

## WAFWA Lesser Prairie-Chicken Range-wide Plan 2017 Fee/Payment Rate Changes

March 14, 2016

WAFWA has approved changes to the base payment rates for their LPC conservation agreements (Table 1). These changes will take effect for active and new contracts on January 1, 2017. The WAFWA landowner agreements state that annual management payments cannot be decreased so the rates for rangeland management plans and planted grass management plans must either stay the same or increase. The other payment rates can fluctuate in either direction if necessary. The payment rates are also aggregated into an average cost per acre based on the proportion of contracted acreage where each practice/plan is applied. The average cost/acre is the rate used to value mitigation units that are purchased by industry. The industry agreements state that the mitigation unit value cannot increase by more than 3% annually so there are some bounds on how much upward fluctuation can occur to the payment rates.

Table 1. Current and approved 2017 base payment rates for WAFWA lesser prairie-chicken conservation agreements. Those amounts highlighted in blue are increases from the current rate and those in red are decreases.

| WAFWA PRACTICE/PLAN                    | Proposed Per Acre (effective 2017) |            |              |                | Current Per Acre |            |              |                |
|--|------------------------------------|------------|--------------|----------------|------------------|------------|--------------|----------------|
|  | Mixed Grass                        | Shortgrass | Shinnery Oak | Sand Sagebrush | Mixed Grass      | Shortgrass | Shinnery Oak | Sand Sagebrush |
| <b>Sign-up Incentives (one-time)</b>   |                                    |            |              |                |                  |            |              |                |
| 5-year agreement                       | \$2.50                             | \$2.50     | \$2.50       | \$2.50         | \$2.50           | \$2.50     | \$2.50       | \$2.50         |
| 10-year agreement                      | \$5.00                             | \$5.00     | \$5.00       | \$5.00         | \$5.00           | \$5.00     | \$5.00       | \$5.00         |
| <b>Restoration Payments (one-time)</b> |                                    |            |              |                |                  |            |              |                |
| Brush Management (heavy)               | \$418.74                           | \$418.74   | \$418.74     | \$418.74       | \$418.74         | \$418.74   | \$311.29     | \$311.29       |
| Brush Management (moderate)            | \$167.62                           | \$167.62   | \$167.62     | \$167.62       | \$167.62         | \$167.62   | \$248.65     | \$248.65       |
| Brush Management (low)                 | \$101.64                           | \$101.64   | \$101.64     | \$101.64       | \$101.64         | \$101.64   | \$151.55     | \$151.55       |
| Brush Management (chemical)            | \$70.00                            | \$0.00     | \$70.00      | \$0.00         | \$64.24          | \$0.00     | \$64.24      | \$0.00         |
| Grassland Restoration                  | \$150.00                           | \$150.00   | \$150.00     | \$150.00       | \$225.58         | \$167.42   | \$87.10      | \$87.10        |
| <b>Management Payments (Annually)</b>  |                                    |            |              |                |                  |            |              |                |
| Holistic Range Plan                    | \$22.00                            | \$14.50    | \$8.50       | \$13.45        | \$20.05          | \$14.16    | \$7.34       | \$13.29        |
| Holistic Planted Grass Plan            | \$48.00                            | \$48.00    | \$36.00      | \$37.25        | \$43.60          | \$42.38    | \$32.49      | \$37.02        |

The approved rates were developed by WAFWA staff who based their recommendations on USDA payment rates, Agricultural Statistics Service Data, knowledge of local costs, and landowner acceptance of the current rates. These changes standardize restoration payment rates across the range of the LPC. The current restoration practice rates were set by adopting those used by NRCS within their region that most overlapped the specific service area. Research by WAFWA staff indicates that restoration costs are fairly similar across all 4 service areas and the proposed rates are more reflective of local costs. WAFWA has approved across the board increases to annual management payments to keep pace with increasing on-the-ground costs for pasture and cropland rent. Additionally, WAFWA staff feels that increases to the annual payment rates are further justified due to the fact that at least 1 landowner in 3 of the 4 service

areas declined a contract over the past year. Each of those landowners cited a slightly insufficient payment as the reason they declined.

It should be noted that the approved 2017 rates are the base payment rates for restoration and annual management plans. The sign-up incentive payments are one-time flat payments but the other two rate types are scaled by property location and/or current habitat condition. The restoration rates are scaled by the location of the property relative to the CHAT priority areas for LPC. Landowners who have contracted properties located in the highest priority CHAT areas receive 110% of the base payment rate for completion of restoration work (Table 2). Similarly, the annual management payments are scaled based on property location and current habitat condition during the LPC breeding season. A property located in the highest priority CHAT with perfect habitat would generate 135% of the base payment rate (Table 2). The habitat condition score is a proportion from 0-1 and is calculated each summer using some established criteria that utilize vegetation measurements collected on-site.

Table 2. The maximum WAFWA conservation payment expressed as a percentage of the base payment rate for each CHAT priority area. The management payment percentages assume perfect habitat quality (HEG = 1.0) which is also a multiplier used to scale the base payment rates.

| Location | Restoration Practice | Management Payment |
|----------|----------------------|--------------------|
| CHAT 1   | 110%                 | 135%               |
| CHAT 2   | 105%                 | 110%               |
| CHAT 3   | 85%                  | 100%               |
| CHAT 4   | 75%                  | 90%                |

The approved payment rates (Table 1) result in changes to the mitigation unit values that are all within the 3% maximum increase dictated by the WAFWA industry agreements. These changes will result in increases to the mitigation unit values in each of the 4 service areas ranging from 1.3% to 3.0% effective on January 1, 2017 (Table 3).

Table 3. The 2017 and current mitigation unit costs for each of the 4 LPC service areas. These values equate to the average cost per acre across the service area to fund landowners who are implementing all of the necessary conservation practices required for lesser prairie-chickens.

| Service Area   | 2017 Unit Value ( <i>proposed</i> ) | Current Unit Value |
|----------------|-------------------------------------|--------------------|
| Mixed Grass    | \$48.47 (+2.1%)                     | \$47.47            |
| Shortgrass     | \$29.56 (+2.7%)                     | \$28.77            |
| Shinnery Oak   | \$32.12 (+1.3%)                     | \$31.70            |
| Sand Sagebrush | \$19.69 (+3.0%)                     | \$19.13            |

### Fee Structure Subcommittee Discussion and Recommendation

A preliminary draft of the above WAFWA proposal was sent to the full fee structure subcommittee (FSSC) via e-mail on December 7, 2015. The FSSC had a conference call on December 14 and the proposal was presented to them by the WAFWA Conservation Delivery

Director. Six members of the FSCC participated in the initial discussion of the proposal. Those members asked some questions about the WAFWA conservation practice standards and the process that was used to develop the proposed rates which were answered on the call by WAFWA staff. The call participants did not voice any concerns about the preliminary proposal and asked the WAFWA staff to prepare a full proposal and distribute it to them for further review. The above proposal was prepared and distributed back to the committee on February 4, 2016. Seven committee members had responded prior to development of this recommendation and they were all in favor of moving the proposal forward as the committee's recommendation. Four of those committee members did provide some suggestions about how to standardize the process for developing proposed fee/payment changes in future years. The committee will be discussing that topic during their next meeting in hopes of developing a more standardized method for the WAFWA staff to utilize when preparing proposals in future years.

### *Advisory Committee Discussion and Recommendation*

The LPC Advisory Committee (LPCAC) were provided with the above proposal and FSSC recommendation on February 19, 2016. The committee had a conference call to discuss the recommendation on February 23, 2016. The WAFWA Conservation Delivery Director was on the call and explained the proposal and provided a synopsis of the FSSC discussion and recommendation. There were a couple of questions from LPCAC members inquiring about how the proposed fees would affect future mitigation costs. The WAFWA Conservation Delivery Director explained the changes would increase the fees for a specific project by the percentages shown in Table 3 of the proposal (<3% for each service area). There was also a question from one of the LPCAC members inquiring about when the changes would take effect if approved. The WAFWA staff indicated that the changes would take effect on January 1, 2017 if approved by the LPC Initiative Council (LPCIC) during this calendar year. There were 14 LPCAC members on that call and none of them voiced any opposition to the proposal. The LPCAC Chair asked the WAFWA staff to prepare this document so they could take action on it during their next call on March 8, 2016. Nine members of the LPCAC participated on that call and the committee voted unanimously to advance the recommendation as written to the LPCIC for action at their upcoming meeting at the North American Wildlife and Natural Resources Conference on March 14, 2016.

### *Initiative Council Discussion and Decision*

The LPC Initiative Council reviewed and discussed the Advisory Committee recommendation on March 14, 2016. Jim Pitman provided an overview of the recommendation including the rate of increase in each ecoregion, the fact that these increases are within the limits allowed by the Range-wide Plan and its associated agreements, and that the effective date for these changes would be January 1, 2017. No concerns were raised, and a motion was put forth to approve the recommendation as written. Director Sandoval, the chair, called for a vote, and the motion was approved unanimously.