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$1,735	\$1,388	\$1,041
<b>Forestland</b>	<i>WRP</i>	\$1,695	\$1,356	\$1,017
<b>Rangeland</b>	<i>WRP</i>	\$190	\$152	\$114

<b>Geographic Area</b>	<b>Program</b>	<b>Market Analysis</b>	<b>GARC</b>	
<b>Northeast</b>	<i>WRP or GRP</i>	<i>Fair Market Value \$/ac</i>	<i>\$/ac</i>	
			<i>Permanent Easements</i>	<i>30-yr easements, 30-yr tribal land use contracts and reserved grazing rights easements*</i>
Ferry, Pend Oreille, Spokane, Stevens			80% of Fair Market Value Not to Exceed \$5,000/ac	75% of the GARC for permanent easements
<b>Irrigated/Subirrigated Cropland</b>	<i>WRP</i>	\$2,680	\$2,144	\$1,608
<b>Nonirrigated Cropland</b>	<i>WRP</i>	\$1,920	\$1,536	\$1,152
<b>Pastureland/Hayland</b>	<i>WRP</i>	\$1,840	\$1,472	\$1,104
<b>Forestland</b>	<i>WRP</i>	\$1,695	\$1,356	\$1,017
<b>Rangeland</b>	<i>WRP</i>	\$315	\$252	\$189

\* Reserved Grazing Rights easements will be compensated at 75% of the full GARC for permanent easements and 75% of the 30-yr easement or land use contract rate (.75 x .75 = .56), which is 56% of the full GARC rate. This accounts for the additional retained grazing value to the landowner.