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The Honorable Ryan Zinke
Secretary of the Interior
Department of the Interior
1849 C Street, N.W.
Washington DC 20240

Re: Funding of the Mexican Wolf Recovery Plan Economic Impact on Arizona Ranchers and the Arizona Game & Fish Department.

Dear Secretary Zinke:

Cochise County has been a stakeholder in the efforts to develop and implement landscape scale forested ecosystems restoration; watersheds restoration; endangered and threatened fauna and flora protection; and, natural resources management for the last three decades. Cochise County is actively involved as stakeholder, cooperating agency and coordinating local government in federal projects such as, among others, the Collaborative Forest Landscape Restoration Program; the Western Watershed Enhancement Partnership; the Mexican Gray Wolf Recovery Program; and, numerous state or local-scale natural resources management projects and natural resources-based economic development initiatives.

The Eastern Arizona Counties are disproportionately affected

The Eastern Arizona Counties are uniquely affected by the Mexican Wolf Recovery program, including the Mexican Wolf Nonessential Experimental Population (10(j)), due to the facts that a large part of the Mexican Wolf Experimental Population Area (MWEPA) is located within the Eastern Arizona Counties; a large portion of the depredations on farm and domestic animals inflicted by Mexican Wolves take place within the Eastern Arizona Counties; and, a large proportion of the negative economic impacts of the Mexican Wolf Recovery Plan is born by the rural ranching community within the Eastern Arizona Counties.

Consequently, Cochise County would like to emphasize that ***the Mexican Wolf Recovery program that is considered an asset to society by its proponents cannot continue to be managed as a liability to a small subset of society***, namely the Arizona and New Mexico ranchers who are disproportionately affected by the negative economic impacts of the program, and the Arizona Game & Fish Department that provides the bulk of the field personnel that manages the program. It is only fair to request that the American society at large should bear the cost of the Mexican Wolf Recovery program, by offsetting equitably the economic costs imposed on the ranching community and the state Game & Fish Department.

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Woefully inadequate compensation for economic impacts

Two mechanisms currently exist to address the negative economic impacts of the Mexican Wolf Recovery program on Arizona ranchers. The first is the MEXICAN WOLF/LIVESTOCK COUNCIL, formerly known as the Mexican Wolf/Livestock Coexistence Council, formerly known as the Mexican Wolf /Livestock Interdiction Trust Fund, established on September 23, 2009 by the U.S. Fish and Wildlife Service in cooperation with the National Fish and Wildlife Foundation. The second is the ARIZONA LIVESTOCK LOSS BOARD, created by the Arizona Legislature and signed into law by Governor Ducey on April 1, 2015. Both mechanisms share the same funding received under the Mexican Wolf subset of the *Wolf Livestock Demonstration Project Grants* that typically award nationally \$900,000 annually in two categories: *Prevention Grants* that assist livestock producers in undertaking proactive, non-lethal activities to reduce the risk of livestock loss due to predation by wolves; and, *Compensation Grants* that reimburse livestock producers for livestock losses caused by wolves. Of these funds, approximately \$210,000 are granted to Arizona Game and Fish Department and New Mexico Department of Agriculture for disbursement to livestock operators. In the end, In Arizona, approximately \$40,000 are awarded for depredation compensation and \$80,000 for prevention measures. In New Mexico, approximately \$60,000 and \$30,000 are awarded for depredation and preventative measures, respectively. Additional compensation has been provided by interested NGOs such as Defenders of Wildlife who provided match funds.

As the Mexican Wolf Recovery program expands, with the Mexican Wolf Nonessential Experimental Population being expected to triple and the Mexican Wolf Experimental Population Area having been expanded several folds, annual grants of \$200,000 to be shared by Arizona and New Mexico ranchers will be woefully insufficient to equitably compensate the ranching community for the direct and indirect economic loss that they incur from the Mexican Wolf Recovery program. Further, critical hidden indirect costs such as cattle weight gain reduction, net weight loss, reproductive rate decline, etc. are not included in any current compensation mechanism.

Additionally, the recent reduction in federal funding of the Arizona Game & Fish Department Mexican Wolf field management team compromises the Department's ability to continue to meet its responsibilities to the people of Arizona and its rural ranching community, and creates an economic burden on the Department.

Need for stable and predictable funding of fair compensation of economic loss

In view of the above, Cochise County is requesting that the U.S. Department of Interior engage with the State of Arizona to organize the long-term funding of a fair compensation of the Mexican Wolf Recovery program economic impact on Arizona Ranchers and the Arizona Game & Fish Department as follows:

Depredations compensation funding

Compensation for depredations is the simplest mechanism. Although imperfect as a long-term solution, it is designed to directly offset the economic loss for animals killed or injured by Mexican Wolves. Compensation for depredations of farm animals and domestic animals is currently in place and needs to be funded as a transition mechanism toward, or as an alternative to more comprehensive mechanisms as listed here under.

The annual depredations compensation funding requirement for the expanding Mexican Wolf Recovery program is estimated to be \$250,000 annually.

Proactive conflict avoidance measures funding

Funding for proactive conflict avoidance measures is the next step in the concept of fair compensation of economic loss. Such measures include, among others, the deployment of range riders, the construction of fences or pens, the change of grazing allotments in response to wolf presence, etc. Funding for proactive conflict avoidance measures is currently in place and needs to be funded as a transition mechanism toward, or as an alternative to a more comprehensive mechanism as listed here under.

The annual funding requirement for proactive conflict avoidance measures for the expanding Mexican Wolf Recovery program is estimated to be \$250,000 annually.

Pay for Presence funding

Pay for Presence funding is a comprehensive mechanism designed to compensate a permittee at a set rate based on a number of livestock and a number of wolves, and based on the permittee proactively implementing adaptive management of livestock to minimize conflict. Under Pay for Presence, all costs such as loss of animals to depredation, but also hidden indirect costs such as cattle weight gain reduction, net weight loss, reproductive rate decline, etc. are integrated in a comprehensive approach to compensation of economic loss. Pay for Presence can be implemented with direct cash payments, or by deduction from grazing allotment leases, or a combination of both. It is currently considered one of the best mechanisms available for fair compensation of all-inclusive economic loss.

The annual funding requirement for Pay for Presence for the expanding Mexican Wolf Recovery program is estimated to be up to \$1,500,000 annually.

As mentioned above, in order to be effective Pay for Presence requires a proactive and adaptive management of livestock to minimize conflict. It is therefore best implemented as an opt-in mechanism available to ranchers interested in it, but it should not be considered a one-size-fit-all mechanism to be applied in blanket fashion across the landscape. It is likely that ranchers who, for example, may lack the resources, or allotments flexibility to implement proactive adaptive management of livestock to minimize conflict, will prefer operating under compensation for depredations and possibly some proactive conflict avoidance measures. In short, all three mechanisms need to be part of the toolbox and used as appropriate.

Logically, the full funding of Pay for Presence would automatically trigger the discontinuation of the funding for depredations compensation and proactive conflict avoidance measures for the ranchers who decide to opt-in.

Arizona Game & Fish Department funding

The action of the Arizona Game & Fish Department is critical in both the field management of the program, and the role of 'first responder' that the Department plays with the rural isolated ranching communities.

The annual funding requirement for the full staffing of the Arizona Game & Fish Department Mexican Wolf team is \$600,000 annually.

Recovery funding in Mexico

As amply documented in the U.S. Fish & Wildlife various analyses (*Mexican Wolf Nonessential Experimental Population 10(j) Rule Revision; Mexican Wolf Recovery Plan Revision*, etc.) only approximately 10% of the historical Mexican Wolf habitat is located in the United States, and 90% of the historical habitat is located in Mexico. Notwithstanding the possible effects of climate change and habitat characteristics changes in the current and future conditions, it is logically predictable that recovery efforts in the U.S. alone, however successful, will likely not

produce the overall recovery necessary for delisting. Therefore, successful overall recovery and delisting require a successful recovery in Mexico, as well as in the U.S.

Supporting financially the implementation of the recovery program in Mexico is therefore a strategic imperative in order to meet the end-goal of recovery and delisting in the U.S., and - under proper cooperation and verification - funding the Mexican government recovery effort is likely one of the most efficient and effective ways of accelerating recovery and minimizing the disproportionate economic impact of a recovery effort that would only be fully implemented north of the international border.

Funding support for recovery in Mexico is currently in place, but its magnitude is currently limited, and its impact is currently insufficient. Looking forward, it does not appear unreasonable to expect that the funding required for the Mexican government recovery effort is likely to be in the same proportion as the proportion of historical habitat located in Mexico, which means that, likely, 90% of the overall Mexican Wolf recovery funding will be required over 90% of the habitat in Mexico. In other words, funding needs in Mexico are likely to be 9 times greater than funding needs in Arizona and New Mexico, and every dollar spent - under proper cooperation and verification - in Mexico will be a dollar that does not need to be spent in the U.S. in a difficultly conceivable attempt to recover a full population on only 10% of its historical habitat.

Annual inflation cost escalator for multi-generational program

Considering the U.S. Fish & Wildlife expectation that recovery and delisting of the Mexican Wolf is going to be a multi-generational effort over the next 25 to 35 years, it seems advisable to include an annual inflation cost escalator in the long-term funding mechanism.

Match funds requirement likely to become a bottleneck

As the Mexican Wolf Recovery program expands, with the Mexican Wolf Nonessential Experimental Population being expected to triple and the Mexican Wolf Experimental Population Area having been expanded several folds, it is predictable that depredations are likely to increase, and that the need for matching funds is likely to increase if the funding of depredations compensation continues to be funded by *Wolf Livestock Demonstration Project Grants*.

At the same time, the focus of NGOs on funding proactive conflict avoidance measures, rather than depredations compensation, is likely to cause the matching funds to decrease.

As a result, there is a very real possibility that *Wolf Livestock Demonstration Project Grants* may not be usable to compensate depredations in a near future due to a lack of matching funds.

It is therefore necessary to address the requirement for matching funds in the long-term mechanism to fund depredations compensation, as one of the tools to offset equitably the economic costs imposed on the ranching communities of Arizona and New Mexico that host the Mexican Wolf Recovery program.

A wise investment

Based on the U.S. Fish & Wildlife service *Mexican Wolf Reintroduction Project Management Team Estimated Funds Expended by Lead Agencies for Mexican Wolf Recovery and Reintroduction (Revised: December 31, 2017)*, the Mexican Wolf recovery program cost, as of the end of 2017, a total of \$37,499,235. This number does not include the "other agencies" (federal and State) approximate \$500,000 costs for 2017. It is therefore realistic to estimate the

total cost of the program as of the end of 2017 at approximately \$38 million. Considering a 2017 annual count of a minimum of 114 wolves in the U.S. this represents a societal investment of over \$330,000 per wolf.

It seems reasonable to recommend a fair compensation of the economic loss incurred by the Arizona and New Mexico communities who host the recovery of the Mexican Wolf in order to develop and sustain a social consensus for the recovery effort. The half dozen annual illegal mortalities alone, plus the few lethal removals of problem wolves each year, would finance - at the rate of \$330,000 lost per wolf - well over \$2 million per year, or the full annual cost of a \$1.5 million Pay for Presence program, plus the \$600,000 annual cost of the Arizona Game & Fish Mexican Wolf recovery team.

Cochise County respectfully urges you, Secretary Zinke, to bring a fresh perspective to the issue of fair compensation of the economic loss incurred by the communities that host the Mexican Wolf recovery effort, and the State agencies that manage them, and to consider that fair compensation is probably one of the cheapest and fastest action to be taken to develop social consensus around the program and further the societal conditions for its success.

Thank you for your consideration.

Respectfully submitted,

Peggy Judd
Chair
Cochise County Board of Supervisors

Date

ATTEST

Arlathe G. Rios
Clerk of the Board
Cochise County Board of Supervisors

Date

CC:
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