

Special Contribution - Experiments in Managing the Federal Estate

The Case of the Valles Caldera National Preserve and Trust

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By F. Patrick Holmes, guest contributor

Federal land management in the Rocky Mountain West has been characterized for decades by an often bitter conflict between national and local interests. As Matthew Lee-Ashley notes in the *2005 State of the Rockies Report Card*, “from defense contracts to oil and gas leases, Washington’s pen can lift communities to boom or leave them to bust.” Lee-Ashley’s essay, addressing the lack of regional sovereignty here in the Rocky Mountain West, concluded by asserting that experiments in consensual politics would be needed to lead the region to more responsible governance.

Indeed, while many of us remain content to embrace the seemingly fundamental Western predisposition towards conflict, pockets of the Rockies have turned their attention to collaborative solutions, fostering institutions like watershed and resource advisory councils in attempts to reconcile our differences over the public lands. Collaboration has, in fact, become such a buzzword among those with vested interests in the federal estate that it too has now been imposed from on high.



In 2000, Congress agreed to purchase the Baca Ranch in northern New Mexico in order to establish the Valles Caldera National Preserve, a 95,000-acre land management pilot project aimed at bridging the ideological gap between preservation and traditional multiple-use objectives. The preserve is to be managed by a nine-member board of trustees as a government-owned corporation of the U.S. Forest Service, with a specific mandate to preserve the area’s unique resources while becoming financially self-sufficient within 15 years of operation. If viable, this trust model could simultaneously resolve many of the fiscal crises facing our federal land managers, while also creating the institutional catalyst the American West needs for consensus-based resolutions to public lands management.

Organizational Structure

The Valles Caldera Trust can be described more as an experiment in “top down” community management of public lands, rather than a devolution of authority to engaged local interests as in the case of a watershed group.¹ The Valles Caldera Act creates full stakeholder participation through the trust’s nine-member board of trustees. Two of the trustees earn their board positions by virtue of their respective jobs: the supervisor of the Santa Fe National Forest and the superintendent of Bandalier National Monument, while the other seven members reflect the diverse management goals Congress has outlined for the landscape. They include a representative appointed by the president of the United States from each of the following areas of expertise:

1. Domesticated livestock management, production, and marketing, including range management and livestock business management;
2. Management of game and nongame wildlife and fish populations, including hunting, fishing, and other recreational activities;
3. The sustainable management of forest lands for commodity and noncommodity purposes;
4. Nonprofit conservation activities concerned with the Forest Service;
5. Financial management, budget and program analysis, and small business operations;
6. The cultural and natural history of the region; and
7. State or local government activities in New Mexico, with expertise in the customs of the local area.²

In addition, at least five of the seven appointed members must be New Mexico residents. Together, this deliberately inclusive board must meet the trust’s fiduciary obligation to preserve the area’s unique ecological, cultural, and geologic resources as well as the requirement that financial operations become self-sufficient within 15 years of operation. Thus, the Valles Caldera Trust becomes a useful experiment in management goals and constraints

About the author: F. Patrick Holmes was 2003-04 and 2004-05 program coordinator of the Colorado College State of the Rockies Project. He currently lives and works in Steamboat Springs, Colorado.

that respond to the unique geographical and ecological setting of a given region; communities having an active, participatory stake in management; and the role of market-based tools in public lands management.

Management Principles

The Congressional Act creating the Valles Caldera Preserve charges the trust with six ostensibly equal goals for management, none of which are to be pursued to the detriment of any of the others. Figure 1 lists these goals as they appear in the enabling legislation. Much like the diverse interests represented on the board, the management principles governing the Valles Caldera Trust broadly characterize the varied perspectives that have plagued the traditional multiple-use management paradigm for decades.³ Still, the fact that the Valles approach is a decentralized version of this paradigm suggests that the impact of local management viewpoints may go a long way to alleviate the longstanding conflict over federal land management.

The first goal, which maintains that the trust will continue to manage the landscape as a working ranch, was instituted to ensure that the dominant use of the land for the past century would remain the same. While ranching represents just one way the trust can generate revenue, including this use as a management goal could help the preserve to meet its obligation to become financially self-sufficient. It also allows for opportunities for management within



The Six Management Goals Outlined by Congress in the Valles Caldera Preservation Act

Figure 1

1. Operation of the preserve as a working ranch, consistent with goals 2 through 4;
2. Protection and preservation of the scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural, and recreational values of the preserve;
3. Multiple use and sustained yield of renewable resources within the preserve;
4. Public use of and access to the preserve for recreation;
5. Renewable resource utilization and management alternatives that, to the extent practicable—
 - a. Benefit local communities and small businesses;
 - b. Enhance coordination of management objectives with those on surrounding National Forest Service land; and
 - c. Provide cost savings to the trust through the exchange of services, including, but not limited to, labor and maintenance of facilities for resources or services provided by the trust; and
6. Optimizing the generation of income based on existing market conditions, to the extent that it does not unreasonably diminish the long-term scenic and natural values of the area or the multiple use and sustained yield capability of the land.

the preserve to positively impact adjacent landscapes. For similar private ranches, the value of the land is the most significant and costly investment. The removal of this factor as part of the economic equation for the ranch, whether it is in taxes, mortgage debt, or opportunity costs, is already a huge step towards Valles Caldera self-sufficiency. Additionally, the preserve might be used as a grassbank. Under the grassbank approach, grass on one ranch is made available to another rancher's cattle in order to accomplish one or more mutual goals such as landscape restoration, drought relief, or prevention of subdivision.

The second goal of the trust is to preserve the area's unique resources. The trust's interpretation of this management goal is clear: "The members acknowledge the richness of the land's cultural and ecological character, and they implicitly conclude that the best way to respect and conserve that richness is by approaching the challenges of management with an ethic of restraint. In general, this means starting programs on a small scale, expanding them carefully, and monitoring their impacts alertly as development proceeds."⁴ The trust's interpretation further establishes its commitment to monitor the impacts of management and use the learning thus gained to inform subsequent management decisions. This kind of active, adaptive management policy is new for the Forest Service, which generally relies on one-size-fits-all approaches rather than attempts to take into account the ecological conditions of a particular landscape.

While the third goal of multiple-use is included to provide the trust with full discretion over the use of its natural resources, little in the trust's strategic management framework suggests that they will emphasize timber or mineral resource production from the preserve. Some forest thinning is anticipated as the trust looks to return the traditional fire regime to the landscape; however, this thinning is the only marketable timber production the trust cites in its management plans through 2009.

The fourth goal for preserve management, recreational use, has followed much of the "ethic of restraint" that the trust has adopted as part of its preservation mandate. Limited numbers have been allowed to hike, hunt, fish, and bike within the preserve. Pricing for these programs has been one way in which the preserve has experimented with market mechanisms for generating revenue, while

still restricting the number of participants to a safe capacity for the preserve's resources. Relatively high prices are charged for activities like hiking (\$25), snowshoeing (\$10), and cross-country skiing (\$10), when one compares the cost of these activities at a national park that charges a one-time entrance fee for up to a week of enjoyment, or the cost of these activities in a national forest where there are generally no user-fees. Charging variable prices per activity rather than simply for admission to the Valles, has enabled the trust to manage diverse activities that have variable impacts to the landscape. Permits for activities like fishing and hunting are acquired through a lottery system whereby a user pays \$25 for the chance to hunt or fish on a specified day. A computerized drawing allots permits to a limited number of users determined to be within the resource capacity for that recreational use. The lottery system presents one way the trust has opted to maintain equitable access to the preserve, while still generating profitable revenues.

The fifth goal of the trust is generally thought of as a stipulation to promote participatory management. While the participation and authority of neighbors are built into the administrative structure in terms of representation on the board of trustees, this goal also recognizes that resources must be utilized in a manner that is connected to the surrounding ecological and social landscape. It calls for the return of benefits to the communities that lie close to the preserve and the coordination of management with surrounding agencies, private groups, and Native American tribes.⁵ While it remains to be seen whether this integration with neighboring landowners will result in lasting management innovations, the potential for natural resource management to function beyond the narrow boundaries of political ownership is one of the most significant prospects of the Valles paradigm.

Finally, the sixth goal of optimizing income is meant to encourage the trust to conduct rigorous economic evaluation of all its activities. Again the trust is clear in its interpretation of this guideline—this goal must not be pursued to the detriment of the other goals.⁶ This goal's inclusion is intended to create management incentives that will guide the trust in establishing an efficient mix of activities and infrastructure. Years of a predominant “use it or lose it” policy governing federal land agency budgets, whereby land managers must put their full appropriation to use each fiscal year to avoid any savings being reverted back to the federal treasury, have created perverse incentives within the Forest Service. Certainly the goals of optimizing income and becoming financially self-sufficient aim to change that pattern by providing incentives for managers to make efficient decisions and seek savings in their expenditures.

Progress To Date

A recent report written by the U.S. General Accounting Office (GAO) reviewing the Valles Caldera Trust's progress to date sheds early insight on the merits and obstacles created by this bold new management paradigm. Specifically, the evaluation finds that the trust has made progress in meeting its statutory obligations including establishing a staff, drafting policy and procedures, engineering infrastructure improvements, establishing interim grazing and recreational programs, and implementing an adaptive management approach that makes decisions based upon scientific data.⁷

Still, the report finds that the trust is a long way from reaching its management goals, including achieving a financially self-sustaining operation. GAO notes that the trust has not yet developed

strategic and performance plans with measurable objectives, plans to manage significant program risks such as fire or drought, and mechanisms for monitoring its progress, especially the preparation of annual financial audits. In this regard, the trust has functioned as a wholly owned government corporation in a way that more closely resembles another federal agency, rather than a small business enterprise.⁸

To become financially self-sustaining by 2015, the trust needs to generate enough revenue to pay for its operations and maintenance as well as infrastructure development costs. The trust's main revenue-generating activities to date include hunting, fishing, mountain biking, and grazing. Figure 2 shows the revenue generated, by program activity, for fiscal year 2004. Managers estimated that the grazing program operated at a loss of about \$55,000 in 2004, but have not calculated the expenditures by program activity for the other activities listed. With expenditures totaling over \$5 million in 2004, clearly the trust's programs are operating at a substantial loss.⁹

While the trust maintains that it clearly has the tools it needs to operate “commercially” as a working ranch, obligations not found in the private sector, including the high and legally obligatory standard of performance, may prevent the trust from reaching financial self-sufficiency. Costs such as research, inventory, and monitoring; archaeological assessments; compliance with the National Environmental Policy Act; outreach and dialogue with the public; and cultural interaction and compliance with the pueblos constitute what the trust has come to understand as “federal overhead” costs. Ultimately they would like to see congressional appropriations support this federal overhead indefinitely.¹⁰

Evaluating the Management Paradigm

Several circumstances make the Valles an ideal location for a land management experiment and may ultimately be indicative of the types of conditions that are needed for land management to follow this paradigm. First, the headwaters of the streams that flow out from the preserve are entirely contained within its boundaries, making the Valles Caldera a self-contained watershed unit. With no other lands and no other land managers upstream, any changes in the quality of water leaving the preserve or in the ecological condition of its aquatic and riparian communities are wholly attributable to the interplay of human activities, ecological succession,

Revenue Collected, by Program Activity, Fiscal Year 2004

Figure 2

<u>Program</u>	<u>Revenue</u>
Hunting	\$245,885
Fishing	\$62,793
Special events	\$45,699
Grazing	\$42,728
Hiking	\$28,744
Souvenirs, books, maps	\$13,256
Donations	\$841
Other activities	\$60,137
Total	\$500,083

geology, climate, and other natural processes occurring within the preserve. This condition is vital to the preserve's science-based, adaptive-management approach. Also, the fact that the landscape originally operated as a private ranch and then was acquired by the USDA means that the preserve was never involved in significantly polarizing political debate or previous public participation in its management processes. This fresh start may be critical to the ability for the diverse board members to function cohesively in their management directives.

While the GAO report harps on the slow developmental process of the trust, delays in implementing programs and the trust's inability to develop a strategic and performance plan with measurable objectives may be attributed to the turnover of board members and other key staff. Without a more analytical approach to strategic planning, the timely appointment of board members, and better management of its human resources, the trust may ultimately fail in meeting many of its management objectives. However, the merits of an active community role in management, adaptive science-based approaches that respond to local conditions, and market-based principles for setting efficient resource uses indicate that the Rocky Mountain region has much to benefit from success at the Valles Caldera.

For more information, please visit:
www.vallescaldera.gov

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Endnotes

¹Sally K. Fairfax, Lauren Gwin, and Lynn Huntsinger. "Pesidio and Valles Caldera: A Preliminary Assessment of Their Meaning for Public Resource Management," *Natural Resources Journal*. Spring 2004, Vol. 44, No. 2, p.446.

²The Valles Caldera Preservation Act, 114 Stat. 598, 16 U.S.C.698v, et seq. July 25, 2000.

³James L. Huffman. "Limited Prospects for Privatization of Public Lands: Presidio and Valles Caldera May Be as Good as It Gets," *Natural Resources Journal*. Spring 2004, Vol. 44, No. 2, p.480.

⁴Valles Caldera National Preserve. *Framework and Strategic Guidance for Comprehensive Management*. 2005.

⁵*Ibid.*, p.50.

⁶*Ibid.*, p.51.

⁷GAO-06-98 "Valles Caldera: Trust Has Made Some Progress But Must Do More to Meet Statutory Goals," November, 2005 pp.2-3.

⁸*Ibid.*

⁹*Ibid.*, pp.27-28.

¹⁰*Framework and Strategic Guidance for Comprehensive Management*.

