



WASHINGTON STATE DEPARTMENT OF
Natural Resources

Peter Goldmark - Commissioner of Public Lands

How to lease Washington state trust lands for agriculture or grazing



Funds for schools and more....

About 5 million acres of state-owned lands are managed by Washington's Department of Natural Resources (DNR) for long-term ecological, economic, and other public benefits.

Congress signed the Enabling Act of 1889 granting Washington State specific lands to provide income for specific beneficiaries. As trust land managers,

DNR generates revenue on nearly 3 million acres of these state trust lands. 'Common School' trust lands help fund construction of our public schools statewide.

Other state trust lands help fund building our state universities, mental hospitals, prisons, and the Capitol buildings.

Agricultural Resources Program

DNR leases and permits about one million trust acres for agricultural and grazing production.

ACRES	LAND USE
500,00	Grazing (leases)
322,000	Grazing on forested land (range permits)
110,000	Dryland grain crops
32,000	Irrigated row crops
14,000	Orchards and vineyards



Apples grown on trust lands



Beneficiaries of trust land revenues



DNR land manager
and two generations of
lessees

Leases are awarded to applicants who will optimize the short-term and long-term return to the trusts. Lease rates are based on a fair market value assessment that considers such factors as different crops, landlord and lessee investments, soil type, and water availability. Rents are structured as cash per acre, or per unit (such as bin or ton), percentage of the crop, or a combination of both. Rates may be adjusted periodically to the current market rate throughout the term of the lease. Rents for grazing leases or range permits are based on animal unit months.

Revenue from 85 percent of state trust lands in agriculture and grazing production help build public schools statewide.

Opportunities
vary—from
grazing, dryland
leases to irrigated,
orchard or
vineyard leases



Cherry orchard



Wine grape vineyard



Cattle grazing on eastern Washington
permit range.

Leasing state lands not currently under lease

Application forms are available at DNR region offices and on the program webpage. Completion of the form and payment of a filing fee starts the leasing process.

DNR evaluates the lease site and environmental conditions. If the proposed land use is approved, a draft lease is developed and offered at public auction.

Two ways to lease lands currently leased

LEASE ASSIGNMENT

An assignment transfers lease rights from the current lessee to another entity.

The current lessee notifies DNR's region office that they wish to assign their lease to another.

DNR evaluates the new lessee's qualifications and proposal, and may set conditions on the assignment. If all parties agree to the terms, a fee is paid, and documents are signed by all parties.

LEASE EXPIRATION

DNR may negotiate a new lease with the existing lessee.

If DNR decides not to negotiate, the lease expires and may be offered at public auction.

If DNR decides to negotiate, a public notice is advertised in two local newspapers. The region office accepts offers from other interested parties, called "bonus bids," for 30 days after the advertisement date.

Bonus bids must include:

- ▶ Proposed plan of operation
- ▶ Evidence of the required minimum financial and managerial qualifications
- ▶ Cash bid (one-time lump sum)
- ▶ \$100 deposit

If a bid proposal is determined to be in the trust's best interest and is accepted by DNR, the existing lessee may match that bid. If matched, and terms and conditions are

agreed to for the next lease period, a new lease is awarded to the existing lessee. All bidders are notified, and bid money is returned to unsuccessful bidders.

If the existing lessee does not match the bonus bid, or if the lessee and DNR fail to agree on terms, a new lease is then offered at public auction with the cash bid as the minimum starting bid.

Notices for
DNR public
lease auctions
are posted
at the county
courthouse



Grant County
Courthouse, Ephrata

Where are notices published?

When the public auction process begins, a 'Notice' of Intent to Lease at Public Auction' is published in two local newspapers at least 30 days prior to the auction. The public also can inspect a 'Notice' and sample lease, which are posted at least 30 days before the auction at:

- ▶ Commissioner of Public Lands Office, Olympia
- ▶ DNR region office that manages the trust land parcel(s), and
- ▶ Appropriate county auditor's office
- ▶ Website: www.dnr.wa.gov

Public lease auctions for state trust lands

DNR has the option of conducting lease auctions two different ways, sealed bid or oral bid.

Sealed bid auctions

Sealed bid auctions are most common because there are few administrative costs. Sealed bid auctions are held at the region office where the lands are located, and bids are reviewed to ensure the requirements in the 'Notice of Intent to Lease' are met. The lease is issued to the farmer or rancher with the bid that most benefits the trust. All bidders are notified and bid money is returned to unsuccessful bidders.

Oral bid auctions

Some leases are auctioned at oral bid auctions. Typically it is a lease with more simply structured rent and a predetermined crop plan. Oral bid auctions are often held at the courthouse in the county where the lease is located. Bidders must pre-qualify with DNR to ensure minimum qualifications are met. The lease is offered to the bidder that offers the highest cash bonus bid (a one-time lump sum). Payment is required at the close of the auction.



For more information about leasing state trust lands and the public lease auction process, visit DNR's website: **www.dnr.wa.gov**

Information www.dnr.wa.gov

For all agriculture and grazing leasing opportunities in Washington state, contact:



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