MINUTE ITEM
This Calendar Item No. 21
was approved as Minute Item
No. 21 by the State Lands
Commission by a vote of 3
to 0 at its 3/27/90
meeting.

CALENDAR ITEM

21

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03/27/90
PRC 6823
Dugal

RENT REVIEW FOR GRAZING LEASE

LESSEES: Garnier Estates (Undivided three-fifths interest) and
Felix J. Garnier (Undivided two fifths interest)
c/o Mary Conway
1506 First Street
Susanville, California 95630

AREA, TYPE LAND AND LOCATION:
A 2,861.60 acres of State school land covering a portion of Sections 3, 10, 13, 14, and all of Section 12, T26N R16E, MDM and a portion of Section 7, T26N R17E, MDM, located eight± miles north of the town of Doyle, Lassen County.

LAND USE: Livestock grazing.

TERMS OF EXISTING LEASE:
Initial period: Ten years beginning April 1, 1985

Consideration: $241.65 per annum, five-year rent review

NEW RENTAL RATE: $671.25 per annum; this is the last five years of a ten-year lease, with no automatic right to renew.

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BASIS FOR CONSIDERATION:

Staff has reviewed this lease pursuant to the lease terms and in accordance with the Commission's rental regulations (2 Cal. Code Regs. 2003).

APPLICANT STATUS: Lessees are owners of adjacent private property and are a grazing permittee with Bureau of Land Management (BLM).

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.

B. Cal. Code Regs.: Title 2, Div. 3; Title 14, Div. 6.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

2. The Lessees previously leased the same land from BLM as part of a grazing allotment. The Commission received the land from BLM as part of an exchange in 1983. The Lessees initiated a ten-year grazing lease with the State on April 1, 1985. Pursuant to the lease terms, staff prepared a comparable analysis and notified the lessees of the staff recommendation for rental increase.

3. Staff is directed by law to receive fair market rent on all leases. To arrive at a fair market rate, staff surveys county agricultural commissioners, county assessor's offices and private land owners

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and any other known parties with information on grazing practices in a given area.

The industry standard for setting grazing rates is valuing the property by the number of animals it can sustain, rather than by acreage. The maximum carrying capacity for the leased area is 179 AUM's. An AUM is defined as the amount of forage necessary to sustain one mature cow or its equivalent for one month. Greater value for rangeland is related to forage types and their ability to provide weight gain for animals. Some species of vegetation are not as conducive as others to weight gain.

A site inspection of the area was conducted by staff along with a BLM range conservationist and the Lessees. Staff found the area, which was confirmed by the range conservationist, to be in the low to moderate range for forage value. This is due to the type of forage which is found in the area. The BLM conservationist indicated that the carrying capacity for the State parcel is the same as when the original lease was issued and should remain the same.

The data staff obtained from the site inspection and from the Lassen County Agricultural Commissioner's Office, indicates that comparable rangeland in the same locale as the leased area is $3.75 per AUM. 179 (AUM's) x $3.75 = $671.25 per year rental. The Lessees' previous rent was $241.65 per year which was based on an AUM rate of $1.35 per AUM with the same carrying capacity of 179 AUM's.

4. By letter dated December 4, 1989 staff notified the Lessees of the proposed change in rent as stipulated in the lease terms and has given the Lessees the opportunity to comment on the proposed change.

On January 23, 1990 the Lessees protested by phone the rental increase and asked that staff utilize BLM grazing rates to calculate the current rent. Current BLM rates are set at $1.86 per AUM. This federal AUM rate is lower than the private AUM rates used to calculate fair market rent for this lease. BLM indicates they often require the permittees to maintain range improvements as a part of the leasing requirements which in turn allows a lower rental rate. Inasmuch as the Lessees are not required to maintain any such improvements on the State parcel, using the federal rate, in staff opinion, is not justified. As such, the use of federal rates alone does not meet the fair market test required by law.

5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.

2. APPROVE THE INCREASE IN RENTAL FOR GARNIER ESTATES, LEASE PRC 6823 IN THE AMOUNT OF $671.25 EFFECTIVE APRIL 1, 1990 FOR THE ENSUING FIVE-YEAR RENTAL PERIOD, ALL OTHER TERMS AND CONDITIONS OF THE LEASE REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

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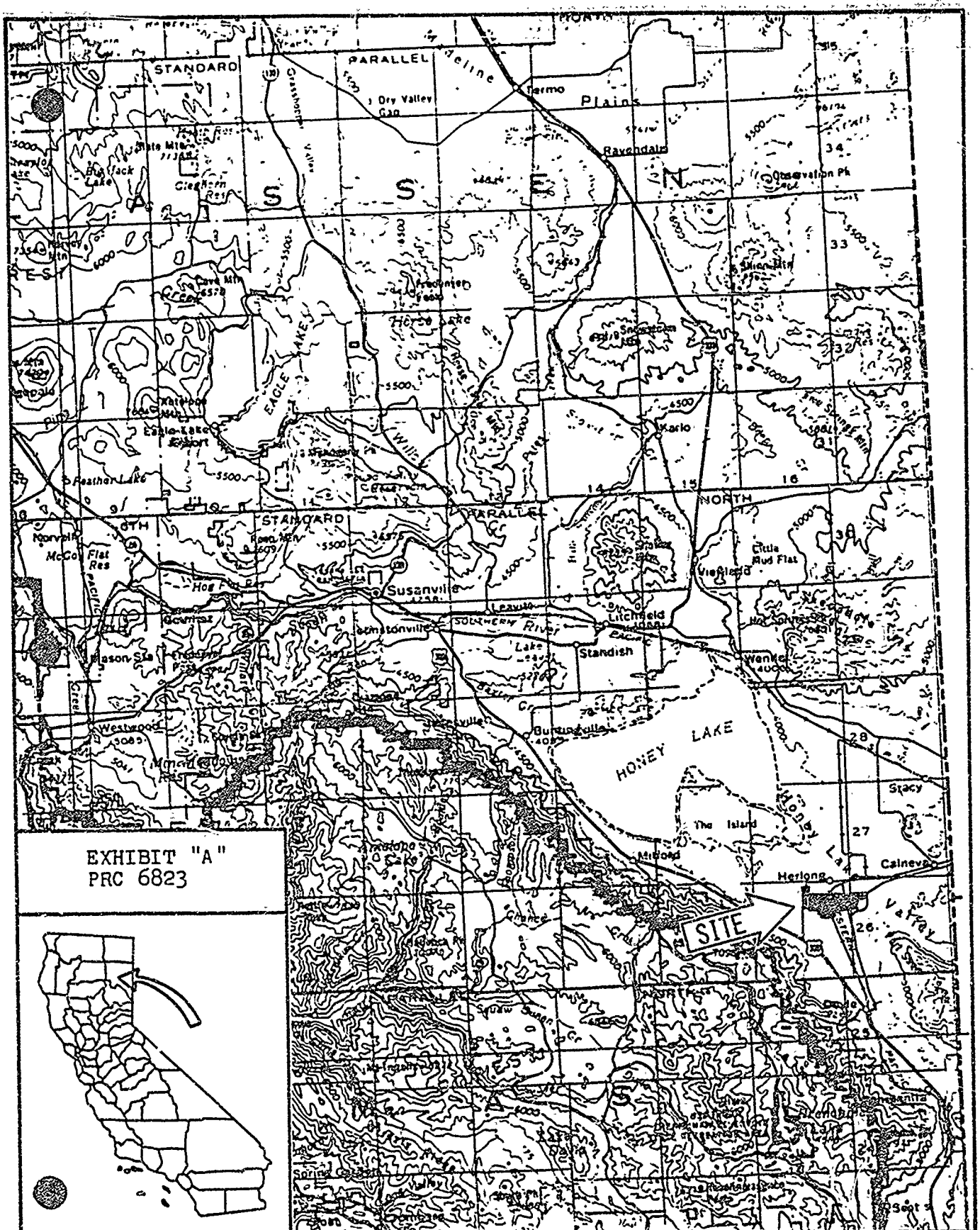

EXHIBIT "A"
PRC 6823

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