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Fifth-generation Routt County rancher Bobby George is seen on his South Routt County G5 Ranch. George has placed conservation easements on his land to help him acquire land, pay down debts and settle inheritances.

Saving the ranches: Routt County has been able to counter the fragmentation of agricultural land with conservation and land-use tools

By **Michael Schrantz**

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You can measure Bobby George's ambition in acres.

The 1,700-acre parcel, the 235-acre tract, 420 more acres and finally another piece that's about 480 acres in size.

"I'm really a go-getter," the fifth-generation Routt County rancher said.

And there's a neighbor with another 480 acres who wouldn't mind selling to George, as well.

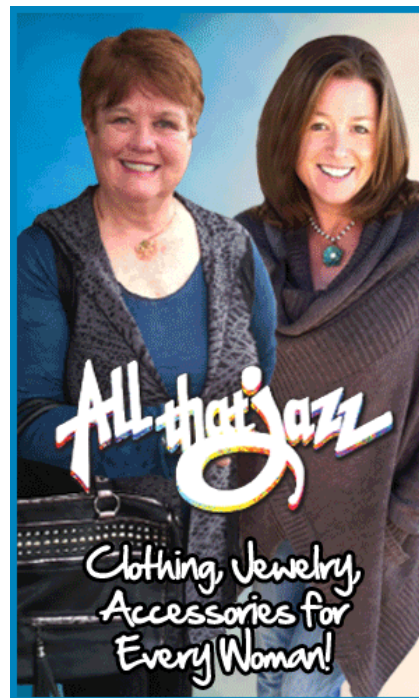




Photo by John F. Russell

Fifth-generation Routt County rancher Bobby George leans against a fence on his South Routt County G5 Ranch. George has placed two conservation easements on his land that have used funds from Routt County's purchase of development rights program.

"We're trying to figure out a way to do it," he said.

He has debts, but they're debts George said he can pay with the 700 head of cattle that his acres and grazing leases support.

Part of what's sparked his ambition is the money he, his mother, Rita Nelson, and the rest of his family have been able to realize from placing conservation easements on their property.

George is working on his third easement with the Colorado Cattlemen's Agricultural Land Trust. He's donating the value of the development rights in return for a state tax credit he will sell for 82 cents on the dollar, but his previous two easements went through Routt County's purchase of development rights program, which pairs tax dollars with other funds to buy the right to develop the land and places the property under an easement dedicated to conservation.

"The benefit was we were able to keep the family ranch in the family," George said about the easements, especially one in 2012 that was valued at \$2.56 million.

The PDR program contributed \$825,000 toward that transaction, about 31 percent of the total cost.

Photo Gallery Saving the ranches



That money helped buy out other family members while George's other easements allowed him to buy more land and pay down debt on parcels he'd already purchased.

"If I die or if we sell the ranch, it cannot be subdivided," he said. "All these parcels will stay their size."

George thinks more ranchers should look into easements on their property.

"They lack the knowledge," he said. "They're scared of them."

"If you're a true rancher, you will put them in."

Preserving agricultural character

The conservation easements and leveraging of tax dollars that helped George follow his ambition only are part of the work being done in Routt County to preserve the agricultural character of the area.

As early as the 1980s and during the push for major development in Pleasant Valley south of Steamboat, residents banded together in support of open-space conservation.

In the mid-1990s, these efforts gained momentum with Routt County ranchers placing conservation easements on their property and new county policies being enacted to preserve open space.

The effect of this work can be seen in the absence of development.

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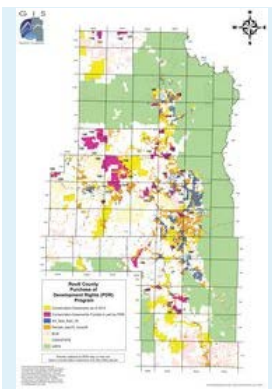
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Routt County

This map shows conservation easements in Routt County, highlighting those that received funds from the county's purchase of development rights program. The map also shows parcels with fewer than 35 acres and those between 70 and 35 acres. Thirty-five acres is the smallest lot size to avoid subdivision regulations.

The drive down Rabbit Ears Pass into Steamboat Springs shows an open south valley floor where hay meadows still dominate the view. Colorado Highway 131 cuts through working ranches in South Routt County, and traffic on county roads still sometimes pauses to accommodate cattle being moved to greener pastures.

Preventing the fragmentation of agricultural land through subdivision and development keeps more land in production and helps maintain the working order of the landscape.

New neighbors

Splitting large tracts of agricultural land into ranchettes and subdivisions means introducing new neighbors to rural Colorado.

“They just don’t have a clue to what’s going on in the ranching world,” Routt County commissioner Doug Monger said about some people who live near land he’s leased for his cattle. “No one fixes their fence.”

Colorado is a fence-out state where landowners are required to maintain a lawful fence if they want to keep cattle out of their land. The cattle owner is not responsible for trespassing by his livestock if a fence isn’t maintained.

That doesn’t mean everyone who decides to live in rural Colorado is familiar with this law.

A lot of people come to Routt County from urban areas, Monger said, and they don’t know they’re responsible for fence maintenance.

“They expect immediate response when cows get out.”

For three-quarters of the property he rents and leases, Monger said, he fixes the whole fence line because it’s cheaper than continually chasing cows.

It’s an issue of education and communication with neighbors, he said.

Problems that arise when new neighbors move into rural subdivisions are prevalent enough that Colorado State University Extension has a guide to rural living for recent transplants.

It covers items like fence law, pasture management, noxious weed requirements, hay production, living with wildlife and water rights.

According to Monger, water issues present another set of challenges when the flow allocated for the original ranch is split between multiple new owners in a subdivision.

Gunnison County, another Western Slope county with a long ranching heritage, has seen the effects of agricultural fragmentation that arise from subdividing working ranchland.

“What happens is when they put in the road and building sites then turn over

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management of the property to someone who has no experience in the area, it disrupts the irrigation system within that drainage,” said John McClow, general counsel for Upper Gunnison River Water Conservancy District and member of Gunnison Ranchland Conservation Legacy.

The Gunnison Ranchland Conservation Legacy brokers easements for ranches in Gunnison County.

“It’s a disruption in the process that makes shortages much more frequent,” McClow said. “It’s not collaborative anymore.”

With flood-irrigated pasture, such as in Routt County, ranchers depend on water returning from their neighbors’ fields back into the river or ditches. Turning an upstream ranch into a subdivision or 35-acre parcels takes away return flows for the ranches below it.

Subdivisions downstream and closer to towns also pose challenges as the managers might be unfamiliar with how the river was managed in the past and place a call on the river if they aren’t getting their full allocation. Under Colorado’s prior appropriation system, when a senior rights holder places a call on a river, upstream junior appropriations must stop diverting water until the senior right has its full allocation.

“That’s their legal rights, and they’re not doing anything wrong,” McClow said about calls by rights holders. Historically, he said, the sharing of water for irrigation worked much more effectively.

“Now, the (agricultural) production is not as easily obtained,” McClow said.

Creating tools

Recognizing the changes that development could bring to the Yampa Valley, members of the community organized and began to take action to preserve open land.

“In 1992 and ’93, a bunch of landowners by Clark met — about five major landowners, one of them being Steve Shanahan,” Routt County native Jay Fetcher said. “So we kind of stewed over what we could do to preserve the Upper Elk River Valley. Conservation easements arose as a tool.”

A conservation easement is an agreement that takes the rights to develop or subdivide a piece of land typically held by the owner and vests them with a land trust or government entity. The easement binds all future owners of the property.

In those days, the easement was considered a charitable donation for the value of the development rights, of which 30 percent was tax deductible to write off against adjusted gross income.

“It had very little appeal to ranches because there’s no income,” Fetcher said, adding that it was hard to attract outside funding.

The motivation for the Fetcher family’s easement, he said, was the estate tax.

“Dropping the value suddenly became something we could handle.”

Ranches in the Upper Elk River Valley weren’t the only ones thinking about open space in that time period.

In 1995, a steering committee made up of ranchers and interested community members from across the county released the Open Lands Plan, which suggested eight techniques that could be used to protect Routt County’s landscape.

Their vision was about much more than agriculture, but the purchase of development rights program and land preservation subdivision process that came out of the plan have been instrumental in preserving ag land.

A program to allow development rights to be transferred from one property to another also was included in the Open Lands Plan, but consensus on the details of the program never was reached, and it was abandoned. One land preservation subdivision, Alpine Mountain Ranch, included a transfer of development rights, but it was done under the subdivision rules.

Purchase of development rights

Routt County voters passed a 1-mill levy in 1996 to fund the purchase of a development rights program. It was reauthorized in 2006 for 20 years with a 1.5-mill levy, which currently generates about \$1.6 million to \$1.9 million annually. That money, along with the donation of some value by the landowner, is used to attract and match additional funding from organizations such as Great Outdoors Colorado to purchase the development rights on tracts of land, limiting the possibility of future development.

Since the program started, it has been used to help conserve more than 32,000 acres of land in Routt County.

The purchase of development rights volunteer advisory board works to facilitate conservation easements, but the county does not hold easements. The board currently has openings and anyone interested in filling those positions can visit www.co.routt.co.us/DocumentCenter/View/1858 for additional information.

Nonprofit land trusts, such as The Nature Conservancy and the Yampa Valley Land Trust, structure and hold the easements.

More recently, the Colorado Cattlemen's Agricultural Land Trust and the Rocky Mountain Elk Foundation have taken on easements in Routt County.

The Colorado Cattlemen's Agricultural Land Trust only is involved in projects with a production ag component, executive director Chris West said. The trust now has 23,587 acres under easements in Routt County, with thousands more in the works.

The purchase of development rights program provided a stronger financial incentive than tax write-offs, and as federal and state tax law evolved, it became more and more attractive for working ranchers to place easements on land in return for cash or saleable tax credits.

The adage that ranchers are cash poor and land rich applies to Routt County, according to Monger. Where once the only alternative was to sell off a 35-acre parcel when the need arose, the purchase of development rights program offers another option.

"Once you sell that asset, you sell your ability to make ranch income," Monger said.

The cash from selling development rights can be used to acquire more land, split up inheritances or for estate or retirement planning, Monger explained.

The benefit of the easement is that it allows the rancher to get some cash now, he said, but still maintain the ability to make a living ranching on the land.

Routt County was one of the earliest counties to impose a tax on itself for the purchase of development rights, according to third-generation rancher Bill Gay, who has a long history with conservation easements in Colorado.

“I think if we hadn’t had a very progressive mindset in Routt County and taxpayers willing to tax themselves to protect (open space) ... we’d be a lot more chopped up,” Gay said.

Land preservation subdivisions

The land preservation subdivision process was designed to reward developers or ranchers who wanted to subdivide a piece of property with an extra buildable lot for every 100 acres of open space that was preserved.

It was instituted in 1996 and first used that same year for the Priest Creek Ranch, which received three extra building lots for preserving more than 300 acres of open space.

There have been 16 land preservation subdivisions to go through the process, with more than 7,100 acres being maintained as open space or nearly 80 percent of the total acreage of the subdivisions.

“I think it’s definitely helping with the number of parcels and lots created,” Routt County planning director Chad Phillips said. “It just depends what the goal is.”

According to Phillips, there probably are people who don’t know about land preservation subdivisions, some who don’t want to go through a local government process and others who see potential in marketing 35-acre parcels that don’t have covenants.

“Everybody’s just trying to find a niche,” Phillips said.

The process has been tweaked since its inception, with the 700-acre Catamount Ranch project in 1998 leading to a change that disallowed counting a golf course in the preserved acreage for bonus lots.

The Gay family’s Green Creek Ranch neighbors the Catamount Ranch subdivision, and the family leases some of the preserved parcels for grazing.

“They are the type of neighbors that are worldly business people that get the picture,” Gay said. “They’re hugely supportive and helpful to having ag stay.”

The price of land in Routt County isn’t based on agriculture, he said, and to expand ranching operations means leasing land such as what’s been preserved through the land preservation subdivision process.

“It’s kind of a marriage made in heaven,” Gay said.

Although there are a few Colorado counties such as Gunnison and Larimer that have programs to encourage clustering, nothing is quite like Routt County’s process, Phillips said.

“Their (Gunnison’s and Larimer’s) zoning situation isn’t what ours is,” he said, adding that the extra building lots are not quite as much of a reward.

Routt County’s system has been in place longer, seeing more use, and the county hasn’t upzoned to allow smaller lot sizes like other areas in Colorado.

Counties have no control over the state law that allows landowners to break their property into 35-acre parcels, but counties can restrict smaller sizes.

In Douglas County, Phillips said, there isn’t a zone district that sets the minimum lot size at 35 acres.

“You’re giving away so much density,” he said.

Phillips has given presentations about Routt County's land preservation subdivisions at planner conferences, and the response he sometimes hears is that it works here because land values are so high.

"It can work in a county no matter the land values," he said.

If the community is passionate about saving open space and it's a viable alternative to 35-acre parcels, Phillips said, land preservation subdivisions can work.

There hasn't been a major land preservation subdivision developed in Routt County since Alpine Mountain Ranch in 2006, but a minor one with four or lots was done in 2012.

Minor land preservation subdivisions allow landowners who go through the process to sell off small parcels while keeping the majority of the land open and in ag use if they so choose.

There have been no new applications for land preservation subdivisions recently, Phillips said, but people have started inquiring about the process again.

Striking a balance

The benefits of preserving open space and agricultural lands extend beyond the ranching community in Routt County.

Studies have been done to find out why people visit Routt County, according to Monger, and it was discovered that visitors appreciated the Western heritage of the area.

Saving that part of the valley's character became an economic motivator for the recreation and tourism sectors.

"If we don't figure out how we can protect that," Monger said, "we're basically cutting away what our potential is for having future people come and differentiating us from the Vails and Aspens."

But maintaining Routt County as a place people continue to enjoy visiting also means making it an attractive place to live.

The steady influx of transplants drawn to the character of the valley along with vast recreational opportunities will continue to exert pressure for new development.

Whether that development comes at the expense of open lands and Routt County's agricultural character is dependent on how well the county's policies are able to manage growth.

People moving into rural areas are now expecting more services than those who used to live there, Monger said. It's easier and more cost effective, he said, to try and direct people back toward the municipalities.

"There's people that need to live out in the country," Monger said. "We need to have those people out there. They really want to live out there. They will have an appreciation."

"Not everyone can afford a 35-acre" parcel, Routt County commissioner Steve Ivancie said, adding that land comes with certain responsibilities.

According to the commissioners, making sure there's room to grow in urban areas allows the best use of existing infrastructure and services and avoids forcing those who'd rather live in a city or town out into the county in search of property.

“I think the policies are working,” Monger said.

“It’s always a balancing act,” Gay said about development and growth. “You have supply and demand. You have needs.

“As you move forward in time, you have to make adjustments for land use.

“Are we going to become a nation that’s all development and recreation and imports all our food? ... Is that what we want?

“Or do we strike a balance, and that balance is forever under review.”



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