

Costs of Owning and Operating Preserves



The costs incurred by a land trust in owning and operating a preserve vary greatly depending on the land trust's plans for and activities on the land.

This guide outlines the potential costs that a land trust can incur in owning and operating preserves. It describes a quick and rough method to estimate costs and provides links to in-depth cost calculators and other resources.

Stewardship Costs

Fixed Costs

The costs of owning and operating preserves vary depending on what a land trust plans for or does with the land. However, some costs are relatively fixed.

These might include:

- Insurance.
- Monitoring the property (e.g., to guard against dumping) and doing basic maintenance (e.g., picking up litter).
- Fostering relationships with neighbors and communities to encourage people to provide some basic care and attention to the land and support the land trust. (This might be viewed as a fixed or variable cost, and the amount spent will be highly dependent on the amount of time a land trust chooses to dedicate to this activity.)
- Property taxes or payments in lieu of taxes. Most land trusts do not pay these, but some do due to particular circumstances. In any case, in Pennsylvania, land trusts will have to pay taxes for the calendar year in which the land is acquired. (Thus, it can be financially advantageous for an organization to schedule property settlement to occur near the end of the year but not so near as to risk going into the following calendar year.)

Variable Costs

Other costs are more variable because they have to do with the services and facilities a land trust provides at the preserve. Examples of variable costs include:

- Construction, maintenance, and rehabilitation of trails, trailheads, parking lots, signs, and other features.
- Increased monitoring and community engagement efforts.
- Invasive species control.
- Erosion control.
- Habitat restoration or other wildlife-oriented projects.
- Educational and recreational programming.

Quick and Rough Calculations

The following methods can be used to estimate preserve management costs. These methods provide rough estimates based on an organization's average experience in managing its landholdings. They don't address the reality that an organization's expenses can vary greatly from one property to another depending on the activities occurring on each. Before finalizing decisions with serious financial implications, a land trust may want to account for the differences.

Quick Method A

Divide the land trust's total annual costs of owning and operating preserves by its total acres owned to get annual cost per acre. Multiply that number by the acreage of a specific property to get the annual cost of that property.

Example

A land trust spends \$240,000 per year on preserve ownership and operation; it owns 2,000 acres, which translates to \$120 per acre. ($240,000 \div 2,000 = 120$)

If the land trust acquires a 400-acre tract, it can project the new preserve's costs to be \$48,000 per year. ($120 \times 400 = 48,000$)

Quick Method B

Divide the land trust's total annual preserve ownership and operation costs by its total number of land

preserves to get an annual cost per preserve. The resulting number is the estimated annual cost of a new preserve.

Example

A land trust spends \$240,000 per year on ownership and operations and owns six preserves, which translates to \$40,000 per preserve. ($240,000 \div 6 = 40,000$)

If the land trust acquires land for a new preserve, it can project that preserve's costs to be \$40,000 per year.

Endowments

Some land trusts establish an endowment to help fund the operation of their preserves.

To roughly estimate the endowment required to fully fund the annual expenses associated with operating a preserve, divide the preserve's projected annual costs by the annual endowment spend percentage (typically a conservative projection of the expected return on investment).

Example

Assuming an annual endowment spend of 4%, the land trust would require a \$1.2 million endowment to cover its preserve's \$48,000 annual operating expenses. ($48,000 \div 0.04 = 1,200,000$)

Additional Resources

Resource Protection and Restoration-Focused Stewardship Calculator

The Nature Conservancy's free [Excel calculator](#) calculates long-term stewardship costs for both conservation easements and fee-owned land. The calculator addresses resource protection and restoration costs; it does not include costs related to public access or recreational and educational programming.

PAR3 Software

The Center for Natural Lands Management's [Property Analysis Record software](#) (PAR3) calculates the average annual stewardship costs for a property. Use requires purchase of a license.

Stewardship Budget Example

Southwest Michigan Land Conservancy uses this [budget](#) to calculate stewardship costs for a property with trails, a parking lot, signs, and other amenities.

Land Trust Alliance Publications

The 2012 article "[Planning for Management of Fee Lands](#)" discusses various components of managing fee-owned lands, including stewardship costs.

Chapter Two of [Determining Stewardship Costs and Raising and Maintaining Dedicated Funds](#), available free-of-charge to Land Trust Alliance members, includes information about calculating costs and establishing endowments, as well as sample budgets.

Resources at ConservationTools.org

For more information, see the right column of the online edition at

<http://conservationtools.org/guides/157>

Submit Comments

Help improve the next edition of this guide. Email your suggestions to the Pennsylvania Land Trust Association at aloza@conserveland.org. Thank you.

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