

# Improve Grassland with a Goal-Driven Lease



Pastures in South Dakota are commonly rented on a handshake, with a verbal agreement for payment on a per acre price over the grazing season. The problem that often arises with that approach is the landowner often looks for the highest payment per acre, and the livestock owner in turn tends to take the maximum grass off the pasture. The grassland itself often suffers through overstocking and overgrazing.

### A lease that builds healthy grassland

A goal-driven lease, on the other hand, takes into account the landowner's goals such as boosting soil health, increasing water infiltration, promoting plant diversity and wildlife habitat, increasing forage production, and reducing chemical use. It calls for a lessee who will work in partnership towards those goals, with an agreement for healthy grazing management that puts in writing such things as livestock type and numbers; grazing timing, intensity, and duration; and rotation patterns.

### Selling forage, not renting acres

Goal-driven leases are based on selling the forage, not renting acres. Payments are made on an animal unit or per head per day basis, which is essentially charging a fee for grass consumed rather than access to graze a certain number of acres.

Charging a set amount of dollars per cow-calf pair per day is a good example. Livestock type, number, size, forage demand, calf age, in and out dates, drought adjustments, and landowner/lessee services all factor into determining a fair and equitable fee.

### A long-term approach

The goal-driven lease suits a landowner who sees value in building healthy grasslands and soil long-term, and is willing to take less money for "selling" less grass to avoid overgrazing. This lease is also suited to the operator who understands concepts of rotate, rest and recover, and desires to build a mutual relationship with the landowner over time by agreeing to use sound grazing practices that will build healthy grasslands long term.

### Higher level of management

A cow-calf pair per day of grazing means the landowner must have enough forage available for the period agreed on, and the lessee must validate the weight of livestock to predict forage needed. Most landowners aren't accustomed to measuring their forage production, and most cattle producers aren't accustomed to weighing their livestock coming onto or off pasture. But these things are not difficult, and the advantage is they help make the lease fair as well as measure animal performance.

### Adjust for services

Most landlord/lessee relationships that fall apart come about when one party has to spend money on inputs they didn't plan for. First, agree on a base per cow/calf pair per day fee. Adjustments to that base value can then be made based on services each party contributes to the operation. Services expected by either party are usually clearly explained, mutually agreed upon, and should be reflected in the lease and fee structure. Such services might include responsibility for fence

maintenance, invasive species control, herd checks, livestock rotation, water management, or animal health or other husbandry services.

### Include a drought clause

A drought clause should be included in the lease. Specify what rainfall amounts constitute a drought, and agree on how much destocking will take place. This is critical to being fair and maintaining the grassland resource over time.

Rating Grazing Leases

Issue	Lease type		
	AUM	Per Acre	Head/Day
Easy to grasp	Poor	Good	Good
Ease to recalculate fees with more/fewer livestock	Fair	Poor	Good
Ease to value services	Fair	Fair	Good
Mutual concern for resource base	Fair	Poor	Good

This fact sheet is based on information from a conversation with Pete Bauman, South Dakota State University Extension Range Field Specialist, incorporating information from range management professionals and private livestock operators Bauman consulted. For more detailed information, including sample lease language options taken from actual leases, look online for the SDSU publication *Structuring Grazing Leases: Including Ranch Resource Goals to Improve Landowner-Lessee Relationships*.



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