

Grazing Lease Pricing: Rancher Sustainability & Conservation Goals



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QUESTION:

- What is the best way to establish grazing lease price to promote rancher sustainability and positive conservation outcomes?
 - a. Bid price (per AUM or per Acre)
 - b. Bid price per AUM based on highest bid, and tenant qualifications
 - c. Bid price per acre based on highest bid, and tenant qualifications
 - d. Set rate, per acre, based on local rates
 - e. Set price per AUM, based on livestock market, adjusted annually

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What are your objectives?



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Bid Price – Highest Bidder



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Bid Price (Acre) + Tenant Qualifications



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Set Rate – Per Acre



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Animal Unit Month (AUM)

- AUM Based Rent** – Grazing lease fees are calculated utilizing an Animal Unit Month (AUM) system. AUM is defined as one Animal Unit Equivalent (AUE) grazing for one month. One AUE is considered to be one mature cow, two years old and above, including a nursing calf of less than eight months of age at her side.
(One cow grazing for one month)

TYPE OF ANIMAL	ANIMAL UNIT EQUIVALENT (AUE)
Mature Cow (Including Cow/Calf Pair)	1.00
Replacement Heifers/Bred Heifers	1.00
Mature Bull	1.50
Stocker Cattle (400-700 lbs)	0.50
Stocker Cattle (700-900 lbs)	0.75
Horse	1.25



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Animal Unit Month (AUM)

CALCULATING THE RENT FEE:

(Animal Unit Equivalents) x (Months Grazed on Property) = Animal Unit Months (AUM)

(AUM Grazed) x (Current AUM Rate) = Lease Fee

Sample
50 bred heifers grazing for 6 months would be:

(50 AUE) x (6 Months) = 300 AUM

(300 AUM) x (\$16.25/AUM) = \$4,875.00 for 6 months

* AUM Rate for 2013-2014 grazing season \$16.25 based on market trends.

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Bid Price (AUM) + Tenant Qualifications







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Set Price per AUM, adjusted annually

- AUM Rate based on livestock market prices.
 - AUM rate adjusted annually to reflect market trends
- Tenant selection based solely on qualifications, management practices, and experience
- Tenant only pays rent on actual number of cattle grazed. (Pay for what they use)





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Set Price per AUM, adjusted annually



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got questions



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