

President's Message

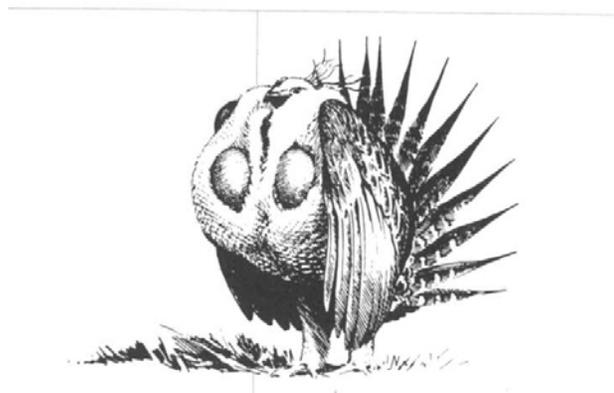
Bruce Hanson

The early spring has prompted many busy schedules and several clean-ups. Here are a couple more items to provoke thought and response.

In recent years there has been several discussions surrounding a name change for the Journal of Range Management to Rangeland Ecology and Management. "Reject!", "Accept!", or "Vote on something else later!" At the end of May, the Society's Board of Directors will be voting on this. I will need to pass along the sentiments of the Idaho Section, so send your comments to me or one of the Idaho Section Directors.

Please take time to read the May 2004 Member Resource News posted at <http://www.rangelands.org/mrn.shtml> which provides an explanation of the proposal.

You may contact me at Bruce.Hanson@id.usda.gov or by phone: 208 476-3949 (home) or 476-5313 ext 103 (work).



Another old topic that we are hearing more about is Coordinated Resource Management., CRM. This collaborative problem-solving process has often been used for natural resource issues and also called by other names. Successful resource managers have honed their skills in conflict management as team builders and facilitators for a variety of dispute resolution situations.

I value CRM and encourage others to review its usefulness. Watershed planning, TMDL implementation, grazing allotment

planning, and several other examples come to mind where all resources and stakeholders are involved in the process. My first supervisor after college said that my range conservationist position was 10 percent good science and 90 percent working effectively with people. That was the best statement I can remember from someone advising me about a resource management career. So I pass the same advice along to anyone else to keep up your people skills and practice CRM principles where ever it may apply.

Happy spring,
Bruce

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Record Turnout at the Idaho FFA Range Contest

The Annual FFA Rangeland Assessment Event was held in Twin Falls on March 31, 2004, and the event continues to grow in popularity each year. Over 100 students from 20 schools around the state participated both individually and in teams. The event tested students' skills in plant identification, recognition of site characteristics (including soils, plant composition, biomass estimation and evidence of current uses), evaluation of potential rangeland uses, and recommendation of grazing management practices. The top two teams will be attending the National FFA Range Contest in Oklahoma this May.

The event is sponsored by the Idaho Rangeland Resource Commission and the University of Idaho Range Department. Scholarships were provided by the IRRC. Thanks to all the enthusiastic range management professionals (and SRM members) from various state and federal agencies that assisted with the contest! If you would like to help with the FFA contest or other educational activities around the state, contact Karen Launchbaugh (klaunchb@uidaho.edu), or Gretchen Hyde (irrc@bigskytel.com).

The contest winners were:

- 1st place team, \$500 scholarship — Rigby
- 2nd place team, \$250 scholarship — Bliss
- 3rd place team — Fruitland
- 4th place team — Kuna
- 5th place team — Meridian



The Rigby FFA range team recently placed #1 in the state and will be traveling to Nationals in November to represent the state. Members of the team are from left to right: Kristi Walker, Amanda Walker, Natalie Wolfensberger, Jana Mortimer and Advisor Robert Hale (photo courtesy of Betsy Cook)



Idaho range management professionals assisting in the event included: Back: Jim Cornwell, Kim Ragotzkie, Bob Josaitis, Don Edgerton, Codie Martin, Tracy Behrens, Jake Zollinger. Front: Marika Kearsley, Gretchen Hyde, Karen Launchbaugh, Juley Hankins, Bob Hale, Ken Sanders



• New Idaho Section SRM Members

Welcome!			
January			
Erica Hagerman	Student	University of Idaho	Moscow
Holly A. Myers	Student	University of Idaho	Moscow
Betsy Nelson	Student	University of Idaho	Moscow
Jennifer L. Peterson	Student	University of Idaho	Moscow
Cameron L. Rasor	Regular	USDI-BLM	Payette
John H. Shelley	Student	USDA-Forest Service	Bellevue
J. D. Wulfhorst	Regular	University of Idaho	Moscow
February			
David Greenwood	Student	University of Idaho	Moscow
Katherine P. Lanspery	Student	University of Idaho	Moscow

• U of I Range Club Update

Katie Johnson and Thad Berrett

End of the Semester Update

It is that time of year again when school is rapidly coming to a close and students are preparing for their summer jobs or in some cases the next step in their life. As we wrap up the semester, the club is mounting plants to sell to Idaho FFA chapters and holding the bi-annual roadside cleanup and barbeque at advisor Jim Kingery's house in Deary. At our last meeting we held elections and our new officers are:

- President – Katie Johnson
- Vice President – Holly Meyers
- Secretary – Betsy Nelson

We are looking forward to next year and hope to work on getting more people involved in the Range Club as we head to Ft. Worth. We would like to recognize graduating Range Club members Thad Berrett, Georjana Pokorney, Dave Greenwood, Lovina New, Alicia Ewing, Jeremie Kleinsmith, and Aaron Roth, MS, for their dedication and participation in the Range Club. Other graduating range students include Cole Clark and Elayne Hovde for the undergraduates and Tracy Brewer, Ph.D., Corey Gucker, MS, Kendra Mosley, MS, Cathy Sampsell, MS, and Jodie Salz, MS – Environmental Science.

Recent Trends and Factors Influencing the Market Value of New Mexico Ranches

L. Allen Torell¹, Neil R. Rimbey², Octavio A. Ramirez¹, Daniel W. McCollum³

The following article of original research is the second of a two part series published in this newsletter (The first part was published in the Winter 2004 newsletter and may be found on the Idaho SRM website—www.stoller-eser.com/idaho_srm.htm). An expanded version of this work is being prepared for submission to a scientific journal. This work is significant not only to the field of natural resource economics, but to the SRM as well. This research clearly illustrates both the shifting and expanding of resource values and the shifting of our clientele. We need to make sure the SRM is serving these values and the needs of these clientele. The Editors

This article expands on research reported in the summer New Mexico Section newsletter about the value of New Mexico ranches and the factors that influence ranchland value. In this issue we look at how much public [Bureau of Land Management (BLM) and U.S. Forest Service (FS)] and state land grazing permits contribute to the value of New Mexico ranches.

Why do grazing permits have value?

The existence of permit value is often used to indicate underpricing of public and state land forage. As noted by Roberts (1963) in early grazing fee research, if forage markets are efficient, competition should equalize production costs by inflating ranch values by the capitalized value of any resource pricing. This traditional cost advantage reason for explaining permit value assumes the total value of the permit arises because of added livestock production afforded by owning the permit. Public land ranchers contend the value of the permit has nothing to do with a cost advantage, but is due to the improvements and hard work they provide to give it value.

This research shows that neither argument is totally correct.

As noted in the summer newsletter, livestock income was found to be a statistically important factor in determining ranchland values, but its relative importance or magnitude in setting land value was minimal. We found the value of a ranch and the value of grazing permits to be primarily tied to ranch size, location, and type of lands included on the ranch, and not to net livestock earning potential. As discussed below, it is the Bureau of Land Management (BLM), U.S. Forest Service (FS) and state trust land acreage that contributes the most to ranchland value, not the additional carrying capacity and livestock earnings provided by the permit.

How much are grazing permits worth in New Mexico?

It was determined that grazing permits contribute different amounts to ranch value depending on ranch characteristics. One particularly important factor was found to be the level of dependency of the ranch on leased public and state lands. Figure 1 shows the estimated marginal value of adding AUMs of grazing capacity from either BLM or state trust land. The ranch considered is a 20 section ranch in southwestern New Mexico that will support 10 head per section as a livestock carrying capacity.

If a ranch has over 90% public or state land (< 10% deeded land) the estimated 2002 value of the grazing permit was estimated to be

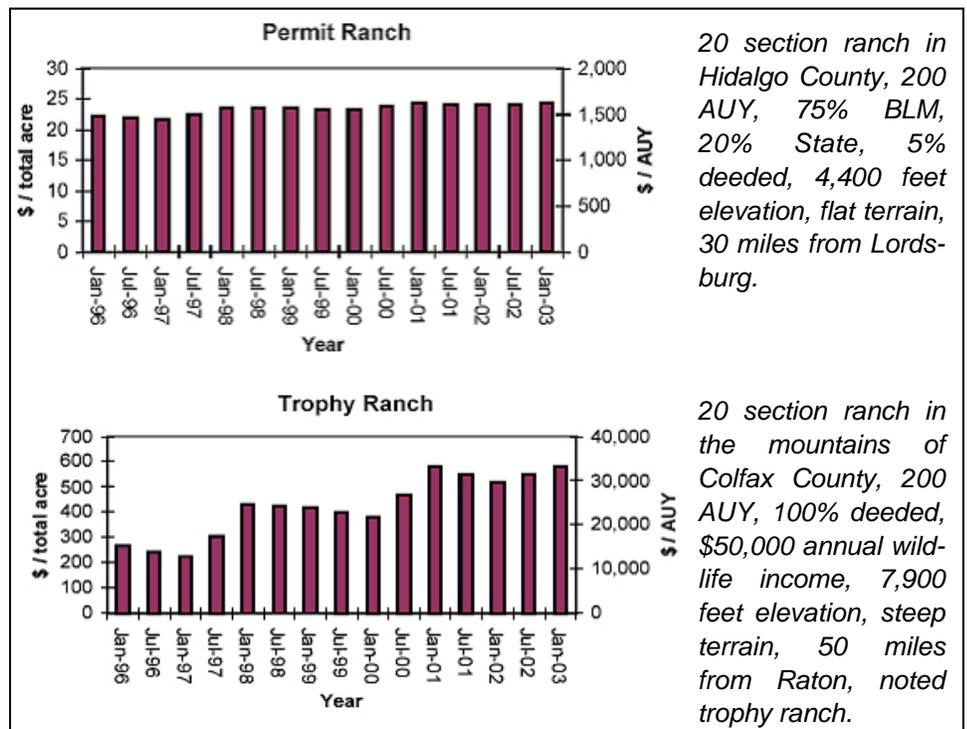


Figure 1. Wildlife Income from permit and trophy ranches in New Mexico.

¹New Mexico State University, ² University of Idaho, ³ U.S. Forest Service Rocky Mountain Research Station

Recent Trends and Factors Influencing the Market Value of New Mexico Ranches (page 2)

\$114/AUM¹ for BLM and \$125/AUM for state (Fig. 1)². When the level of public and state land dependency decreases to 89% (11% deeded), the marginal value of the BLM permit increases to \$194/AUM, which is more than the \$175/AUM permit buyout proposal made by environmentalists as a way to eliminate public land grazing (NPLGC 2003). The state land permit contributes \$250/AUM at this maximum point. Beyond this point the marginal value of public land acreages

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and AUMs decrease. Adding a section of BLM land to a ranch that is initially 60% or more deeded would actually decrease its market value. Similarly, state land permits detract from the value of ranches that are over 75% deeded land.

There are a number of reasons why adding public land to a mostly deeded land ranch would decrease market value. The bureaucratic red tape and hassle of dealing with land agencies is a growing concern and expense for public land ranchers. The lack of control and the inability to stop the general public from entering the ranch is another obvious reason.

The market value of BLM, FS, and state land permits were not found to

be statistically different. The market value of all three types of permits would be similar if ranch characteristics were the same.

What part of permit value would be attributed to livestock production?

By traditional logic it is the added livestock production and income that gives grazing permits value. By having the grazing permit, a ranch owner gains economies of size and adds ranch earnings. However, we found permit value to arise for reasons unrelated to livestock production as well.

Consider a 20 section ranch in southwestern New Mexico that can run 9.8 AUY (118 AUMs)/section with a 70% dependency on BLM and state trust land for grazing capacity. If the livestock on one BLM section were removed, net annual livestock income would decrease by an estimated \$762/section. Using the hedonic regression model developed in this research, the total estimated value of the ranch would decrease by \$3,021, or by \$26/AUM removed. If the 640 acres of BLM land were also removed (in addition to the cattle) a much larger reduction in ranchland value occurs. A section of land and accompanying grazing capacity contributed \$55,665 (\$422/AUM) to ranch value for deeded land, \$18,431 (\$157/AUM) for BLM, and \$28,512 (\$238/AUM) for state land. These estimates will be different as the level of public land dependency and other ranch characteristics change. A key point, however, is the observation that it is the land acreage and not the number of animal units that most influence ranchland values.

We found no more than 20% of the value of grazing permits arose because of the added livestock that could be produced with the permit. Similar to

deeded land, grazing permit values are also inflated above what the cows will buy and pay for.

New Mexico ranches generally have contiguous public and deeded land acreages with yearlong grazing of different land types scattered throughout the ranch. The conclusion that adding land area and making the ranch bigger increases ranch value is logical with this land use pattern. People value a bigger ranch. This same conclusion may not be true for more northern states with seasonal grazing of permits located far from the ranch headquarters. This is an area for future research but it may explain the reduced value of grazing permits in these northern states, where reported permit values are about \$50-55/AUM.

References

National Public Lands Grazing Campaign (NPLGC). 2003. NPLGC voluntary federal grazing permit buyout proposal. <http://www.publiclandsranching.org/>. Last accessed Nov. 6, 2003.

Roberts, N.K. 1963. Economic foundations for grazing use fees on public lands. *J. Farm Econ.* 45:721-731.

1 Multiply by 12 to convert to a \$/AUY basis.

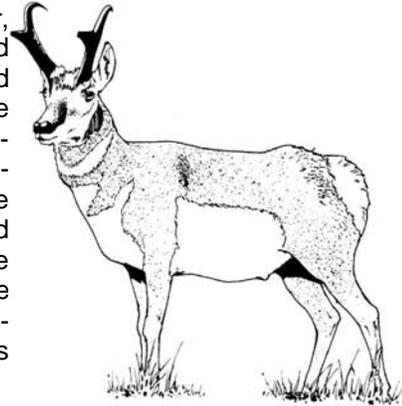
2 The flat tail in Fig. 1 results because the hedonic regression model included an added price discount for ranches that are over 90% dependent on public or state trust lands. This adjustment was needed because highly public land dependent ranches were found to be heavily discounted in the ranch real estate market.

Idaho Section SRM Summer Tour

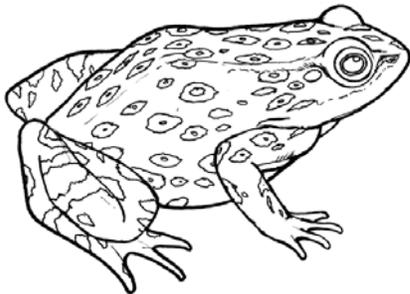
June 25-26, 2004

Big Loop Country (Owyhee County)

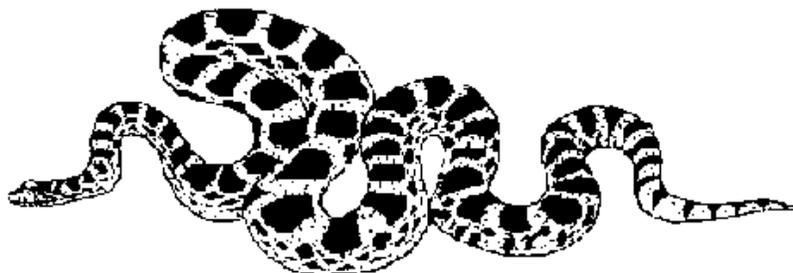
The Idaho Section SRM Summer Tour Committee (Rimbey, Franzen, Gibbs, Gibson, Secret) have formulated a plan to hold a Section Tour this summer, so put **June 25 and 26th** on your calendars! On this 1 ½ day tour, we will be looking at a number of issues related to rangeland resource management that should be of interest to a broad spectrum of our members and others. The main focus of the tour will be on-the-ground discussions on a wide variety of issues ranging from the Juniper situation and implications to resource management, The Owyhee Initiative, sage grouse, spotted frogs, holistic management and who knows what else. There will be a number of stops on the tour dealing with the issues in an open discussion format. We will be making a Big Loop from the Jordan Valley area to Brunau/Grandview area, camp and dinner Friday night at BLM's Administrative Site on the Mud Flat Road.



Bring your sleeping bag or whatever you need to spend Friday night with us. The cost for the tour is \$30/person if you register by June 1. Registrations after that date will be \$40/person. We will meet on Friday, June 25, 2004 at the intersection of Cow Creek Road and Highway 95 (between Marsing and Jordan Valley, Oregon, about 35 miles outside of Marsing) at 9 am sharp. There will be 2 stops that morning to look at juniper sites. We will have lunch (provided as part of your registration) at the North Fork Campground, on the North Fork of the Owyhee River, south of Jordan Valley. There will be 1 or 2 more stops related to Juniper issues in the afternoon. We will camp Friday night at BLM's administrative site on the Mud Flat Road. Dinner will be steak and all the trimmings. Campfire discussion will center around the Owyhee Initiative process. Breakfast Saturday morning will be provided at camp. Saturday's events will include several stops dealing with issues related to sage grouse, spotted frogs, livestock management and others. Lunch on Saturday will also be provided. The tour will conclude early afternoon on Saturday and you can head on your way back home or spend another night beneath the stars.



Questions? Contact Neil Rimbey (208-459-6365), Dave Franzen (208-337-4608) or Chad Gibson (208-337-4996). Since we don't have a clue how many to expect for meals, please use the registration form below to let us know. See you in June.



Idaho Section Summer Tour Reservation Sheet

Name: _____

Address: _____

Phone: _____

Email: _____

Please reserve _____ spots on the tour for me.

I have enclosed a check made out to Idaho Section SRM for \$_____ (at \$30/person, or \$40 if after June 1) for my registration for this event.

I need a ride _____

I can provide rides for _____ people

I volunteer to help with cooking and camp chores _____

Return by June 1, 2004 to:
Neil Rimbey
University of Idaho
16952 S. 10th Avenue
Caldwell, ID 83607
(208) 459-6365

Next Newsletter Deadline is
July 15, 2004



Send your articles and pictures (.jpg format) to:
Juley Hankins
juley_hankins@blm.gov
or Roger Blew
rblew@stoller.com

**SOCIETY FOR RANGE MANAGEMENT
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There are lots of opportunities for you to become involved in the section activities. Give Bruce Hanson, Ken Crane, Kim Ragotzkie, a Director, or a committee chair a call and find out how you can get involved.

We're on the Web
www.stoller-eser.com
/idaho_srm.htm

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