

*As development threatens Western rangelands, ranchers and environmentalists become allies in*

# SAVING THE RANCH

BY TROY SMITH



TROY SMITH PHOTOS

Due to its potential for development as residential areas offering a view of the Black Hills, prices for western South Dakota grassland have climbed from \$70/acre to as much as \$425/acre.

**I**N the Black Hills of western South Dakota, granite peaks rise above the surrounding plain, their steep, rocky slopes covered with timber. It's these dark, densely wooded coats that give the region its name.

Creeks and streams trickle out of the Black Hills, joining forces to feed the Cheyenne and Belle Fourche rivers. Millions of tourists flock here every year to view the scenery and abundant wildlife and to gaze at Mount Rushmore. They come to experience the flavor of historic mining towns or to take their chances at the gaming tables of Deadwood.

## ■ New developments

Over the past several years, however, growing numbers of Black Hills visitors have become permanent residents. It's the same kind of thing that has occurred in Colorado, Wyoming and other Western states. The lure of the mountains and the wide-open spaces has prompted what some people call the "resettling of the West," typically by affluent, urban-bred folk seeking escape from crowded, fast-paced city life. So they retire to the country, or they move their home-based businesses there, equipped with phone, fax and computer.

Since much of the most scenic West is public land, new residential development occurs primarily on adjacent private property. The same is true in the Black Hills.

As in many parts of the West, some South Dakota counties have few if any rules on the books regarding land use. It's that way in Fall River County where Gary and



Sharon Romey ranch along the fringe of the Hills. The Romeys believe their county's lack of land-use planning or zoning regulations makes it an easy target for real-estate developers.

Responding to the demand for country acreages, developers have been buying area ranches and dividing them into "ranchettes" ranging in size from 5 to 40 acres. During the 1980s relatively modest development saw 285 subdivision plats filed in Fall River County. So far in this decade nearly double that number of building lots have been established, with almost 230 in 1997 alone. That kind of rapid development creates problems for individual ranchers, like the Romeys, but the couple fears unbridled development presents a greater threat to agriculture in general.

Located near Hot Springs, the Romey operation straddles Highway 385, which winds its way northward toward the heart of the Hills. On the east side of the road, rough but fairly open country rolls toward the plain beyond. On the west side, grassy slopes give way to heavy timber, boulders and rock outcroppings.

One particular parcel of nearly 1,000 acres is bordered by a high rimrock along its north side, with the Cheyenne River twisting through the lower end and forested public lands lying beyond the western fenceline. The piece of property has developers drooling, but the Romeys have resisted their offers to purchase the land for figures much more than its value for agricultural production.

"One guy told us how a lot of people would like to build homes up on the rimrock overlooking Hot Springs, while others wanted to build along the river. This developer planned to divide it up into 2-acre plots," says Gary. "When we told him we wanted to keep the land as part of our ranch, he said ranching as we knew it would soon be a thing of the past. He said that ranchers would have to get out of the way so more people could live on the land and enjoy it.

"I just wonder who he thinks is going to feed all of those people," adds Gary.

The Romeys have watched uneasily as nearby ranches have been sold and subdivided. Much of a neighboring place owned by an elderly couple went that way when heirs offered the ranch at auction. The Romeys purchased a portion, but developers bought the remainder and, within a few months, construction of new housing began right at the property line.

To range-country ranchers, having a cluster of neighbors so close that you can see them from the front porch can be a little unsettling. The new neighbors may



Gary and Sharon Romey ranch near Hot Springs, S.D.

not be cut from country cloth, and few savvy agriculture. They want to run some stock on their acreage, but they may not understand stocking rates. Some tend to neglect fence fixing and weed control around their little homes on the range.

And some display little appreciation for the real-life rancher's attempt to make a living on the land. One story tells about the residential development built right next to a long-time rancher's hay meadow. Early one morning the rancher was baling while a bit of dew remained on the hay, but the rancher's new neighbors called the law and had him cited for disturbing the peace with his noisy machinery.

#### ■ Easing the situation

A real concern stems from what development does to land values. Just a few

years ago the grama-grass ranges bordering the Black Hills were generally considered to be worth about \$70/acre. Now prices of \$200-\$225 are common for grassland with a view of the Hills. A parcel with live water may go for as much as \$425/acre. Local ranchers can't compete for land at those prices, and rising market values often lead to higher assessed values for tax purposes.

All the rock-strewn, tree-filled scenery enhancing the development potential of Romey's particular pasture also makes for rather poor livestock grazing. Practically a paradise for wildlife, however, the property is a primary nesting habitat for wild turkey, and it teems with other upland game birds, deer and elk.

Fearing further encroachment by suburban sprawl and tired of being

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## SAVING THE RANCH CONTINUED

pressured to sell, the Romeys were determined to save the property from development. Cognizant of the property's value beyond that of marginal grazing land, the couple sought a way of claiming at least part of that value while preserving its wilderness character.

After much consultation with entities interested in its importance to wildlife, including the Rocky Mountain Elk Foundation, the National Wild Turkey Federation and the Nature Conservancy, the Romeys forged a deal to protect the property as wildlife habitat. In effect, the land was sold to the State of South Dakota and placed under the auspices of the Department of Game, Fish and Parks.

Most importantly to the Romeys, the bargain included establishment of a conservation easement that prevents the property from ever being developed, creating a buffer zone between development areas and the remainder of the operation. A stipulation allows the Romeys to continue using the land for limited grazing.

While the Romeys received roughly half as much money as developers had offered, the sale still generated enough cash for them to expand their operation.

"We wanted to buy a little more better land, and we already had a place in mind when we made the deal," tells Gary. "We ended up leasing a different place that joins ours because the ranch we wanted to buy brought a little too much money for us. Ironically, it sold to a rancher who came here because development crowded him off of his ranch in Colorado."

In that state, according to the Colorado Cattlemen's Association, development has been gobbling agricultural land at the alarming rate of approximately 90,000 acres/year since 1978.

In Colorado's Gunnison Basin, third-generation rancher Bill Trampe and his neighbors feel the pressure.

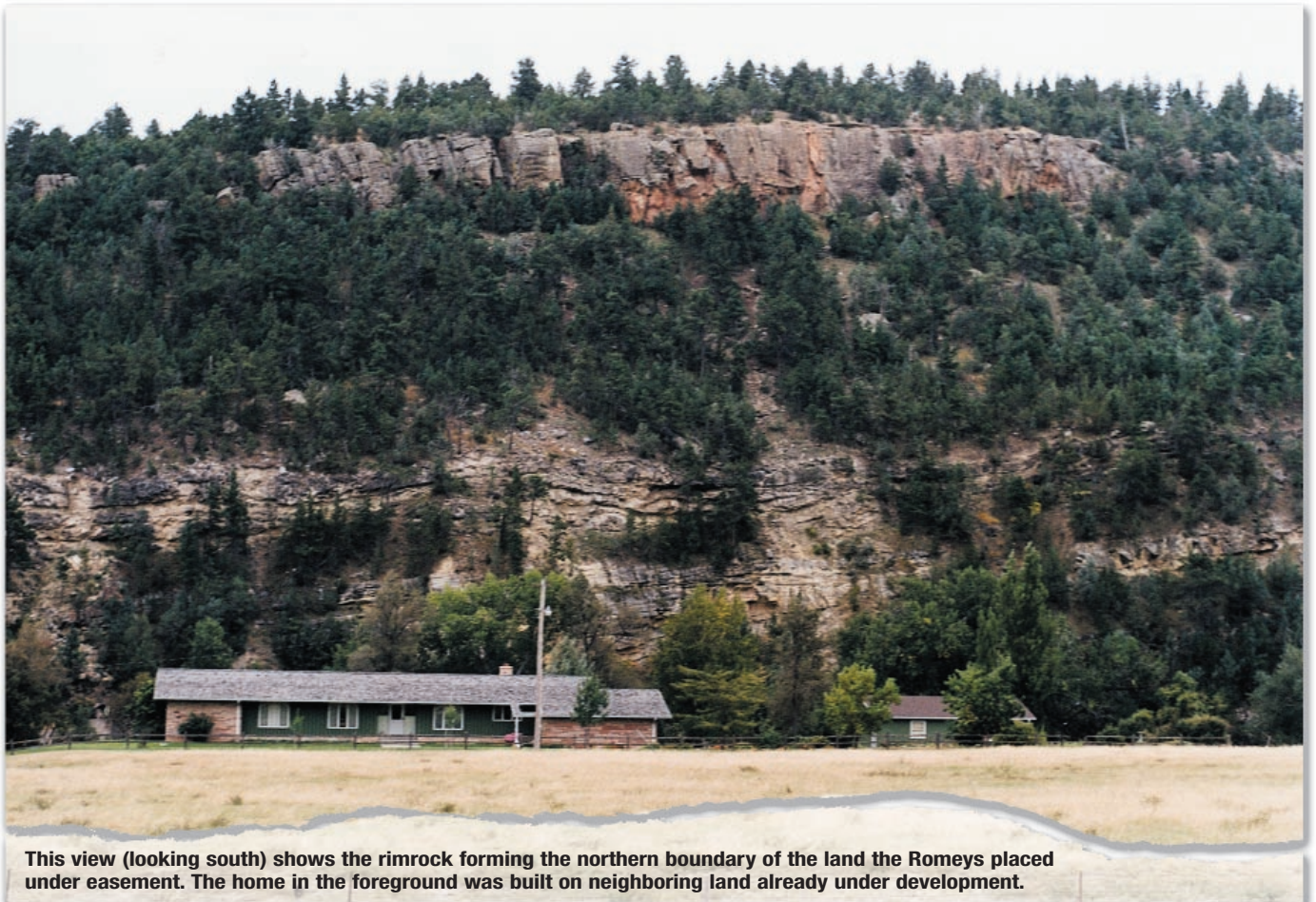
"The cost of operating next to development areas is prohibitive," says Trampe. "Even though a rancher's land values go up when development moves in, the rancher can't tap inflated values unless

he sells out to the developers. A lot of us don't want to sell. We want to stay here and ranch."

To help protect family agriculture and the environment from overzealous development, Trampe joined with biologist Susan Lohr to promote the Gunnison Ranchland Conservation Project. The pair met during Lohr's tenure as director of the Rocky Mountain Biological Laboratory. She conducted research on the same federal lands where Trampe held grazing permits, and both served for a time on a local water board. They found common ground in the desire to keep the community whole, including family agriculture.

Trampe and Lohr thought ranchers might consider selling conservation easements on their properties, so they approached Great Outdoors Colorado (GOCO), an organization that promotes "open space" through funding generated by the state lottery. So far GOCO has granted \$5 million to compensate a dozen ranch families willing to sell conservation

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This view (looking south) shows the rimrock forming the northern boundary of the land the Romeys placed under easement. The home in the foreground was built on neighboring land already under development.



# ROMEY RANCH



Romey Ranch replacement heifers graze near the river breaks.

**G**ary and Sharon Romey, along with their three young children, maintain headquarters several miles southeast of Hot Springs, S.D., near where Fall River spills into the Cheyenne. They run approximately 600 cows — mostly commercial Angus and black baldies, but also a modest herd of registered Angus.

The registered cows, all replacement heifers and a few top commercial cows are bred via artificial insemination (AI). The Romeys choose only progeny-proven sires for AI and mostly sons of proven sires for natural service. They merchandise a few Angus bulls each year, but Romey Ranch is best known for marketing feeder cattle and replacement-quality heifers.

Calving occurs from mid-February through March. From then until early grass is available is about the only time the cows receive supplemental feed. Barring extended periods of severe cold and deep snow, Romey cows forage throughout most of the year, utilizing native range and cornstalks. Weaning calves by early October normally allows plenty of time for cows to pick up some flesh before winter arrives.

Steer calves are sold after weaning, with most going to repeat buyers. Heifer calves are sorted three ways, with a top-end cut saved for replacements. The most common heifers are sold as feeders and a middle cut is offered as

replacement-quality females. For these, too, buyers return year after year. Recently added to the customer list were producers involved in the Miner County (S.D.) Heifer Development project profiled in the April 1998 issue of *Angus Journal*.

Private marketing transactions have been successful for the Romeys, thanks to a reputation gained through several years as an exhibitor at the Black Hills Stock Show in Rapid City, S.D. Romey entries to the commercial heifer show have attracted considerable attention, and their consignments have consistently garnered top prices when sold through the Stock Show's Pen-of-Five Heifer Sale. The Romeys also credit American Angus Association Regional Manager Jim Shirley for help in securing successful private-treaty sales.

Enduring relationships with buyers allow the Romeys to evaluate their calves for feedlot performance and carcass merit without retaining ownership themselves. For example, Keith Bartos, Verdigre, Neb., has bought the top-end steers for several years, fed them and shared both performance and carcass data with the Romeys.

A breeder of Angus seedstock, Bartos is interested in furthering carcass data collection on Angus sire progeny; the Romeys use the information to influence future sire selection.



easements on specific pieces of property. In essence, that means development rights for close to 6,500 acres have been purchased and placed in a trust that guarantees the property can never be developed.

Among the participants is Fred Field, whose family owns an 800-cow outfit near Gunnison. Also a county commissioner, Field has actively sought avenues for protecting agricultural land in the area. He says the strength of the Gunnison Ranchland Conservation Project is the fact that it is strictly voluntary and without government intervention. And it is flexible.

"The conservation easement can be written to suit the individual rancher, with exclusions for additional family homesites or whatever parcels the rancher wants withheld," states Field. "But whatever land is included under the easement is permanently locked into agriculture."

Bill Trampe emphasizes that a conservation easement does not restrict the owner's use of the land for agricultural purposes. Improvements can be added to the property as long as they are connected with the agricultural pursuit. However, the development restriction remains with the property, even if the land changes hands.

#### ■ Advantages

Many agricultural operations carry a huge load of debt, and families may be ranching to pay interest, without making a dent in the principal. Selling a conservation easement can provide income to retire some debt while guaranteeing that the land will remain in agriculture. And since the property loses part of its market value, estate taxes are reduced, thus easing the transfer of ranchland to heirs.

In some cases, money received for easements is invested in retirement funds for the senior generation. Such arrangements might help make transfer of the ranch financially feasible before the older generation passes.

Ranchers selling easement rights on their property might also use the money, like the Romeys did, to lease or to buy additional land when expansion is necessary to maintain a viable operation capable of supporting a family and worthy of passing to the children.

"We want to stay here and ranch more than anything else," says Sharon. "And we hope that our children might want to someday. At least we want to give them the opportunity."



# LANDOWNERS BEWARE

Exercise caution when entering conservation easement agreements.



By selling a conservation easement on 1,000 acres of their land, the Romeys have prevented development and preserved wildlife habitat while maintaining grazing privileges.

**U**se of conservation easements to halt development and preserve wildlife habitat is becoming widespread not only in the West, but also in New England, and it is gaining popularity throughout the United States, according to attorney Fred Kelly Grant. Through Stewards of the Range, based in Boise, Idaho, Grant works to protect landowners' private-property rights.

"Our concern is that people truly understand what is happening to their private-property rights when they sell conservation easements on their land," explains Grant. "Too many people think of easements in the traditional sense, where a landowner simply grants access across a parcel of land; but conservation easements actually transfer property rights from the landowner to the easement owner. It's important that the specific rights being transferred are carefully spelled out in any easement agreement."

While landowners may find conservation easements alluring as a means of fending off development, they should fully understand what type and amount of use by landowners might be restricted as well.

If keeping the land in production agriculture also is a goal, landowners need to know what limitations apply to intended farming, grazing or timber-production practices.

Creation of an easement may carry with it the prospect of income-tax deductions, reduced local property tax and a lighter estate-tax burden for landowners' heirs. However, landowners should realize that it generally means a lower market value for the property as well.

Grant says the terms of any easement document are critical and should spell out the exact uses that can be made of the property by the buyer of the easement and the exact limitations on any use that the seller can make of the land. Also specified should be any potential limitations of use of sellers' land or neighbors' land that is adjacent to the parcel coming under easement. Certainly the duration of the easement should be clearly defined. Vaguely worded documents must be avoided.

"When it comes to conservation easement agreements, there are no implied rights," offers Grant. "Documents must be specific, and landowners need to understand any possible tax, financial and legal consequences before they sign an agreement. No property owner should execute such a deal without having an attorney and an accountant review the terms and without obtaining appraisal information as to property values before and after creation of the easement."