



United States Department of the Interior

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BUREAU OF LAND MANAGEMENT

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Instruction Memorandum No. 83-27
Expires 9/30/83

To: AFO's (except Alaska and ESO)

From: Director

Subject: Final Rangeland Improvement Policy

The Final Rangeland Improvement Policy is enclosed. This memorandum supersedes Washington Office Instruction Memorandum No. 81-296, "Proposed Rangeland Improvement Policy," dated March 3, 1981, and Changes 1 and 2 to that memorandum. Change 1, "Rangeland Improvement Policy--Maintenance of Rangeland Improvements and Distribution and Use of Range Betterment (RB) (8100) Funds," is dated September 22, 1981; Change 2, with the same subject title, is dated February 4, 1982.

We intend this policy to serve as a comprehensive guide to the Bureau of Land Management's Rangeland Improvement Program. Included in this statement are the program goal and our policies and procedures for working toward that goal. The enclosed documents also describe the new procedures that all field offices must apply in conducting and documenting investment analyses. State Directors and District and Area Managers are accountable for assuring that these procedures for evaluating, ranking, and scheduling the implementation of improvements are followed.

The rangeland investment policies and procedures represent a balancing of concerns and input from several interests, including the Office of Management and Budget, the Department of the Interior, a special task force of Western University Economists, and personnel from both our Washington, D.C., and field offices. State and District Offices should provide copies of this document to interested groups within their areas. In particular, field managers should work with local university and extension personnel and District Grazing Advisory Boards to help them to understand the procedures and obtain their cooperation in making our improvement program a success.

The investment analysis procedures require that a computer program--called SageRam--be used to provide a consistent basis for cost/benefit and related analyses, and to generate information that must be kept in allotment files. It is currently available in a "file building" format and work is underway to make the program available in a "Query" format in April of 1983. Comparable computer programs that can be used on State Office Level 6 computers, etc., will also be developed.

Since this policy is effective immediately, you should be aware that Analysis Component No. 3, must be used to evaluate all final allotment management plans or other rangeland improvement plans, and to develop Fiscal Year 1984, and subsequent annual work plans. To help in the implementation of this policy the Washington Office Division of Rangeland Resources will explain the policy and procedures at workshops in each State. Direct questions concerning the scheduling of workshops and use of SageRam to the Director (222). The Washington Office Division of Rangeland Resources may also be reached at FTS 653-9210.

Suggestions on ways to improve the investment analysis procedures will be welcome, as actual operating experience is acquired. We currently believe that there is a need to develop a better basis for valuing wildlife and related recreational benefits, comparable to the "willingness to pay" concept that is used to value livestock benefits.



3 Enclosures:

- Encl. 1-Bureau of Land Management's Rangeland Improvement Policy
- Encl. 2-Policy Implementation
- Encl. 3-Procedures for Evaluating, Ranking, and Budgeting
Implementation of Rangeland Improvements

Bureau of Land Management's
Rangeland Improvement Program Policy

PURPOSE AND INTENT

This paper describes the goal of our overall rangeland improvement program and our policies and procedures for: (1) distributing and using range betterment funds; (2) encouraging private contributions; (3) assigning maintenance responsibility for rangeland improvements; and (4) evaluating, ranking, and budgeting implementation of investments in rangeland improvements.

The intent of this policy is to: (1) ensure that range betterment funds (8100/8200 accounts) are spent for on-the-ground rangeland improvements; (2) encourage private contributions toward rangeland improvements; (3) reduce the Bureau's maintenance costs by assigning as much maintenance responsibility as possible to the primary beneficiaries of rangeland improvements; and (4) allocate available rangeland improvement funds according to a rational process that considers all benefits and costs (economic, social, political and biological), and places rangeland improvements where they are most needed and will achieve the greatest benefit with the least expenditure of public funds.

Encl. 1-1

FUNDING SOURCES

The Bureau's rangeland improvement program is supported primarily by two sources from which Congress annually appropriates funds for rangeland improvement work:

Range betterment funds (8100/8200 account) consist of 50 percent of all fees collected by the United States in return for domestic livestock grazing on the public lands (or \$10,000,000/year, whichever is greater). These funds are appropriated under the authority of the Taylor Grazing Act of 1934 (TGA), as amended by the Federal Land Policy and Management Act (FLPMA) of 1976, specifically for rangeland improvement work.

Grazing administration funds (4322 account) consist of funds appropriated by Congress under the FLPMA (exclusive of range betterment funds) and the Public Rangelands Improvement Act (PRIA) of 1978.

Throughout this paper, the term "rangeland improvement funds" will refer to both funding sources, unless exceptions concerning range betterment funds are specifically identified.

PROGRAM GOAL

The goal of the Bureau's rangeland improvement program is to improve the condition of the public lands for multiple use by investing in economically and environmentally sound rangeland improvements.

We will work toward accomplishing this goal by:

1. Ensuring the distribution and use of funds appropriated for rangeland improvements meet the intent of law and comply with the Amended Final Judgment in the case of the Natural Resources Defense Council, Inc., et al. v. Watt, et al. (1978);
2. Delegating decisionmaking authority to the local level so that decisions will respond to site-specific conditions;
3. Encouraging rangeland users and others to participate actively in rangeland improvement efforts through:
 - a. coordinated and cooperative management, including seeking advice and recommendations from district grazing advisory boards concerning the expenditure of range betterment funds;
 - b. encouraging private contributions toward rangeland improvements by assigning higher priority to implementing improvements partially or fully funded by private contributions; and
 - c. providing appropriate recognition and protection of private investments in rangeland improvements.
4. Implementing a maintenance program that will:
 - a. release more public funds for new improvements;
 - b. require parties deriving direct and significant benefits from rangeland improvements to be responsible for maintaining the improvements in usable condition; and

c. ensure compliance with maintenance agreements to prevent resource damage, extend the useful life of an improvement for the purpose intended, and protect public and private investments in rangeland improvements.

5. Investing funds appropriated for rangeland improvement work first in areas where improvements will resolve serious resource use problems and produce a positive economic return on investments;

6. Investing in cost-effective improvements that will achieve multiple-use management objectives with the least expenditure of public funds;

7. Avoiding unrealistic expectations of Federal investment in improvement work by eliminating, at the outset, improvements that cannot be justified on economic or environmental grounds or clearly exceed the Bureau's capabilities to finance and otherwise implement; and;

8. Providing a long-term, rational framework through which investment decisions shall be made and documented for the purposes of public involvement and accountability.

POLICY STATEMENTS

Distribution and Use of Range Betterment Funds

1. Range betterment funds shall be distributed to the Districts in proportion to the amount of grazing fees collected by each District. State Directors shall have limited discretion in redistributing funds annually, but the amount received by any District Office during a 5-year period must equal that District's full entitlement for that period.

2. Range betterment funds shall be used for on-the-ground rehabilitation, protection, and improvement of the public lands that will arrest rangeland deterioration and improve forage condition with resulting benefits to wildlife, watershed protection, and livestock production.

3. Range betterment funds shall not be used for maintenance of rangeland improvements after Fiscal Year (FY) 1984.

(For Implementation guidance see Enclosure 2-1)

Private Contributions

1. Permittees, lessees, and other interested parties shall be encouraged to contribute labor, materials, equipment, and/or cash toward the installation, modification, and maintenance of new rangeland improvements authorized through RIP's and Cooperative Agreements.

2. The Bureau shall provide incentives to encourage private contributions and shall provide appropriate recognition and protection of a private party's contribution.

3. The Bureau shall require contributions toward rangeland improvements only to obtain equitable support from permittees or lessees in a group allotment where the majority supports contributions for an improvement but a minority does not; or to enforce the terms of mutual agreements.

4. Pledged or accepted contributions shall be identified with a specific project or management plan. Cooperative agreements shall normally be used to authorize installation of a multiple-use improvement involving private and public funds. Priority shall be given to implementing improvements constructed under a cooperative agreement.

5. Rangeland improvement permits shall be used to authorize structural improvements primarily benefitting livestock and that are entirely funded by private contributions.

6. Parties to cooperative agreements and rangeland improvement permits shall be liable for their own acts but not for the acts of the other parties.

(For Implementation guidance see Enclosure 2-3)

Maintenance

1. Parties deriving the primary benefit(s) from a structural improvement shall be responsible for maintaining that improvement. Primary benefits constitute more than 50 percent of the benefits realized. When no party derives more than 50 percent of the benefits from an improvement, or when use of an improvement is required at a time when the primary beneficiary would not ordinarily use the improvement, maintenance responsibility will be negotiated on a proportionate share basis.

2. Permittees and lessees will maintain structural improvements constructed or installed primarily to benefit livestock grazing, and the requirement to maintain these improvements in current usable condition shall become a condition of a permit or lease. The maintenance of improvements not designed for the primary benefit of livestock grazing may be assumed by the Bureau, nonlivestock cooperators, or livestock operators.

3. Where existing cooperative agreements cannot be renegotiated voluntarily, the primary beneficiary of an improvement shall be assigned maintenance responsibility by decision.

4. Failure to maintain improvements to usable standards may result in the withholding of an annual authorization, cancellation of a cooperative agreement or range improvement permit, and/or eventual cancellation of the permit or lease.

5. The owner of an improvement shall be responsible for reconstructing an improvement or repairing acts of vandalism.

6. The costs of modifying an improvement shall be the responsibility of the party requesting the modification.

(For Implementation guidance see Enclosure 2-9)

Rangeland Investments

1. Appropriated funds available for investment in rangeland improvements shall be allocated:

a. first, to the maintenance¹ of improvements that continue to serve a valid purpose or objective and for which the Bureau has maintenance responsibility.

b. second, for the design, construction, and maintenance¹ of new rangeland improvements that conform with a specific development plan² for the area. Such plans may be allotment management plans (AMP's), habitat management plans (HMP's), herd management area plans (HMAP's), or other plans providing a rational decision-making framework for meeting multiple-use management objectives.

¹Range betterment funds (8100/8200) shall not be used for maintenance after FY 1984. Maintenance costs will be charged to the grazing administration fund (4322 account) when these costs are the responsibility of the Bureau.

²A specific type of plan encompassing grazing systems, etc., is not required. These plans may be as brief (1 page) or as lengthy as the situation justifies. Plans prepared by, or in cooperation with other agencies are acceptable. The intent is to assure that a reasoned analysis of allotment objectives and project sequencing occurred.

Usual priority for investments shall be, first, to allotments in the Improve Category; second, to allotments in the Maintain Category; and third, to allotments in the Custodial Category.

Exceptions: Exceptions to the preceding order of priority for investing appropriated funds can occur in situations where:

a. a critical or unique resource value is subject to imminent destruction and a deviation from the priorities established in implementation schedules is necessary to avoid that destruction.

This exception applies on a case-by-case basis and funding shall be limited to the amount required to avoid the loss.

b. construction or reconstruction of an improvement is necessary for the operation of an existing management plan. A benefit/cost (B/C) analysis must be completed prior to expending funds for construction or reconstruction of any improvement.

c. construction or reconstruction of an improvement will protect and/or substantially improve forage, habitat, and watershed resource(s) by better distributing grazing use. This exception will be applied on a case-by-case basis, subject to concurrence by the District Grazing Advisory Board that the benefits are substantial and if an investment analysis yields a favorable benefit-cost ratio.

These exceptions may apply in areas where a livestock grazing EIS has not been completed if an environmental assessment indicates that expected impacts are not significant and the improvements are not equivalent to implementing an AMP.

2. In allocating rangeland improvement funds State Directors and District Managers shall apply the Bureau's procedures for evaluating, ranking, and budgeting implementation of all proposed investments in range improvements. All improvements must be compatible with multiple-use objectives. Appropriated funds shall be allocated first to the highest or higher ranked allotments before constructing improvements on lower ranked or unranked allotments. In the development and execution of annual work plans (AWP's) highest priority shall be given to rangeland improvements that will be entirely funded by private or other contributions. A higher AWP ranking may also be given to improvements partially funded by contributions, following consideration of all investment criteria.

3. Once implementation of approved management plans has begun, a mutual commitment exists between the Bureau and the operator to complete implementing the plan. Funds available in subsequent years should be allocated first to the completion of these partially implemented plans. This does not preclude initiating range improvements on other allotments, but completion of existing plans should not totally stop. Schedules for implementing plans should reflect cost savings possible through contracting efficiencies and the logical sequencing of improvements, both within and between allotments.

4. Investment decisions shall be based on the results of three component analyses that use increasingly detailed information available at progressive stages of the planning and budgeting processes.

Component 1 provides a rough estimate of an allotment's economic and resource potential for use in categorizing allotments. Component 2 estimates the B/C ratio for a package of investments proposed for an allotment or area. This analysis must be completed prior to the issuance of a final land-use plan and will provide the basis for developing the implementation schedule for the Rangeland Program Summary (RPS) and RPS Updates, and for out-year budget proposals. Component 3 includes the determination of final B/C ratios for completed management plans and the development of annual work plan (AWP) investment priorities.

5. Field managers shall record the information and calculations used to evaluate, rank, and budget implementation of rangeland improvements. These documents shall be retained in office files and be easily retrievable.

(For Implementation guidance see Enclosure 3)

POLICY IMPLEMENTATION

Distribution and Use of Range Betterment Funds (See Policy Statement on Enclosure 1-4)

Range betterment funds will be distributed to District Offices in proportion to grazing fees collected by each District. State Directors have latitude to redistribute portions of the range betterment funds in consideration of prior commitments, resource conditions, and investment economy. No limits are set on the percentage of funds that may be redistributed each year, but the amounts received by an office during a 5-year period must equal that District's entitlement for the 5 years. Such yearly redistribution, if it is necessary, will be based on evidence that the District which collected the fees cannot make the most beneficial use of its entitlement for the year. The proposed redistribution, with justification, will be included in the AWP submission and approved by the Director. The justification will reflect pertinent results of consultation with users, State and Federal agencies, and other interests as well the recommendations of the district grazing advisory boards.

The FLPMA specifically directs that range betterment funds be expended for on-the-ground rehabilitation, protection, and improvement of rangelands which includes, but is not limited to, seeding, reseeding, fence construction, weed control, water development, and enhancement of fish and wildlife habitat. Use of these funds for other actions or projects is not specifically precluded so long as the actions will clearly arrest rangeland deterioration and improve forage condition with resulting benefits to wildlife, watershed protection, and livestock production. Maintenance of existing improvements is currently an allowable use of range betterment funds, but it is expected that the

amount of funds expended for maintenance of structural improvements will decrease significantly as maintenance responsibilities are transferred to permittees, lessees, and other cooperators. Range betterment funds shall not be used for maintenance of improvements after FY 1984.

The following table provides examples clarifying allowable and nonallowable uses of range betterment and other rangeland improvement funds:

Table 1. Examples of Allowable/Non-Allowable Uses of Rangeland

<u>RI Subtasks</u>	<u>Improvement (RI) Funds</u>		
	<u>Funding Source</u>		
	<u>¹4322</u>	<u>²8100/8200</u>	<u>PRIA</u>
Project planning	Yes	No	Yes ⁵
Survey and design	Yes	Yes	Yes
Installation:			
Contract	Yes	Yes	Yes
BLM labor	Yes	Yes	Yes
Materials, supplies	Yes	Yes	Yes
Equipment use and rental	Yes	Yes	Yes
Equipment purchase	Yes	Yes ³	Yes
Vehicle operation	Yes	Yes	Yes
Vehicle purchase	Yes	No	No
Environ. or cultural reports	Yes	No	No
Modifications for special resource considerations	Yes	Yes	Yes
Clerical (filing, typing, etc.)	Yes	No	Yes ⁵
Contract preparation	Yes	No	Yes ⁵
Contract supervision	Yes	Yes	Yes
Maintenance	Yes	No ⁴	Yes
Reconstruction	Yes	Yes	Yes
Water filing	Yes	No	Yes ⁵
Easements/RW's	Yes	No	Yes ⁵
Training/workshops	Yes	No	Yes ⁵

¹ Rangeland improvement funds appropriated under FLPMA, exclusive of range betterment funds.

² Rangeland betterment funds appropriated under the TGA, as amended by the FLPMA.

³ Equipment must be primarily for rangeland improvement work; proposed purchases subject to recommendation of District Grazing Advisory Board.

⁴ Not an allowable use after FY '84.

⁵ Total limited to 20 percent of PRIA funds.

Table 2 provides general rules of thumb to follow in determining allowable expenditures of range betterment funds.

Table 2. General Rules for Expending Range Betterment Funds

<u>Kind of Improvement Practice</u>	<u>Allowable Charge</u>
Livestock management fence	Yes
Spring development	Yes
Dam/reservoir/diversions	Yes
Pit tank	Yes
Catchment	Yes
Well/storage facilities	Yes
Pipeline	Yes
Cattleguards	Yes
Corral/chutes	No
Dipping vat	No
Trails	Yes
Brush/weed/pest control	Yes
Vegetation manipulation, seeding, planting	Yes
Wild horse/burro gathering	No
Wildlife improvements (rangeland)	Yes
Watershed improvements	Yes
Wild horse/burro facilities	No
Enclosures	No
Research	No

Private Investments for Rangeland Improvements
(See Policy on Private Contributions on Enclosure 1-5)

We will encourage permittees, lessees, and other interested parties to contribute labor, material, equipment, and/or cash toward the installation, maintenance or modification of rangeland improvements. District

Managers are authorized to offer the following incentives as a means of encouraging private contributions:

Incentives for Encouraging Private Investment

Investment Protection: Provide appropriate recognition and protection of private contributions through either a cooperative agreement or a rangeland improvement permit. Rangeland improvement permits will be used in situations where full title to the improvement will be granted to the contributor. These documents should clearly state the contributor's interest in an improvement in terms of dollars, percent of contributed interest, or other quantifiable terms. The agreement or permit should also specify maintenance responsibilities and other terms needed to document and protect the public and/or private interest in the improvement.

Priority for Implementation: Improvements funded by private contributions shall be assigned a higher ranking when determining a schedule for implementing rangeland improvements of equal economic return.

Emphasize Use of Range Betterment Funds for Cooperative Agreements:

District Offices, in consultation with district grazing advisory boards, are encouraged to set aside a percentage of range betterment funds to be used to match private funds.

Plan for Contributions: In some instances, a District Office has declined contributions because the proposals required the Office's assistance or involvement, and the required work was incompatible with the Office's AWP. District Offices shall plan workmonths and specialists' time to accommodate contributions. The District staff shall advise potential contributors of schedules to be met if the proposed improvements are to be included in an AWP.

Identify and Remove Undue Constraints: District Offices should work to identify and remove undue constraints that may discourage private and cooperative improvement efforts by streamlining reports, plans, and other paperwork and allowing minor deviations from usual procedures and standards so long as multiple-use objectives will still be met.

Priority for Livestock Forage Increases: The Bureau shall, under 43 CFR 4110.3-1, allocate increases in permanently available forage for livestock use to permittees or lessees in proportion to their contributions which resulted in the increased forage production. Available forage which is declined by cooperators may then be allocated to; (a) other operators in the allotment in proportion to their preferences or (b) other users.

Procedures for Accepting Private Contributions

The following procedures apply to all forms of contributions; however, nothing in this policy should be construed as altering current procedures for accepting deposited contributions.

District Managers may accept contributions of cash, labor, equipment, and materials under the authority of Section 9 of the TGA and Section 307(c) of the FLPMA. Contributions shall be accepted only at the implementation stage, i.e., after the necessary job planning and project layout has been completed. Contributions for new work should not be encouraged or accepted in an area where an activity plan has not yet been developed unless the proposed projects will provide immediate and needed resource protection. Contributions will be identified with a specific project or management plan.

Improvements authorized by permits or agreements must follow standard Bureau procedures for planning, budgeting, design, and environmental considerations. Stipulations and conditions should be developed and included to address specific situations and needs.

The need to prepare an environmental assessment (EA) for an improvement will depend on the source of funding and the nature of the improvement. For rangeland improvements to be constructed with grazing management (4322) or range betterment (8100/8200) funds, District personnel should consult the Bureau's list of categorical exclusions to see if the proposed improvement is categorically excluded. Certain analyses and resource clearances (e.g., threatened and endangered species or cultural resource clearances) may still be required for categorically excluded jobs. Environmental assessments must be prepared for any improvement to be financed by PRIA funds. When an assessment demonstrates an improvement will not have a significant impact on the human environment, that improvement may be implemented prior to completion of the EIS required for the grazing area.

Encl. 2-6

Environmental analysis, design approval, and resource clearance costs will be borne by the Bureau and charged to grazing administration (4322), unless the cooperator offers to bear all or part of these costs. All efforts must be made to accommodate permit and agreement applications, so long as those applications are compatible with multiple-use plans and objectives and can realistically fit into an Office's AWP.

Cooperative Agreements: Cooperative agreements (Form 4120-6) will normally be used to authorize installation of multiple-use improvements involving joint private/public expenditures. All nonstructural improvements partially or fully funded with private contributions will also be authorized through cooperative agreements because title to the improvement cannot be separated from title to the land.

Rangeland Improvement (or Section 4) Permits (RIP's): Rangeland Improvement Permits (Form 4120-7) will be used to authorize installation of structural improvements totally financed by permittees and lessees and that are constructed primarily to benefit livestock management. As with cooperative agreements, the authorized officer has discretionary authority to approve RIP's. Since RIP's recognize title to the improvement, they should be authorized only where ownership of the improvement does not conflict with multiple-use objectives.

Encl. 2-7

Improvements that should not be authorized with RIP's are those that cannot realistically be separated from the land, such as vegetative manipulations, tillings, pittings, etc. Granting title to these kinds of improvements is not allowed because the improvement is an inseparable part of the land and separate title is not definable. Operators may contribute to vegetative manipulation projects but their interest is then defined through cooperative agreements rather than rangeland improvement permits.

Required Contributions

While private contributions are strongly encouraged, the Bureau will not require contributions for rangeland improvements except to obtain equitable support from permittees in a group allotment where the majority supports contributions for a project but a minority does not, or to enforce the terms of a mutual agreement.

Improvements on Other Lands

Investments of public funds on private lands may be permitted, with the consent of the landowner, if proper procedures are followed. When a rangeland improvement is to be constructed on private land and paid for with appropriated funds, an easement or cooperative agreement must be obtained to allow the Federal Government to protect its investment. The type of easement required depends upon the nature of the improvement, management needs, and the size of the investment. Expenditures of contributed funds can be protected by an easement, cooperative agreement, or other type of arrangement. (See BLM Manual Section 2130 for additional details). Easement acquisition costs are

project-related and can be charged to the fund to which the improvement is charged, except that the costs of easement acquisition for improvements financed by the range betterment funds will be charged to the grazing administration fund (4322 account).

Maintenance
(See Maintenance Policy on Enclosure 1-6)

The intent of this policy is to transfer as much of the responsibility for maintaining improvements as possible to the primary beneficiaries of the improvements. Consequently, permittees, lessees, or other individuals, groups, corporations, government agencies or associations deriving the primary benefits from structural improvements are to be assigned responsibility for maintaining those improvements. Primary benefits constitute more than 50 percent of the benefits received.

Where less than half of the benefits go to a single use, but substantial benefits are received by one or more users, maintenance responsibilities should be negotiated on a proportionate share basis. Cooperative agreements documenting shared maintenance responsibilities must clearly spell out each party's proportionate share to avoid any possible confusion, overlaps, gaps, or eventual disputes.

Maintenance will be performed in a timely manner so that an improvement remains in usable condition and serves the purpose for which it was intended throughout its normal expected life.

Encl. 2-9

Maintenance can be performed by one of three methods:

- (a) Cooperator physically performs maintenance;
- (b) Cooperator hires or contracts work to be done; or
- (c) Cooperator contributes funds to the BLM and the BLM performs or contracts the maintenance.

Assignment of Maintenance

Assignment of maintenance responsibilities shall be completed by the end of FY 1984. While it is desirable for the Bureau to restore improvements to usable condition before assignment is made, this is not mandatory. If an improvement cannot be restored to usable condition prior to assignment, the improvement should either be assigned as is or abandoned, after consultation with livestock operators and the district grazing advisory boards or with other cooperators.

Improvements are classified as either structural or nonstructural (see Appendix 1, Glossary). In most cases, permittees/lessees will maintain structural improvements constructed or installed primarily to benefit livestock grazing. Maintenance of improvements not designed for the primary benefit of livestock grazing will be assumed by the BLM or nonlivestock cooperators, as the authorized officer determines.

Livestock operators may elect to assume maintenance of this type of improvement because of related livestock benefits or in exchange for maintenance of other improvements. The BLM will generally assume maintenance responsibilities for nonstructural improvements.

For some existing improvements, either the Bureau or a livestock operator has assumed past maintenance responsibility for an improvement without a formal agreement. The authorized officer shall determine who will maintain the improvement and document the responsibility in a cooperative agreement. If the permittees/lessees or other cooperators have already assumed maintenance responsibilities through a cooperative agreement, no further assignment is necessary. If the Bureau has been assuming maintenance of a structural improvement under the terms of a formal agreement (cooperative or otherwise), and it would not continue to maintain the improvement under the terms of this policy, the authorized officer should try to renegotiate the agreement. If existing agreements cannot be renegotiated, the primary beneficiary(ies) shall be issued a decision assigning the maintenance responsibility.

The responsibility for maintaining proposed structural improvements should be determined and agreed to before the improvement is installed. Maintenance of new improvements authorized under RIP's will be the responsibility of the permittee or lessee and the improvement shall be maintained in usable condition for the purpose intended. The RIP's are subject to cancellation following consultation with the Grazing Advisory Board, if adequate maintenance is not performed.

Where maintenance has been assigned to a permittee or lessee, the requirement will be stipulated as a term and condition of a permit or lease. Failure to maintain an improvement in usable condition may

result in the withholding or eventual cancellation of the permit or lease. For a nonlivestock cooperator, cooperative agreements may be cancelled if maintenance is not performed as stipulated. If the agreement is cancelled, the authorized officer shall determine whether the improvement should be abandoned, or whether the multiple-use values justify maintenance by the Bureau.

Operation

Costs necessary to operate or use an improvement are generally borne by the permittee/lessee. When the Bureau requires the improvement to be operated when the permittee/lessee would not normally use the improvement for livestock management (i.e., water developments in rest pastures, or improvements only used during seasonal grazing), operation costs will be shared on a proportional basis.

Reconstruction

Costs of reconstruction are borne by the owner of the improvement, unless reconstruction is required due to failure of a cooperator to perform maintenance as agreed, in which case the cooperator shall be required to pay the costs of reconstruction.

Modification

Costs of modification are the responsibility of the party requesting that an improvement be modified.

Vandalism

Cost of repairs due to vandalism are the responsibility of the owner of the improvement.

Liability

Parties to cooperative agreements and rangeland improvement permits shall be liable for their own acts but not for the acts of another party. This is common practice in contract situations, and we follow that practice when entering into formal agreements with State agencies and other entities. The following wording, which clarifies the Bureau's position, should be added to all cooperative agreements and RIP's until the language of the appropriate forms is changed to include it:

The permittee agrees to assume all risk and liability to itself, its agents or employees, for any injury to persons or property and for any loss, cost, damage or expense resulting at any time from any and all causes due to any act or acts, negligence or failure to exercise proper precautions of or by itself, its own agents or its own employees while operating pursuant to this agreement. The liability of the Federal Government shall be governed by the Federal Tort Claims Act (28 U.S.C. 2271 et seq. (1976))

Liability, as described above, is an inseparable part of assuming maintenance and no case-by-case exceptions should be allowed. If a party assumes the maintenance of an improvement, that party also assumes proportionate liability.

Encl. 2-13

Evaluating, Ranking

and Budgeting Implementation of Rangeland Improvements (See the Rangeland Investment Policy on Enclosure 1-7)

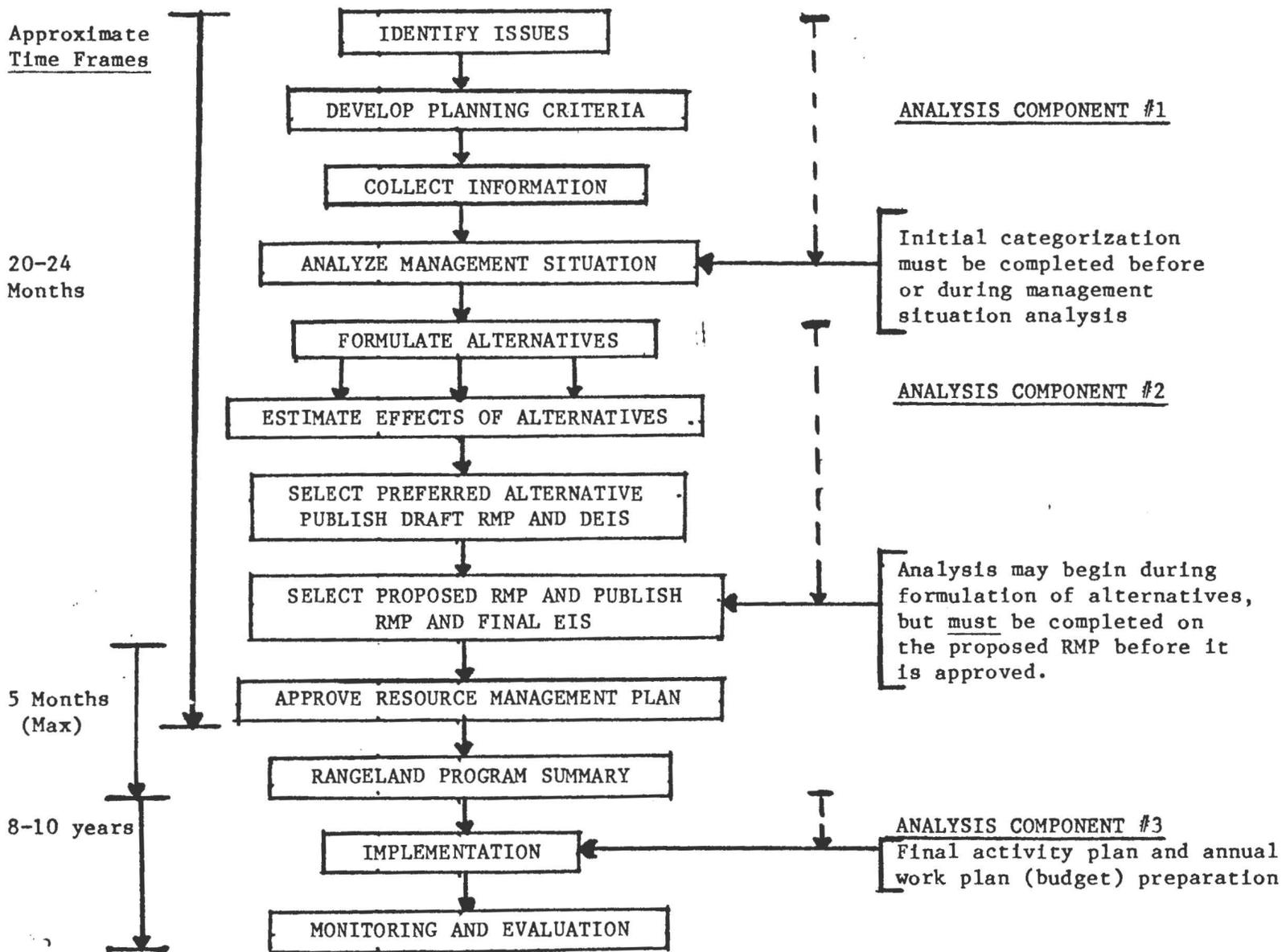
The procedures described in the following sections comprise the "standard Bureau procedures" for Rangeland Investment Analyses. Under normal circumstances, the three components would be applied to allotments in a planning/environmental impact statement (EIS) area over a planning, budgeting, and implementation cycle of about 10 years. Their relationship to the planning/implementation process is shown in Figure 1. They incorporate accepted economic or financial analysis principles, thus making them applicable to analyses of proposed investments other than rangeland improvements. These procedures and the accompanying SageRam Program should be used with the normal measure of care and professional judgment to assure that the results lead to reasonable conclusions.

Analysis Component 1: Allotment Categorization

Purpose: The purpose of Analysis Component 1 is to provide a rough screen for identifying allotments where the opportunity for a positive return on investments exist. It is not a formal analysis requiring the assistance of an economist. Range conservationists should evaluate an allotment's investment potential by categorizing the allotment according to the category criteria contained in Washington Office (WO) Instruction

Figure 1.

RANGELAND INVESTMENT ANALYSIS AND THE RESOURCE
MANAGEMENT PLANNING AND IMPLEMENTATION PROCESSES*



*Some "overlap" of activities, primarily between adjoining actions is common in the normal conduct of plan development. Occasionally, it is desirable to step back to previous action/steps to assure that newer information is integrated into that action and reflected in subsequent actions.

Memorandum (IM) No. 82-292, "Final Grazing Management Policy," dated March 5, 1982. These criteria are: range condition, resource potential, presence of serious resource use conflicts or controversy, opportunity for positive economic return on investment, and present management situation. (See WO IM No. 82-292 for additional information.)

It is important to note that these criteria are interrelated in their effect on the investment potential of an allotment. Allotments in poor condition with serious resource use conflicts, but which have good resource potential, will generally present good opportunities for positive economic return on investments. Conversely, allotments which are in good condition because they are producing near their resource potential and do not have resource use conflicts, generally have little investment potential.

This component will normally be applied during the Issue Identification/Management Analysis stages of the planning process and can help to maintain realistic expectations of future public investments in rangeland improvements. Record the information used to categorize allotments on Worksheet #1, and retain the worksheet with rangeland management program backup materials.

Procedure: The following steps should be followed to determine an allotment's investment potential, that is, its opportunity for positive economic return on investments. Economic potential will not be an

overriding criteria in the categorization of allotments, but should be used in conjunction with other criteria. It will, however, weigh heavily in development of rangeland improvement proposals.

Step 1. - Roughly estimate the allotment's production potential by evaluating any existing information, including current actual use data, soils and ecological site data, range surveys, nonuse being carried, past livestock use adjustments and improvements. Supplement these data with personal knowledge of the allotment and similar adjacent areas.

Step 2. - Consult with livestock operators, game managers, the Soil Conservation Service, and water quality personnel, etc., to discuss their expectations as to what investments should be made in the allotment.

These discussions should focus on:

a. What is the limiting constraint in relation to wildlife, livestock, watershed, or other uses or values? In other words, what does the allotment lack that is needed to meet a public or user needs? (e.g., spring range, winter habitat, stable soil, spawning areas, etc.)

b. What potential improvements or other actions could provide the desired resource situation?

Be very careful at this point to create only realistic expectations about potential public investments in marginal improvements and not infer a Bureau capability to finance and implement improvements that will clearly exceed available funds and work months.

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Step 3. - Using the information obtained in Steps 1 and 2, a range conservationist should make a preliminary estimate of the improvements that are needed to resolve serious use conflicts and improve resource condition. As a general rule of thumb, the cost of investments proposed should not exceed the current selling price of private lands yielding comparable forage in AUM's.

Step 4. - Apply the "Prudent Investor" test.

- a. Roughly estimate the cost of the needed improvements.
- b. Roughly estimate increases in AUM's resulting from the improvements.
- c. Multiply the annual increase in AUM's times the private grazing land lease rate for your State. Multiply this amount by 14 to 28, depending on the amount of nonlivestock benefits that could reasonably be obtained.^{2/}
- d. Compare the rough estimates of costs and benefits and ask yourself: "Would I, as a prudent investor, invest my money in the improvements proposed for this allotment?" (Assume that you would pay all costs and capture all benefits.)

^{2/}The present value of an additional AUM/year for 50 years at 7 percent interest (the approximate interest rate used by the Water Resources Council) is 13.8 times the private grazing land lease rate. This number, rounded to 14, is realistic in areas where no benefits other than livestock forage would be gained from the increased AUM's. In areas where an increase in AUM's would produce additional benefits for wildlife and watershed protection, this number is too low. A multiplier between 14 (no additional benefits) and 28 (maximum additional benefits) should be selected based on the AUM and non-AUM benefits that would occur. The multiplier 28 should be used only in those unique situations where each AUM increase results in benefits valued at twice the public grazing land lease rate.

The answer to this question should describe the allotment's potential for positive economic return on investments. If the answer is "Yes," the allotment meets the economic criteria for the Improve Category. If the answer is "No," the allotment meets the economic criteria established for the Custodial Category. Answers of "Maybe" indicate that additional information is needed or that the allotment meets the economic criteria for the Maintain Category.

Analysis Component #2: Ranking Investments

Purpose: The purpose of Analysis Component #2 is to help managers integrate economic, resource and social objectives in selecting, ranking, and scheduling investments. Information developed for this purpose will also provide the basic data needed to estimate future investment needs, units of accomplishment, etc., for preparation of "program packages" and other outyear budget documents.

Component #2 must be completed before selection of the final resource management plan (RMP) and publication of the rangeland program summary (RPS). Ideally, economic analysis is an integral part of project formulation and would begin during the development of alternatives for the land-use plan and EIS. A prudent investor wants to know which alternative yields the highest return, or what tradeoff of economic returns is made to achieve social or environmental objectives. At this stage of the planning/budgeting process, firm or specific data may not be available. Use EIS information, professional judgment, and "best estimates" for this "intermediate" analysis. Since improvement funding is expected to be limited, priorities for investment must be established.

Documentation of this analysis on Worksheet 2 should be kept with backup materials for the final RMP and the RPS. Since categorization is a

continuing process, the initial categorization can be changed any time information suggests a change is warranted. A place to note such changes is included on Worksheet 2, which would be prepared after environmental analyses, land-use planning, and investment analyses are completed.

Procedures:

Step #1 - Conduct a benefit/cost (B/C) analysis of the package of improvements proposed for an allotment using the Bureau's SageRam Analysis Program. A "with and without" analysis, based on current cost estimates for the District and "willingness to pay" values for both market and nonmarket outputs, is required. (See Appendix 1, Glossary, for definitions of economic terms.) Cost estimates for improvements can usually be obtained from District files and/or recent user expenditures. Changes in outputs resulting from the installation of the proposed improvement package can be estimated using current actual use or license data and estimates of potential productivity described in EIS tables for each alternative. Use the private grazing land lease rate for your State to value livestock forage (AUM's) and the Forest Service's Resources Planning Act (RPA) values for wildlife, recreation, fishing, etc. (See Appendix 2 for private grazing land lease rates, by State; see Appendix 3 for wildlife and related recreational values by Forest Service region.) State or local "willingness to pay" values may be used if available, upon approval by the State Director. Use actual cost estimates for offsite soil/watershed damage avoided and local permit/sale prices for firewood sold, etc. Onsite watershed benefits are reflected in AUM or habitat production.

Step #2 - Reevaluate allotment investment proposals with a B/C ratio of less than 1:1. These proposals cannot be included in a final RMP/RPS unless resource or social criteria provide a firm rationale for further considerations. In all cases, the proposed improvements must represent the least-cost investment package for achieving management objectives. (See Appendix 4 for further instructions concerning the selection of a least-cost method of vegetation management.)

Step #3 - Initially rank allotments (and associated implementation plans) on the basis of Internal Rate of Return (IROR) beginning with the highest IROR. The IROR identifies the annual interest rate or percent return per dollar invested, while the B/C ratio identifies whether and to what extent benefits exceed costs (see Worksheet #2).

Step #4 - Apply the other nine criteria to each allotment. (See back of Worksheet #2 for list of required criteria). If a criterion does not apply to the allotment or situation under consideration, indicate with a zero (0). Additional local criteria may be developed and used if appropriate.

Step #5 - Area Manager develops a proposed ranking and discusses the proposed ranking with the District Grazing Advisory Board. Managers and Advisory Boards should make an initial ranking based on the economic criteria and then use the other criteria to make any necessary adjustments from the economic ranking.

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There is no specific formula by which different criteria can or must be weighed and added up to reach a proposed ranking. The analysis provides managers' flexibility to exercise their professional judgment in weighing the standard criteria to rank investment proposals. However, investment proposals yielding low or negative IROR's will have low Bureau priority and a poor probability of early funding unless other criteria provide a solid rationale for the proposed investments.

Step #6 - District Manager reviews Area Manager's ranking, District Advisory Board recommendations and other input to develop a final ranking for the EIS or Resource Area. Generally, allotments in the Improve Category will be given first priority, allotments in the Maintain Category second priority, and allotments in the Custodial Category third priority in the allocation of funds. Therefore, allotments should be grouped by category (all I's first, etc.) and ranked. Implementation of improvements for the Maintain and Custodial allotments may proceed concurrently with activity planning and implementation on Improve Category allotments if proposed improvements will be funded through contributions or fit the exceptions on page 1-8 of the policy statement.

Step #7 - Area Manager develops implementation schedule based on final ranking. District and area staffs will use the cost and output estimates to develop outyear budget submissions.

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Analysis Component 3: Budgeting and Implementation

Purpose: The purpose of Analysis Component 3 is to develop annual work plans (AWP's) that incorporate the priorities assigned during the selection of the final management plan (MFP or RMP) and that also reflect the more detailed investment analysis of final activity plans. It should result in improvement funds being allocated first to investments that rank highest in terms of effectively achieving management objectives.

The SageRam Program can be used to analyze several alternative investment packages for the same allotment. Use of this feature is one means of determining which improvements in an investment package yield the greatest return and which yield the lowest. If improvements yielding low returns are not necessary to achieve the management objectives, they can be eliminated from the proposal to achieve the least-cost method of obtaining the objectives.

As new activity plans ^{3/}(AMP's, Habitat Management Plans, Herd Management Area Plans, etc.) are completed each year, District Managers may want to revise their overall rankings and implementation schedules. Such revisions, however, should be carefully considered and made with the input of affected publics. When private contributors offer to fund entirely the implementation of allowed or proposed rangeland improvements, these improvements shall be given a high priority in the development and execution of AWP's. Potential contributors shall be notified of schedules to be met, if a proposed improvement is to be included in the AWP.

^{3/}These activity plans may be as brief (one page) or as lengthy as the situation justifies. Plans prepared by, or in cooperation with, other agencies are acceptable. The intent is to assure that a reasoned analysis of how allotment objectives could best be achieved occurred and has been documented for the benefit of others.

Once a plan has been ranked and funding approved for the initial year, funding available in subsequent years will normally be allocated to completion of partially implemented plans before new starts are initiated in other allotments. Funds allocated to a State or District in an approved AWP for new rangeland investments will be allocated for improvements according to the priority assigned to them in the AWP submission.

Worksheet #3 provides a framework for developing AWP submissions that must be used to list and rank proposed District rangeland investments.

Documentation should be kept with the allotment or AWP files.

Analysis Component 3 must be completed prior to submission of AWP's.

Procedures:

Step #1 - Identify current use (stocking levels) and estimated future use levels achieved through installation of proposed investments, physical units of each type of improvement (e.g., miles of fence, acres of seeding, numbers of springs and wells, etc.) and unit costs and values. Enter this information on the SageRam input Tables. (Appendix 5 provides samples of SageRam input and output pages.)

District files and user expenditures are sources of information for improvement costs. Certified actual use, license data, State wildlife reports, and Soil Conservation Service records provide information about current use or output levels. Soils and range surveys, use levels on

comparable land, impact estimates in an EIS, and monitoring data all provide data about potential use with installation of the proposed improvements. Consultation with users and other interested parties will yield additional information.

Unit values for AUM's, wildlife, and recreation should be based on the best available information. In the absence of local forage values that are documented and have been approved by the State Director use the most recent public grazing land lease rate for your State. If one objective of the activity plan is to produce forage (habitat) during a critical season, available and documented seasonal values for AUM's should be used. Ranch budgets (linear programming models) developed by the Bureau or the Forest Service for your area or a comparable adjacent area can provide information that can be used to estimate seasonal AUM values. When seasonal values are used, however, they must be used consistently. If forage is valued at a high rate for the critical season, it should be valued at a lower rate for the noncritical seasons.

Wildlife and recreation outputs will be valued using the Forest Service's RPA "willingness to pay values" when local willingness to pay values are not available or have not been approved by the State Director. Value only AUM's, wildlife, or other outputs for which there is a "willingness to pay." In other words, if there is no demand for the increased forage, then it has no value in the B/C analysis.

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If the rangeland investment proposals and related change in outputs impose costs on others, these costs should be included in the cost side of the B/C analysis. For example, increasing the habitat for elk may lead to a larger population and greater winter use of private haystacks by those elk. In summary, investment analyses must be based on a careful assessment of the Bureau's actual contribution to resource development.

Step #2 - Calculate the B/C ratio and IROR for the investment plan. Enter this information on Worksheet #3 along with the allotment name, management category, total costs of improvements, and first year costs.

All proposed investment packages having a B/C ratio of less than 1:1 must be accompanied by an explanation as to why the objectives were not adjusted, etc.

Step #3 - Rank allotments according to highest IROR first, etc. for preliminary AWP rank. Enter information on Worksheet #3.

Step #4 - Enter additional information on Worksheet #3, relying on the criteria and ranking identified in the RPS and consultations with livestock operators and other interests. Investments in allowed or proposed improvements that will be funded entirely by contributions should be ranked highest in AWP development and execution. Allotment

rankings may also be adjusted upward or down depending on whether or not a permittee or interest group offers to share part of the costs. Such adjustments must reflect consideration of all socio-economic and resource concerns or needs. The criteria or rationale for making adjustments in the ranking of allotments for rangeland investments must be identified on Worksheet #3.

Other criteria may include:

- (1) Changes in resource conditions or uses since the RPS was prepared.
- (2) Cost savings achieved by scheduling or contracting several similar projects in a particular year.
- (3) Other local criteria.

Step #5 - Discuss the proposed annual investment schedule with the District Grazing Advisory Board members. Their input should be sought even if the Board chooses not to recommend changes in the proposed ranking.

Step #6 - District Managers and/or State Directors prepare final rankings for AWP preparation, using their judgment to weigh the relevant criteria.

Step #7 - Prepare AWP and implement according to approved AWP funding.

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Worksheet #1

RECORD OF PROPOSED ALLOTMENT CATEGORIZATION

State _____ District _____ Resource Area _____ Preparer _____

Prudent Investor's

Allotment Name	Range Condition			Allotment Potential			Present Productivity			Resource Conflicts			Controversy			Present Management		Willingness to Invest			Other Criteria Allotment Characteristics	Category		
	Satis.	Unsatis.	Undet.	Hi.	Med.	Low	Hi.	Med.	Low	Many	Few	None	Hi	Low	None	Satis.	Unsat.	Yes	Maybe	No		M	I	C

INSTRUCTIONS FOR WORKSHEET #1

The way this worksheet is used will depend on the availability of quantitative and other allotment data. In its simplest form, a series of check marks may be used to record the allotment categorization process.

This form may provide more documentary value if, under range condition, the percent of the allotment in each category is shown. For Allotment Potential and Present Productivity, it may be advantageous to show the average acres per AUM for each, in addition to "checking" the appropriate category. Brief notes under Resource Conflicts and Controversy may be useful. The percent of the allotment presently under satisfactory or unsatisfactory management may also be shown. For Willingness to Invest, a "scratch pad B/C ratio" may be shown in one of the columns. Other criteria may include suspended use being carried, and any reduction in use made in the past or expected in the future. All of this will have more meaning if the total acres in the allotment is shown in the column with the allotment name or number.

In summary, the intent is to provide a record that will be useful to range conservationists, managers, and others. Use of the worksheet in its simplest form is required, with other data optional. Use it in a manner that best helps you!

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