

Meeting #5
Matthews Training Center - July 11, 2014

Work Group Members

Pam Roberts (Chair)
Barry Dunn
Tim Kessler
Representative Mary Duvall
Senator Jason Frerichs (via phone)
John Cooper
Steve Halverson
Jan Nicolay
Jeff Zimprich
Doug Deiter (not present)
Secretary Jeff Vonk (not present)
Secretary Lucas Lentsch
Nathan Sanderson

guests

Tony Leif
Mark Norton
Ryan Bruner
Angela Ehlers
David Nomsen
Bill Smith
Brenda Forman
Bill Nevin
Rick Vallery

Welcome & Introductions

Chair Roberts began by thanking all those in attendance. Doug Deiter was unable to attend. Mary thanked Nathan Sanderson and Tom Kirschenmann for all the work pulling together the draft report.

School and public lands

Deputy Commissioner Ryan Brunner provided information about current practices on SPL and opportunities to increase pheasant habitat on SPL. SPL owns 760,000 acres of surface land in SD. Originally had over 2 million acres, but much has been sold off over time. The purpose of the lands owned by SPL is to be leased for ag production and revenue from those leases is used to fund education in South Dakota. 260,000 acres are in Harding County. Very little ownership

in the SE as it was homesteaded. SPL uses 5 year leases with a renewable 5 year option, so many leases are 10 years in length. Recently bidding has been more competitive for the leases.

Brunner supported the efforts of the PHWG and addressed a few of the recommendations the group had received from the public.

1. Develop management plans for SPL to include a wildlife habitat component. Brunner expressed support for the idea. Currently the management decisions on each piece of SPL are made by the lessees as they pay the property taxes on them. SPL would be willing to facilitate providing information to the lessees on better management practices that would increase the production capabilities and wildlife habitat on the SPL they lease. SPL doesn't do any enforcement themselves, but relies on partners and neighbors to monitor their lands. Once something is reported to the office of SPL they are quick to respond to it.
2. Ensure all SPL leases have stocking rates and management plans and set dates they can be grazed. Currently SPL leases do have stocking rates, but rotations are left up to the lessees. Many lessees have private land adjacent to the SPL land and use it as part of their grazing system. If there are things the SPL could provide to their lessees to encourage them to better manage the SPL through rotations or grazing dates, the office of SPL would be willing to get those information items to their lessees.

The SPL stocking rate formula is based on the take 1/2 leave 1/2 approach. Lease rates are sold at public auction. The starting price is the 5 year average for 500 lb calf price X 500lb for total income which is divided by 12 months. The office then takes 25% of that monthly estimated income to determine the AUM rate. For example 2014's starting auction price is calculated as $\$1.4094/\text{lb} \times 500 \text{ lb calf} = \$704.70/12 \text{ months} = \$58.73 \times 25\% = \$14.68 \text{ per AUM}$.

The average price of leases has increased with the increasing cattle prices recently. Some leases go for the minimum and others can be highly competitive depending on many factors, like remoteness, water availability, and history of the land.

Zimprich asked how SPL works with Lessees during a drought. Brunner said that SPL works with each lessee on a case by case basis to adjust stocking rates in drought years as needed.

3. Maintain the moratorium on sale of SPL lands. Brunner liked that idea as they are not looking to sell any lands. They need the revenue from existing lands to diversify their income. Relying solely on stock market investments would be too risky.

Duvall asked who started the moratorium. Brunner said it is an office of SPL driven moratorium started originally by Commissioner Jarrod Johnson as a 2 year moratorium that has continued. It is a policy, not a statute.

Historically, there has been a lot of pressure on SPL to sell lands or convert it to cropland, but SPL viewed that as a short term gain for a long-term loss on marginal cropland. SPL wants to be a responsible long term land owner and views grazing as the best use of that land.

Pheasant habitat is a legitimate reason not to allow SPL lands to be broken. SPL would be happy for support from the PHWG not to break any rangeland.

Cooper mentioned the main concern was the issue of amount of residue cover on SPL lands after the grazing is done. A set stocking rate isn't flexible enough to adapt to changing weather from year to year. Is it possible to work with other natural resource partners to determine if range condition on SPLs is sustainable?

SPL doesn't have enough staff to do on-the-ground monitoring of all their lands. They would encourage the lessees to work with those partners like NRCS. There is no overarching policy as there is no way to maintain the same revenue if they adjusted grazing in dry years. SPL is not opposed to changes if they do not impact the revenue generated.

Lentsch commended Brunner for being passionate about SPL and knowledgeable about how SPL manages its lands. He offered SDDA to work with SPL at any time to address any concerns. Zimprich said he would be interested in working with SPL, NRCS, and conservation districts to write management plans for all SPL lands.

Dunn requested a report breaking down the 760,000 acres of SPL land by NASS region, by county, by farming, and by grazing so that the PHWG could understand how much SPL is actually in the pheasant range. Brunner said that would be possible.

Halverson suggested that the lessees should be required to submit a grazing plan for leases so that lessees have some reason to not overgraze and SPL has something to hold them to. He felt most ranchers already have a plan and it should not be difficult to submit it to SPL for their leased acres. Brunner said SPL has about 2800 lessees for the 760,000 acres.

Tony Leif asked if it was allowable for GFP to lease SPL lands for pheasant habitat or work with lessees to develop more pheasant habitat on SPL. Brunner said yes, highest bidder gets the lease and it is possible to work with the lessees to develop pheasant habitat on the SPL leased lands.

discussion of draft final report

Sanderson gave an overview of how the report was put together. He requested that any and all comments and edits should be submitted to him. He had received some already. Dunn recommended that the partners should be categorized by NGO, federal or state entities.

Halverson liked the report and suggested that the website recommended in the report should be habitat central, not only listing cost-share opportunities, but literature on habitat research, and producer success stories.

Chair Roberts recommended that each partner entity should have a web link to their websites. The clearing house website should be part of the state of South Dakota website or a stand-alone website and not part of the GFP website. Duvall would like to see the recommendations after the background section. Dunn would like an appendix for the public comments and conservations partners.

Cooper said the habitat central plan is good, but the shortfall is that we don't have people to get the projects on the ground. All partners and agencies that do this are short-staffed and short-funded. The recommendation needs to go further than just habitat central clearing house.

Lentsch questioned if habitat central was a big enough umbrella to reach everybody. Cooper said that there is room to list all entities including the Department of Ag.

Sanderson said the recommendation of a website that serves as a central clearing house for all information on creating pheasant habitat in part was to eliminate duplication of the same efforts among different conservation partners.

Dunn and Roberts view the report as having the recommendations and under each recommendation details of requirements of each recommendation.

Roberts felt these recommendations should be specific with the tactics on how to achieve the recommendations. Dunn felt the recommendations should state a "based on" comment as to why this recommendation is being made.

Zimprich added that by the next time the PHWG meets the RCPP pre-proposals should know if they have been selected and we can provide more info in the PHWG report.

draft recommendation:

Establish the "South Dakota Agricultural Foundation" to House the "South Dakota Conservation Fund."

Duvall thought the idea was nice, but thought that we should enhance the existing conservation fund. Lentsch noted that the South Dakota Ag Foundation would be a long term funding mechanism.

Dunn said we recognize there is a need for increased funding and one possible means would be to pursue the development of the SDAF with a South Dakota Conservation Fund as long term funding mechanism. Lentsch felt the SDAF is necessary to bring in money from big agribusiness.

We have the coordinated natural resource conservation fund (CNRCF) in place now. This could be enhanced by the legislature appropriated money to the fund dedicated to habitat work.

Angela Ehlers spoke more about the CNRCF. It can have money placed in it by public and private funding sources. Currently only the state puts money in it from excise gas taxes.

Consensus was to reword the recommendation to develop a dedicated habitat conservation legacy fund and list the SDAF and the CNRCF as potential funding sources.

draft recommendation:

Develop and Implement the South Dakota Conservation Certification Program.

Zimprich felt the certification of some sort could be good for South Dakota. The difficult part is defining it. It would be value added for markets as well as ranking in conservation programs.

Dunn felt the benefits needed to be further expressed in the report. The awards section should be a separate recommendation. The awards section should be more inclusive to include cities, communities, and landowners.

Roberts felt the awards section could be moved to the bottom and kept as part of the recommendation. A stakeholder work group should be developed to create the certification requirements.

draft recommendation:

Improve Education and Outreach Efforts.

Duvall felt this section was forgetting absentee landowners and bankers.

The state of South Dakota does not mandate curriculum, but curriculum could be created and provided to teachers.

There is also landowner producer education that needs to be done. A larger effort needs to be made to them to show that these opportunities exist to enhance their bottom line not only programs, but practices.

Nicolay felt it needed to be an awareness media campaign that makes the general public more aware of the importance of a conservation ethic.

Kessler wants a hard copy landowner guide to creating pheasant habitat on your land. Possibly delivered by GFP, AG, Tourism, DENR, with SD Corn, Soybeans, etc. and deliver it to every farmer and landowner in South Dakota.

Dunn suggested "Habitat Pays" should be the title of the document.

Nicolay recommends that a natural resource curriculum that includes habitat be developed that any teacher could pick up and teach to any grade level.

public road rights of way

Tony Leif, Wildlife Division Director, and Bill Nevin, DOT legal office.

The start date for mowing state highway rights of way for all West River counties except Tripp, Lyman, and Gregory is June 15. For those three (because of the potential impact of earlier mowing on pheasant populations) and all east River counties, the mowing start date is July 10. A violation is a Class II misdemeanor and local law enforcement has jurisdiction. DOT crews can

mow medians and other areas for noxious weed control and public safety purposes prior to July 10.

Tony suggested that the group could recommend that the mowing dates be later. It is not worth changing any 15' mowing width, because that is a safety concern.

Zimprich asked if it was possible for DOT to send a letter to ROW neighbors to educate them about the dates and reasons for them. Nevin replied that it would be difficult to gather all of the correct contact information.

Frerichs thought that maybe DOT could allow haying of the median by landowners if they waited until after the dates to mow the ditches. Sanderson asked if the violation would be a fine. It is not on the bond schedule so a violator would have to appear in court.

winter wheat insurance - rma

Angela Ehlers informed the group that winter wheat is not eligible for crop insurance through USDA-RMA in the NE part of the state. Much of farming is driven by crop insurance. Currently Montana/Canada border counties offer winter wheat coverage. A recommendation should be that Governor Daugaard request to RMA that Winter Wheat be eligible for crop insurance coverage everywhere in South Dakota.

pheasant preserves

There is a current proposal to the GFP commission to remove the cap on the number of pheasants that can be shot on a preserve. The group discussed what options are available to generate revenue for pheasant habitat while allowing for increased limits.

agenda items for august meeting

- Cover funding priorities as ongoing, one-time and sources.
- Actual use property tax vs. highest and best use property tax.
- Review updated draft report.

next meeting

- July 28, 2014
9:00 a.m.
Pierre, SD
- August 13, 2014
9:00 a.m.
Conference Call