



PETER GOLDMARK
COMMISSIONER OF PUBLIC LANDS

**NOTICE OF INTENT TO LEASE STATE TRUST LANDS
FOR IRRIGATED AGRICULTURE
AT SEALED BID PUBLIC AUCTION**

APPLICATION NO. 12-092579

The State of Washington, Department of Natural Resources, hereinafter called the "State", is offering a ten (10) year irrigated agriculture lease at sealed bid public auction for State trust land located in Adams County, Washington.

Sealed bids will be opened on January 17, 2017, at 3:30 p. m. at the region office of the State, whose address is noted below. All bids must be received no later than this date and time. For more information, contact Land Manager, Mark Bohnet at (509) 531-7418, or Lease Marketing Manager Kathleen Beach at (509) 925-0912.

Bids must be placed in a sealed envelope and marked as follows:

SEALED BID	STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES SOUTHEAST REGION OFFICE 713 BOWERS ROAD ELLENSBURG WA 98926
Date: <u>January 17, 2017</u>	
Application No. <u>12-092579</u>	

1. GENERAL INFORMATION:

A. Property Information

- 1) Permitted Use and Authorized Crops: 244.30 acres irrigated agriculture; 48.29 acres are conservation leave. Authorized crops are alfalfa, cereal grains, corn, grass seed, hay, onions, and potatoes.
- 2) General Location and Access: The lease is located 6 miles north of Othello, with county road access via West Herman Road and South Booker Road.

- 3) Legal description: That portion of the NW¼ and E½ lying north and east of the East Low Irrigation Canal, Section 16, Township 16 North, Range 30 East, W. M., Adams County, Washington, containing 292.59 acres, more or less.
- 4) Water: Irrigation water is currently supplied from two East Columbia Basin Irrigation District Interruptible Water Service Contracts (WSC) for a total of 244.3 irrigable acres. It's anticipated up to an additional 10.7 irrigable acres will be added to the water service contracts, bringing the total irrigable acres up to 255.0 acres for the 2017 irrigation season. Total 2016 irrigation assessments were \$21,754.69. The average 2016 irrigation assessment was \$89.04 per acre (for 244.3 acres).

Lessee will be responsible for construction of and all costs for modifying the point of diversion and water box, and related infrastructure to increase capacity at turnout to provide irrigation water from the East Low Canal to 70 additional acres originally served by wells, now under WSC 390-050. Design and construction must be reviewed and approved by East Columbia Basin Irrigation District.

In addition, the East Columbia Basin Irrigation District may require lessee to connect to the district irrigation system for the East Low Canal at lessee expense, at a later date, once the district system is built.

- 5) Improvements: The lessee will be responsible to provide all irrigation equipment including circles, pumps, panels and new irrigation pipeline and electrical systems. If the existing lessees are not the successful bidders, the new lessee awarded this lease will have the option to provide their own equipment or negotiate with the former lessees to purchase irrigation equipment presently on the ground.

Successful bidder will be required to purchase lessee-owned water box. State-owned irrigation improvements include a well and mainline and electrical systems. See Exhibit 8A of the proposed lease for a full list of existing and required improvements.

B. Development

The furnishing and installation of above ground and underground irrigation systems and all other development necessary for irrigating the leased premises are to be done by the Lessee.

The State does not guarantee water availability, water right, water quantity, or water quality and makes no other representation to guarantee the use of water to

serve the purposes of the proposed lease. The State has no liability for any claims or causes of action arising from Lessee's use of water, including, but not limited to water availability, quality or quantity of any water or water supply and any other water-related problems such as, but not limited to, lack, contamination, failure, excess, shortage, interruption or stoppage of water.

C. Rental Payment

The rent in Subsection 3.01 of the Proposed Lease is fixed. Annual rent is based on a rental rate of \$210.00 per irrigated acre for 244.30 acres. Total rent per acre including the value for leasehold excise tax (at a rate of 12.84 percent) is \$236.96 per irrigated acre. If East Columbia Basin Irrigation District authorizes up to 10.7 additional irrigable acres, rent will be changed to reflect the additional acres.

Crop	Rent Per Acre	Amount/Acre including leasehold excise tax*	Acres	Total
Irrigated Row Crops	\$210.00	\$236.96	244.3	\$57,890.31

(Leasehold excise tax is at a rate of 12.84 percent). The 2016 Adams County weed assessments was \$67.60.)

D. Bonus Bid Deposit

As provided for in Section 2 "Deposit" of this notice, the bidder may include as part of the required deposit, a cash bonus bid. The cash bonus bid is a one-time payment, and is in addition to all other payments. The amount of cash bonus bid offered will be considered in determining which bid is most beneficial to the State.

Each bid is required to contain a check, certified check, or money order, payable to the Department of Natural Resources for the amount of cash bonus bid proposed by bidder.

E. Management Requirements

The successful bidder shall prepare the land, establish, grow, manage, and market all crops, and furnish and/or install all materials, as required by the lease.

F. Attachments

Attached to this notice is the following supplementary information:

- 1) Proposed Lease.

- 2) Location Map.
- 3) Topography Map.

2. **SEALED BIDS:**

The following items and information must be included in the sealed bid packet and individually identified in the order shown:

A. **General Information**

Name, address and telephone number of the bidder, and any other individual who can be contacted for further information. If the entity which will execute the lease is different than the bidder, please provide entity name, address and telephone number.

B. **Financial Statement**

For each individual and/or entity who will execute the lease, provide one or more letters from financial institutions or prospective lenders attesting to net worth and/or evidence of financial resources and ability to complete the lease operation and/or development as proposed. This information will be held confidential to the extent permitted by law.

C. **Qualifications**

Two (2) years of work experience by the bidder, or operator, in all phases of successful management of irrigated crops including planting, insect and weed control, harvesting, knowledge of handling, storage and marketing. References attesting to this experience are required from a warehouse, processor, buyer and/or other appropriate local business unless the bidder and/or entity which will execute the lease has established their qualifications as the holder of an active irrigated State lease.

D. **Deposit**

Check made out to the Department of Natural Resources:

Cash Bonus Bid	\$ _____
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Separate check made out to R & D Farms (prior lessee) for \$45,501.00. This lessee reimbursement includes a \$43,559.53 residual value of the lessee owned water box, to be collected if the successful bidder is other than R & D Farms, and a reimbursement of 2016 irrigation assessment of \$1,941.47 for the 10.7 acres

water under WSC 390-050, for water not utilized in 2016. Lessee's 2017 assessment will be credited for the 2016 assessment, as described in the WSC.

Improvement Deposit	\$43,559.53
Water Assessment Charge	\$1,941.47
Total Lessee Reimbursement	\$45,501.00

Upon receipt of an executed lease, ownership of said improvement shall be transferred to the successful bidder.

E. Plan of Operation

Clearly state a plan of operation for each year of the proposed lease term. As a minimum, the plan must specify crops to be grown, acres to be planted, dates by which crops and acres will be planted, crop varieties, and crop rotation plans.

3. **SEALED BID EVALUATION AND AWARD OF LEASE:**

- A. At the time and place previously specified in this notice, the bids will be opened and recorded by at least two (2) representatives of the State.
- B. Each item outlined in Section 2 of this notice must be included or the bid may be rejected. The State will review each bid proposal. If there are any questions about the bid proposal resulting from this review, the State may contact the bidder prior to making a decision.
- C. The State will choose a successful bidder after all bids have been evaluated to determine which offer is most beneficial to the State.
- D. A lease in substantially the same form as the attached proposed lease will be submitted to the successful bidder.

If the offered lease is not signed and returned to the State within twenty (20) days of mailing the lease to the successful bidder, any claim to the lease and the prepaid deposit may be forfeited to the State, at the option of the State, as fixed, agreed and liquidated damages, but not as a penalty. However, any money collected as a deposit for the value of improvements shall be returned. A lease may then be offered to the bidder who submitted the next most beneficial bid.

- E. Deposits will be returned to all unsuccessful bidders within sixty (60) days of the auction, or upon the State's receipt of a signed lease from the successful bidder, whichever occurs first.

F. The State reserves the right to waive any irregularity in any bid, to reject any and all bids, and to accept any bid although it may not purport to offer the highest financial return if that bid appears to be in the best interest of the State. All bids become the property of the State and will not be returned.

4. **PROPRIETARY INFORMATION/PUBLIC DISCLOSURE:**

Materials or information submitted in response to this bid shall become public records within the meaning of RCW Chapter 42.56, and are subject to disclosure to the public unless an exemption applies.

The lands described herein will be leased, subject to all terms, conditions and reservations of the statutes, now provided for the leasing of lands under the jurisdiction of the Washington State Department of Natural Resources.

The information contained in this Notice is of a general nature only. It is the responsibility of the bidder to review the attached lease.

Executed on behalf of the Commissioner of Public Lands this ___ day of _____, 20__.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES



Todd Welker
Southeast Region Manager *km*