

## Lake Shelbyville Agricultural Lease Program

In the spring of 2010, the Lake Shelbyville Agricultural five year lease package was up for renewal. The previous lease package, let in 2005, totaled \$6,260.00 over five years; an average of \$3 an acre. Administering leases during that time period led to the realization that the agricultural leases were costing the Corps more money in maintenance and inspection than the leases were worth. As a result, the Environmental Stewardship (ES) section made the decision to utilize these areas as wildlife habitat if the 2010 bid package bids were not in line with fair market value prices in the region.

In 2006, the Kinder Morgan Pipeline Company approached Lake Shelbyville about accessing one of their Natural Gas Pipelines that crossed project lands. In order to access the easement, Kinder Morgan would need to close down the most popular primitive boat ramp on the lake. To mitigate the closing, the ES section worked out an in-kind project with Kinder Morgan to reclaim a 10 acre field that had been completely overtaken by invasive species and restore it to native prairie. This success led to discussions with the St. Louis District Real Estate Division about utilizing in-kind work in lieu of monetary payments in the Ag Lease Program. With a green light from the Real Estate Division to work on an alternative lease agreement, the ES section drew up a plan to utilize in-kind work for the privilege of farming the Lake Shelbyville Ag Leases. Eleven commonly used practices accomplished under an Indefinite Quantities (IDIQ) contract were chosen as in-kind service items that each prospective bidder would base their bid upon. Because all services are based on an active IDIQ contract, real dollar values were assigned to each bid item. In the case of a tied bid, the Corps decided that the first year of the lease which required a monetary bid would serve as the tie breaker. Once the process was completely defined, a meeting was held with all prospective bidders to discuss the new lease structure. Many balked at the new process but ES stood firm and explained that either in-kind services would be utilized or the fields would make excellent quail habitat. At the bid opening a month later the winning bids monetary (tie breaker) and in-kind value totaled \$110,403 over five years – a gain of \$104,143 dollars over the previous Ag lease package! In fact, the total for the first year's tie breaking bids totaled \$6,879.20 which was \$619.20 more than the total of the previous 5 years. Lake Shelbyville is now able to stretch its Environmental Stewardship budget much farther, the Ag tenants are pleased with the outcome, and the habitat, wildlife, and users of Lake Shelbyville are benefitting from this new lease structure.

Lake Shelbyville is now in the 3<sup>rd</sup> year of the lease agreement and despite predictions of being more trouble than it was worth, the leases have gone smoothly. Before farming season begins each spring, maps detailing the in-kind work to be performed that year along with due dates are sent to each tenant. Environmental Stewardship Personnel conduct inspections shortly after the due dates and any deficiencies noted are addressed with the tenant. While some are more prompt than others, all have been compliant and completed the work each year according to the lease. Before harvest each fall, ES flags out a minimum of 5% and up to 10% (depending upon the agreement) of the fields that the tenant must leave standing for wildlife for the winter.