

# **BABCOCK RANCH: DEVELOPMENT PARTNERSHIP WITH THE STATE OF FLORIDA**

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**ABSTRACT:** Babcock Ranch is a 90,000 acre working cattle ranch located in Punta Gorda, Florida. The ranch was purchased in July 2006 by a developer who kept 17,000 acres and simultaneously sold the remaining 73,000 acres to the state of Florida. The money was approved by legislation through the Babcock Ranch Preserve Act. The developer and the state of Florida formed for the first time ever in Florida a public/private partnership to manage the state owned parcel. The purpose of the partnership was to use the revenue from the private operations to fund the maintenance and upkeep of the property. This would make the ranch self sustaining and alleviate tax payers from the burden of funding the maintenance and upkeep of the property. The Babcock Preserve Act funded the purchase so the property would be preserved as a working cattle ranch. This also includes farming, timber, sod and eco tour operations. The act also mandates the preservation of environmentally sensitive plants and wildlife. Managing the ranch for so many diverse operations and also implementing public uses such as bird watching, hiking, camping, hunting and other various uses while maintaining a self sustaining revenue stream has proven to be a challenge for all partners but has so far been successful. Challenges faced by management have been maintaining a balance between grazing capacity, farming acreage, timber harvest, wildlife habitat and public uses. If any one of these areas becomes the single focus it harms or inhibits the other. Maintaining the proper balance of each entity will be the key to success in this first ever public/private partnership. The Babcock Ranch Preserve Act mandates that this partnership last no longer than 10 years. The Governor and Cabinet of the State of Florida appointed a 9 member board to oversee the private/public partnership and act as an advisory board only until the partnership ends. It is planned so that at the end of the 10 years the board will have learned enough from the private management group that they will be able to manage and maintain the property and be economically self sustaining.

**Keywords:** Babcock Ranch, public partnership, Florida.

## **Introduction**

### ***History of Babcock Ranch***

Babcock Ranch was founded in 1914 when E.V. Babcock of Pennsylvania purchased 156,000 acres of land in Charlotte and Lee County Florida. In 1940 Fred Babcock, son of E.V., transferred 65,000 acres to the state. That land is known as the Fred C. Babcock Wildlife Management area. It is managed solely by the Florida Fish and Wildlife Commission. The remaining 91,000 acres continued to operate under the Babcock ownership as a cattle, timber, hunting, sod, farming, tourism and mining operation until 2006 when due to death taxes, the Babcock family decided to sell their land.

On July 31, 2006 a Development Company, Kitson & Partners purchased the entire 91,000 acre Babcock Ranch. The development company kept approximately 18,000 acres for a new town development and simultaneously sold the State of Florida the other 73,000 acres. This made it one of the largest preservation

purchases in the history of Florida and was made possible through the Babcock Ranch Preserve Act.

In a unique first time ever situation, Kitson and Partners entered into an agreement with the state of Florida to form a public/private partnership to manage the Babcock Ranch Preserve. A subsidiary of Kitson and Partners, Babcock Ranch Management LLC, made up of the original ranch employees, entered into a Management Agreement with the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida and Lee County, Florida on July 31, 2006 to provide management services for the Babcock Ranch Preserve a 73,000 acre working ranch and silviculture operation located in eastern Lee and Charlotte counties. Babcock Florida Corporation, another subsidiary of Kitson and Partners, manages 18,000 acres of private land that is owned by Babcock Property Holdings, LLC. Babcock Ranch Management, LLC (BRM) manages the 73,000 acres owned by the State of Florida as well as the private land. Prior to the split in 2006, these two parcels of land combined were known as the Babcock Ranch.

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The Babcock Ranch Preservation Act established a nine member not-for-profit board, Babcock Ranch, Inc. This board serves as an advisor to Babcock Ranch Management, LLC and the managing agencies, until such time that Babcock Ranch, Inc. takes over all Preserve responsibilities from Babcock Ranch Management, LLC. Ranch operations continue as defined under the Management Operations Overview dated November 2005 and will continue until modified by the adopted Conceptual Management Plan, which was approved by the Board of Trustees of the Internal Improvement Trust Fund on July 31, 2008. The Owners and Manager recognize and acknowledge the natural, scenic, aesthetic, ecological, and hydrological character of the property and have the common purpose and intent of conserving and preserving the property in perpetuity. Ranch operations within the Preserve include but are not limited to Babcock Wilderness Adventures (ecotourism), cattle operations, timber management and timber harvesting, sod farming, tomato and watermelon farming, prescribed burning, exotic vegetation control, maintenance of roads, culverts, equipment and buildings (Florida DEP Audit Report, 2007).

### **Cattle Operation on Babcock Ranch**

The cattle herd on Babcock Ranch consists of approximately 4,300 head of breeding females including heifers and mature cows. All of the heifers are kept on the improved pastures and are bred to low birth weight Angus bulls. The mature cattle are separated into 3 herds. One herd is Braford type cows that are a terminal cross bred to Angus bulls. Another herd is made up Brangus type cows that are a terminal cross bred to Charolais bulls. The third herd is our replacement herd which is some of our finest Brangus cows that are bred back to superior genetically selected Brangus bulls. Our future herd is selected solely from this herd.

Each of these three herds is then subdivided again according to their gestation interval. Our earliest calving herd will calve on a 60 day calving interval from October 15<sup>th</sup> – December 15<sup>th</sup> and calves are sold July 15<sup>th</sup>. Our second calving herd will calve from December 16<sup>th</sup> – February 15<sup>th</sup> and calves are sold in August. Our last herd will calve February 16<sup>th</sup> – April 15<sup>th</sup> and calves are sold in October. Florida has a unique advantage in that our cows can be bred in the winter and have a calf ready for the feed yards in July when the rest of the United States is unable to produce at the time. We usually see our best prices in July and our lowest in October.

Another advantage to separating the herds by gestation is decreased expense on supplementation. We only supplement the herd when they have reached a high

percent of calving so this drastically cuts back on the number of cattle fed which reduces the feed bill.

### **Forages on Babcock Ranch**

There are three improved forages on the ranch. The majority of pasture is Bahia grass which is a low to moderate nutritional grass, but can withstand Florida's very wet and very dry seasons. Star grass is another improved forage that has a higher nutritional value than Bahia but cannot tolerate the wet, cold and insects as well as bahia. Floralta is a forage that has a higher energy value than Bahia and does better in very wet conditions but is not very high in protein. Both Star grass and Floralta have to be vegetatively propagated to be established unlike Bahia that is established by seed.

All of our improved pastures are interseeded with a legume. This serves two purposes. It allows us to reduce our fertilizer application for nitrogen and it provides excellent nutrition for the cattle and many species of wildlife.

### **Grazing Practices on Babcock Ranch**

Cattle are rotationally grazed throughout the entire ranch. The herds are broken down into an average of 180 – 200 head per herd. Cattle are moved from Bahia to Floralta to native range as determined by the amount of standing forage. The cattle are also moved in rotation with the farming operations. Prior to a field being leased to a farmer, the Bahia is lifted and sold as sod to nearby road work and housing construction. When the tenant farmer is done with the crop, he is required to level and disc the field to a suitable planting condition. We then plant 30 pounds of bahia and 10 pounds of a legume and the cattle division will graze it for 5 or more years until the cycle repeats itself.

### **Burning on Babcock Ranch**

The purpose of conducting controlled burns on the ranch is to improve habitat for wildlife, improve cattle nutrition, reduce wildfire fuel and aid in control of exotic species. The entire 92,000 acres is set up on a 3 year burn rotation. Approximately 25,000 acres is burned each year. This covers the entire ranch excluding the 8,000 acre Telegraph Cypress Swamp and the interior roads, ponds etc.

The burns generally begin in January and continue until March. The burning is stopped when the quail and turkey along with other non game species begin to nest. This avoids the accidental burning of freshly made ground nests and improves the quantity and quality of many wildlife species

## Stocking Rates on Babcock

Stocking rate is the most underestimated management concept among land managers and cow/calf producers in the US. When land is over-stocked, it becomes nearly impossible to manage a healthy stand of grazeable forage. A lack of forage mass for grazing leads to nutritional deficiency resulting in body weight loss, decreased reproductive performance, and ultimately decreased calf crop. This is a common complication among small to medium sized producers in Florida. On the other hand, stocking rate issues are rarely a complication on large cow/calf ranches in Florida. By definition, a large cow/calf ranch is one with > 2,500 cows. There are only 160 of these ranches in the US with 38 of them in Florida. These ranches are characterized as very large tracts of land with multiple-use classifications, such as improved pasture, semi-improved pasture, native land, and rotated sod or farm land. The Babcock Ranch is clearly an example of a large Florida cow/calf operation.

Babcock ranch possesses an approximate total of 91,000 acres in two designated parcels (18,000 and 73,000 acres in Area 6 and State Land, respectively). Much of this land is in native, unimproved range. This land is often poorly drained and flooded during much of the year. On the other end of the spectrum, that which is not wet, typically has very poor water holding capacity resulting in deep, dry sand that is not well suited to forage production. During the history of beef production in Florida, these lands were grazed by a breed of cattle suited to this environment. Although these cattle were well-suited to the needs of the time, they were small and highly unproductive, typically calving only once every two years. The improved breeds of cattle used in Florida today will not be productive on these same native lands. Nevertheless, these lands do act as an excellent buffer for rotational grazing among improved pastures and during selected times of the year, grazing native land can be an important component of the overall cow/calf production management strategy.

Stocking rate determination is a very dynamic concept impacted by at least four important inputs, 1) degree of land improvement, 2) forage specie cultivated, 3) pasture management, and 4) cowherd supplementation. Large ranches address these inputs in more of an 'extensive' versus 'intensive' approach. This differs from smaller producers that are more likely to make an attempt to increase management intensity for increased productivity from a smaller acreage of land. Increased production intensity on large ranches is often economically unfeasible as these variable costs are spread over a much larger land mass, while the product being impacted retains of similar value independent of the overall land being allocated to its production.

The following considerations are of the stocking rate at Babcock Ranch:

Important assumptions:

1. Supplemental harvested forages are not fed.
2. Low input management of fertilizer
3. Moderate utilization of native, unimproved land
4. Adequate fencing investment in native land to support grazing

### *1. Private Property*

A. Improved Pasture:

1. Limpograss (1,380 acres) 4 acres/cow 345 cows
2. Bahiagrass (3,121 acres; > 2 years old) 8 acres/cow 390 cows
3. Bahiagrass (600 acres; < 2 years old) 12 acres/cow 50 cows

B. Native Land (9,559 acres; less roads) 20 acres/cow 478 cows

Total cows stocked on Private Property = 1,263 cows

### *2. State Land*

A. Improved Pasture:

1. Limpograss (1,320 acres) 4 acres/cow 330 cows
2. Bahiagrass (5,480 acres; > 2 years old) 8 acres/cow 685 cows
3. Bahiagrass (800 acres; < 2 years old) 12 acres/cow 67 cows

4. abandoned farm ground (1,400 acres) 10 acres/cow 140 cows

B. Native Land (51,120 acres; less roads and pond) 20 acres/cow 2,556 cows

Total cows stocked on State Land = 3,778 cows

These calculations indicate that an extensive management program of this land base could accommodate an overall total of approximately 5,041 cows. With increased management inputs such as fertilization, pasture rotation, and burning/chopping of native lands, this land base could accommodate a greater stocking rate. In recent years, the decision to increase stocking rate would likely be economically unwise since cattle prices have been quite high. Ultimately, decisions to increase stocking rate on this ranch will be a balance between the management costs associated with increasing the carrying capacity of the land and the value of the market calf produced (Arthington Ranch Report).

## The Babcock Balance

Often, cattle, wildlife, and timber industries do not co-exist on a single property. They are planned and practiced individually, with operating procedures focused on maximum efficiency for that particular industry. Babcock Ranch broke from that tradition years

ago, striking a unique balance between competing land uses that has made the property a model for sustainability. Compromise is the key to success. Each operation makes concessions to support the good of the whole.

### Cattle



Typically, cattle ranchers want to stock the maximum number of cattle possible. Timber areas are eliminated to increase pasture area and allow for more cattle. Intense head fires are used to help eliminate timber as well as competition from any wildlife.

### Timber



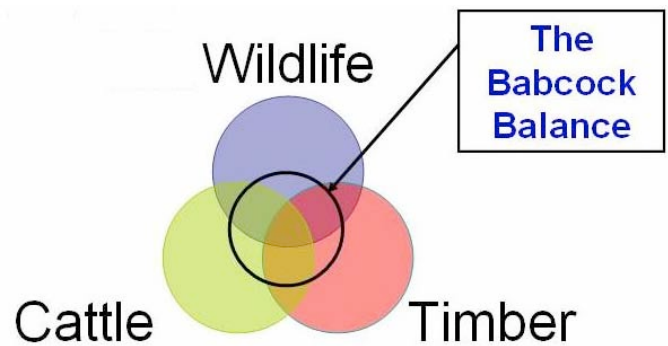
Timber industry traditionalists avoid controlled burns and seek to minimize wildlife habitat. They follow an intense harvest schedule and utilize clear cutting techniques. Pines are actually bedded and planted, much like agricultural crops, to increase harvest yields.

### Wildlife



Wildlife operations typically encourage the maximum allowable hunting and will over harvest the population. Processed feed stations are put in place, timber is unmanaged, and exotic species are introduced.

Obviously, some of the methods used when each respective industry is being practiced alone would conflict with one another when the industries are being practiced together. In addition to the challenges posed by finding the most suitable methods for working cooperatively, sustainability is an important principle at the Babcock Ranch which must be adhered to as well (Neider, Babcock Balance and Flow Chart).



However, by mixing methods and following these goals, the Ranch has been able to create a unique balance which is best suited to its needs and goals. Instead of maximizing cattle stocking rates, fewer cattle are stocked which helps prevent overgrazing, reduces risks from unanticipated natural conditions such as drought, and promotes healthier herds.

### Problems Encountered with Public/Private Partnership

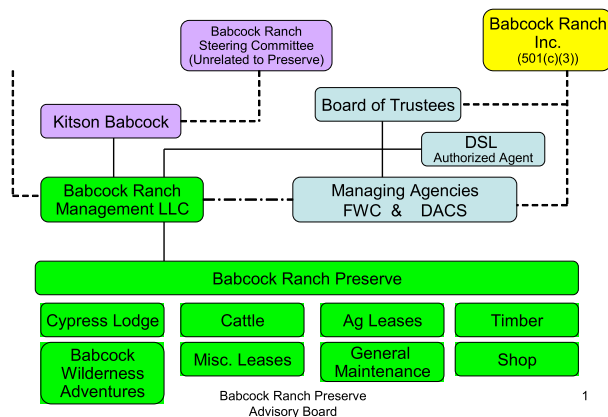
As the first ever public private partnership has progressed, there have been several problems

encountered. These include environmental, reporting structure and financial/accounting problems.

Environmental challenges occurred in the beginning when due to pressure from environmentalists, harvesting of cypress was prohibited on the preserve. This was one of the more profitable business entities on the ranch and those profits were used for the maintenance of controlling exotic plants.

Reporting structure became more complex with many state agencies and a private company each trying to figure out who and what needed to be reported and conveyed to whom. Below is a flow chart of the different agencies, committees and companies involved in the management of the Babcock Ranch Preserve.

### Babcock Advisory Boards & Steering Committees



Financial and accounting records also became much harder to track and maintain. The complex structure of this partnership, with a single private company operating both a State Preserve and a separate private business, has made understanding how revenue and expenses are allocated very complex.

Below is a chart that lists how each business revenue and expense is allocated between the two companies (Florida DEP Management Plan, Business Revenue Chart).

Department	Allocation Basis	% of Total Revenue and Expense	
		BRM, LLC	BFC
Babcock Wilderness Adventures	Land Ownership	100 %	0 %
Cypress Lodge	Land Ownership	100 %	0 %
Forestry	% of total Acreage	80.42 %	19.58 %
Shop	% of total Acreage	80.42 %	19.58 %
General Maintenance	% of total Acreage	80.42 %	19.58 %
Farming <sup>1</sup>	% of total acreage under lease	84.90 %	15.10 %
Pasture <sup>2</sup>	% of total improved pastures	62.79 %	37.21 %
Cattle <sup>3</sup>	% of total Grazing Units	74.95 %	25.05 %
Hunting	Land Ownership	0 %	100 %
Sod	License Agreement	0 %	100 %

### Summary

The 2006 purchase of the Babcock Ranch Preserve was one of Florida's largest and most expensive preservations purchases in state history. It was a \$350,000,000 transaction that involved many agencies, companies and organizations. The Babcock family was able to sell and avoid a painful tax problem. Kitson & Partners was able to acquire the land they wanted for development, the Division of State Lands was able to acquire and preserve the Telegraph Cypress Swamp, the FWCC was able to get an extension to their neighboring Wildlife Management Area, the Department of Ag and Consumer Services was able to preserve a working cattle ranch, Charlotte County received a new water supply and a new eco tourism attraction, Babcock employees retained their employment and Lee County was able to control growth.

The tax paying citizens of the great state of Florida received a wonderful piece of property that they can hunt, hike and use for other outdoor activities that will increase as plans progress. The property is being maintained as well as any other in the state and all this was and is being done without costing the taxpayer any more annual tax expense which is truly unique.

The real test will be to keep it all going.

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