BLM Arizona Small Land Use Authorizations Rent Schedule 2020

SUBMITTED TO

Bureau of Land Management
Janet Eubanks, Realty Specialist
2800 Cottage Way
Sacramento, CA 95825

IVIS CASE NUMBER

00011370

AVIS PROJECT NUMBER

L200088

DATE OF REPORT

November 2, 2020

SUBMITTED BY

Joshua Robinson
Appraiser – BLM Team, Federal Lands Division
Appraisal and Valuation Services Office
U.S. Department of the Interior
1220 SW 3rd Ave, Suite 1010
Portland, OR 97204

UNITED STATES DEPARTMENT OF THE INTERIOR
APPRAISAL AND VALUATION SERVICES (AVSO)
1220 SW 3RD AVENUE, SUITE 1010
PORTLAND, OREGON 97204-2825

November 2, 2020

Bureau of Land Management
Janet Eubanks, Realty Specialist
22835 Calle San Juan de Los Lagos
Moreno Valley, CA 92553

Re: BLM Arizona Small Land Use Authorizations Rent Schedule 2020

Dear Ms. Eubanks:

Per the request of the Bureau of Land Management (BLM) via the Appraisal and Valuation Services Office, I have conducted a study of comparable commercial practices and other valuation methodologies that are useful in establishing a reasonable rent schedule for Land Use Authorization Grants for Small Uses up to 25 acres. This consultation report was conducted for the purposes of establishing or updating current BLM minimal rent schedule fees for small-acreage, non-linear rights-of-way. A streamlined and uniform approach to establishing small tract rental fees is consistent with other BLM rent determination methodologies, such as those found in 43CFR§2806 and 43CFR§2885. Furthermore, this rent schedule facilitates the BLM's efforts to collect rent from land use authorization holders as described in 43CFR§2920.8. Within the context of this study the terms rent and fee are interchangeable.

Past experience has demonstrated that appraising individual Land Use Authorizations (LUAs) is not economically beneficial to the U.S. Government as the time and cost associated with an appraisal was substantially higher than the rent achieved. For this reason, development of a rent schedule is warranted. Hence, I have conducted a study and this consultation report provides my findings of comparable commercial practices, as well as establishing a fee schedule for small non-linear tracts of BLM land.

It is important for the Realty Specialist along with any user of this study to read the study in its entirety to understand the analysis prior to using any information or data contained herein.

Please note, as this study is a compilation of a wide variety of information including BLM memorandums, regulations, along with other private and public sources, some of the comments, discussions and explanations may not have been specifically cited.

This fee schedule is not intended to use for oil and gas and other mineral related site rights-of-way or permits. In most States with significant BLM lands there is a well-established market, sufficient lease data for comparing similar oil and gas and mineral related sites, and a process that is economically practical to support the completion of individual appraisals or use specific rent schedules.

It is also not intended for use for site rights of way that are outside the size parameters identified in the schedule, or where there are well established markets, and sufficient data exists, to demonstrate rental fees for particular uses significantly higher than the fees identified on the schedule.

This schedule is also not intended to replace existing schedules for solar, filming, hydroelectric, geothermal, telecommunication, linear right-of-way uses, recreation, or any other use fee established by specific authorization.

Please be aware that this Consultation Report is not an Appraisal Report or Mass Appraisal.

The following pages contain a Schedule of Minimal Rents for BLM Small Tracts up to 25 Acres for lands in or near the state of Arizona[1]. The schedule is specific to the identified BLM Districts and counties. Following the schedule is the explanation of how the rental values were derived. It is imperative that the user read this consultation report in its entirety to understand the basis of which the rental schedule was formed. In some instances, the rental schedule may not be appropriate, and an appraisal may be needed.

Respectfully submitted,

JOSHUA ROBINSON

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Date: 2020.11.02 14:14:05 -08'00'

Joshua T. Robinson
Appraiser – Federal Lands Division
Appraisal and Valuation Services Office
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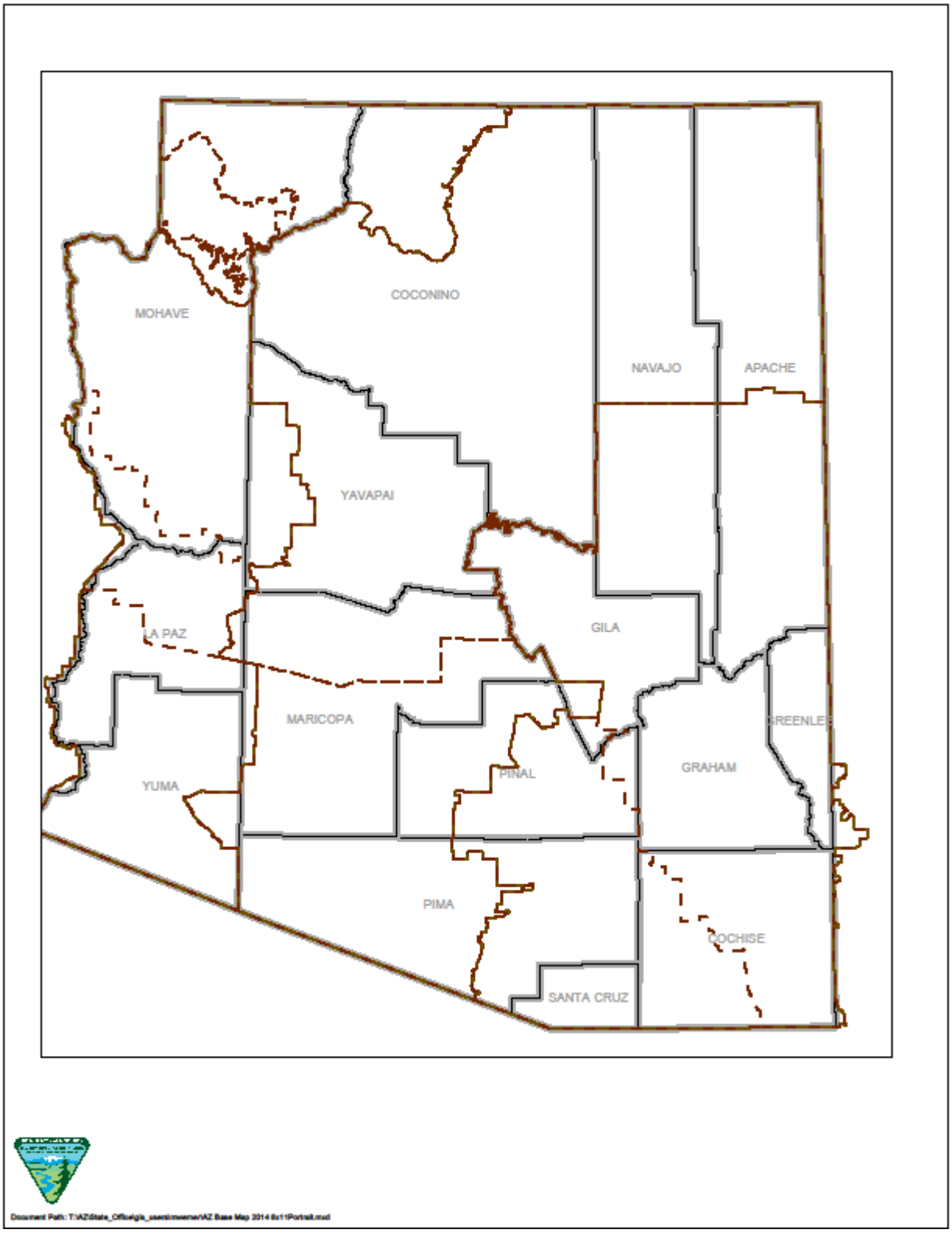
[1] There are certain locations that are not within Arizona that are managed by the BLM's Arizona state office, as they are geographically linked with nearby portions of Arizona. Technically, these areas are not within Arizona, but they are managed as if they were.

Arizona Strip Field Office
Grand Canyon-Parashant Field Office
Kingman Field Office
Hassayampa Field Office
Lake Havasu Field Office
Safford Field Office
Yuma Field Office
Lower Sonoran Field Office
Tucson Field Office
Arizona BLM Field Offices

Arizona Counties and Field Office Responsibilities



ANNUAL RENTAL SCHEDULE FOR BLM LAND USE AUTHORIZATIONS TRACTS OF LAND UP TO 25 ACRES IN ARIZONA														
For Year 2020			Up to 5 Acres			5.1 to 10 Acres			10.1 to 15 Acres			15.1 to 25 Acres		
County	Land Value $/Acre	Rent $/Acre (3.19%)	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%
Apache	$ 149	$ 4.76	$ 11.90	$ 17.86	$ 23.81	$ 23.81	$ 35.71	$ 47.62	$ 35.71	$ 53.57	$ 71.43	$ 59.52	$ 89.28	$ 119.04
Cochise	$ 1,088	$ 34.72	$ 86.79	$ 130.19	$ 173.59	$ 173.59	$ 260.38	$ 347.18	$ 260.38	$ 390.58	$ 520.77	$ 433.97	$ 650.96	$ 867.95
Coconino	$ 115	$ 3.67	$ 9.18	$ 13.77	$ 18.35	$ 18.35	$ 27.53	$ 36.71	$ 27.53	$ 41.30	$ 55.06	$ 45.89	$ 68.83	$ 91.77
Gila	$ 211	$ 6.74	$ 16.84	$ 25.26	$ 33.68	$ 33.68	$ 50.52	$ 67.36	$ 50.52	$ 75.78	$ 101.04	$ 84.20	$ 126.30	$ 168.39
Graham	$ 352	$ 11.22	$ 28.05	$ 42.08	$ 56.10	$ 56.10	$ 84.15	$ 112.21	$ 84.15	$ 126.23	$ 168.31	$ 140.26	$ 210.38	$ 280.51
Greenlee	$ 846	$ 27.00	$ 67.49	$ 101.23	$ 134.98	$ 134.98	$ 202.46	$ 269.95	$ 202.46	$ 303.69	$ 404.93	$ 337.44	$ 506.16	$ 674.88
La Paz	$ 1,094	$ 34.91	$ 87.27	$ 130.91	$ 174.54	$ 174.54	$ 261.81	$ 349.08	$ 261.81	$ 392.72	$ 523.62	$ 436.35	$ 654.53	$ 872.71
CA Adj. La Paz	$ 1,094	$ 34.91	$ 87.27	$ 130.91	$ 174.54	$ 174.54	$ 261.81	$ 349.08	$ 261.81	$ 392.72	$ 523.62	$ 436.35	$ 654.53	$ 872.71
Maricopa	$ 5,013	$ 159.93	$ 399.82	$ 599.73	$ 799.64	$ 799.64	$ 1,199.45	$ 1,599.27	$ 1,199.45	$ 1,799.18	$ 2,398.91	$ 1,999.09	$ 2,998.63	$ 3,998.18
Mohave	$ 455	$ 14.53	$ 36.32	$ 54.48	$ 72.64	$ 72.64	$ 108.96	$ 145.28	$ 108.96	$ 163.44	$ 217.92	$ 181.60	$ 272.40	$ 363.20
CA Adj. Mohave	$ 455	$ 14.53	$ 36.32	$ 54.48	$ 72.64	$ 72.64	$ 108.96	$ 145.28	$ 108.96	$ 163.44	$ 217.92	$ 181.60	$ 272.40	$ 363.20
Navajo	$ 120	$ 3.83	$ 9.57	$ 14.35	$ 19.13	$ 19.13	$ 28.70	$ 38.27	$ 28.70	$ 43.05	$ 57.40	$ 47.83	$ 71.75	$ 95.67
Pima	$ 286	$ 9.13	$ 22.81	$ 34.22	$ 45.63	$ 45.63	$ 68.44	$ 91.25	$ 68.44	$ 102.66	$ 136.88	$ 114.07	$ 171.10	$ 228.13
Pinal	$ 1,500	$ 47.86	$ 119.65	$ 179.48	$ 239.30	$ 239.30	$ 358.95	$ 478.60	$ 358.95	$ 538.43	$ 717.91	$ 598.25	$ 897.38	$ 1,196.51
Santa Cruz	$ 1,082	$ 34.53	$ 86.32	$ 129.48	$ 172.64	$ 172.64	$ 258.96	$ 345.27	$ 258.96	$ 388.43	$ 517.91	$ 431.59	$ 647.39	$ 863.18
Yavapai	$ 896	$ 28.59	$ 71.47	$ 107.21	$ 142.94	$ 142.94	$ 214.41	$ 285.88	$ 214.41	$ 321.62	$ 428.82	$ 357.35	$ 536.03	$ 714.70
Yuma	$ 5,013	$ 159.91	$ 399.77	$ 599.66	$ 799.55	$ 799.55	$ 1,199.32	$ 1,599.10	$ 1,199.32	$ 1,798.98	$ 2,398.65	$ 1,998.87	$ 2,998.31	$ 3,997.74
CA Adj. Yuma	$ 5,013	$ 159.91	$ 399.77	$ 599.66	$ 799.55	$ 799.55	$ 1,199.32	$ 1,599.10	$ 1,199.32	$ 1,798.98	$ 2,398.65	$ 1,998.87	$ 2,998.31	$ 3,997.74
NM Hidalgo County	$ 135	$ 4.29	$ 10.74	$ 16.10	$ 21.47	$ 21.47	$ 32.21	$ 42.94	$ 32.21	$ 48.31	$ 64.41	$ 53.68	$ 80.52	$ 107.36

CONCEPTUAL OVERVIEW

The Appraisal and Valuation Services Office (AVSO) has been tasked with the mission of updating and standardizing a state-by-state process of charging fees for individual, sometimes incidental, non-linear uses of small tracts of BLM land up to 25 acres in size. Historically, these fees were established based on linear rights-of-way formulas, comparable fees established by other federal agencies, or appraisals, as dictated previously in 43 CFR§2806:

> *When neither the linear nor the communication use rent schedule is appropriate, BLM determines your rent through a process based on comparable commercial practices, appraisals, competitive bid, or other reasonable methods.*

Setting rents is difficult in these circumstances as there are no generally acceptable standards or methods in setting rents to cover a broad range of uses over a wide geographic area.

In the past, these types of rents were based on surveys of other federal agencies; often, set arbitrarily and adjusted based on demand, or established by individual appraisals. However, individual real estate appraisals are not economically feasible as the time and cost associated with an appraisal is frequently substantially higher than the economic benefit to the government with regards to the compensation (rental amount) derived. Furthermore, appraisal methodologies such as market rent surveys do not translate well for establishing such rent schedules. This is because when considering market rent, the term “market” implies the presence of potentially competing renters for a specific property type along with competitive property owners interested in attracting at least one of those renters. In short, market rent requires that a competitive market exist. Given that small land use authorizations (including linear right-of- ways) are site specific and generally non-competitive, they are not market orientated uses. That is, there are ***not*** multiple users competing for use of a property where there are multiple substitute properties.

Given the nature of this assignment--- to assist BLM in their development of a statewide fee schedule for sites under 25 acres applicable to users of government land--- it was necessary to consider alternative methods that are more attune to economic reasoning than traditional valuation methodology. Nonetheless, these methods find their basis in those used by other federal agencies.

Intended BLM users of this fee schedule should exercise reasonable judgment in assessing the impact to the proposed rental sites. While the preceding charts provide exact values within the acreage ranges, there is great leeway for the intended users to interpret the category of use and degree of impact. For instance, a request to establish a small hunting base camp may be as simple as identifying a remote site. This use might be considered minimal. If the site required the building of a temporary corral and/or the construction of tent platform; however, use might be considered moderate to intense. Time constraints may also require interpretation with regard to the degree of impact. Use of BLM land as a staging area for a day use may be interpreted as

minimal, even though use is exclusive and intense. Additional discussion regarding use intensity and encumbrance factors is provided later in the Encumbrance Factor section.

The research and market data for the Rental Schedule was collected and performed prior to and during the COVID-19 pandemic. At the completion of this study and rental schedule formation, COVID-19 was causing widespread health and economic impacts. The effects of COVID-19 on the real estate market in rural Arizona were not yet measurable based on reliable data. The analyses and opinions in this Rental Study and Rental Schedule are based on 2017 USDA/NASS data, published in 2019, and trended forward to 2020 and beyond. No analyses or opinions contained in this Rental Study and Rental Schedule should be construed as predictions of future market conditions, specifically related to the impacts of COVID-19.

SCOPE OF THIS ASSIGMENT

When determining an appropriate alternative methodology, I relied on the following scope of work:

- I determined if the BLM state was operating under an existing minimum rent schedule, or if a schedule needed to be established.
- I surveyed other federal agencies, state agencies and private parties for information that might provide data within the context of comparable commercial practices.
- I referenced the Code of Federal Regulations, specifically 43 CFR, Public Lands: Interior, for guidance as to how fees had been established for similar land use. (Linear right-of-ways, Mineral, hydrologic, geothermal and telecommunication uses have specific, formula-based fee schedules.)
- Please be aware that this Consultation Report is not an Appraisal Report or Mass Appraisal.

METHODOLOGY

After careful consideration, I determined the Rate of Return to Land that would provide a reasonable basis for opining rent for use of government lands. This method is similar to that used for the linear ROW schedule used by BLM under 43 CFR 2800 and 2880. Derivation of the per county rental rate under this approach employed a five-step process[2]:

1. Determine the LAND VALUE ESTIMATE per county (NASS values x 51%); as a 49% diminution of the NASS average land and building value effectively removes the

[2] This method is recognized in other agencies as being a reasonable and well received method of rent determination. Indeed, under the authority of 16 U.S.C. 792-828c; and 42U.S.C. 7101-7352, the Federal Energy Regulatory Commission established an annual per-acre rental fee based on an adjusted per-acre value multiplied by an encumbrance factor multiplied by the rate of return multiplied by the annual adjustment factor. This formula was established after a lengthy legal challenge and public comment period.

building and irrigation contributions. This is the State Specific Factor, or SSF, for the state of Arizona. The calculation for determining the SSF is found at 43 CFR 2806.52 (a)(2). Please note that this calculation determines the percent of the county per acre land and building value that is void of land with irrigation and land with buildings, roads, ponds, etc.

2. Derive a RATE OF RETURN. (See following derivation)
3. Determine an ENCUMBRANCE FACTOR. (See following discussion)
4. Apply the RATE OF RETURN to the LAND VALUE ESTIMATE, then multiply the per acre value times the largest acreage size in each of the size brackets (1-5 acres, 6-10 acres, 11-15 acres, 16-25 acres). This is the 100% encumbrance rental rate for that size bracket
5. Apply 50% and 75% to the 100% value from #4 to arrive at the minimal, moderate, and high rates, respectively.

NASS data collected by the USDA as approved by the NASS Agricultural Statistics Board in Washington, D.C. was the primary data used for analysis. The USDA conducts the Census of Agriculture every five years and reports their findings two years later. This consultation report relies upon the data from the 2017 Census of Agriculture, which was published in 2019. Also investigated were the Trends 2019 In Agricultural Land & Lease Values for California & Nevada (CA/NV Trends) and the Texas Rural Land Value Trends 2019 (TX Trends), as published by the California/Nevada and Texas Chapters of the American Society of Farm Managers and Rural Appraisers, respectively. This data is the most recent data available for analysis as of the date of this rental schedule. Furthermore, the CA/NV Trends and TX Trends reports were used because no similar report exists for Arizona, and California, Nevada, and Texas are proximate states with relatively similar agricultural practices.

At a very basic level, both sources rely on the same information, namely sales transactions, but each analyzes the data differently. For the purposes of generating a small tract, minimum lease schedule for the BLM, the NASS data is far better for maintaining consistency. The Trends data was assessed from a very global perspective, primarily to test the reasonableness of our NASS data and to help refine the rate that applied to the average acreage value. Thus, the findings were tested and supported with additional market data.

NASS data is derived in much the same way that data is collected for general appraisal purposes. Therefore, NASS data is market data, and the uniformity in which it is collected on a national level makes it fitting for use in federal agency application. Historically, NASS data has been codified for use in federal applications and is effective in maintaining relative uniformity in the presentation of land sales data from state to state.

LAND VALUE ESTIMATE

Estimating land value over a large geographical area is difficult to say the least. However, given the predominately rural nature of BLM land, using agricultural land values as the basis for this type of analysis is reasonable. Support for using the USDA/NASS published reports on land

value is provided by Congress, which specifically endorsed the use of this data for rental determination purposes when it passed the ‘‘National Forest Organizational Camp Fee Improvement Act of 2003’’ (Pub. L. 108–7) (16 U.S.C. 6231). This law established a formula for determining rent for organizational camps located on NFS lands by applying a 5 percent rate of return to the average per acre land and building value, by state and county, as reported in the most recent NASS Census. The law also provided for a process to update the per acre land values annually based on the change in per acre land value, by county, from one census period to another.

The U. S. Department of Agriculture (USDA) publishes a national agricultural land value report via the National Agricultural Statistics Service (NASS), which can be found at:

https://www.nass.usda.gov/Publications/Ag_Statistics/2019/index.php .

Portions of the report that relate to Arizona counties can be found at:
https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_2_County_Level/Arizona/

Agricultural land values are reported by state and broken down into per county values. For the state of Arizona[3], the AG LAND, INCLUDING BUILDINGS, ASSET VALUE, MEASURED IN $/ACRE, was used as the reference for arriving at the land value estimate. In addition to the link above (see Table 8 after using the link), these values may be found using the Quick Stats tool from the NASS on-line at http://quickstats.nass.usda.gov/ . Since BLM land covers a broad spectrum of land types, with prime recreational land associated with fishing resources, as well as remote high desert land, it is reasonable to use a similarly all-encompassing agricultural land value. Nonetheless, the overall value does include irrigated land and buildings, so an adjustment to the overall land value is applied to account for these conditions. Guidance for this adjustment can be found in Federal Register 43 CFR Parts 2800, 2880, and 2920 “Update of Linear Right-of-Way Schedule; Final Rule” dated October 31, 2008; and Federal Register 43 CFR Parts 2800 and 2880, “Competitive Processes, Terms, and Conditions for Leasing Public Lands for Solar and Wind Energy Development and Technical Changes, Final Rule” dated December 19, 2016. The applicable rulemaking indicated that a 49% adjustment is deemed appropriate to the overall land value to account for the contributory value of items such as irrigation, buildings, roads, and ponds. Therefore, a 49% adjustment (i.e. multiply by .51) is applied to each county’s overall land value to arrive at a base Land Value Estimate as of the most recent NASS agricultural census (see next page).

The NASS agricultural census is conducted every 5 years and published 2 years after the census. The last census was conducted in 2017 and published in 2019. Hence, the 2017

[3] This schedule also includes data from a single county in New Mexico, because the area of responsibility for the Safford Field Office includes a small portion of Hidalgo County, New Mexico. Data for New Mexico counties can be found at
https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_2_County_Level/New_Mexico/ or searched for using the Quick Stats tool at http://quickstats.nass.usda.gov/ .

census land values must be adjusted to reflect current values using the Implicit Price Deflator-Gross Domestic Product (IPD–GDP). Using the IPD-GDP to adjust land values is the same method used in the BLM's Linear ROW Schedule. This consultation report uses an annual IDP-GDP adjustment of 2.1% per year, as this is the amount set by the BLM Linear ROW Schedule for the years of 2016 to 2025.

Applying the 2.1% annual percent increase to the land value estimates derived from the 2017 NASS agricultural census data provides the following current land value estimates on a county basis (see table below). Again, this methodology for updating the estimated land values was selected in order to maintain consistency with the BLM Linear ROW Rental Schedule, as published in the Federal Register (73 FR 65039, pages 65039-65118).

Arizona Land Value Estimates Using 2017 NASS Agricultural Census Data and a 2.1% IDP-GDP Price Deflator

County	2017 Unadjusted	2017 Adjusted (-49%)	2018	2019	2020	2021	2022	2023	2024
Apache	$ 275	$ 140.25	$143.20	$146.20	$149.27	$152.41	$155.61	$158.88	$162.21
Cochise	$ 2,005	$ 1,022.55	$1,044.02	$1,065.95	$1,088.33	$1,111.19	$1,134.52	$1,158.35	$1,182.67
Coconino	$ 212	$ 108.12	$110.39	$112.71	$115.08	$117.49	$119.96	$122.48	$125.05
Gila	$ 389	$ 198.39	$202.56	$206.81	$211.15	$215.59	$220.11	$224.74	$229.46
Graham	$ 648	$ 330.48	$337.42	$344.51	$351.74	$359.13	$366.67	$374.37	$382.23
Greenlee	$ 1,559	$ 795.09	$811.79	$828.83	$846.24	$864.01	$882.16	$900.68	$919.59
La Paz	$ 2,016	$ 1,028.16	$1,049.75	$1,071.80	$1,094.30	$1,117.28	$1,140.75	$1,164.70	$1,189.16
CA Adj. La Paz	$ 2,016	$ 1,028.16	$1,049.75	$1,071.80	$1,094.30	$1,117.28	$1,140.75	$1,164.70	$1,189.16
Maricopa	$ 9,236	$ 4,710.36	$4,809.28	$4,910.27	$5,013.39	$5,118.67	$5,226.16	$5,335.91	$5,447.96
Mohave	$ 839	$ 427.89	$436.88	$446.05	$455.42	$464.98	$474.75	$484.72	$494.89
CA Adj. Mohave	$ 839	$ 427.89	$436.88	$446.05	$455.42	$464.98	$474.75	$484.72	$494.89
Navajo	$ 221	$ 112.71	$115.08	$117.49	$119.96	$122.48	$125.05	$127.68	$130.36
Pima	$ 527	$ 268.77	$274.41	$280.18	$286.06	$292.07	$298.20	$304.46	$310.86
Pinal	$ 2,764	$ 1,409.64	$1,439.24	$1,469.47	$1,500.33	$1,531.83	$1,564.00	$1,596.84	$1,630.38
Santa Cruz	$ 1,994	$ 1,016.94	$1,038.30	$1,060.10	$1,082.36	$1,105.09	$1,128.30	$1,151.99	$1,176.18
Yavapai	$ 1,651	$ 842.01	$859.69	$877.75	$896.18	$915.00	$934.21	$953.83	$973.86
Yuma	$ 9,235	$ 4,709.85	$4,808.76	$4,909.74	$5,012.85	$5,118.12	$5,225.60	$5,335.33	$5,447.37
CA Adj. Yuma	$ 9,235	$ 4,709.85	$4,808.76	$4,909.74	$5,012.85	$5,118.12	$5,225.60	$5,335.33	$5,447.37
NM Hidalgo County	$ 248	$ 126.48	$129.14	$131.85	$134.62	$137.44	$140.33	$143.28	$146.29

RATE OF RETURN

A rate of return is an income rate that expresses the relationship between rent (income) and the corresponding land value (capital). It is similar to a capitalization (cap) rate that an investor uses to convert income into an indication of value (direct capitalization) when analyzing income producing properties--- ***net income divided by cap rate is an indication of value***. Cap rate, the ratio of income to the property value, is among the most widely used variables to quantify property values and plays an important role in real estate investment decisions. In reverse, a rate of return can be used to indicate rent--- ***land value multiplied by a rate of return is an indication of rent (income).***

Cap rates are typically extracted from sales of income producing properties. However, given the uniqueness of government property an alternative method is required to opine a reasonable rate of return. In theory, a cap rate, or in this case, a rate of return is the sum of four components: Expected Inflation, Real Return, Risk Premium, & Recapture Premium.

Expected Inflation

By definition, an investment is the commitment of capital in exchange of a monetary benefit, or a return (income). Investors require a ***return of capital invested*** as a prerequisite for committing capital to a given venture or property. This required return should first provide for the preservation of the purchasing power of invested capital through time. Hence, the first component of required return is expected inflation, so that the purchasing power of invested capital will not decline through time. Ideally, this component is estimated based on inflation rate forecasts, however, many analysts use an average inflation rate over the past five or ten years.

The Consumer Price Index (CPI) averaged over the past ten years, as published by the Bureau of Labor Statistics (https://beta.bls.gov/dataViewer/view/timeseries/CUUR0000SA0), was used to project expected inflation. The following inflation estimates were produced using the "not seasonally adjusted" CPI-U data series, as the Bureau of Labor and Statistics (BLS) points out that seasonally adjusted CPI data is best suited for tracking short term fluctuations, may be revised afterwards, and the unadjusted data is used almost exclusively for escalation purposes (such as rent increases and contract increases)[4].

Year	CPI
2010	1.64%
2011	3.16%
2012	2.07%
2013	1.46%
2014	1.62%
2015	0.12%
2016	1.26%
2017	2.13%
2018	2.44%
2019	1.81%
Average Inflation	**1.77%**

[4] https://www.bls.gov/cpi/seasonal-adjustment/using-seasonally-adjusted-data.htm

Real Return

The second component of required return is the real return, which is the true monetary benefit that the investor will gain from committing their capital--- *return on capital*. This is typically estimated as the difference between the rate on government securities and the inflation rate reflecting a risk-free rate or safe rate.

Using the average 30-year Treasury bond rate over the past ten years is reasonable for estimating a real return on real estate. This is in tune with ground lease rates and is what the government is paying as a fair return to those who invest in the U.S. Government[5]. Furthermore, this is consistent with rate of return methodology used to determine the rates for leases under 43CFR§2806 and 43CFR§2885.

Year	Rate
2010	4.25%
2011	3.91%
2012	2.92%
2013	3.45%
2014	3.34%
2015	2.84%
2016	2.59%
2017	2.89%
2018	3.11%
2019	2.58%
Average	3.19%

Deducting the ten-year average rate of expected inflation from the 30-year treasury bond rates results in the real return as illustrated in the following calculation.

Real Return Calculation

10 Year Average 30-Year Bond Rate	3.19 %
10 Year Average Expected Inflation	1.77 %
Real Return	1.42 **%**

Risk Premium

A property investment is an investment in the property's future income earning capacity. However, there is a lot of uncertainty with this future income earning capacity. This risk is the uncertainty associated with the future income stream and the value of the property. Within this context, real estate investors require a risk premium on top of inflation and real return. The risk premium for a given property depends on the quality of the tenants occupying the property, the

[5] Data available at https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2019

length of existing contracts, the property's occupancy rate, the strength of the property's location and expectations regarding the prospects of the economy and the local real estate market.

Short term rental of government owned land via Land Use Authorization Permit is not a typical investment. Private sector real estate market activity (rentals) of this size and use are relatively uncommon. Minimal to no risk is associated with leasing unimproved government owned vacant land and for this type of analysis, a risk premium is not warranted. Open market private sector rental/leasing is commonly given "Risk Premium" considerations; thus, the lack of such in Land Use Authorizations may place the total rate of return slightly lower than found in the private sector.

Recapture Premium

Finally, investors require a recapture premium in the case of improved property investments because improvements depreciate or lose value through time. As the value of the property represents the owner's invested capital, it follows that by the end of the physical life of improvements, when its value becomes theoretically zero, the investor loses its capital. The purpose of the recapture premium is to replace this capital loss through time. Thus, if the physical life of an improvement is 50 years the recapture premium should be 2% on an annual basis. If we assume though, that the capital that is recaptured every year is reinvested (sinking fund approach) then a less than 2% recapture rate will be required. Since my analysis involves unimproved government owned land, no recapture premium is warranted.

Rate of Return Conclusion

The Rate of Return is estimated as the sum of the four components as discussed above and illustrated in the following:

Expected Inflation	1.77%
Real Return	1.42%
Risk Premium	---
Recapture Premium	---
Rate of Return	**3.19%**

As a test of reasonableness, I calculated a selection of implied rates of return imbedded in the 2019 CA/NV Trends and TX Trends reports published by the American Society of Farm Managers and Rural Appraisers (ASFMRA). These comprehensive studies are performed annually by the California and Texas Chapters of the ASFMRA and are regarded as one of the most reliable and accurate reports regarding agricultural land values in California, Texas, and Nevada. While California, Nevada, Texas, and Arizona agricultural properties are all different, the overall range of rates of return should be similar. The implicit rates of return for numerous California, Nevada, and Texas agricultural regions are consistent with the previously calculated rate of return (see **examples** below).

California: Butte, Glenn, Tehama, and Colusa County			
Land Type	Price (midpoint)	Rent (midpoint)	Implied Rate of Return
Irrigated Crop	$16,500 per acre	$363 per acre	2.20%
Range/Pasture	$1,575 per acre	$27.50 per acre	1.75%
Rice Land	$11,000 per acre	$363 per acre	3.30%
Yuba and Sutter County			
Land Type	Price (midpoint)	Rent (midpoint)	Implied Rate of Return
Irrigated Crop	$17,000 per acre	$250 per acre	1.47%
Rice Land	$11,000 per acre	$325 per acre	2.95%
Merced County			
Land Type	Price (midpoint)	Rent (midpoint)	Implied Rate of Return
Irrigated Crop (Merced Irrigation District water)	$22,000 per acre	$500 per acre	2.27%
Irrigated Crop (Federal Irrigation, west side)	$7,500 per acre	$163 per acre	2.17%

Northern Nevada Irrigated Cropland Prices, Rents, and Implied Return			
Area	Price (midpoint)	Rent (midpoint)	Implied Rate of Return
Lahontan Valley (Fallon)	$7,750 per acre	$163 per acre	2.10%
Mason Valley	$6,750 per acre	$275 per acre	4.07%
Smith Valley	$6,750 per acre	$175 per acre	2.59%
Orovada	$3,500 per acre	$125 per acre	3.57%
Winnemucca Area	$3,500 per acre	$125 per acre	3.57%
Kings River/Silver State Valley	$3,500 per acre	$125 per acre	3.57%
Elko/Diamond Valley/ Reese River Valley	$3,000 per acre	$125 per acre	4.17%

Western and Central Texas Agricultural Land Prices, Rents, and Implied Return			
Area	Price (midpoint)	Rent (midpoint)	Implied Rate of Return
North Panhandle Irrigated Ave. Water	$2,500 per acre	$137.50 per acre	5.50%
South Plains (N. of Lubbock) Irrigated Good Water	$4,000 per acre	$175 per acre	4.38%
Far West Texas El Paso Lower Valley Irrigated	$3,500 per acre	$92.50 per acre	2.64%
Central Texas Irrigated Cropland	$4,250 per acre	$87.50 per acre	2.06%
Trans-Pecos Irrigated Cropland	$2,813 per acre	$18.50 per acre	0.66%
North Panhandle Dry Crop – West	$525 per acre	$25 per acre	4.76%
South Plains (N. of Lubbock) Dry Crop – Cotton or Wheat	$900 per acre	$35 per acre	3.89%
North Plains Rangeland	$975 per acre	$9.50 per acre	0.97%
South Plains (N. of Lubbock) Rangeland	$850 per acre	$8.50 per acre	1.00%
South Plains (S. of Lubbock) Rangeland	$725 per acre	$5.50 per acre	0.76%
Far West Texas Rangeland	$650 per acre	$0.86 per acre	0.13%

The ASFMRA 2019 Ag Trends data indicates that current rates of return may range from 0.13% to 5.50%, which supports the previously calculated 3.19% (see Rate of Return section).

THE ENCUMBRANCE FACTOR

The Encumbrance Factor (EF) reflects the intensity of the proposed use and corresponding impact on the land. An encumbrance factor is mostly considered in easement valuations, i.e., the impact an easement has on market value. Easement valuations are reflected in differences in market value before and after the imposition of an easement. That is, a property is first valued without an easement and then valued with an easement; the difference in value being the easement's impact on value. Studies regarding the impact on value that a specific easement (or use) will have when it partially encumbers a property is time intensive and costly to perform. Hence, the enactment of the law regarding the BLM Linear Right-of-Way schedule and the development of a non-linear right-of-way schedule. Because of the time and cost, published studies are typically utilized and referenced when categorizing uses in determining an Encumbrance Factor.

One such study was conducted and published by Donald Sherwood, MAI, SR/WA in the May/June 2006 edition of the Right Of Way magazine. The Sherwood study was examined and used to develop the following Encumbrance Matrix (see table below):

Easement Valuation Matrix

Percentage of Fee	Comments	Potential Types of Easements
90% - 100%	Severe impact on surface use. Conveyance of future uses.	Overhead electric Flowage easements Irrigation canals Remote cabin rental Small electrical or cathodic facility (if permanent)
75% - 89%	Major impact on surface use. Conveyance of future uses.	Pipelines and associated pig launch and valve sites Drainage easements Flowage easements Monitoring stations (if permanent) Headgates,spillway
51% - 74%	Some impact on surface use. Conveyance of ingress/egress rights	Pipelines Scenic Easements
50%	Balanced use by both owner and easement holder	Water line Sewer line Cable line Telecommunication lines Trespass (without surface occupancy) Minor water control berm Mailbox

<u>High Impact (100%)</u>

Characteristics of significant impact right-of-way grants or permits warranting a higher impact include: a relatively on going occupation, an exclusivity of use (no other uses would be possible), an industrial type uses, large fenced areas, significant surface disturbance and/or ongoing disruption, high visual impacts, and little or no flexibility as to location. For high impact uses, I have concluded an Encumbrance Factor of 100**%** to be applied to land value.

High impact uses might include:

- Pump and compressor stations
- Equipment storage sites

- Processing sites
- Portal or tunnel sites
- Sewage lagoons
- Water treatment sites
- Large, fenced, and gated staging areas for ongoing recreation or sport events
- Parking areas with ongoing intense use

Moderate Impact (75%)

Characteristics of moderate impact right-of-way grants or permits include small sites (often 1 to 5 acres in size) where the uses and impacts are minimal because the area and/or uses are short term, intermittent, and/or may be quasi-commercial in nature. A moderate impact use may exclude some pertinent land uses, while allowing others. For example, a seasonal work camp can still allow for the placement of a nearby mailbox but may interfere with geological sample collection.

For moderate impact uses, I have concluded an Encumbrance Factor of **75%** to be applied to land value. Moderate impact uses might include:

- Small permanent sign sites
- Gates
- Culverts
- Historic or commemorative monuments
- Small temporary staging areas for sporting events
- Seasonal work camp or outfitter sites
- Cultural arts or educational events
- Sample collecting
- Farm equipment and machinery storage yard
- Large haystack storage areas
- Highway signs
- Geo-Technical testing sites

Minimal Impact (50%)

Characteristics of minimal impact right-of-way grants or permits include small sites (up to 5 acres) that are sometimes temporary, seldom visited, can be easily relocated if necessary, include smaller disturbed or enclosed areas, or have little to no ongoing surface disturbance. Typically, these sites can accommodate multiple uses. For instance, a minor water or air quality site would likely accommodate public access. Furthermore, a relatively intense use may be considered minimal if it only occurs over a short time and requires minimal surface disturbance, such as a temporary parking or staging area related to a short duration event.

For minimal impact uses, I have concluded an Encumbrance Factor of **50%** to be applied to land value. Minimal impact uses might include:

- Mailbox sites
- Water and air quality monitoring sites
- Minor water control berms and earthwork
- Seasonal pivot crossings
- Temporary agricultural product storage site

Emphasis Placed - The degree of impact requires a significant level of interpretation on the part of BLM staff that will implement this schedule. Along with the small size and often unique aspect of these land use authorizations comes an implied level of temporariness, adding another layer of interpretation to the authorization. In its most rudimentary interpretation, this rent schedule represents the minimum amount that should be applied to a land use authorization. Moreover, setting a minimum rental rate is in line with typical market behaviors. Landowners almost always set a minimum rental fee when dealing with small acreage or minimal use rentals. Otherwise, rents could become unreasonably low for small or low use sites. Conceptually, this is similar to how parking lots and hotels have a minimum charge for the use of space, even if it is sparsely occupied or only used momentarily. Thus, it is reasonable for the BLM to charge a minimum fee for the use of public lands.

CONCLUSION

The schedule allows for flexibility in its use, as it is very likely not all situations and uses are specifically addressed in this study. I would also suggest considering the type of user--- private economic user versus public service use. Furthermore, the intensity of the use, time and effort associated with issuing and monitoring the authorization may be considered as well.

Sound judgment should be used in developing and application of a rent schedule for LUAs. Individual appraisals should still be requested for LUAs and permits being authorized in urban or other high-intensity use areas, or where investigation indicates that market rent data exists to justify individual appraisals. Keep in mind, this study is not absolute on how rents should be implemented, it only provides a basis and rationale behind a suggested rent schedule.

Most rents will change relative to the old schedule as a result of this updated rental schedule. These changes are mainly due to the following factors. First, land values have changed significantly in many counties between the 2012 and 2017 NASS reporting periods. For example, Navajo County agricultural land values decreased by 14.7%, while Mohave County agricultural land values increased by 73.7%. Next, the rate of return used in this analysis is 3.19%, as this reflects the relatively low interest rates seen in the market over the past 10 years. Whenever the underlying rate of return decreases, as it has in this case, rents may decrease. The combination of these factors (land value changes and an updated rate of return) has the potential to result in significant rent changes. However, any such changes are the result of changes in land values and applicable market forces.

Adjustment for Rents in Future Years

In order to calculate rents for years beyond 2020 the scheduled rent must be increased by the indicated IDP-GDP adjustment for those years. This is done to adjust for land value changes over time in a manner that is consistent with other similar schedules (such as those described under 43CFR§2800 and 43CFR§2880). For the years 2021 through 2025 a 2.1% per year increase in the underlying land values is consistent with other similar BLM rental schedules. Please see below for an example of this in practice.

Fictitious Land Use Authorization A
County: Any County, USA
Size: 5-acres or less
Intensity: Moderate

Base 2020 Rent = $751.27 (5 acres X $200.338 per/acre X 75.0% = $751.27)

Year	IDP-GDP Adjustment	Annual Rent
2020	-	$751.27
2021	2.1%	$767.04
2022	2.1%	$783.15
2023	2.1%	$799.60
2024	2.1%	$816.39

Essentially, the base rent must be multiplied by a factor of 1.021 to advance the rent in each subsequent year, as this equates to a 2.1% increase. The addenda to this consultation report include the base land values (not including buildings and irrigation) for the years 2020, 2021, 2022, 2023, and 2024. This section is included for the readers convenience. The indicated annual rent for these future years requires the reader to multiply the stated base land value by the rate of return (3.19%), the maximum of the appropriate acreage range (i.e. 5, 10, 15, or 25-acres), and the applicable encumbrance factor (i.e. 50%, 75%, or 100%). In other words:

Annual Rent = Base Land Value X Rate of Return X Size X Encumbrance Factor

A listing for 2025 is not included because a new schedule is expected some time that year. The base land values and rate of return may be significantly different at that time. Thus, 2025 estimates are not presented here to avoid potential confusion or conflict once a new schedule is produced.

Selection of Appropriate County or Area

In most cases, users of this schedule select the relevant county from the schedule to find the suggested minimum rent. However, the Arizona schedule contains entries for geographical regions that are adjacent to the state of Arizona, as the BLM's Arizona State Office is

responsible for the management for certain federal lands outside of Arizona. This led to the addition of four special entries into the rental schedule:

- Certain areas in California that are adjacent to La Paz County, Arizona
- Certain areas in California that are adjacent to Mohave County, Arizona
- Certain areas in California that are adjacent to Yuma County, Arizona
- Certain Areas in Hidalgo County, New Mexico

For example, the Lake Havasu Field Office manages a small amount of land that is within California that is adjacent to La Paz County, Arizona. Moreover, the Safford Field Office manages land that is within Hidalgo County. Suggested minimum rents for these areas have been provided in this consultation report in a manner that is consistent with previous rental schedules and existing land management practices. Users of this consultation report are again cautioned that this schedule is only applicable for non-complex small land uses. In some instances, the rental schedule may not be appropriate, and other approaches, such as an individual appraisal, may be warranted.

ADDENDA

1. Future Rent Schedules
2. Statement of Work (SOW)

ADDENDA 1: Future Rent Schedules

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ANNUAL RENTAL SCHEDULE FOR BLM LAND USE AUTHORIZATIONS TRACTS OF LAND UP TO 25 ACRES IN ARIZONA														
For Year 2021			Up to 5 Acres			5.1 to 10 Acres			10.1 to 15 Acres			15.1 to 25 Acres		
County	Land Value $/Acre	Base Rent $/Acre	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%
Apache	$ 152	$ 4.86	$ 12.15	$ 18.23	$ 24.31	$ 24.31	$ 36.46	$ 48.62	$ 36.46	$ 54.70	$ 72.93	$ 60.77	$ 91.16	$ 121.54
Cochise	$ 1,111	$ 35.45	$ 88.62	$ 132.93	$ 177.23	$ 177.23	$ 265.85	$ 354.47	$ 265.85	$ 398.78	$ 531.70	$ 443.09	$ 664.63	$ 886.17
Coconino	$ 117	$ 3.75	$ 9.37	$ 14.06	$ 18.74	$ 18.74	$ 28.11	$ 37.48	$ 28.11	$ 42.17	$ 56.22	$ 46.85	$ 70.28	$ 93.70
Gila	$ 216	$ 6.88	$ 17.19	$ 25.79	$ 34.39	$ 34.39	$ 51.58	$ 68.77	$ 51.58	$ 77.37	$ 103.16	$ 85.97	$ 128.95	$ 171.93
Graham	$ 359	$ 11.46	$ 28.64	$ 42.96	$ 57.28	$ 57.28	$ 85.92	$ 114.56	$ 85.92	$ 128.88	$ 171.84	$ 143.20	$ 214.80	$ 286.40
Greenlee	$ 864	$ 27.56	$ 68.90	$ 103.36	$ 137.81	$ 137.81	$ 206.71	$ 275.62	$ 206.71	$ 310.07	$ 413.43	$ 344.52	$ 516.79	$ 689.05
La Paz	$ 1,117	$ 35.64	$ 89.10	$ 133.66	$ 178.21	$ 178.21	$ 267.31	$ 356.41	$ 267.31	$ 400.97	$ 534.62	$ 445.52	$ 668.28	$ 891.03
CA Adj. La Paz	$ 1,117	$ 35.64	$ 89.10	$ 133.66	$ 178.21	$ 178.21	$ 267.31	$ 356.41	$ 267.31	$ 400.97	$ 534.62	$ 445.52	$ 668.28	$ 891.03
Maricopa	$ 5,119	$ 163.29	$ 408.21	$ 612.32	$ 816.43	$ 816.43	$ 1,224.64	$ 1,632.86	$ 1,224.64	$ 1,836.96	$ 2,449.28	$ 2,041.07	$ 3,061.60	$ 4,082.14
Mohave	$ 465	$ 14.83	$ 37.08	$ 55.62	$ 74.16	$ 74.16	$ 111.25	$ 148.33	$ 111.25	$ 166.87	$ 222.49	$ 185.41	$ 278.12	$ 370.82
CA Adj. Mohave	$ 465	$ 14.83	$ 37.08	$ 55.62	$ 74.16	$ 74.16	$ 111.25	$ 148.33	$ 111.25	$ 166.87	$ 222.49	$ 185.41	$ 278.12	$ 370.82
Navajo	$ 122	$ 3.91	$ 9.77	$ 14.65	$ 19.54	$ 19.54	$ 29.30	$ 39.07	$ 29.30	$ 43.96	$ 58.61	$ 48.84	$ 73.26	$ 97.68
Pima	$ 292	$ 9.32	$ 23.29	$ 34.94	$ 46.58	$ 46.58	$ 69.88	$ 93.17	$ 69.88	$ 104.82	$ 139.75	$ 116.46	$ 174.69	$ 232.92
Pinal	$ 1,532	$ 48.87	$ 122.16	$ 183.25	$ 244.33	$ 244.33	$ 366.49	$ 488.65	$ 366.49	$ 549.74	$ 732.98	$ 610.82	$ 916.23	$ 1,221.64
Santa Cruz	$ 1,105	$ 35.25	$ 88.13	$ 132.20	$ 176.26	$ 176.26	$ 264.39	$ 352.52	$ 264.39	$ 396.59	$ 528.79	$ 440.66	$ 660.98	$ 881.31
Yavapai	$ 915	$ 29.19	$ 72.97	$ 109.46	$ 145.94	$ 145.94	$ 218.91	$ 291.88	$ 218.91	$ 328.37	$ 437.83	$ 364.86	$ 547.28	$ 729.71
Yuma	$ 5,118	$ 163.27	$ 408.17	$ 612.25	$ 816.34	$ 816.34	$ 1,224.51	$ 1,632.68	$ 1,224.51	$ 1,836.76	$ 2,449.02	$ 2,040.85	$ 3,061.27	$ 4,081.70
CA Adj. Yuma	$ 5,118	$ 163.27	$ 408.17	$ 612.25	$ 816.34	$ 816.34	$ 1,224.51	$ 1,632.68	$ 1,224.51	$ 1,836.76	$ 2,449.02	$ 2,040.85	$ 3,061.27	$ 4,081.70
NM Hidalgo County	$ 137	$ 4.38	$ 10.96	$ 16.44	$ 21.92	$ 21.92	$ 32.88	$ 43.84	$ 32.88	$ 49.33	$ 65.77	$ 54.81	$ 82.21	$ 109.61

ANNUAL RENTAL SCHEDULE FOR BLM LAND USE AUTHORIZATIONS TRACTS OF LAND UP TO 25 ACRES IN ARIZONA														
For Year 2022			Up to 5 Acres			5.1 to 10 Acres			10.1 to 15 Acres			15.1 to 25 Acres		
County	Land Value $/Acre	Base Rent $/Acre	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%
Apache	$ 156	$ 4.96	$ 12.41	$ 18.61	$ 24.82	$ 24.82	$ 37.23	$ 49.64	$ 37.23	$ 55.84	$ 74.46	$ 62.05	$ 93.07	$ 124.10
Cochise	$ 1,135	$ 36.19	$ 90.48	$ 135.72	$ 180.96	$ 180.96	$ 271.43	$ 361.91	$ 271.43	$ 407.15	$ 542.87	$ 452.39	$ 678.59	$ 904.78
Coconino	$ 120	$ 3.83	$ 9.57	$ 14.35	$ 19.13	$ 19.13	$ 28.70	$ 38.27	$ 28.70	$ 43.05	$ 57.40	$ 47.83	$ 71.75	$ 95.67
Gila	$ 220	$ 7.02	$ 17.55	$ 26.33	$ 35.11	$ 35.11	$ 52.66	$ 70.22	$ 52.66	$ 78.99	$ 105.32	$ 87.77	$ 131.66	$ 175.54
Graham	$ 367	$ 11.70	$ 29.24	$ 43.86	$ 58.48	$ 58.48	$ 87.73	$ 116.97	$ 87.73	$ 131.59	$ 175.45	$ 146.21	$ 219.31	$ 292.42
Greenlee	$ 882	$ 28.14	$ 70.35	$ 105.53	$ 140.70	$ 140.70	$ 211.06	$ 281.41	$ 211.06	$ 316.58	$ 422.11	$ 351.76	$ 527.64	$ 703.52
La Paz	$ 1,141	$ 36.39	$ 90.97	$ 136.46	$ 181.95	$ 181.95	$ 272.92	$ 363.90	$ 272.92	$ 409.39	$ 545.85	$ 454.87	$ 682.31	$ 909.75
CA Adj. La Paz	$ 1,141	$ 36.39	$ 90.97	$ 136.46	$ 181.95	$ 181.95	$ 272.92	$ 363.90	$ 272.92	$ 409.39	$ 545.85	$ 454.87	$ 682.31	$ 909.75
Maricopa	$ 5,226	$ 166.71	$ 416.79	$ 625.18	$ 833.57	$ 833.57	$ 1,250.36	$ 1,667.15	$ 1,250.36	$ 1,875.54	$ 2,500.72	$ 2,083.93	$ 3,125.90	$ 4,167.86
Mohave	$ 475	$ 15.14	$ 37.86	$ 56.79	$ 75.72	$ 75.72	$ 113.58	$ 151.44	$ 113.58	$ 170.37	$ 227.17	$ 189.30	$ 283.96	$ 378.61
CA Adj. Mohave	$ 475	$ 15.14	$ 37.86	$ 56.79	$ 75.72	$ 75.72	$ 113.58	$ 151.44	$ 113.58	$ 170.37	$ 227.17	$ 189.30	$ 283.96	$ 378.61
Navajo	$ 125	$ 3.99	$ 9.97	$ 14.96	$ 19.95	$ 19.95	$ 29.92	$ 39.89	$ 29.92	$ 44.88	$ 59.84	$ 49.86	$ 74.80	$ 99.73
Pima	$ 298	$ 9.51	$ 23.78	$ 35.67	$ 47.56	$ 47.56	$ 71.34	$ 95.13	$ 71.34	$ 107.02	$ 142.69	$ 118.91	$ 178.36	$ 237.82
Pinal	$ 1,564	$ 49.89	$ 124.73	$ 187.09	$ 249.46	$ 249.46	$ 374.19	$ 498.92	$ 374.19	$ 561.28	$ 748.37	$ 623.65	$ 935.47	$ 1,247.29
Santa Cruz	$ 1,128	$ 35.99	$ 89.98	$ 134.97	$ 179.96	$ 179.96	$ 269.95	$ 359.93	$ 269.95	$ 404.92	$ 539.89	$ 449.91	$ 674.86	$ 899.82
Yavapai	$ 934	$ 29.80	$ 74.50	$ 111.76	$ 149.01	$ 149.01	$ 223.51	$ 298.01	$ 223.51	$ 335.27	$ 447.02	$ 372.52	$ 558.78	$ 745.03
Yuma	$ 5,226	$ 166.70	$ 416.74	$ 625.11	$ 833.48	$ 833.48	$ 1,250.22	$ 1,666.96	$ 1,250.22	$ 1,875.34	$ 2,500.45	$ 2,083.71	$ 3,125.56	$ 4,167.41
CA Adj. Yuma	$ 5,226	$ 166.70	$ 416.74	$ 625.11	$ 833.48	$ 833.48	$ 1,250.22	$ 1,666.96	$ 1,250.22	$ 1,875.34	$ 2,500.45	$ 2,083.71	$ 3,125.56	$ 4,167.41
NM Hidalgo County	$ 140	$ 4.48	$ 11.19	$ 16.79	$ 22.38	$ 22.38	$ 33.57	$ 44.77	$ 33.57	$ 50.36	$ 67.15	$ 55.96	$ 83.93	$ 111.91

ANNUAL RENTAL SCHEDULE FOR BLM LAND USE AUTHORIZATIONS TRACTS OF LAND UP TO 25 ACRES IN ARIZONA														
For Year 2023			Up to 5 Acres			5.1 to 10 Acres			10.1 to 15 Acres			15.1 to 25 Acres		
County	Land Value $/Acre	Base Rent $/Acre (3.19%)	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%
Apache	$ 159	$ 5.07	$ 12.67	$ 19.01	$ 25.34	$ 25.34	$ 38.01	$ 50.68	$ 38.01	$ 57.02	$ 76.02	$ 63.35	$ 95.03	$ 126.70
Cochise	$ 1,158	$ 36.95	$ 92.38	$ 138.57	$ 184.76	$ 184.76	$ 277.13	$ 369.51	$ 277.13	$ 415.70	$ 554.27	$ 461.89	$ 692.84	$ 923.78
Coconino	$ 122	$ 3.91	$ 9.77	$ 14.65	$ 19.54	$ 19.54	$ 29.30	$ 39.07	$ 29.30	$ 43.95	$ 58.61	$ 48.84	$ 73.26	$ 97.68
Gila	$ 225	$ 7.17	$ 17.92	$ 26.88	$ 35.85	$ 35.85	$ 53.77	$ 71.69	$ 53.77	$ 80.65	$ 107.54	$ 89.61	$ 134.42	$ 179.23
Graham	$ 374	$ 11.94	$ 29.86	$ 44.78	$ 59.71	$ 59.71	$ 89.57	$ 119.42	$ 89.57	$ 134.35	$ 179.14	$ 149.28	$ 223.92	$ 298.56
Greenlee	$ 901	$ 28.73	$ 71.83	$ 107.74	$ 143.66	$ 143.66	$ 215.49	$ 287.32	$ 215.49	$ 323.23	$ 430.98	$ 359.15	$ 538.72	$ 718.29
La Paz	$ 1,165	$ 37.15	$ 92.89	$ 139.33	$ 185.77	$ 185.77	$ 278.66	$ 371.54	$ 278.66	$ 417.98	$ 557.31	$ 464.43	$ 696.64	$ 928.85
CA Adj. La Paz	$ 1,165	$ 37.15	$ 92.89	$ 139.33	$ 185.77	$ 185.77	$ 278.66	$ 371.54	$ 278.66	$ 417.98	$ 557.31	$ 464.43	$ 696.64	$ 928.85
Maricopa	$ 5,336	$ 170.22	$ 425.54	$ 638.31	$ 851.08	$ 851.08	$ 1,276.62	$ 1,702.16	$ 1,276.62	$ 1,914.92	$ 2,553.23	$ 2,127.69	$ 3,191.54	$ 4,255.39
Mohave	$ 485	$ 15.46	$ 38.66	$ 57.98	$ 77.31	$ 77.31	$ 115.97	$ 154.62	$ 115.97	$ 173.95	$ 231.94	$ 193.28	$ 289.92	$ 386.56
CA Adj. Mohave	$ 485	$ 15.46	$ 38.66	$ 57.98	$ 77.31	$ 77.31	$ 115.97	$ 154.62	$ 115.97	$ 173.95	$ 231.94	$ 193.28	$ 289.92	$ 386.56
Navajo	$ 128	$ 4.07	$ 10.18	$ 15.27	$ 20.36	$ 20.36	$ 30.55	$ 40.73	$ 30.55	$ 45.82	$ 61.09	$ 50.91	$ 76.37	$ 101.82
Pima	$ 304	$ 9.71	$ 24.28	$ 36.42	$ 48.56	$ 48.56	$ 72.84	$ 97.12	$ 72.84	$ 109.26	$ 145.69	$ 121.40	$ 182.11	$ 242.81
Pinal	$ 1,597	$ 50.94	$ 127.35	$ 191.02	$ 254.70	$ 254.70	$ 382.05	$ 509.39	$ 382.05	$ 573.07	$ 764.09	$ 636.74	$ 955.11	$ 1,273.48
Santa Cruz	$ 1,152	$ 36.75	$ 91.87	$ 137.81	$ 183.74	$ 183.74	$ 275.61	$ 367.49	$ 275.61	$ 413.42	$ 551.23	$ 459.36	$ 689.04	$ 918.71
Yavapai	$ 954	$ 30.43	$ 76.07	$ 114.10	$ 152.14	$ 152.14	$ 228.20	$ 304.27	$ 228.20	$ 342.31	$ 456.41	$ 380.34	$ 570.51	$ 760.68
Yuma	$ 5,335	$ 170.20	$ 425.49	$ 638.24	$ 850.99	$ 850.99	$ 1,276.48	$ 1,701.97	$ 1,276.48	$ 1,914.72	$ 2,552.96	$ 2,127.46	$ 3,191.20	$ 4,254.93
CA Adj. Yuma	$ 5,335	$ 170.20	$ 425.49	$ 638.24	$ 850.99	$ 850.99	$ 1,276.48	$ 1,701.97	$ 1,276.48	$ 1,914.72	$ 2,552.96	$ 2,127.46	$ 3,191.20	$ 4,254.93
NM Hidalgo County	$ 143	$ 4.57	$ 11.43	$ 17.14	$ 22.85	$ 22.85	$ 34.28	$ 45.71	$ 34.28	$ 51.42	$ 68.56	$ 57.13	$ 85.70	$ 114.26

ANNUAL RENTAL SCHEDULE FOR BLM LAND USE AUTHORIZATIONS TRACTS OF LAND UP TO 25 ACRES IN ARIZONA														
For Year 2024			Up to 5 Acres			5.1 to 10 Acres			10.1 to 15 Acres			15.1 to 25 Acres		
County	Land Value $/Acre	Base Rent $/Acre (3.19%)	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%	Minimal 50%	Moderate 75%	High 100%
Apache	$ 162	$ 5.17	$ 12.94	$ 19.40	$ 25.87	$ 25.87	$ 38.81	$ 51.75	$ 38.81	$ 58.21	$ 77.62	$ 64.68	$ 97.02	$ 129.36
Cochise	$ 1,183	$ 37.73	$ 94.32	$ 141.48	$ 188.64	$ 188.64	$ 282.95	$ 377.27	$ 282.95	$ 424.43	$ 565.91	$ 471.59	$ 707.39	$ 943.18
Coconino	$ 125	$ 3.99	$ 9.97	$ 14.96	$ 19.95	$ 19.95	$ 29.92	$ 39.89	$ 29.92	$ 44.88	$ 59.84	$ 49.86	$ 74.80	$ 99.73
Gila	$ 229	$ 7.32	$ 18.30	$ 27.45	$ 36.60	$ 36.60	$ 54.90	$ 73.20	$ 54.90	$ 82.35	$ 109.79	$ 91.50	$ 137.24	$ 182.99
Graham	$ 382	$ 12.19	$ 30.48	$ 45.72	$ 60.97	$ 60.97	$ 91.45	$ 121.93	$ 91.45	$ 137.17	$ 182.90	$ 152.41	$ 228.62	$ 304.83
Greenlee	$ 920	$ 29.34	$ 73.34	$ 110.01	$ 146.68	$ 146.68	$ 220.01	$ 293.35	$ 220.01	$ 330.02	$ 440.03	$ 366.69	$ 550.03	$ 733.38
La Paz	$ 1,189	$ 37.93	$ 94.84	$ 142.25	$ 189.67	$ 189.67	$ 284.51	$ 379.34	$ 284.51	$ 426.76	$ 569.01	$ 474.18	$ 711.27	$ 948.36
CA Adj. La Paz	$ 1,189	$ 37.93	$ 94.84	$ 142.25	$ 189.67	$ 189.67	$ 284.51	$ 379.34	$ 284.51	$ 426.76	$ 569.01	$ 474.18	$ 711.27	$ 948.36
Maricopa	$ 5,448	$ 173.79	$ 434.48	$ 651.71	$ 868.95	$ 868.95	$ 1,303.43	$ 1,737.90	$ 1,303.43	$ 1,955.14	$ 2,606.85	$ 2,172.38	$ 3,258.56	$ 4,344.75
Mohave	$ 495	$ 15.79	$ 39.47	$ 59.20	$ 78.94	$ 78.94	$ 118.40	$ 157.87	$ 118.40	$ 177.61	$ 236.81	$ 197.34	$ 296.01	$ 394.68
CA Adj. Mohave	$ 495	$ 15.79	$ 39.47	$ 59.20	$ 78.94	$ 78.94	$ 118.40	$ 157.87	$ 118.40	$ 177.61	$ 236.81	$ 197.34	$ 296.01	$ 394.68
Navajo	$ 130	$ 4.16	$ 10.40	$ 15.59	$ 20.79	$ 20.79	$ 31.19	$ 41.58	$ 31.19	$ 46.78	$ 62.38	$ 51.98	$ 77.97	$ 103.96
Pima	$ 311	$ 9.92	$ 24.79	$ 37.19	$ 49.58	$ 49.58	$ 74.37	$ 99.16	$ 74.37	$ 111.56	$ 148.75	$ 123.95	$ 185.93	$ 247.91
Pinal	$ 1,630	$ 52.01	$ 130.02	$ 195.03	$ 260.05	$ 260.05	$ 390.07	$ 520.09	$ 390.07	$ 585.10	$ 780.14	$ 650.11	$ 975.17	$ 1,300.23
Santa Cruz	$ 1,176	$ 37.52	$ 93.80	$ 140.70	$ 187.60	$ 187.60	$ 281.40	$ 375.20	$ 281.40	$ 422.10	$ 562.80	$ 469.00	$ 703.51	$ 938.01
Yavapai	$ 974	$ 31.07	$ 77.67	$ 116.50	$ 155.33	$ 155.33	$ 233.00	$ 310.66	$ 233.00	$ 349.49	$ 465.99	$ 388.33	$ 582.49	$ 776.65
Yuma	$ 5,447	$ 173.77	$ 434.43	$ 651.64	$ 868.86	$ 868.86	$ 1,303.28	$ 1,737.71	$ 1,303.28	$ 1,954.93	$ 2,606.57	$ 2,172.14	$ 3,258.21	$ 4,344.28
CA Adj. Yuma	$ 5,447	$ 173.77	$ 434.43	$ 651.64	$ 868.86	$ 868.86	$ 1,303.28	$ 1,737.71	$ 1,303.28	$ 1,954.93	$ 2,606.57	$ 2,172.14	$ 3,258.21	$ 4,344.28
NM Hidalgo County	$ 146	$ 4.67	$ 11.67	$ 17.50	$ 23.33	$ 23.33	$ 35.00	$ 46.67	$ 35.00	$ 52.50	$ 70.00	$ 58.33	$ 87.50	$ 116.66

ADDENDA 2: Client's Statement of Work (SOW)

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STATEMENT OF WORK (SOW)

DOI, Appraisal and Valuation Services Office (AVSO)

Case Name: BLM Arizona Small Land Use Authorizations Rent Schedule 2020
Case ID: 00011370
AVIS Number: L200088

The consultation report will be completed by AVSO staff

SECTION 1 – Subject Identification & General Information

Identification	Case Name	BLM Arizona Small Land Use Authorizations Rent Schedule 2020
	Location	All counties, Arizona
	Property Type	Vacant land
	Case Type	Consultation Report – Rental Fees on small, non-linear BLM tracts
Client	U.S. Department of Interior, Appraisal and Valuation Services Office (AVSO)	
Purpose	The consultation report will be used by the Bureau of Land Management (BLM) to establish minimum rental fees for any non-linear tracts of BLM land from 0.1 to 25 acres. The consultation report is not an appraisal, it will simply bring up-to-date the existing Land Use Authorization Rent Study (AVIS L13044, Case 00008689) from November 8, 2013, by mechanical calculations.	

SECTION 2 – Requirements & Instructions

Consultation Report

The findings of this consultation request must be summarized in a written consultation report. The consultation report is not an appraisal, it will simply bring up-to-date the existing Land Use Authorization Rent Study (AVIS L13044, Case 00008689) from November 8, 2013, through a mechanical computation of current land data. This consultation report will update the rental fees for small tracts up to 25 acres that are not subject to existing linear, mineral, hydrologic, solar or telecommunication rent schedules. As such, the applicable USPAP requirements are best defined as Other Valuation Services as outlined in Advisory Opinion 21 (AO-21) of 2020-2021 USPAP. The three USPAP Rules that apply are: Ethics Rule, Competency Rule and Jurisdictional Exception Rule.

Controversies/Issues

None. Should the consultant identify controversies or issues during the course of the assignment, he/she must immediately notify the AVSO Review Appraiser.

Legal Instructions

None. Should the consultant require legal instruction during the course of assignment, he/she must immediately notify the AVSO Review Appraiser.

Project Contact Information

The project contact information is provided below:

BLM Realty Specialist
Bureau of Land Management
Janet Eubanks, Realty Specialist
22835 Calle San Juan de Los Lagos
Moreno Valley, CA 92553
951-697-5237 Office
916-261-2578 Cell
jeubanks@blm.gov

AVSO Review Appraiser
Justin Lambert, MAI, AI-GRS
Review Appraiser
Federal Lands Division
Appraisal and Valuation Services Office
Office of the Secretary
U.S. Department of the Interior
650 Capitol Mall, Suite 2-100
Sacramento, CA 95814
916-930-3878 Office
916-205-0058 Cell
justin_lambert@ios.doi.gov

Special Instructions

1. The following statement should be included in the consultation report:

   The research and market data for the Rental Schedule was collected and performed prior to and during the COVID-19 pandemic. At the completion of this study and rental schedule formation, COVID-19 was causing widespread health and economic impacts. The effects of COVID-19 on the real estate market in rural Arizona were not yet measurable based on reliable data. The analyses and opinions in this Rental Study and Rental Schedule are based on 2017 USDA/NASS data, published in 2019, and trended forward to 2020 and beyond. No analyses or opinions contained in this Rental Study and Rental Schedule should be construed as predictions of future market conditions, specifically related to the impacts of COVID-19.

General Requirements & Instructions

1. AVSO is the client:
   a. Even though communication is encouraged with the Client Agency, no instructions or modifications thereof may be received from any party except AVSO.
   b. The assignment results must not be communicated to any party except AVSO until authorized to do so in writing by AVSO.
   c. Any communication (verbal or written) with the Client Agency Realty Contact shall include the assigned AVSO Review Appraiser
2. The consultant shall consider the consultation report and all DOI internal documents furnished to the consultant to be confidential. Refer all requests for information concerning the consultation report to the AVSO Review Appraiser.
3. AVSO will not normally accept custody of confidential information. Should the consultant find it necessary to rely on confidential information, he/she will contact the AVSO Review Appraiser for instructions. The Review Appraiser will view the information and provide further instruction to the consultant regarding handling and storage of the confidential information.
4. While the public is not an intended user of the consultation report, the Freedom of Information Act (FOIA) and Agency policy may result in the release of all or part of the consultation report to others.
5. If including any proprietary information in the consultation report, the consultant must gain concurrence from the AVSO Review Appraiser and deliver the proprietary information in a separate binder.

SECTION 3 – Performance & Submission Requirements

AVSO staff is being engaged to complete this consultation report. The consultant must address any questions regarding instructions and/or technical requirements to the AVSO Review Appraiser. The target delivery date for the initial consultation report to the AVSO Review Appraiser is 60 calendar days (or sooner) from the date of engagement.

Deliverable/Task Schedule

REQUIRED DELIVERABLES	DELIVERY DATE
Initial Consultation Report *(PDF version via email to AVSO Review Appraiser)*	Target delivery date for the initial consultation report is 60 days after date of engagement
Comments Provided to Consultant	Target delivery date is 25 days after the initial consultation report is delivered to the AVSO Review Appraiser
Final Consultation Report (*submit one final electronic copy via email in PDF format)*	Target delivery date is 5 days after the consultant is notified by the AVSO Review Appraiser