

State Lands Grazing License and Land Management sub-Committee: Questions for Department of General Services (DGS)

- 1. How are licensees selected from a group of bidders? Do you have to select the highest bid, or the best qualified applicant? And if the latter, how is that determined?**

The State has a sole sourcing policy and in order to select a successful bidder the RFP must provide a scoring criterion and the best score is the successful bidder.

- 2. Can 5-year leases be renewed or extended, and if so, under what conditions/caveats?**

DGS utilizes the Government Code under section 14670 to write leases. This code provides for a 5 year term to coincide with the 5 year plan for the agencies. This code does not provide for options to extend the term of the lease. A new lease can be written under the same code for another 5 years.

- 3. Is there ever an option to extend a license by one year (or more) due to severe drought or fire, and if so and there is non-use (in the interest of the land) by the lessee, do they still have to pay for that year?**

- 4. Can existing licenses and management plans be changed, e.g., to shift from stocking rates and rotation schedules to defined outcomes/effects of the grazing?**

This type of change would require a lease amendment and be approved by both parties.

- 5. Can the livestock licensee be given credits against the license fees for work? i.e., Fee-for-service, or value of services rendered, in lieu or partial lieu of payment? This was brought up because many sheep and goat graziers are contract graziers, providing a fee-for-service; whereas, cattle graziers are often paying to graze the land.**

This is a sensitive area when it comes to off setting rents or more commonly known as in-lieu benefits. The benefits must be quantified, and a justification must be sent to DGS for review and if approved in-lieu benefit can be applied. This needs to be done at the inception of the lease.

- 6. Related to above: Can you provide clarification on the possessory use tax, which applies if you are licensing the ground to graze, but does NOT apply if This is more of a fee-for-service situation?**

A lease can trigger a possessory interest tax by the county of jurisdiction whether it is a fee or service or not. This question should be asked to the county. We state cannot regulate the taxation in the lease.

- 7. Are licensees able to utilize NRCS to make capital improvements? (i.e., via EQIP, CSP programs?)**

There is a question that because this would be state lands that licensees cannot access federal funds for capital improvements. I do not have an answer to this question as Federal programs have a significant amount of rule and regulations for federal funds.

- a. If yes, they can utilize federal funds, would that then authorize federal agencies to come onto the land during the project? Would DGS have an issue with supervision rights on state ground in that case?**

A right of entry or license agreement would need to be written for this purpose and it would be dependent on how restrictive the conditions of use are in their contract.

- 8. What does DGS think of the grazing license outline?**

The outline covers many of the issues needed to be included in a comprehensive lease or license agreement for the purpose of grazing. The cattlemen's association is very familiar with prescriptive grazing and land conservation methods which makes their members very good tenants.

9. What are the “thorniest” issues DGS encounters with such licenses?

The agreements need to be written with very strict terms and conditions regarding animal husbandry, fencing, water, salt licks, ground preservation, animal waste management, death of animal management etc. Non-compliance with the terms and conditions such as fencing which is not maintained allowing cattle to roam onto local streets is a serious liability situation.