

**Valles Caldera Trust**  
**Minutes of the Public Meeting – December 16, 2005**  
Ghost Ranch Conference Center  
Plaza Resolana  
Santa Fe, New Mexico

Board Members Present

Tracy Hephner, Chairperson  
Barbara Johnson, Vice-Chairperson  
Larry Icerman, Secretary  
John Caid, Member  
Jim Gosz, Member  
Raymond Loretto, Member  
Gilbert Zepeda, Member

Staff Present

Cliff Dils, Acting Executive Director  
Kimber Barber, Outdoor Recreation Planner  
William Barfuss, Archaeology Technician  
Jamie Civitello, Archaeology Crew Chief  
Rob Dixon, Information Technology Manager  
Suzanne Gifford, Biological Field Technician  
Mary McDonald, Acting Chief Administrative Officer  
Randy McGee, Ranch Foreman  
Bob Parmenter, Preserve Scientist  
Ana Steffen, Acting Cultural Resources Coordinator  
Dennis Trujillo, Preserve Manager

I. Welcome

Chairperson Hephner called the meeting to order at 6:05 pm. Introductions were made. Changes in status of three Trustees were discussed.

Dr. James Gosz stated that he had accepted a position with the National Science Foundation and would reside full-time in Virginia. Dr. Gosz will continue to serve on the Board and should be able to get release time to attend public meetings in the future.

Dr. Ray Loretto spoke of his dual positions as the Preserve veterinarian and as a Trustee. Mr. Loretto stated that he wished to participate fully as a Board member and, as such, would no longer provide veterinary services to the Trust. Mr. Loretto also stated that his family's cattle would not be included in the Pueblo of Jemez Livestock Association's participation in the proposed continuation of the Conservation Stewardship Program.

Gilbert Zepeda will be on assignment to the Undersecretary of Agriculture beginning in early January 2006. This assignment is a temporary one and Mr. Zepeda will continue to serve as a Trustee during this period.

## II. Review and Approval of the Agenda

**Larry Icerman moved that the agenda be approved. Ray Loretto seconded the motion, which was approved unanimously.**

## III. Review and Approval of Meeting Minutes

**Jim Gosz moved that the minutes of the public meeting held on the November 17, 2005, be approved. John Caid seconded the motion, which passed unanimously.**

## IV. Recreation Data and Summary of Programs

Dennis Trujillo, Preserve Manager, updated the Board on the progress of S.212 in the U.S. Congress, which has passed both the Senate and the House of Representatives. This bill addresses the issue of the existing private mineral rights on the Valles Caldera National Preserve by providing sixty (60) days after becoming law to resolve the valuation issue for purchase by the federal government. If a resolution is not reached, then the question goes before a federal judge to make a final determination of fair-market value, upon which the federal government will purchase the private mineral rights. The bill also clarifies the uncertainty related to the Trust's access to emergency funds for fire suppression in the future.

Mr. Trujillo led a discussion of the 2005 elk hunt, which is still underway on the Preserve. Mr. Trujillo reviewed some elements of past hunts. John Caid noted that the drop in elk numbers could be a result of the socialization of the elk herd due to increased activities on the Preserve and/or a drop in the number of calves compared to past years. This latter situation could be related to coyote predation or the extended drought conditions.

Kimber Barber presented a review of the 2005 summer recreation programs on the Preserve. Visitor numbers approached 10,000. Ms. Barber summarized estimates of the revenues from the various recreation programs.

James Gosz thanked Ms. Barber for the economic analysis of the recreation programs. Mr. Gosz pointed out that the public perception of the recreation programs generating substantial revenues is inaccurate. Further, all of the programs on the Preserve need improvement from a net revenue point of view.

John Caid asked if the Trust had used fish stocking on the Preserve as part of the fishing program. Ms. Barber indicated that the streams on the Preserve have a very high natural fish density, one of the highest in northern New Mexico. In fact, the Trust has opportunities to establish a quality waters (i.e., catch and release only) fishing program.

Faith Garfield expressed support for unscheduled hiking opportunities, which would allow for more spontaneous decisions by the public to hike on the Preserve. Ms. Garfield noted that the current hiking programs on the interior of the Preserve are very user unfriendly as a result of the required advance reservation system.

Brooks White questioned the drop over time in revenues from elk hunting. Mr. Trujillo answered that the downward trend in revenue was largely a result of the elimination of hunting tags that could be auctioned and the application of the quota system for New Mexico applicants in the lottery, the latter of which has decreased lottery sales considerably. Mr. White asked about the current size of the elk herd. Mr. Trujillo responded that the elk herd in the Jemez Mountains was estimated to be 3,000 to 6,000, with a best estimate of about 4,500 animals. Mr. White suggested that chronic wasting disease could be lowering the herd size. Mr. Trujillo pointed out that no cases of chronic wasting disease had been detected on the Preserve.

## V. Budget and Financial Status

Larry Icerman presented a status report on the current financial position of the Trust. The Fiscal Year 2006 budget as approved by the Board of Trustees in September 2005, subject to adjustments to the appropriation levels by Congress, was \$5,150,000, consisting of a base appropriation of \$3,650,000 and a supplemental appropriation obtained by Senator Domenici of \$1,500,000. A rescission of 0.476% resulted in the actual appropriated amount being \$5,125,486. The anticipated federal highway contract authority for Fiscal Year 2006 is \$1,240,000.

Mr. Icerman also explained that the Trust's accounting system was set up in a way that the required maintenance and balancing of two sets of records, namely, one maintained at the National Business Center and the other through U.S. Forest Service system. This situation has made obtaining accurate, up-to-date, and consistent financial reports difficult, which has been the case since the formation of the Trust. Secondly, an attempt to reconcile these two systems suggests that there was a deficit in Fiscal Year 2005 of as much as \$500,000. Of this amount, approximately \$300,000 could possibly be accounted for by unliquidated contractual obligations. Some portion of the remaining \$200,000 could likely be accounted for by expenditures not being properly debited against the federal highway contract authority in Fiscal Year 2005.

Mr. Icerman pointed out that the Board planned to initiate three responses to this situation. First, an independent auditing firm was in the process of being engaged to produce detailed financial statements for Fiscal Year 2005. Secondly, the Board would consider three alternatives to address the possible Fiscal Year 2005 deficit once more reliable numbers were available. These three alternatives are to offset any deficit with funds from the Fiscal Year 2006 appropriation, to cover any deficit by withdrawing funds from the Trust's Treasury account, and/or to budget a portion of the Trust's projected revenues for Fiscal Year 2006. A combination of these three responses is possible. Thirdly, the Trust plans to migrate to a single accounting system as soon as practicable. This action is projected to result in a cost avoidance of about \$200,000 in Fiscal year 2006 and a cost reduction of a like amount in future fiscal years. When the Fiscal Year 2005 financial statements are complete, the current financial status of the Trust will be better documented and solutions to offset any deficit will be more apparent. Efforts are ongoing to establish the true amount of any deficit for Fiscal Year 2005.

Jim Gosz and Ray Loretto expressed their frustration with what appeared to be inadequate accounting systems in the past. Mr. Loretto expressed confidence that the past problems are well understood and will not continue into the future. Chairperson Hephner stated that there was no

indication of intentional impropriety by past Trust employees. John Caid observed that both the Board, as well as the public, was frustrated by not being able to extract reliable financial data on a programmatic basis from the Trust's accounting system. This lack of timely cost accounting information has made managing programs against an established budget very difficult.

Steve Fettig suggested that the Board focus most of its attention on establishing a solid accounting system in the future and less on any past problems. Mr. Fettig requested that the Board make the Fiscal Year 2005 financial statements available to the public when received from the independent auditors. Roger Tilkemeier asked about the source of the uncertainty in the possible deficit. Mary McDonald, Acting Chief Administrative Officer, responded that transactional accounts were the principal source of the uncertainty. John Arnold asked why the problems could not be corrected in the past. A number of issues have contributed to the difficulty in getting the Trust's accounting system(s) to provide the desired information in a reliable manner.

The Board and the audience asked a number of other questions related to past accounting practices, the responsibility for funds expended to suppress the June wild fire on the Preserve, and whether the deficit could have accumulated over more years than Fiscal Year 2005. These questions are among the many issues requiring additional investigation.

## VI. Economic Analysis of Grazing Alternatives

Bob Parmenter, Preserve Scientist, presented an overview of research, inventory, and monitoring (RIM) data that was utilized in considering supplementing the current Environmental Assessment (EA) for grazing on the Preserve, which expires at the end of December 2005. The many tools used to assess the health of the forage were explained. The RIM data supported the conclusion that grazing could be continued under a supplemental EA.

The Board reviewed different options for livestock grazing under a one-year interim grazing program. The four options discussed at the November 17, 2005, public meeting were reviewed as follows:

- offering no grazing program in 2006 [Option 1];
- continuing the Conservation Stewardship Program (e.g., 200 cow-calf pairs) with the same participants, while running steers (e.g., 1,200 head) instead of the Replacement Heifer Program [Option 2];
- continuing the Conservation Stewardship Program (e.g., 200 cow-calf pairs) with new participants, while running steers (e.g., 1,200 head) instead of the Replacement Heifer Program [Option 3];
- running a single herd of steers (e.g., 1,200 head) only [Option 4];
- continuing the Conservation Stewardship Program (e.g., 400 cow-calf pairs) with new participants, while running steers (e.g., 1,600 head) instead of the Replacement Heifer Program [Option 5];
- running a single herd of steers (e.g., 1,600 head) only [Option 6]; and
- running a single herd of steers (e.g., 1,600 head) only with management provided by New Mexico State University (NMSU) [Option 7].

The best estimates of costs and revenue for each of these 2006 grazing program options, based on reasonable livestock loadings, are:

	Estimated <u>Operating Costs</u>	<u>Projected Revenue</u>	<u>Estimated Net Income</u>
Option 1	\$21,422	\$0	-\$21,422
Option 2	\$176,706	\$92,800	-\$83,906
Option 3	\$176,706	\$92,800	-\$83,906
Option 4	\$106,364	\$79,800	-\$26,564
Option 5	\$235,563	\$130,450	-\$105,113
Option 6	\$138,616	\$106,250	-\$32,366
Option 7	\$87,235	\$106,250	\$19,015

The steer only programs generally have lower operating costs. However, only Option 7 involving management by NMSU appears to be able to result in a positive net income for the grazing program in 2006.

**Jim Gosz made a motion for the Trust to operate the Fiscal Year 2006 grazing program as a steer only program. Larry Icerman seconded the motion.**

The Board noted that the additional revenue that could be generated from a steer program might help offset the higher costs of the Conservation Stewardship and Replacement Heifer Programs in the future. John Caid pointed out that an all steer grazing program would most likely eliminate local producers from participating. Other Board members noted that there are other opportunities beyond the grazing program for the Trust to demonstrate its commitment to being a good neighbor. The design of future grazing programs may be able to better address the needs of the local ranching community.

Steve Fettig urged the Board to table the motion to allow additional time to develop new alternatives. Betsy Barnett noted that the Board should be addressing the spirit of the recommendations made in the General Accountability Office report in the context of designing the grazing program.

John Horning of the Forest Guardians emphasized that, in his opinion, the primary mandate to the Trust was to protect the natural resources of the Preserve and that most of the damage to the ecosystem of the Jemez Mountains can be traced to livestock grazing. Mr. Horning offered the Trust a \$20,000 donation if the option of no grazing were to be selected for 2006.

A representative from Seeking Common Ground spoke of goals for managing Jemez Mountain forage needs and of the information available through their organization.

Chairperson Hephner pointed out that a decision needs to be made soon with respect to the design of the 2006 grazing program to give the current contractor, Business Solutions, notice related to the possible non-renewal of the contract for managing the grazing program and to give the producers adequate notice to plan the management of their herds for 2006. A possible

collaboration with New Mexico State University for the management of the 2006 grazing program was mentioned.

Following these remarks and comments by the Trustees and members of the public, the Board voted on the motion. **The motion passed on a six-to-one vote, with Barbara Johnson casting the dissenting vote.**

#### VII. Public Comments

An unidentified member of the public noted that the grazing program lacked strategic objectives. Further, more careful use of the available data should be made.

Steve Fettig urged the Board to maintain a comprehensive scientific program and to improve two-way communication with the public. Mr. Fettig also suggested that the Board should open its working sessions to the public. Further, Mr. Fettig asked that the Board reinstate the use of a court reporter to document the discussions at public meetings.

Betsy Barnett expressed her concern about the difficulty the Trust has faced in obtaining appropriate liability insurance. Ms. Barnett also suggested that the credentials of the Trust staff be posted on the Web site.

The status of the search for the Trust's new Executive Director was raised. Chairperson Hephner reported that 112 applications had been received and reviewed. Interviews of a small number of the best candidates will be scheduled for early January 2006.

Hearing no objection, Chairperson Hephner adjourned the meeting at 9:25 pm.

Approved on April 20, 2006.

Respectfully submitted by Larry Icerman, Secretary.