

VALLES CALDERA TRUST



Rourke McDermott

VALLES CALDERA

NATIONAL PRESERVE

Sandoval and Rio Arriba Counties

State of New Mexico

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Valles Caldera Trust 2009 Report to Congress Fiscal Year 2009

VALLES CALDERA TRUST

Fiscal Year 2009 – Report to Congress

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Executive Director Perspective

The Valles Caldera Trust (Trust) has now completed seven years of managing the Valles Caldera National Preserve (Preserve). In this annual Report to Congress, the Trust presents information on the successes and accomplishments of 2009, as well as discussion on a major issue encountered which has undoubtedly affected results from prior years and will surely change the course of Preserve management in the future.

Section 1 of the report provides a broad overview of the Trust and the Preserve. You are given a brief description of the property including physical location, landscape features, and vegetation. Information is also provided on the direction established for managing the Preserve and many of the elements contained in Valles Caldera Preservation Act (Act).

Goals established for 2009 are addressed in **Section 2**. You will find throughout the report that some activities, programs, goals, etc. were adversely affected by the national economic slowdown, especially in revenue and visitation; however, outside science and education grants based at the Valles Caldera more than doubled in 2009, and now exceed \$3.5 million in support of annual programs. Our financial planning for 2010 is based on 2009 actual revenue but we are confident that improvements in financial performance will occur as the economy recovers.

Section 3 provides information on our budget, spending and revenue, organization, personnel, and other administrative activities. Audits required by law were performed and plans were made for further compliance in financial reporting. New Trustees were named, although three vacancies exist at present. Significant investment in the Preserve was facilitated by appropriations and the Trustees authorizing the investment of the entire accumulated revenue account (\$2.8 million) in FY 2009-2010. This was especially helpful with our 2010 budget being reduced by \$500,000.

Preserve management and activities are discussed in **Section 4**. Tremendous accomplishments were made in providing the public with new and improved recreational opportunities and other events. Our hunting programs were successful and widely acclaimed. Livestock operations were managed differently and allowed for increased collaboration with New Mexico State University and local livestock producers. Operating hours on the Preserve were expanded and changes were made in the facilities available for welcoming and caring for the public on the Preserve.

The ongoing science and education programs were very successful and are described in **Section 5**. In addition, the Trust made a major investment in creating a Science and Education Center to provide meeting facilities, an indoor laboratory, and hospitality for students, teachers, and other potential clientele. The center is located in Jemez Springs and is scheduled to open in February, 2010.

Section 6 addresses the goals established for FY 2010. Goals, objectives, strategic plans, etc. will also be commented on later in this summary. **Section 7** contains attachments described below.

This Report to Congress (RTC) for 2009 reveals a year of many successes and accomplishments for the Valles Caldera Trust (Trust) but also addresses the viability of the legislation that created the Trust. Early in the year, with the Environmental Impact Statement (EIS) for Public Access and Use underway, management saw light at the end of the tunnel indicating that projects to generate revenue for the Preserve might be feasible by the third quarter of 2010. These projects would require capital outside the appropriation process and a myriad of business and commercial transactions by the Trust to create business activities necessary to eventual financial self-sustainment as mandated in the Valles Caldera Preservation Act (Act). It is the opinion of the Board of Trustees that the financial self-sustaining goal as established in the Act is viable but requires three conditions:

1. A change in legislation.
2. Access to capital.
3. Public support for the investments required to generate revenue.

In order to determine the capabilities and authorities required to initiate projects, a letter was prepared asking for a meeting with the Office of General Counsel (OGC) for the United States Department of Agriculture (USDA). The letter contained the following questions:

1. Can the Trust borrow money?
2. Can the Trust purchase property distant to the Preserve?
3. Can the Trust enter into leases for more than ten years through another federal entity?
4. Can the Trust lend money?
5. Can the Trust lease for ten years renewable for an additional ten years?
6. Can the Trust enter financial transactions with licensees, franchisees, etc.?
7. Can the Trust depend on the judgment fund for insurance requirements?

At the same time, a letter was written to the Federal Finance Bank to inquire about the possibility of borrowing money from the institution which exists to lend money to government corporations and a meeting was requested. Meetings were also requested with the New Mexico Senators, the New Mexico Congressman representing our District, and others in late June, 2009.

During our meetings in Washington, we were informed of the following:

1. The answers to questions 1-7 above were all “no”. We were additionally informed that the Trust “does not possess the authority to build a new building on the Preserve”.
2. The Trust is not authorized by law to borrow money from the Federal Finance Bank.
3. A reconnaissance study of the Valles Caldera National Preserve (VCNP) in New Mexico to “assess its potential for inclusion in the National Park System as a national preserve” was being requested from the National Park Service (NPS) by the New Mexico Senators. This study, the GAO Audit Report due in October

2009, and information requested from the Trust would all be reviewed in an effort to determine the best future management regime for the Preserve.

This information revealed to everyone the dysfunctional nature of the Act and created quite a dilemma for the Trust. The inability to enter into commercial transactions or borrow money completely eliminated the possibility of compliance with different provisions of the Act, especially in regards to “financially self-sustaining”. In brief, the VCT possesses broad abilities and responsibilities to do many things but lacks the authorities to do much more than maintain what was in existence at the time of the purchase.

Upon our return to New Mexico, we began to address our situation. The Trust is in agreement that changes are required in order to continue with the expansion of activities and projects on the Preserve, and has tried to provide as much information as possible to assist the Senators, the Committees, Congress, and others in their review of the Preserve. For the benefit of the public and recipients of this report, I have attached the following communications relative to the decisions being made on the future of the Valles Caldera:

1. Letter of June 24 requesting reconnaissance study from the National Park Service.
2. Final Report Second Audit by GAO and Trust response to draft.
3. Executive Director Informational Letter to Senators.
4. Executive Director Letter to Senators Suggesting Changes to Act.
5. Chairman of the Board sixty-day response to GAO Audit recommendations.

One additional communication of importance to those listed above would be the NPS study in response to the Senators’ letter of June 24, which was not available at the time of this writing. I would urge everyone to read these documents provided to the Senators and Committees in order to participate in this decision-making process. The Preserve only exists for the benefit of the public and all stakeholders should be heard in determining the future of this national treasure.

As shown in the RTC, the Trust continues to innovate and improve on programs and activities provided by the Preserve to enhance the experiences made available to the public. Long-term planning continues in the form of an EIS for public access and use, the EIS for forest and fire management, and in the development of public outreach and education programs. These activities are overshadowed for the moment, however, by political uncertainties until direction can be provided by Congress on future plans for managing the Valles Caldera. Once that determination is made, I am confident that the Preserve will be able to engage in other long-term planning efforts to develop programs and activities to be enjoyed by all. The construction of a strategic plan, management programs, goals and objectives, and other managerial tools required by law and referred to in the GAO Audit findings will also be enabled.

Section - 1 Valles Caldera

1.1 Background

The Valles Caldera Trust (the Trust) is a wholly owned government corporation responsible for managing the Valles Caldera National Preserve (the Preserve). The Preserve, originally known as the Baca Location No. 1, was operated as a privately owned ranch for over a century prior to its acquisition by the federal government. Federal acquisition occurred in July of 2000 with the passage of the Valles Caldera Preservation Act (Public Law 106-248). The Preserve is comprised of 88,900 acres of National Forest System (NFS) land located in Sandoval and Rio Arriba counties in north central New Mexico. National Forest System land is typically managed by the United States Department of Agriculture, Forest Service. Delegating management of NFS land to a government corporation constitutes an experiment in public land management.

1.2 The Trust

The Trust is staffed by Federal employees and governed by a nine member Board of Trustees (Board). Seven trustees are appointed by the President with the remaining seats ex-officio; the Superintendent of Bandelier National Monument and the Supervisor of the Santa Fe National Forest. On January 10, 2001 the first board of trustees was seated and officially assumed management of the Preserve in August of 2002. The current trustees are listed in Section 3.

Among the purposes listed for The Valles Caldera Preservation Act (the Act) is “*to establish a demonstration area for an experimental management regime adapted to this unique property which incorporates elements of public and private administration in order to promote long term financial sustainability consistent with other purposes enumerated in this subsection...*”

Towards this end the Act provided the Trust with certain exemptions and tools different from those available to the United States Forest Service (USFS) which manages most NFS land in the United States. Among these is the ability to retain donated funds and income generated from the management of the Preserve. These funds are retained in an interest bearing account and are available without further appropriations “*for the administration, preservation, restoration, operation and maintenance, improvement, repair, and related expenses incurred with respect to properties under its management jurisdiction*”. The Trust is considered an agency for the purpose of compliance with Federal environmental laws, including the National Environmental Policy Act (NEPA), but remains exempt from the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended (16 U.S.C. 1600 et seq.).

1.3 The Preserve

The Preserve is located atop the Jemez Mountains in north central New Mexico (Figure 1) and is often referred to as the “crown jewel” of the Jemez. The name “Valles Caldera” refers to the series of expansive grassy valleys or “valles” contained within an approximately 13-mile wide collapsed volcanic crater. “Caldera” is Spanish for cauldron

or kettle as well as a geologic term. Most people associate the Preserve with the “Valle Grande” the largest of the valles.



CALDERA ASPENS – ROURKE McDERMOTT

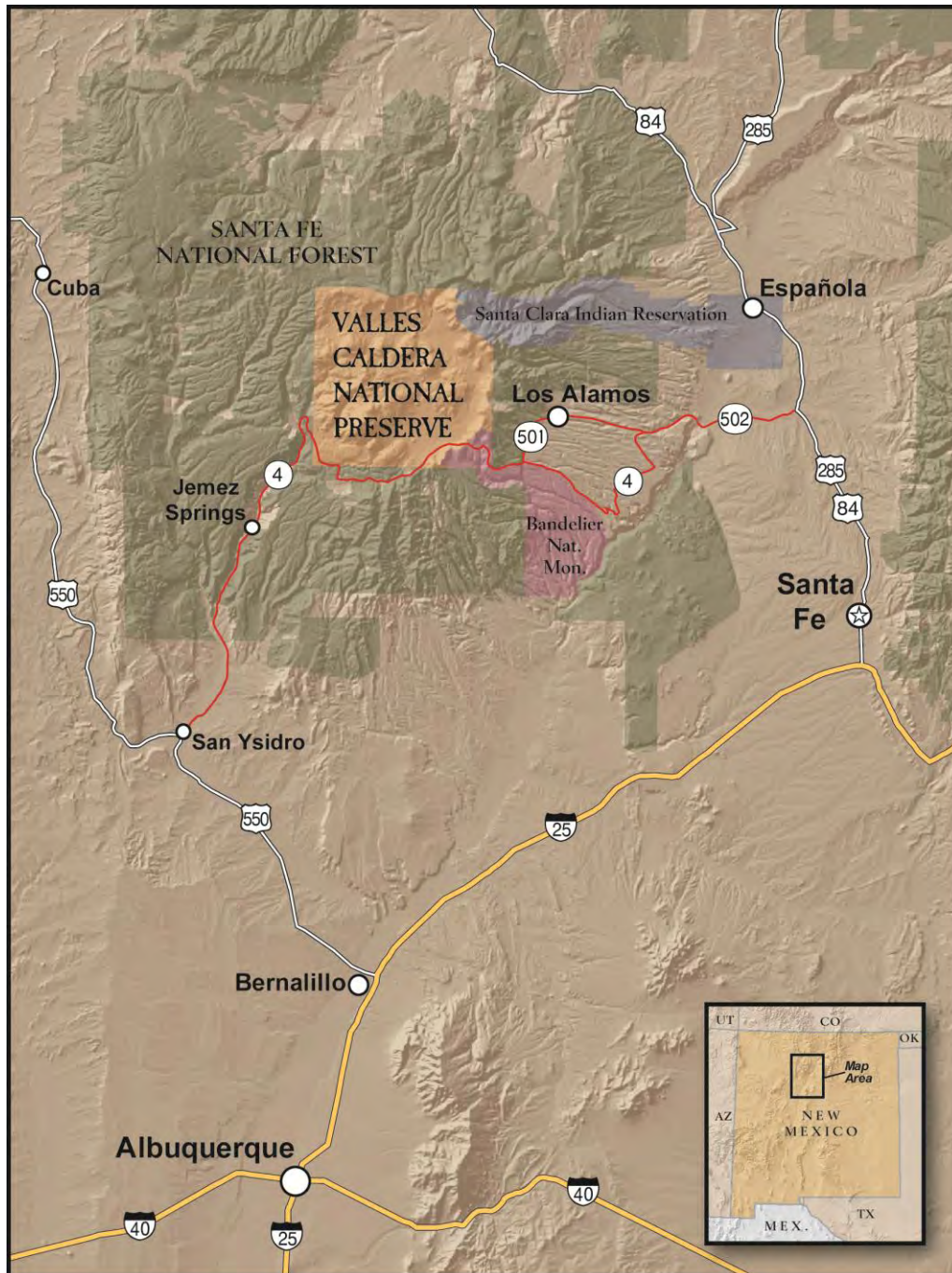


FIGURE 1 – VALLES CALDERA NATIONAL PRESERVE, SANDOVAL AND RIO ARriba COUNTIES, NEW MEXICO

One third of the Preserve consists of expansive, gently sloping grasslands with the remaining two thirds in mountainous forests. Nearly 75 miles of perennial streams originate in the Preserve's forests and meander through its grassland valleys making the Preserve one of the most diverse areas in the southern Rocky Mountains ecoregion (southern Wyoming to northern New Mexico). The major landscape features and vegetation are depicted in Figure 2.

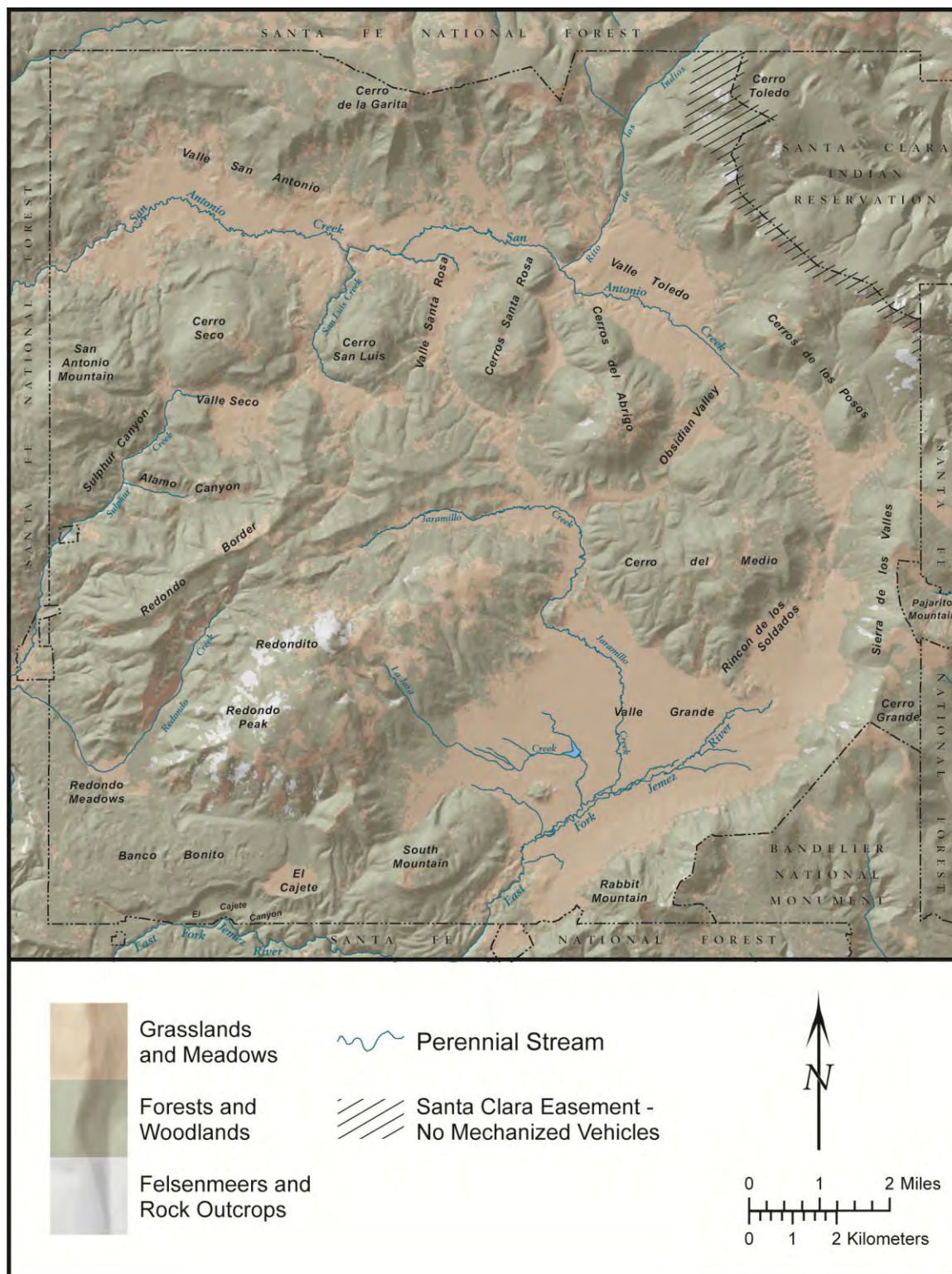


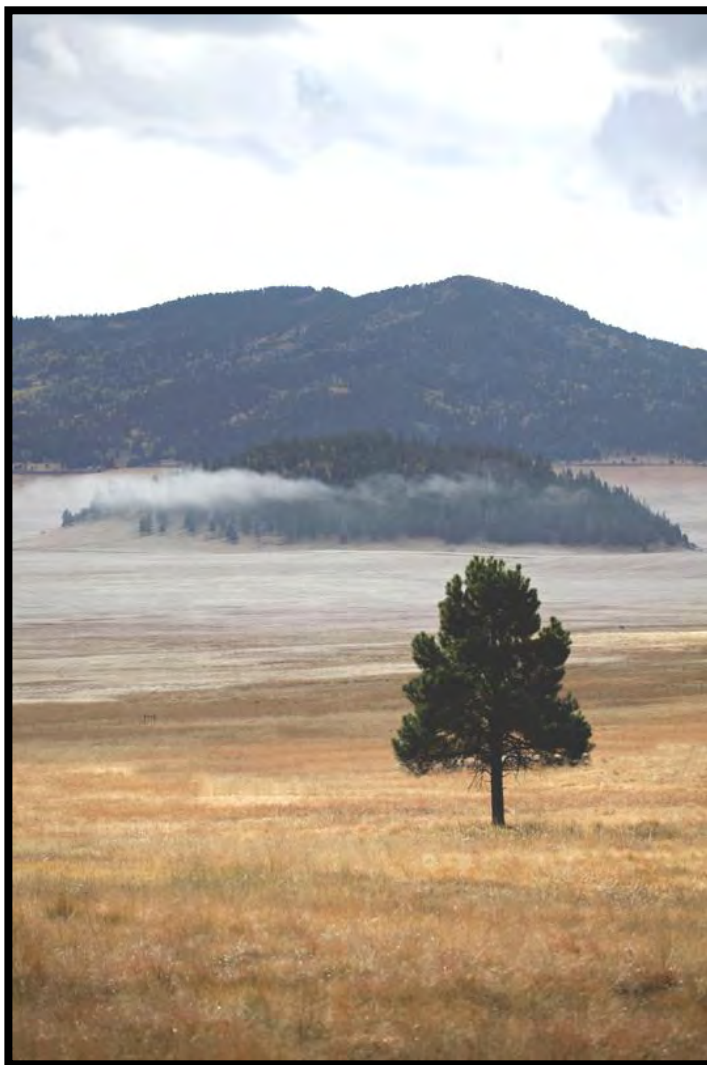
FIGURE 2 – LANDSCAPE FEATURES OF THE VALLES CALDERA

1.4 Management Direction

1.4.1 Purposes

Besides authorizing acquisition of the Preserve as a demonstration area for an experimental management regime, the Act identified purposes for the acquisition, three of which are directly tied to the management of the Preserve:

1. protect and preserve for future generations the scientific, scenic, historic, and natural values...including rivers and ecosystems, and archaeological, geological, and cultural resources;
2. provide opportunities for public recreation;
3. provide for sustained yield management of the Baca ranch for timber production and domestic livestock grazing insofar as is consistent with the other purposes stated herein.



VALLE GRANDE & CERRO LA JARA – ROURKE MCDERMOTT

VALLES CALDERA NATIONAL PRESERVE, OFTEN REFERRED TO AS THE “CROWN JEWEL” OF THE JEMEZ MOUNTAINS.

1.4.2 Goals

In section 108, (d) the Act identified six goals for comprehensive management of the Preserve:

1. *operation of the Preserve as a working ranch, consistent with paragraphs (2) through (4);*
2. *the 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 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 System 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 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.*

1.4.3 Benchmarks

The Act identified several benchmarks to measure the progress of the Trust in meeting the goals and purposes of the Act.

Public Access

Within two years of acquisition, the Preserve was to be open for reasonable access by the public. This goal was met in 2002 with the initiation of interim programs for summer recreation, and winter recreation which included hunting and special events. In 2002 the Trust hosted only 700 visitors to the Preserve; this number grew to over 12,000 in 2007 and 17,000 in 2008.

Comprehensive Management

Within two years of assuming management, the Trust was to develop a program for the comprehensive management of the Preserve. This benchmark was reached in August of 2003, with the Federal Register publication of the final NEPA procedures for the Trust. The purpose of these procedures is, “To implement the comprehensive management of the lands, resources, and facilities of the Valles Caldera National Preserve...” and included ten management principles to describe the values of the Trust and the vision adopted by the trustees.

Comprehensive management of the Preserve, under the Trust’s NEPA procedures, is a dynamic system of planning, implementation, monitoring, evaluating, and adjusting actions on the ground towards ultimate goal attainment. The process is documented in Stewardship Registers and the State of the Preserve, which is published every five years.

Plan for Decreasing Appropriated Funding

Also within two years of assuming management, the Trust was to provide to Congress a plan that will achieve at a minimum, the financially self sustained operation of the Trust and management of the Preserve within 15 full years of acquisition.

A plan for decreasing appropriations was completed by the trustees in November of 2004 and included in Appendix B of the “Framework and Strategic Guidance for Comprehensive Management” prepared by the trustees and distributed by the Trust in 2005. The plan addressed decreasing appropriations and identified a development strategy for the Preserve which identified three phases of development:

Phase 1: Institution Building – Approximately 2001-2005

Phase 2: Infrastructure Development – Approximately 2005-2010

Phase 3: Program Refinement – Approximately 2010-2015

The development strategy also identified several sources of funding for achieving financial self-sustainment including:

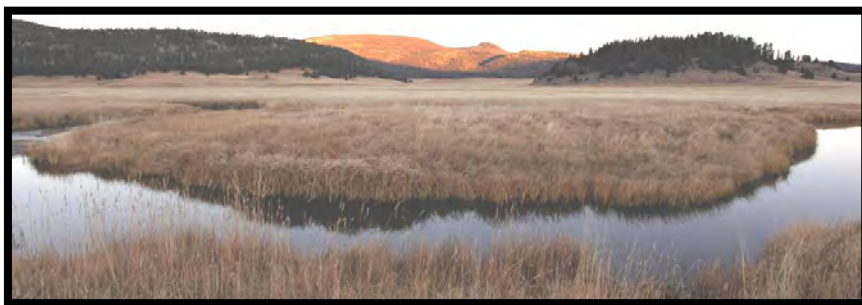
- Fees for public access or activities,
- Federal and other public grants,
- Sustainable utilization of natural resources,
- Private fund-raising and partnerships,
- Retail and merchandizing activities,
- Non-programmed special events, and
- Hospitality activities.

The plan also noted how performance would be tracked but did not project actual costs or revenues.

Financial Self-sufficiency

The term “financially self-sustaining” is defined in the act as meaning “*management and operating expenditures equal to or less than proceeds derived from fees and other receipts from resource use and development and interest on invested funds.*” The Act further clarifies that, “*Management and operating expenditures shall include trustee expenses, salaries and benefits of staff, administrative and operating expenses, improvements to and maintenance of lands and facilities of the Preserve, and other similar expenses*”, in other words, all direct and indirect expenditures.

The goal for financial self-sufficiency is July 25, 2015; or fifteen full years after acquisition. If, after the fourteenth full year following acquisition, the trustees believe that goals and objectives of the comprehensive management program under section 108 (d) have been met, but the Trust has not achieved financial self-sufficiency as defined, the trustees may submit to the Committees of Congress a recommendation for authorization of appropriations beyond that provided by the Act.



FROM TOP TO BOTTOM; SUNRISE ON REDONDO, OLD GROWTH PONDEROSA PINE FOREST, AND THE MAGNIFICENT VALLES CALDERA ELK. PHOTOGRAPHED BY ROURKE McDERMOTT

Section – 2 Fiscal Year 2009 Goal Attainment

2.1 Administrative Goals

The FY 2008 Report to Congress outlined work programmed for FY 2009 with eight goals for the Trust. Two goals were administrative, dealing with elements of financial contributions and increasing attendance and participation at public meetings. Three of the goals were directed toward public use and access including Americans with Disabilities Act compliance, the public harvest of Christmas trees and the implementation of a public outreach plan to discern what activities are best for development on the Preserve. Another three goals addressed forest management and restoration including an update of the Jemez Watershed Restoration action Strategy. The following briefly describes the status of the goals for FY 2009 identified in the Report to Congress submitted in Fiscal Year 2008.

2.1.1 Define and expand fund-raising program

Objective

The Valles Caldera Preservation Act empowers the Trust to “*solicit and accept donations of funds, property, supplies or services from individuals, foundations, corporations, and other private or public entities for the purposes of carrying out its duties*”. It is the intent of the Trust to develop an on-going program to target these entities in order to fund activities and infrastructure.

Metric

System/staff in place to implement annual program of work.

Status

In January of 2009, the Trust employed an Executive Director and a month later hired a Communications and Marketing Manager responsible for establishing a program to solicit contributions for the Trust.

Narrative

Numerous individuals in the fund raising community were consulted and the consensus was that the economic conditions of 2009 were not conducive to implementing a program at that time. This, coupled with the uncertainty of the Trust’s future, convinced the Trust to post-pone the program until conditions warrant. Some contributions were received from local individuals and organizations.

2.1.2 Expand attendance and participation at public meetings of the Board of Trustees

Objective

Ensure participation by a broad spectrum of stakeholders.

Metric

Number and affiliation of attendees.

Narrative

Public board meetings are attended by a contingent of groups and individuals with an avid interest and passion for the management of the Preserve, especially for access and recreation. Despite increased publicity through media and public outreach attendance remains low and comprised mostly of the same attendees from meeting to meeting.

2.2 Community Services

2.2.1 Support to Jemez Watershed Group

Objective

Support the update of the Jemez Watershed Restoration Action Strategy (WRAS) and website management.

Metric

Updated WRAS approved by the EPA (postponed).

Narrative

The Trust hosted a meeting with other federal land managers within the watershed to update the WRAS (accomplishments and new issues) and maintain the website. The WRAS was reviewed against the new standards published by EPA in March of 2008. Based on this review it was determined that the WRAS needed a revision to incorporate new data and better quantify issues and accomplishments. The revision of the WRAS will be based on the assessment being prepared for collaborative forest restoration and management within the watershed. The group continued to maintain the web site.

2.3 Preserve Operations

2.3.1 Increase Forest Management Capacity

Objective

To increase the capacity of the Trust to perform project level planning.

Metric

Staff/system in place to implement annual program of work (January 2010).

Narrative

To increase the applicant pool the Trust has requested the USDA Forest Service support the position as a Forest Service position funded and supervised by the Trust under a Participating Agency Service Agreement or similar instrument. The position description has been developed and funding approved. The Trust is working with the USDA - Forest Service to fill this position.

2.4 Public Access and Use

2.4.1 Compliance with the Americans with Disabilities Act (ADA)

Objective

Ensure facilities currently being made available to the public fully meet ADA compliance.

Metric

Work planning complete and approved for implementation.

Narrative

Even though some improvements have been made, certain structural elements including counter heights, wheelchair ramps, widths and sizes of hallways, entrances, and restrooms need to be addressed to ensure full compliance. The Trust has an agreement with the Center for Design and Interpretation (CDI), Region 2, Forest Service, to complete the preliminary design and construction documents to assist with correcting deficiencies and deferred maintenance items, as identified in *Valles Caldera National Preserve Facilities Assessment* dated August 18 2006 by Gila National Forest and *Valles Caldera National Preserve Site Assessment-Facility Electrical and Mechanical Systems* dated July 30, 2006 by Champlin Engineering as well as additional improvements for the following four buildings, including providing accessibility to the Lodge and Bunkhouse. Phase I will include four buildings: the Lodge, Bunkhouse, Upper A-Frame and Lower A-Frame. Subsequent phases and priorities are to be determined at a later date.

2.4.2 Christmas Tree Harvesting Program

Objective

Evaluate the economic feasibility of establishing a Christmas tree harvesting program on the Preserve for implementation in FY 2010.

Metric

Complete the analysis, determine feasibility.

Narrative

It has long been a desire by the public and the Board of Trustees to realize a Christmas tree program on the Preserve. There are several alternatives for implementing a program that would address the issues of transporting the trees through the National Forest, uncertainty with weather and access, and potentially high costs. There are also opportunities to include altruistic programs and generate revenue. There were some logistical issues that were not worked out in time to implement this program in 2009. Some of those issues included overlap of over the counter elk hunting occurring during the time of tree harvesting. The late elk hunts are at the request of the New Mexico Department of Game and Fish. Other issues were the development of a tagging system that was compatible with the Forest Service program in order to transport the trees on the highway and the cost associated with the administration of the program.

2.5 Planning

2.5.1 Public Access and Use Planning

Objective

Develop alternatives for public access and use planning.

Metric

Publication of a Notice of Intent (August 28, 2009).

Finalize alternatives for consideration in a detailed analysis (December 2009).

Narrative

The Trust initially engaged a Forest Service enterprise team to assist with the development of alternatives. A contract was then awarded through a competitive process to David Evans and Associates to support the development of alternatives and the management of planning and decision making in compliance with NEPA. To date the Trust has completed the scoping process which included the vetting of an initial set of alternatives with the public through an online forum and public workshops. The alternatives to be considered in a detailed analysis will be finalized in December.

2.5.2 Landscape Forest Restoration Program

Objective

Initiate planning for landscape forest restoration.

Metric

Federal Register publication of the Notice of Intent to prepare an Environmental Impact Statement (February/March 2010).

Narrative

The Trust decided to delay the initiation of forest landscape restoration planning to further develop the collaborative planning process with the Santa Fe National Forest and other stake holders. Towards this end Interdisciplinary Team (IDT) members, Don Helmbrecht and Laurie Kurth of the Fire Modeling Institute (USDA Forest Service) were engaged by the Trust to analyze wildfire hazard and ecological departure. They also performed a similar analysis on the surrounding lands within the region including lands owned/managed by Santa Clara Pueblo, Jemez Pueblo, Los Alamos National Laboratory, Bandelier National Monument, and Santa Fe National Forest. This process was accomplished through a multiday calibration workshop facilitated by the IDT members.

By collaborating and sharing data and team members across agencies the collaborative effort is requiring more time but is still being completed under budget.

Section – 3 Trust Administration

3.1 Organization

The Trust staff consisted of 17 permanent, full time employees in 2009. Seven more employees worked less than full time or were employed for a limited term. In addition, the Trust employed an average of 30 temporary employees during the summer field season and 10 during the winter months.

3.1.1 Staff as of 9/30/2009

Executive Director, Gary Bratcher

Executive Assistant, Berta Pantoja

Communications and Marketing Manager, Terry McDermott

Information Technology, Will Breedlove

Information Technology Assistant, Darren Toya

Chief Administrative Officer, Dennis Rino

Human Resources, Catherine Gonzales

Accountant, Sharon Waagen

Purchasing Specialist, Kim Toribio

Facility Services, Liz Schulman

General Manager Preserve Operations, Dennis Trujillo

Natural Resources Coordinator, Marie Rodriguez

GIS Coordinator, John Swigart

Seasonal Cartographic Crew (2)

Ranch Foreman, Dr. Tim Haarmann

Facilities and Maintenance, Lonnie Strain

Seasonal Ranch Crew (3)

Outdoor Recreation Planner, Rob Dixon

Store Manager, Teresa Franklin

Seasonal Retail Sales and Facilities Rentals (2)

Supervisory Recreation Specialist, Kimberly DeVall

Seasonal Interpretive Specialist (1)

Seasonal Recreation Assistant (15)

Hunt Coordinator, Mick Trujillo

Landscape Architect, Rourke Mc Dermott

Director of Science and Education, Dr. Robert Parmenter

Biological Science Technicians, Zoe Anna Duran, Mark Peyton

Hydrologist, Scott Compton

Seasonal Biological Field Technicians (6)

Cultural Resources Coordinator, Dr. Ana Steffen

Archaeological Crew Chief, Jeremy Decker

Archaeologist, Jacqueline Stark

Seasonal Archaeological Crew (2)

3.2 Board of Trustees

The Valles Caldera Preservation Act provides that, "In general the Trust shall be governed by a nine member Board of Trustees consisting of the Superintendent of the Santa Fe National Forest, United States Forest Service; the Superintendent of Bandelier National Monument, National Park Service; and seven individuals appointed by the President with specific expertise or representing an organization or government entity as described." Trustees held board meetings in public four times during FY 2009.

At the beginning of 2009, there was a full Board of Trustees, comprised by:

1. Mr. William Keleher
2. Ms. Tracy Hephner
3. Mr. Steven Henry
4. Mr. James Gosz
5. Mr. James Range
6. Mr. Ed Tinsley
7. Dr. Raymond Loretto
8. Mr. Dan Jiron
9. Mr. Brad Traver

The terms of Trustees Keleher, Hephner, Gosz, and Loretto expired in January of 2009. Trustee Jim Range passed away in January of 2009. Of the five resulting vacancies, only two were replaced with the re-appointment of Dr. Loretto and the appointment of Mr. Virgil Trujillo.

We take this opportunity to express our condolences to the family of Trustee James Range. Jim was a great trustee, a real friend of the Valles Caldera, and a fine man who is missed by all.

As indicated below, there are six sitting trustees at present.

CURRENT BOARD OF TRUSTEES (12/10/09)

TRUSTEE	TERM ENDING	POSITION/EXPERTISE
Dan Jirón	Ex Officio	Supervisor Santa Fe National Forest
Jason Lott	Ex Officio	Superintendent Bandelier National Monument
Virgil Trujillo	January 16, 2013	Expertise in aspects of domestic livestock management, production and marketing.
Stephen Henry - Chair	January 16, 2011	Expertise in game and nongame wildlife and fish populations.
Ed Tinsley - Vice-Chair	January 16, 2011	Expertise in financial management, budget and program analysis, and small business management
Dr. Raymond Loretto DVM	January 16, 2013	Active in State or Local Government in New Mexico with expertise in the customs of the area.

3.3 Budget

The annual budget of the Trust consists of current FY appropriations (1106), monies carried over from previous FY appropriations (Treasury Account 1106), and monies from an interest bearing account where revenue and donations are deposited (Treasury Account 5363). The following table represents FY 2009 budget information for the Trust.

3.3.1 FY 2009 Budget Summary

FY2009	PLANNED	ACTUAL	ACTUAL	PROGRAM
	EXPENDITURES	EXPENDITURES	EXPENDITURES	REVENUES
PROGRAM	1106	1106	5363	5363
ADMINISTRATION	\$1,513,391	\$1,398,521	\$481,105	\$30,656
COMMUNITY SERVICES	\$27,993	\$26,213	\$0	\$0
FISHING PROGRAM	\$123,072	\$72,381	\$0	\$34,868
FACILITY RENTALS	\$18,000	\$17,673	\$1,211	\$37,045
HUNTING PROGRAMS	\$160,827	\$186,338	\$0	\$319,547
INVENTORY/MONITORING	\$646,489	\$659,682	\$96,730	\$0
INFRASTRUCTURE	\$496,865	\$315,054	\$0	\$0
PLANNING	\$505,332	\$501,800	\$0	\$0
OPERATIONS	\$503,022	\$561,403	\$0	\$57,414
SUMMER RECREATION	\$393,449	\$276,950	\$0	\$42,882
STORE SALES, ADM	\$122,352	\$164,822	\$4,225	\$55,052
SPECIAL USES	\$127,648	\$91,689	\$2,031	\$23,825
WINTER RECREATION	\$70,970	\$50,178	\$0	\$7,930
ALL PROGRAMS	\$4,709,410	\$4,322,704	\$585,302	\$609,219

3.4 Compliance

During Fiscal Year 2009, the Trust completed financial audits for the fiscal years ending September 30 of 2004, 2005, 2006, 2007 and 2008. These were the first audits completed on the Trust. The audit completed ending September 30, 2008 has shown the Trust to be making considerable progress in addressing previous audit findings. The Trust has initiated its financial statement audit for the period ended September 30, 2009 which is scheduled for completion by March, 2010.

3.5 Communications and Marketing

A communications and marketing manager was employed in February to fill a position left vacant for almost four years. Internal and external communications were managed through newly developed protocols while marketing was conducted through a combination of public notices and paid advertising including the first-ever formal radio campaign conducted by the VCT. The Trust proactively engaged print and electronic news media through news releases, editorial boards and story placements while providing a spokesperson for media inquiries. Freedom of Information Act (FOIA) inquiries were

managed through this position and counsel from the Forest Service utilized when appropriate.

The Trust initiated a website audit resulting in a targeted investment in additional software and development. Board of Trustee support for a marketing and advertising budget was obtained to provide new printed materials, advertising purchases and web upgrades in 2010.

3.6 Information Technology

The Information Technology (IT) staff improved the overall communications efficiency of the Valles Caldera Trust by maturing infrastructure, enhancing security, expanding development, and expediting technical support. Infrastructure for the system underwent several improvements in 2009 including upgrading to gigabit speeds and a recently purchased firewall now being configured for deployment to improve network perimeter security.

IT collaborated with Preserve Operations to upgrade website utilization for the elk hunt lottery and fishing registration and reservations. IT also purchased software and contracted for the development of an online store.

The overall response time to help desk requests was consistent throughout the year. Downtime for staff was reduced through the availability of laptops prepared for use in the event of hardware failures, allowing IT staff more time to thoroughly diagnose problems and to perform necessary repairs without additional downtime created.

The Trust experienced an interruption of communications early in the year when the service provider for its web server, internet, and VoIP communications discontinued services. Even though a replacement provider for all three of these major systems was contracted on short notice, some downtime was experienced.



VALLE GRANDE STAGING AREA VISITOR CONTACT STATION



CASA DE BACA LODGE



VALLE GRANDE BUNKHOUSE

Section – 4 Preserve Operations

4.1 Recreation

The recreation programs are divided into seven areas: facility rentals, fishing, hunting, summer recreation, information center, special uses, and winter recreation. The Trust is striving to provide quality recreational activities and experiences while maintaining the Preserve's natural and cultural values. One innovation in recreation results from the ability to close an area of the Preserve to all activities except for a specific event on a specific date and then re-open to regular activities the following day. This allows the Trust to host unique and high quality special events such as marathons and mountain bike rides, which can attract hundreds of visitors for a single day.

In a year of tough economic times, the Trust experienced a two percent increase in visitation and an 11 percent decrease in revenue as compared to FY 2008. The Preserve was open seven days a week for six months, open two days a week for two months and closed for four months (except for winter activities) when the roads were impassable. A major accomplishment was the 32 percent increase in volunteer hours to help offset the cost of the programs. We did not have any commercial filming or photography this year, but we did have several film scouts include us for next year's filming locations.

The following table illustrates the visitation numbers for the various programs and volunteer assistance to the Trust:

Program	Visitors	Volunteer Hrs.	Value to Trust
Facility rentals	1007		
Fishing	1302	603	\$12,211
Hunting	1868	1167	23,632
Summer recreation	6188	954	19,319
Information center	2345	1148	23,247
Winter Recreation	<u>1556</u>	<u>133</u>	<u>2,693</u>
Totals	15581	4005	\$81,101

Visitor totals are calculated by counting actual visitors who participate in an activity or visit one of our two staging areas. This does not take into account the many visitors who only stop at our highway pullouts to view the Preserve. Value of volunteer hours is calculated at \$20.25 per hour based on information found at:

<http://www.volunteer.va.gov/apps/VolunteerNow/calculator.asp>

4.1.1 Fishing

Big changes to the San Antonio fishing program this year included doing away with the lottery, creating reaches, and allowing anglers to drive to the stream. For the first time, anglers were able to make reservations for a particular reach on a given date. In addition, anglers could choose one of four fishing reaches, ranging from 1.9 – 5.1 miles in stream length. Each reach had a limited number of slots (4-6 anglers) based on stream length available each day. The decision to change from 1-mile fishing beats to reaches of variable lengths was based on two advantages for the program; anglers were provided with a longer section of stream to fish and boundaries were defined to coincide with pasture fences.



The biggest change this year was allowing anglers to drive their personal vehicles to the designated parking for their reach. On the day of the reservation, all anglers received a short orientation on the rules and guidelines for fishing San Antonio Creek before they were allowed to drive to their reach. Each angler was responsible for adhering to the rules and guidelines. There were some hurdles with allowing anglers to drive and expecting them to follow the established guidelines, but overall the changes were successful and received favorable comments from clients.

The only change to the East Fork fishing program this year was a reduction in reservation cost from \$50 to \$35. Anglers still had an opportunity to fish on the six and one-half miles of the East Fork of the Jemez River, along with the lower end of the Jaramillo Creek. The program offered ten anglers access to these rivers for the day. This opportunity was made available mainly through a reservation system on a first come, first served basis.

Based on the success of fishing clinics in the past, they were moved from special events to the fishing program. We expanded this volunteer-run program model from last year with volunteers from New Mexico Trout. These experienced anglers taught our adult and youth fishing clinics which were very successful due to the dedication of New Mexico Trout. We will continue to look for more opportunities to use this model.

4.1.2 Summer activities

Summer activities included van tours (wildlife, ecology, cultural, botany, history, etc.), guided and self-guided hikes, astronomy tours, equestrian trail riding, mountain biking, and tours for larger groups (schools, clubs, organizations, etc.). New to the program this year were a no-reservations self-guided hike around Cerro La Jara (the small mountain just west of the Valle Grande staging area), a mountain bike trail program in the Banco Bonito area, one-hour van tours available seven days a week and our information center being open seven days a week. While many activities still require advance reservations or lottery, more activities were made available on a first come, first served basis this

summer. Free and open access to two hiking trails off NM 4 has been available since 2003 and these trails remain open and free to the public.



4.1.3 Winter activities

Visitation during the winter season was lower than what could have been supported. Winter recreation on the Preserve offers unique events such as skiing under a full or new (dark night) moon across the expanse of the Valle Grande. Horse-drawn sleigh rides provide a very special experience. However, winter recreation faces challenges in cost containment, primarily in clearing snow from the roads. There are no amenities or facilities that allow visitors to passively enjoy the Preserve during this season.



4.1.4 Special events

In 2009, we continued with the marathon, mountain bike fun rides, orienteering and art events. The big changes included adding a half marathon, a three-day photo adventure, an elk festival for 2nd - 5th graders, an endurance horse race, and overnight camping tied to special events. We partnered with the American Endurance Ride Conference to host our first equestrian endurance race with both a 50 and 35 mile course.

While participation in these special events increased, they are not yet filled to capacity. However, they continue to serve large numbers of people, provide quality experiences which generate positive feedback, are efficient in the ratio of staff time relative to visitors served, are a draw for volunteers, and generate local economic benefits.



4.1.5 Visitor Information Center

Our three information centers provide information about the Preserve and activities, sell VCNP merchandise, and process fees for other recreation activities on site. This gives the visitor the option to make a reservation in advance on the web or reserve their activity on site. In FY 2009 merchandise sales increased by half a percent from FY 2008 to \$55,052.

Out of our 15,000-plus visitors this year, we served approximately 14,000 out of fewer than 250 square feet at our Valle Grande Staging Area. A new 900 sq. ft. information center was purchased in 2009. Production delays moved the grand opening into December FY 2010. This facility will replace the two temporary buildings at the Valle Grande Staging Area. This modest temporary structure will be used until a decision about a visitor center is made and funded.

4.1.6 Facility Rentals

The two facilities on the Preserve that can provide an acceptable level of accommodations are the Casa de Baca Lodge and the Bunkhouse. The Trust continues with renovations to these buildings in order to reach compliance with ADA standards. Both are group facilities with shared bathrooms and are only rented to groups resulting in occupancy limitations. In FY 2009 we accommodated 1,007 visitor nights.

4.2 Livestock Program

Multiple Use and Sustained Yield

The Valles Caldera Preservation Act foresaw continued management of the VCNP as a working ranch in both the purposes of acquisition and the goals set for management. Recently the Trust completed an environmental assessment (EA) regarding the “Multiple Use and Sustained Yield” consistent with the act. The EA provided a framework of adaptive management to guide the Trust in the continued operation of annual programs for domestic livestock grazing.

The Trust made a Finding of No Significant Impact and an implementing decision regarding a comprehensive program for the Multiple Use and Sustained Yield of the Preserve’s Forage Resources (MUSY- Forage). This decision marked the first comprehensive program implemented under the NEPA procedures developed for the Trust including adaptive management.

Adaptive Management for MUSY – Forage is implemented under a system of Goals, Objectives and Monitored Outcomes as required in the procedures. Under the program, measurable objectives were established for ecological goals. Progress is based on annual monitoring. Thresholds for adjusting management actions are also based on monitored outcomes. Annual monitoring occurs in 41 ecological sites (grazed and un-grazed by domestic livestock) and is correlated with environmental data (precipitation, soil moisture, weather, etc.).

The Valles Caldera Trust awarded summer grazing on the Preserve to New Mexico State University (NMSU). The University, through the extension service, operated three small, multiple objective programs on the Preserve this summer designed to address animal health and ecological issues important in the regional area. There were 550 head of cattle on the Preserve this year.

4.2.1 High altitude bull evaluation program

A total of 125 young bulls (about a year old) grazed the Preserve this summer and underwent a variety of tests before being used for breeding. Most important of these tests is the Pulmonary Arterial Pressure test. This test provides an indicator of the animal's resistance to Brisket Disease, also known as High Mountain Disease or Pulmonary Hypertension. This disease is one of the Rocky Mountain region's most costly diseases. Susceptibility or resistance to brisket disease is an inheritable trait. The goal of this program was to identify bulls with the greatest resistance to brisket and promote that genetic trait, adding value to the animal and reducing the incidence of the disease.



4.2.2 Replacement heifer program

Cattle producers for this program brought in over 100 artificially inseminated heifers for grazing and breeding. They were bred with bulls who were likely (through genetics) to produce a calf who would be small at birth but would gain good weight in the first year. A small calf during the first delivery will reduce the likelihood of complications occurring during birthing and lead to an overall improvement in reproductive health.

4.2.3 Cow-calf pairs program

Local cattle producers for this program brought in over 300 cows and their calves for grazing on the Preserve. Both the mother cows and their calves will benefit from the abundant forage and gained significant weight while on the Preserve. This program also had a Conservation Stewardship component in which NMSU supported Jemez Pueblo Livestock Association in resting and restoring tribal lands through summer grazing of their small cow-calf herd.

As part of range improvement and wildlife management efforts, the VCT, together with several groups of volunteers, removed approximately seven miles of unneeded fence in several key areas on the Preserve. The old fence was removed because it is not wildlife

friendly and interferes dramatically with the movement of elk calves during the critical spring months.

The VCT also continued noxious weed treatments throughout the Preserve to help improve range conditions for both cattle and wildlife. Noxious weeds were chemically and mechanically removed on five different occasions. The targeted species included Canada, Musk, and Bull Thistles. Also, there are future plans for the removal of Oxeye Daisy and Cheatgrass as a range improvement tool.

4.3 Natural Resource Management

Planning in compliance with NEPA was completed for watershed and wetland restoration activities in the San Antonio Watershed. Under this decision upgrades and repairs to roads, erosion control activities and wetland restoration projects may occur as funding and internal compliance relating to cultural resources is completed.

Planning in compliance with NEPA was initiated for a forest restoration and management activities in Redondo Canyon on the preserve's west side and Scooter Peak near Rabbit Mountain along the southeastern boundary with Bandelier National Monument. Forest thinning and prescribed fire are being considered in the Redondo Canyon to reduce the current fire hazard and to collect data to support quantifying the relationship between forest structure and ecosystem processes especially the capture and storage of water and the sequestration of carbon. This project is being designed in collaboration with SAHRA (Sustainability of semi-Arid Hydrology and Riparian Areas, a research center based at the University of Arizona) and funding for implementation has been received through ARRA in support of local economic development. Prescribed fire is being considered in the Scooter Peak area to reduce hazardous fuels and initiate ecosystem structure, composition and processes that were sustained under a natural fire regime. This project was initiated on Bandelier National Monument who invited the Trust's collaboration and participation.

The natural resource program also began preparation for the development of a comprehensive plan for the restoration and management of the Preserve's landscapes. This fiscal year an interdisciplinary team was established to assess the existing condition of the preserve's forests with a focus on forest structure and composition as it relates to forest health, habitats and hazards (wildfire, insects, and disease). The final Existing Condition Report will be completed by the end of the calendar year. This report will be used as the basis for developing the purpose and need statements and proposed action for analysis in compliance with NEPA.

As the Trust is developing a comprehensive plan for restoring and managing the forest and grassland ecosystems of the Preserve, the Santa Fe National Forest is considering actions to manage and restore the forests to the south and west of the Preserve, within the same watershed. By moving forward in a coordinated manner, management and restoration can be planned holistically over the larger landscape. Land managers can be more efficient with public funds as well as the public's time to participate in planning and decision making.

Coordinated management also created opportunities for broader collaboration with those who manage surrounding lands including Jemez and Santa Clara Pueblos, Bandelier National Monument, and Los Alamos National Laboratory.

Opportunities for improved collaboration between the public and other stakeholders were also realized. The Nature Conservancy (TNC) and the New Mexico Forest and Watershed Restoration Institute (NMWRI) have signed up to facilitate collaborative planning and assist in outreach and collaboration between all stakeholders.

4.4 Public Access and Use

A contract to prepare the Environmental Impact Statement for a comprehensive program of public access and use was awarded to David Evans and Associates. The firm has a robust portfolio of similar projects, prepared mostly for the National Park Service with an emphasis on the delivery of services and programs on public lands and developing transportation systems on the largest National Park Units in the country.

Planning and decision-making in compliance with NEPA was initiated through the publication of a Notice of Intent (NOI) in the Federal Register August 28, 2009. Publication of the NOI initiated a scoping process which included an online collaboration and two public workshops. The purpose of the scoping activities was in part to determine which actions and activities should be considered in a detailed analysis and which should be eliminated from further consideration. Comments from the public were considered as well as the Revenue Enhancement Study prepared by ENTRIX, Inc. in 2008 and the results from the 2007 public workshop series.

4.5 Infrastructure and Facilities

4.5.1 Road repairs

A major accomplishment in this area was the improvements to the VC09 road using funding provided by an Environmental Protection Agency 319 Grant. The project, which included major road and erosion improvements, successfully upgraded a total of 6 miles. The VCT, together with the New Mexico Gas Company (formerly the Public Service Company of New Mexico), worked collaboratively to improve road conditions, thus minimizing erosion and sedimentation into the adjacent San Antonio stream. The road is important because it provides access to the New Mexico Gas Company for inspection and maintenance of the natural gas pipeline that travels through the Preserve en route to Los Alamos. In addition the Trust was able to complete 84 miles of road maintenance in FY 2009.

4.5.2 Facilities

The Trust has improved public service and safety at the Valles Grande staging area by upgrading the visitor contact station. The two previously-used buildings have been replaced by a single temporary facility that provides more space for visitors and staff, including a covered porch at the entrance. This visitor contact station will welcome our visitors over the next three to five years while planning and analysis are completed regarding the location and construction of permanent visitor facilities.

Minor upgrades to buildings continued in FY 2009, but not to the extent that was planned. In FY 2008, the Trust accepted the final report for historic structures documentation (Dennison et al. 2007) for 18 buildings on the Preserve, including the early 20th century log cabins in the historic Ranch headquarters. The information will be used to aid management decisions in areas such as maintenance, use, modification, accessibility, and federal cultural resource compliance (NHPA). The report establishes priorities for preservation based on building significance, integrity, and level of deterioration. The report 1) assesses the physical condition of the buildings, 2) evaluates the buildings for National Register of Historic Places (NRHP) eligibility and 3) makes recommendations for repair and maintenance strategies to best preserve historic information and significance. The Trust will move forward with putting together specifications for the various building renovations in hopes of starting some of the work in FY2010.

4.6 Hunting

4.6.1 Elk hunting

The Valles Caldera National Preserve is widely known for its excellent elk hunting. A major change in the 2009 program included the opportunity for two people to apply, and if successful, to hunt together. Other new additions were the youth/mentor hunts which encouraged the mentor to teach ethical hunting practices to young hunters. This offering places the emphasis on hunter safety. Also based on mobility impaired hunter input, the Trust reduced the number of hunt tags for the mobility impaired in order to reduce the amount of vehicle traffic while increasing the size of their hunt area. To date hunters have experienced a high level of success. This fall the New Mexico Department of Game and Fish in cooperation with the Trust issued 77 bull tags for the Preserve; 76 hunters harvested 49 mature bulls for a 65 percent success rate. Ninety-five percent of bull hunters had an opportunity to harvest a legal bull elk (i.e. either missed or declined to take a shot). The state also issued 173 antlerless tags, of which 165 hunters harvested 78 antlerless elk for a 47% success rate.



4.6.2 Turkey hunting

In 2009, the Trust offered its third wild turkey hunt since the property became public land. The Merriam's turkey was offered to the public on a fair chase basis and under low hunting pressure using a bow or shotgun. The Trust provided two programs in 2009 for hunting turkey and both programs were open to the public and generated revenue for the Trust.

4.6.3 Deluxe turkey hunting program

This “Deluxe Hunt Package” included three days of hunting, one day of scouting, and four nights of lodging and meals at the Casa de Baca Lodge. All hunters provided their own transportation. Of the eight packages offered in 2009, seven were sold for \$1,950 each, and one was auctioned off at the National Rocky Mountain Elk National Convention. Each hunter was allowed to bring one guest for additional \$600.



4.6.4 Lottery draw program

The second program allowed the public to enter a lottery draw system for ten Preserve access authorizations. One authorization was raffled by the New Mexico Chapter of the National Wild Turkey Federation. The lottery cost \$20 per chance and included one day of scouting and three days of hunting on the Preserve. The hunters selected through the lottery and the one raffle winner were allowed day access only and were allowed one guest at no cost. Both hunts had a bag limit of one turkey with a visible beard per hunter as stated in the New Mexico Big Game and Furbearer Rules and Information for Game Management Unit 6B.

All elk and turkey hunters received a welcome letter, orientation packet and an access agreement. For 2009, the Trust required a liability waiver to be signed by elk and turkey hunters and their guests. Also, each hunter was required to attend an orientation where the hunting rules and regulations were reviewed. Volunteers from the Rocky Mountain Elk Foundation, National Wild Turkey Federation, New Mexico Department of Game and Fish, and others again donated their time to assist hunters on the youth, mobility impaired and other antlerless elk hunts.

Hunters reported that the elk and turkey hunts were high quality and that they would like to return to hunt again. The Trust received several letters of appreciation from hunters for the attention received from staff, which added to their perception of the value of hunting on the Preserve.



VALLES CALDERA ELK – ROB DIXON

Section – 5 Science and Education

5.1 Science

The Trust's Science program consists primarily of inventory, monitoring and research related to natural and cultural resources and socio-economic conditions, and is supported by ~20 percent of the Trust's planned budget. The Trust's robust science program has provided the necessary foundation for "Science Based Adaptive Management" as described in the Trust's Management Principles. Fiscal year accomplishments in the areas of inventory, monitoring and research are summarized below.

Inventory

When the Preserve was acquired by Congress in 2000, very little information was available on the natural and cultural resources of the site. Much of the initial scientific effort was directed toward inventory studies of the Preserve and, since 2002, we (Trust staff and many outside collaborators) have completed a new geology map, a new high-resolution soils map, a vegetation map, forest stand and condition maps, species inventories and distributions of plants, mammals, birds, reptiles, amphibians, fish, fungi/lichens, aquatic insects, and many groups of beneficial and pest terrestrial insects (e.g., beetles, grasshoppers, butterflies, moths, dragonflies, aphids, etc.). Watershed health, fish habitat and stream functioning condition have been assessed for the major watersheds on the Preserve, and stream water quality has been quantified. Trust archaeologists have discovered and inventoried over 530 cultural resource sites, with evidence of human use of the Preserve and caldera obsidian deposits dating back 11,000 years. While impressive in both number and scope, archaeological inventories to date still represent only 13% of the Preserve's land area.

In 2009, the following inventories were continued on the Preserve:

Geology and Soils Inventories and Maps

Major inventory projects on the geology and soils resources of the Preserve were completed in 2009. The geology inventory composite map and GIS data layer were finished, and a draft map has been compiled for public distribution. A Preserve-wide soil inventory (Terrestrial Ecosystem Survey) was also completed in FY 2009. This is a standardized inventory completed by the USDA's Forest Service and National Resource Conservation Service. All data sets have been finished and provided to the Trust, along with some of the digitized soil maps. Final maps, data base and Geographic Information System data will be made available to scientists and the public in early 2010.

Biodiversity Inventory

In 2009, the Trust continued collaboration with the USDA Systematic Entomology Laboratory (Beltsville, MD) and the Smithsonian Institution (Washington, DC) for the inventory of beneficial and pest insect species on the Preserve. This program, in its second year, was augmented with a large volunteer effort of local citizens during the 2009 "Bio Bug Blitz" during which volunteers spent 4 weekends on the Preserve helping the SEL/SI entomologists collect, prepare, and identify insects. Archived voucher

collections of insect species found on the Preserve are being stored in the SEL/SI collections, as well as in the Preserve voucher collection in the Science and Education Center. This latter collection is used for assisting visiting scientists, as well as in educational activities for public school students to illustrate the enormous biodiversity on the Preserve. The SEL/SI inventory program is funded through FY 2010, and entomologists will work on the Preserve during the coming summer.



BIO BUG BLITZ
VOLUNTEER
PREPARES MOTH
SPECIMENS FOR
ARCHIVAL WITH
SEL/SMITHONIAN
SCIENTISTS

Forest Inventory and Fire Management Planning

In 2008, a stratified inventory of the Preserve's forests was completed and all data were entered into the National Resource Inventory System used nation-wide by the Forest Service, and are now available for use in planning and analysis. In 2009, these data are currently being used to support the development of a Preserve-wide Landscape Restoration and Management Plan that will involve strategically located thinning operations in conjunction with prescribed and natural fire. The plan will be incorporated into an Environmental Impact Statement for forest resource management in 2010.

Road Inventory

Major roads accessing the valleys and various points of external access had been constructed from about 1935-1960. These roads were used in support of ranching and early logging when the Preserve was under private ownership. In the 1960's road networks were carved from the forested mountains of the Preserve in a spiral pattern. This dense road network was used to facilitate aggressive clear-cutting for just over a decade. Since the 1970's very little road construction has occurred and since federal acquisition the Trust has focused on the inventory, maintenance and upgrade of the existing road network as well as closing many roads.

The Trust prioritized inventory and maintenance of the major access roads which were complete by 2005. The inventory of the "spaghetti" network of forested roads has been ongoing in a systematic fashion to inform transportation planning on the Preserve for access, use and resource management. The inventory has been collected in a manner to be compatible with USFS databases for the management of infrastructure. This system is designed to facilitate efficient long term management of roads and their features. In addition, it permits accurate modeling associated with costs over time and effects to resources including soil and water quality. Fifty-five miles of roads were inventoried in 2009, and nearly 900 miles have been inventoried to date. Fewer than 10% of the roads on the preserve remain to be inventoried.

Cultural Resources Program Inventories

Cultural resource surveys were conducted on 1,265 acres in 2009. Large projects included 320 acres in the Valle Entrada area surrounding the Preserve main entrance and 340 acres in Redondo Meadows area. The latter project brings total survey acreage to

780 for planning the Redondo Canyon Forest Restoration and Fuels Reduction project. Overall, most of the survey projects were in support of project planning and NHPA Section 106 compliance. However, 225 acres were surveyed in support of Section 110 knowledge building goals. These included completion of inventory on Rabbit Mountain and Scooter Peak in the southeast corner of the Preserve, and a survey by the UNM Southwest Archaeological Fieldschool in the area of the East Fork of the Jemez River, south of South Mountain. These Section 110 projects allow the Trust to build familiarity with areas previously unknown and to provide increased understanding of the range of cultural resources on this largely unsurveyed landscape. With the inventory completed in 2009, we now have surveyed just over 13% of the Preserve.

Field investigations at archaeological sites this year included documentation of 27 new sites, and revisits to another 35. Revisits include both updates and site condition assessments, and also monitoring at 23 sites along the numerous miles of road maintenance completed this year.

Especially interesting projects included the documentation of over 40 cabin remnants associated with Redondo Camp, a mid-1930's logging town in the Redondo Meadows area. While the presence of this town was known previously, the work this year significantly increased the count of cabins and provided valuable information on this historic short-term settlement. Other interesting finds included evidence at the other end of the time scale: near Cerro la Jara the CR Team discovered part of a Scottsbluff-style spear-point, with a likely age of at least 8,000 years before present.

Finds of early artifacts in the Preserve are always interesting, and this one is especially so because it is made of obsidian which is less common for these early Paleoindian era knife/spear points. This point, along with another 20+ found this year, will be added to the growing database of over 170 projectile points on the Preserve that can be approximately dated by artifact style.



VCNP PROJECTILE POINTS

Social Science Survey

Because the Valles Caldera plays a highly visible and important role to various members of the public, from Native Americans to ranchers to recreationists, gaining the input and support of these groups for management and restoration initiatives is critical. Thus, a project is being conducted to gather information on the use, access, and fire/fuels management attitudes and preferences of user groups and adjacent communities concerning the VCNP. This project, entitled *"USE, ACCESS, AND FIRE/FUELS MANAGEMENT ATTITUDES AND PREFERENCES OF USER GROUPS AND ADJACENT COMMUNITIES CONCERNING THE VALLES CALDERA NATIONAL PRESERVE"* is being undertaken by social scientists with Rocky Mountain Research Station, US Forest Service, to provide important information concerning public desires and concerns for management of the VCNP to assist managers in developing public understanding and support for Preserve projects and initiatives.

In the first phase of the study, the RMRS scientists conducted in-depth, unstructured interviews with members of adjacent communities that utilize the VCNP for business or recreational purposes. Environmental education groups, who either use or would like to use the Preserve and a climate scientist examining fire effects in the region have also been interviewed. The second and third phases will include gathering information from Native American groups, who consider the VCNP a sacred place, and from several nearby Hispanic communities with a history of use in the area. Topics of discussion include public perceptions of wildfire and wildfire management, fuels management, public views of wilderness, multiple use, use of the VCNP as an education center, and management models for the Preserve. Preliminary reports are being prepared after each phase, with a final report giving a summary of views and preferences obtained from the various stakeholder groups. The final report will be a General Technical Report (GTR) from Rocky Mountain Research Station, US Forest Service.

Monitoring

In FY 2009, the Trust continued annual monitoring projects for rangeland forage production and utilization, forest ecosystem changes following thinning and mastication, stream water quality, stream discharge amounts, climate conditions, and elk and fish



population dynamics throughout the Preserve. Monitoring data in 2009 were collected from the new stream gauging stations and flumes that were installed in 2008 on the four major watersheds of the Preserve, so that future changes in water production to downstream villages, towns, Pueblos and cities can be quantified. Based on hydrologic research on the Preserve, we anticipate that as the Trust restores the many stands of second-growth,

high density forests we will observe a concomitant increase in stream water flows to downstream communities, thereby enhancing the “ecosystem services” of the Preserve.

A systematic approach to monitoring produces opportunities to incorporate volunteers, and in 2009, the Trust continued to offer range monitoring as an “Eco-tourism” event in partnership with the Sierra Club. The monitoring program relies on seasonal (spring and fall) measurements of plant biomass (forage for elk and livestock) to provide baseline data and a system of permanent and temporary monitoring sites to measure direct, indirect, and cumulative effects of programs and activities that occur on the Preserve. In addition, volunteer citizens participated in fisheries monitoring by assisting Preserve field biologists during electro-fishing sampling (catch-measure-release) in the major streams of the Preserve.



Research

Research projects in the Preserve increased from 32 projects in 2008 to 39 in 2009, and outside (non-Trust) funding more than doubled from \$1.6 million to over \$3.5 million (see table on next page).

Research projects addressed questions concerning topics such as climate change impacts on watershed hydrology, fire ecology, elk-predator interactions, carbon sequestration, biodiversity, and elk-livestock grazing. New projects for 2009 included the

University of Arizona's "Critical Zone Observatory" five-year grant from the National Science Foundation, and a collaborative study on elk calf mortality with the New Mexico Department of Game and Fish (photo above). The Trust also hosted the first field season of the New Mexico EPSCoR grant, funded by NSF for \$3 million per year for 5 years. The Preserve is one of the three field study sites for the project, and the major topic is to understand climate change on upland water resources in northern New Mexico. Project collaborators include all the New Mexico universities.



5.2 Community Services

5.2.1 Education

A number of K-12 schools, colleges and universities bring students and teachers to participate in on-site learning. In FY 2009, we conducted the following activities:

High school science teachers from the Northern New Mexico Network for Rural Education (the 29 public school districts in northern New Mexico) participated in a week-long science training workshop on curricula development targeting climate change,



biodiversity, aquatic insects, watershed dynamics and how to teach these topics to students at their respective schools. A five-year, \$12.5 million grant proposal was submitted to the National Science Foundation in August 2009, to continue and expand this teacher training program.

In collaboration with Los Alamos National Laboratory and the Pajarito Environmental Education Center, the Trust also hosted three science camps for middle- and high-school students, including one for students from the Eight Northern Pueblos. Numerous other educational groups (from middle school through university) visited the Preserve on science field trips.

Valles Caldera National Preserve: 2009 Research Project List

<u>P.I. Name</u>	<u>Project Title (abbreviated)</u>	<u>Funding Source</u>	<u>Funding Amount</u>
Belone, Tammy	Mercury Deposition Monitoring for Jemez Pueblo	EPA	\$17,000
Black, Michael	Climate Reference Network Station	NOAA	\$24,000
Brooks, Paul	SAHRA Hydrology Project	NSF, LANL	\$600,000
Clements, Nathan	Survey of Crayfish in the Valles Caldera	Volunteer	\$200
Chorover, Jon	Critical Zone Observatory Program (started 9/09)	NSF	\$870,000
Coop, Jonathan	Tree seedling establishment in valles, VCNP	Volunteer	\$2,000
Desilets, Darin	Development of snow-water equivalent methods	Sandia Nat. Lab.	\$100,000
Dodd, Justin	Diatom communities of VCNP streams	NSF, UNM	\$2,300
Eichler, Carla	Petrogenesis of the Southwestern Moat Rhyolites, Jemez Volcanic Field, VCNP	U. Arizona	\$18,500
Falk, Don	Fire history of VCNP valles	BLM, JFSP	\$75,000
Fettig, Stephen	Dispersal in gray-headed juncos; breeding bird surveys.	Volunteer groups	\$9,887
Gardner, Jamie	Geology mapping of VCNP	Volunteer	\$3,000
Goff, Fraser	Geological investigations of the VCNP	Volunteer groups	\$80,000
Griswold, Terry	Native bees of the VCNP	USDA/ARS/Bee-Lab	\$1,500
Havstad, Kris	Monitoring of rangelands forage utilization	USDA ARS	\$15,000
Heikoop, Jeffery	Natural Perchlorate in high-alpine springs, VCNP	DOE/LANL	\$50,000
Johnson, Terry	Monitoring of Bald Eagle Populations	Volunteer	\$2,500
Keller, Chick	Survey for Rare and Endemic Plants on VCNP	Volunteers	\$1,500
Lahti, Megan	Status of short-horned lizards on VCNP	Utah State Univ.	\$2,000
Long, Brian	Survey for American Marten on VCNP	Volunteer	\$1,000
Michener, William	New Mexico EPSCoR Program	NSF	\$1,000,000
Morgan, David	Habitat restoration for beaver reintroduction	CFRP	\$132,969
Parmenter, Robert	Environmental Drivers of Rodent-borne Diseases	NSF	\$5,000
Parmenter, Robert	Elk-coyote interactions on VCNP	USFS/RMRS	\$4,000
Parmenter, Robert	Natural History of Wild Turkeys on the VCNP	USFS/RMRS	\$6,000
Parmenter, Robert	Remote-sensing for range management	USFS/RMRS	\$10,000
Parmenter, Robert	ATPPL: Transportation Planning on VCNP	DOT/FTA	\$200,000
Peterson, Liesl	Climate-change impacts on Pika Populations	U. CO, Nat. Geog. Soc.	\$34,000
Pinson, Ariane	UNM SW Archaeology Field School	UNM	\$51,000
Price, Relf	Inventory of Fungi and Lichens	Volunteer	\$50,000
Rahn, Thom	CO ₂ and H ₂ O flux in the Valle Grande	LANL	\$20,000
Romig, Kirsten	Bryophyte survey of the VCNP	NMSU/USDA-ARS	\$13,677
Ryerson, Dan	Forest insect pest inventory	USFS	\$1,500
Solis, Alma	Beneficial and pest insect biodiversity survey	USDA SEL/SI	\$30,824
Stacey, Peter	Rapid Stream-Riparian Assessment Field Trials	UNM	\$1,000
Strenger, Steven	Soil survey and TES mapping of VCNP	US Forest Service	\$95,000
Swanson, Travis	Surface/groundwater nutrient/metal interactions	Univ. of Texas	\$5,000

Wheeler, Al	Hemiptera inventory on VCNP	Clemson Univ.	\$5,000
Wilkinson, Heather	Bacterial investigations of VCNP warm springs	<u>Texas A&M</u>	<u>\$1,500</u>
		<i>TOTAL (FY2009):</i>	<i>\$3,524,85</i>
			7

- Pajarito Environmental Education Center (PEEC) brought Middle School students onto the Preserve to begin a multi-year interdisciplinary learning adventure. The students sampled monitoring plots established in 2008, and conducted forest inventory in an area proposed for forest thinning. Subsequent classes will return to the same area to continue photo and inventory monitoring. These data will be used in project planning and analysis.
- Sandia National Laboratory science education program for Albuquerque middle school science teachers participated in a science-training field trip to the Preserve during summer, 2009.
- Field trip with summer students working at Los Alamos National Laboratory, focusing on climate change and adaptive management using scientific studies for monitoring and research.
- Field trip for forestry/ecology faculty and students from Northern New Mexico College.
- Field trip with Moriarty High School students for training on natural resource management.
- Sierra Club service trips to VCNP to assist with forage utilization measurements, and learn about the ecology of the VCNP.
- Citizen volunteers participated in the first "Bio Bug Blitz" on the Preserve, helping to inventory and identify beneficial and pest insect species in different habitats of the VCNP; expert entomology assistance was obtained from the USDA Systematic Entomology Laboratory (Beltsville, MD) and the Smithsonian Institution (Washington, D.C.).
- Santa Fe Garden Club field trip on the natural and cultural history of the Preserve.
- Field trip for scientists from the Ecological Society of America, during their national meeting in Albuquerque in August, 2009.
- Johns Hopkins University training course for public health graduate students, who learn how to sample, identify and test various disease vectors (insects, rodents) for natural wildlife diseases (hantavirus, plague, West Nile virus, etc.); this week-long course occurs annually at the VCNP.
- Field trip with New Mexico State University 4-H Club for natural resource competition program.
- Field trip with University of Colorado microbiology class to investigate soil communities on the VCNP.
- The University of New Mexico (UNM) held their 2009 southwestern archaeological field school on the Preserve. This five-week program for undergraduates is the second year of this VCT-UNM two-year partnership. Over 100 acres were surveyed and six new prehistoric archaeological sites documented. The school also conducted limited testing at one small rockshelter at Cerro la Jara, revealing new evidence for Ancestral Puebloan occupation and use of the small and humble rock overhangs that occur commonly across the Preserve. This work will aid in planning for recreational use in the western Valle Grande, including future East Fork area hiking and fishing programs.

- VCT provided in-class and in-field demonstrations and discussions on primitive stone and “atlatl” dart technologies for visiting out-of-state and local middle and high-school students.
- Cultural Resources gave a class presentation for a graduate/undergraduate seminar in cultural resources management for the Department of Anthropology (Anth 592) at the University of New Mexico, 4/9/2009, addressing the complexities of managing the heritage resources at the Preserve as both archaeological and historic properties and as cultural landscapes with great time depth and broad spatial expanse.

5.2.2 Science and Education Center

The Valles Caldera Trust continues to develop formal and informal educational programs that will serve the American public, from public school children through senior citizen



VCNP Science and Education Center in Jemez Springs (Top left: exterior view; Top right: teaching laboratory; Bottom left: living room/meeting area; Bottom right: bedroom)



programs. The Trust has acquired (with revenue funds, not appropriated dollars) an existing facility in Jemez Springs for an education and training center. The facility has 25 bedrooms (50 person capacity), dining hall and institutional kitchen, classroom space, teaching laboratory space, and offices, and is only 15 minutes from the Preserve’s southwest corner. This facility will provide overnight lodging for students, teachers,

scientists, and other program participants nationwide, and provide needed class/laboratory facilities to support field programs.

The overall education program will focus not only on science-related aspects of the Valles Caldera National Preserve (including geology, ecology, wildlife and fisheries management, range management and livestock husbandry, forestry, biodiversity, climate change, hydrology, archaeology), but will also include a wide range of other disciplines (art, photography, history, literature, poetry, music) for which the Valles Caldera provides an inspirational environment. Numerous preliminary programs in both formal and informal education activities have been conducted since 2003 and the logistical realities of these undertakings have been worked out and perfected. The Trust is now moving ahead with permanent programs.

The “cliente” of these programs will fall into four main groups: (1) public school students and teachers (elementary through high school) and college/university students in formal educational classes; (2) general public participants in informal workshops and theme-oriented or special-topic classes; (3) organized volunteer groups that participate in ongoing science projects on the Preserve; (4) private, corporate, NGO, or government retreats and training programs.

The Trust has developed a financial plan for operating the proposed facilities and the programs. Overnight lodging and food service revenues will allow the educational program to achieve 100% cost-recovery when the facilities reach 45% capacity.

School program expenses can be defrayed via grants, and such grants are being prepared in cooperation with New Mexico universities and colleges. Several existing grants already support teacher and student educational projects (e.g., the 5-year, \$15 million grant from the NSF EPSCoR program to UNM, NMSU, Highlands and NM Tech).

The Trust believes that the development of Valles Caldera public education programs, with suitable support facilities, will provide an outstanding experience for the American people, and ensure that the Preserve becomes a sustainable national resource in research and educational programs for science, natural resource management, and other academic disciplines.

5.2.3 Science Collaborations with Agencies and Organizations

The Trust responds to requests by agencies and organizations to host field trips or participate in meetings and workshop functions to further collaboration with the Trust. Examples this year included the Rocky Mountain Research Station (US Forest Service), The Nature Conservancy, USGS Wildlife Cooperative Unit (NMSU), Jemez Pueblo, Los Alamos Leadership, and NM Site Stewards (a cultural resources group).

5.2.4 Scientific and Public Education – Outside Presentations

The Trust responds to a number of requests from schools, agencies, and organizations to provide speakers for meetings and events. In FY 2009, the Trust's Science staff provided outside presentations, including participation in events such as the New Mexico State Fair, Los Alamos Earth Day Celebration, the Nature Conservancy/USGS Climate Change Workshop, the New Mexico Native Plant Society, New Mexico Museum of Natural History, the Native American Fish and Wildlife Society, the Society of American Foresters (American-Mexican Professional Foresters Section), Albuquerque Wildlife Federation, New Mexico Trout. In addition, scientific papers were published concerning Paleoindian artifacts on the Preserve and reviewing hydrology research findings on the Preserve with respect to forest management



Science programs also contribute to community services, informal education and recreation programs on the Preserve. The Cultural Resources program in particular has contributed to revenue generation on the Preserve by developing public tours and special events. The Cultural Resources and Recreation programs continued working with the Pueblo of Jemez to conduct tours featuring a Tribal Council member providing visitors with the history of the Jemez people.

Trust archaeologists also guided visitors on van tours that included sites of significant prehistoric and historic use and demonstrations of prehistoric skills such as stone tool making and throwing darts with an atlatl. Tours on geology, botany and other education themes were well received.

5.2.4 Science Outreach and Project Collaboration

The Trust staff serves on a variety of collaborative groups which address local issues such as elk, development, recreation, wildland fire risk, water quality, and forest health.

In 2009, the Trust collaborated with WildEarth Guardians, the Boy Scouts of America, the Albuquerque Wildlife Federation, and students from Colorado College (Colorado Springs, CO) to remove old sheep and cattle fencing on the Preserve (this was necessary to reduce wildlife injuries from antiquated fencing that was not longer needed for ongoing livestock operations).

The Cultural Resources Program has initiated an oral history program to gather the stories and memories of local “old-timers” with links to the Baca Location No. 1 throughout the 20th century. This nascent program has been accepted as a satellite of the oral history program at the New Mexico Farm and Ranch Heritage Museum (NMFRHM).

The VCNP Aspen Art Survey volunteer program is now in its second year. Over 150 new historic aspen carving were documented this season, with survey areas including more than 900 acres in the historic ranch headquarters area and all of Sawyer Dome/Scooter Peak. The latter survey area has been especially useful for the Trust as it covers nearly all of the area proposed for prescribed fire in a collaborative forest treatment project with Bandelier National Monument. The mapping and photographic fieldwork conducted by this small but productive group of volunteers from Los Alamos greatly aided planning for protection of the “arboglyphs” within the proposed burn area. These survey acres are in addition to the survey conducted by the VCT CR Team.

Through its collaboration with the Jemez Watershed Group the Trust received \$73,478 in watershed restoration funding. The Trust is also collaborating with the Santa Fe National Forest, New Mexico Highlands University, The Nature Conservancy and others to coordinate forest restoration activities in the Jemez Watershed, better positioning the Trust to receive grant funding through a variety of federal sources including the upcoming Forest Landscape Restoration Act. Trust staff participates on committees addressing issues including elk management (Seeking Common Ground), small wood utilization (Small Wood Opportunity Team), increasing education in science (EpSCOR), responding to emergencies, tourism (Scenic Byway Committee), and other local and regional issues.

Section – 6 Goals 2010

6.1 Administration

6.1.1 Reduce length of time for vendor payment

Objective

Continue improvement in processing timely payments to VCT vendors.

Metric

Improvements measured in decreased numbers of late payments and interest paid.

Narrative

Timely payments to our service and supply contractors will improve business relations for the Trust. The Trust will seek to improve its payment timeliness by submitting vendor payment requests within 10 business days of receipt.

6.1.2 Improve requisition efficiency

Objective

Achieve improvement in purchasing process and internal requisition requests.

Metric

To complete the requisition/contracting process in a timely manner (same day or 24 hours) for program continuation and implementation.

Narrative

Programs conducted by the Trust require timely deliverance of services and supplies. The Administration group shall enhance the process to provide timely delivery of these services and supplies.

6.1.3 Comply with Federal law in audit submission

Objective

Timely completion of Fiscal Year 2010 financial audit.

Metric

Completion of the Fiscal Year 2010 financial audit by November 15, 2010

Narrative

The Trust will contract with auditors to complete the FY 2010 financial audit by November 15, 2010 as required by regulation.

6.2 Communications and Marketing

6.2.1 Expansion of Marketing Program

Objective

Expand marketing and advertising to include radio, television and expanded use of website and printed media outlets including special promotions i.e. design and deployment of discount coupon programs for activities during slack seasons.

Metric

Increased electronic media, expansion of newsletter electronic distribution, increased number of overall impressions, 20% increase in activity participants and revenue.

Narrative

Electronic and web media are the most effective and dominant forces in advertising, marketing and public outreach. Strategically targeted and timed spots combined with Facebook, Twitter and long shelf life print media will expand the number of impressions and audience reach.

6.2.2 Promote and Coordinate Lodging Rentals

Objective

Develop and implement marketing and advertising program around Science and Education Center and Preserve lodging facilities.

Metric

Increased occupancy of Preserve facilities, increased revenue of same, 40% targeted occupancy rate, program developed and implemented.

Narrative

The Science and Education Center brings with it a plethora of marketing opportunities to educational institutions, business groups and local governments. Targeted print and electronic media materials must be developed, competitive and profitable pricing established to attract business, NGOs and other private sector business. Preserve facilities provide lodging potential for visitors and recreational guests.

6.2.3 Develop up-to-date website

Objective

Upgrade the VCT website marketing capability and make it more user-friendly.

Metric

Search engine, online store upgrade, streaming audio and video and improved interactivity present on the site including online reservation system.

Narrative

The purchase of critical software, additional IT upgrades and the designation of a VCNP photographer with professional equipment will team to build website that will accommodate the latest web communication tools and provide a better user experience.

6.2.4 Expand IT service to provide for additional facilities

Objective

Performing the necessary infrastructure upgrades to support the addition of the Science and Education Center.

Metric

Wire the new location with network cabling and provide the equipment necessary to Support new network infrastructure. Provide wireless internet access to several locations.

Narrative

The Science and Education Center has no existing network infrastructure. Separate networks for public and domain access will be required. There will be public wireless in some areas in addition to a secured wireless network for staff in the lab area.

6.2.5 Updating IT System

Objective

Server Upgrades

Metric

Migration from SBS 2003 to SBS 2008.

Narrative

In order to stay current with the latest Microsoft technology it is important to migrate the current server's operating system to Windows Small Business Server 2008. The licenses and operating system have been purchased.

6.2.6 Improve IT Security

Objective

Utilize the FISMA reporting system.

Metric

FISMA reporting tool will provide actionable reports regarding the security level and associated risks involved with all servers and workstations at the Trust.

Narrative

During 2009 the FISMA reporting tool continued to present problems in its performance on Vista work stations. The Trust's IT staff continues to work closely with software vendors to mitigate these issues. Once the Trust's management has defined and implemented the guidelines for FISMA, the reporting software will need to be functional.

6.3 Preserve Operations

6.3.1 Increase fenced pasture acreage

Objective

Initiate the necessary environmental compliance activities to enable the Trust to increase the amount of fenced acreage outside riparian areas for future livestock programs.

Metric

Define suitable locations to construct new fences to enlarge current pastures without impacting riparian areas.

Narrative

In 2008, the Trust made a Finding of No Significant Impact and an implementing decision regarding a comprehensive program for the Multiple Use and Sustained Yield of the Preserve's Forage Resources (MUSY- Forage). To date, the Trust has been designing and operating its livestock program around fenced pastures that existed when the Preserve was in private ownership. Based on the Environmental Analysis that was completed, the Trust will begin to design a pasture system that optimizes the use of available forage in accordance with the environmental analysis. Fences that are not necessary to manage future livestock programs will be removed while areas to be expanded will be Identified, allowing the Trust to initiate the environmental compliance required by statute in order to expand fenced areas.

6.3.2 Complete long-term planning for public access and use

Objective

To complete the planning to transition from an interim recreation program to a long-term program to meet the purposes identified in the Act and to address the desire of the public to have broader use and access to the Preserve for recreation, education and other purposes.

Metric

- Publication of a Notice of Intent (August 28, 2009)
- Finalize alternatives for consideration in a detailed analysis (December 2009)
- Sign a Record of Decision (FY 2011)

Narrative

The Trust initially engaged a Forest Service enterprise team to assist with the development of alternatives. A contract was subsequently awarded through a competitive process to David Evans and Associates to support the development of alternatives and the management of planning and decision making in compliance with NEPA. To date the Trust has completed the scoping process which included the vetting of an initial set of alternatives with the public through an online forum and public workshops. The alternatives to be considered in a detailed analysis will be finalized in December, with the planning completed in FY 2011. This will allow the Trust to move towards initiating long term programs and constructing the appropriate infrastructure needed to support each program, such as parking, hiking, extended special events and more.

6.3.3 Upgrade potential rental facilities

Objective

Upgrade and remodel the lodge and the bunkhouse located on the Preserve to facilitate improved lodging for the public.

Metric

Complete design and contract specifications for the remodeling of both facilities.

- Provide contract package for solicitation
- Select a contractor and initiate upgrades

Narrative

The Valles Caldera Trust is obligated to protect and preserve the scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural, and recreational values of the Preserve. Included in The Act is the provision that the Trust shall provide for public use of and access to the Preserve for recreation. The primary management direction is to provide existing facilities that are safe, clean, attractive, efficient and accessible for rental by the public. The overall condition of these two facilities is fair but all government agencies, including the Valles Caldera Trust, are required to incorporate accessibility standards into all federally conducted or federally assisted facilities, programs, services, and activities. Visitor Centers, public information centers, and public rental quarters will be the highest priority for accessibility renovation in an effort to reduce potential liability. Along with making these buildings compliant, the Trust will also incorporate design elements that will improve overall function and appearance.

6.3.4 Expand hiking opportunities on the Preserve

Objective

Expand both guided and self-guided hiking opportunities for visitors with and without reservations.

Metric

Complete the cultural resources inventory and NEPA requirements on additional desirable locations to increase the number of trails for hikers.

Narrative

Hiking is a very popular activity on the Preserve and in order to optimize hiking opportunities for the public, even prior to completing a comprehensive plan for public access and use, recreation staff have collected information at several locations to assist in identifying new hiking trails for the general public. In the past, visitors driving into the Preserve without prior arrangements had limited opportunity to enjoy longer hikes, but based on public feedback and demand, the Trust is committed to expand hiking opportunities for all visitors.

6.4 Science

6.4.1 Natural Resources Inventory

Objective

The Valles Caldera Preservation Act empowers the Trust “to protect and preserve the scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural, and recreational values of the Preserve.” Therefore, the objective for resource inventory is to determine the types, status, condition, and distribution of the natural and cultural resources on the Preserve, and to interpret these resources in the landscape context in which they are found. In FY 2009-2010, the Trust’s inventory objectives include (1) publication of a Valles Caldera geology map; (2) publication of the Valles Caldera Level-2 Soils Map; and (3) continued inventories of beneficial and pest species of insects in collaboration with the USDA Systematic Entomology Laboratory and Smithsonian Institution.

Metric

Geology and soils projects will be completed and specified products will be published and made publically available on the VCT web site. Insect surveys will be conducted during the 2010 field season, and additional species added to the inventory list and archived collections.

Narrative

Considerable progress has been made since 2001 for natural resource inventories on the Preserve. Inventories completed to date include vegetation maps, forest stand maps and structure conditions, species inventories for plants, fungi, mammals, birds, reptiles, amphibians, fish, and some arthropod groups (including forest pest infestations), stream habitats and proper functioning condition, water quality, and water discharge assessments. Also, updated geology and soils maps are nearing publication. Future inventories will concentrate on ecologically important, but physically small, components of the ecosystem, including soil-dwelling invertebrate species, microbes in unusual environments (e.g., acid- or thermal-springs), and algae/periphyton in Preserve streams.

6.4.2 Natural Resources Monitoring

Objective

The Valles Caldera Preservation Act empowers the Trust “to protect and preserve the scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural, and recreational values of the Preserve,” as well as to provide for “multiple use and sustained yield of renewable resources within the Preserve.” Therefore, the objective for resource monitoring is to determine the temporal dynamics of resource condition, in order to identify trends of resource improvement or decline and provide the scientific basis for adaptive management actions in response to observed changes in resource condition. In 2010, the Trust’s objectives for natural resource monitoring will be to continue ongoing monitoring activities for climate, stream water quality and discharge amounts, vegetation forage production and utilization by wildlife and livestock, plant biodiversity and cover, impacts of elk and livestock on riparian ecosystems, fish populations (all species), elk populations (including predator impacts on calf survival) and movements, and landscape-level ecosystem productivity (via satellite remote sensing imagery – MODIS).

Metric

These programs will be evaluated by (1) completion of all field data acquisitions, and (2) completion of data analyses for (3) incorporation into Trust resource assessment, management planning and implementation.

Narrative

Monitoring of natural resources, particularly plant and animal populations subject to management actions, is critical to ensuring that sustained yield of these resources can be successfully maintained. Monitoring programs that have already been utilized in management decision-making processes include:

- (1) forage production and utilization monitoring indicating that some types of livestock management programs have had negative impacts on riparian areas, resulting in a new 2009 program that confines livestock in small, separate herds in upper elevation pastures away from perennial stream riparian areas;
- (2) fisheries monitoring data that have shown Trust public fishing programs have not had measurable negative impacts on fish densities, population structure or body conditions; as a result, additional stream reaches in the East Fork Jemez River have been opened up for public fishing;
- (3) pre- and post-fire monitoring of prescribed fire in valle grasslands and surrounding pine forest has shown that fire on the Preserve has beneficial effects on enhancing forage nutritional quality for wildlife and livestock, but has not resulted in forage plant mortality, water quality problems, or detrimental impacts on terrestrial or aquatic invertebrates or fish and wildlife; as such, additional prescribed fires are now being planned in collaboration with Bandelier National Monument staff.
- (4) Monitoring of invasive, non-native thistle plant populations have shown that herbicide treatments (using hand-directed spraying as opposed to broadcast spraying) are proving very effective in eliminating treated populations, with

minimal impact on adjacent native plant populations; future control efforts will be undertaken as new thistle populations are discovered.

Continued monitoring of natural resources will provide direct information for management actions that will be developed during two ongoing important Environmental Impact Statements: Public Access and Use, and Forest Resource Management (including use of prescribed and natural fire events).

6.4.3 Natural Resources Research

Objective

The Valles Caldera Preservation Act empowers the Trust “to protect and preserve the scientific, ..., values of the Preserve.” As such, the Trust views the work of Preserve scientific staff and visiting scientists (including public volunteers) as critical to maintaining the scientific value of the Preserve – clearly, without permitted access for scientists, the Preserve would have no scientific value. Therefore, the continuing objective for the Trust is to encourage scientific activities on the Preserve, as evidenced by the number of projects, the funding levels provided by non-VCT sources, and the contributions of scientists to the understanding of Preserve natural and cultural resources (via publications and presentations).

Metric

Indicators for science community interest in studying the Valles Caldera National Preserve can be gleaned from the number of projects conducted, the amount of funding generated to support these projects, and the number of publications/presentations resulting from the research. In addition, the information generated from these studies may be applied to decision-making processes for management actions. The Trust will endeavor to continue support for all permitted non-VCT research projects, provide appropriate administrative and logistical support when possible, and participate in collaborative grant proposals with interested scientific groups.

Narrative

Scientific research and education activities on the Preserve have increased markedly since 2000, and the Trust has established a permitting system for research studies and provided logistical support whenever possible (e.g., housing availability at the Union Building, assistance from VCT techs and volunteers, access to VCT databases and instruments). Current (2009) funding from outside (non-VCT) sources exceeded \$3.5 million, which is greater than the entire FY 2010 Congressional appropriation to the Trust. These funds, while not all spent on the Preserve *per se*, contribute to the regional economy through personnel salaries, purchasing of equipment and supplies, travel, contracts, and educational stipends – and all of these transactions generate tax revenues for the local, state and Federal governments. More importantly, the information gleaned from these studies is being used to advise managers on how best to apply manipulative actions on the ground – forest thinning prescriptions, use of fire, distributions of livestock, predator impacts on elk populations, fisheries management, and so on. Therefore, Trust support

for scientific research on the Preserve has a clear positive effect on management activities and the regional economy.

6.4.4 Cultural Resources

Objective

The Valles Caldera Preservation Act empowers the Trust “to protect and preserve the scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural, and recreational values of the Preserve.” Thus, in 2010, the Cultural Resource Program objectives will include:

- (1) Provide planning support in the development of Preserve programs, including contribution to the NEPA process and documents, and pre-planning input to insure that cultural resources preservation is considered early in the planning process.
- (2) Organize and complete field investigations in advance of on-the-ground projects and new Preserve activities. In particular in FY10, Public Access and Use planning will identify areas on the preserve that will need new inventory.
- (3) Conduct consultation with tribes to alert them to Preserve activities that may be of interest and to consider their concerns and ideas as part of early program and project planning.
- (4) Maintain a strong relationship with the NM State Historic Preservation Office in support of Trust preservation and knowledge building goals. In FY 2010, objectives include developing a Preserve-wide approach to site management associated with road maintenance, appraisal of prior inventory and site treatment reports to streamline project review, and completion of the programmatic agreement for management of cultural resources on the Preserve.
- (5) Build knowledge of historic and prehistoric land-use in the caldera. Projects in FY 2010 include initiation of an analysis of all ceramic artifact discovered thus far on the Preserve to better understand Ancestral Puebloan use of the Preserve, continuation of the projectile point typology study to provide regional context for prehistoric caldera-use and to further understand the regional contexts for Preserve use across prehistory,

Metric

Completion of the tasks specified in Objectives above.

Narrative

The Cultural Resource program on the Preserve continues to provide important information on prehistoric and historic resources, including types, condition, status and spatial distribution. As the Trust is well into the major Environmental Impact Statement for public access and use of the Preserve, these data are critical to both planning activities and management actions on the Preserve. The objectives stated above for FY 2010 are directed to achieving the planning and management goals of the Trust during this time period.

6.4.5 Science Education

Objective

The Valles Caldera Preservation Act empowers the Trust to “the protection and preservation of the scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural and recreational values of the Preserve; multiple use and sustained yield of renewable resources within the Preserve; public use of and access to the Preserve for recreation.” The Trust has determined that public education, both in formal and informal programs and settings, is intrinsically part of the “values” of the Preserve, and therefore public education is incorporated into “multiple use” and “public use of and access to the Preserve.” As such, public education programs have been underway since 2003 in the form of school class field trips, and the Trust will continue to expand and develop educational programs for citizens interested in any and all aspects of the Preserve’s resources.

In 2009, the Trust capitalized on an opportunity to lease an existing facility adjacent to the Trust Headquarters in Jemez Springs for a Science and Education Center (see Section 5.2.2 above). As a result, the educational programs on the Preserve have the capacity to expand considerably in 2010 and beyond through the use of a modern teaching classroom and laboratory facility and housing for ‘students’ of all ages (K through elder hostel).

Specifically, in the first year of operations we will target 40% occupancy for the education center, and we will attempt to double the number of groups using the Preserve for educational purposes. In addition, VCT staff will meet with public school superintendents, principals, and teachers, along with New Mexico state legislators, to explore additional programs for teacher training and class field trips. Similar meetings and presentations on the Preserve’s programs will be undertaken with regional universities and colleges.

Metric

The educational program is expected to expand in the following ways: (1) numbers of education programs; (2) types of educational programs; (3) numbers of participants; (4) revenues from educational programs; (5) grants to VCT and collaborating groups for educational programs on the Preserve.

Narrative

The Valles Caldera National Preserve has exceptional qualities for educational programs in the sciences (including geology, ecology, wildlife and fisheries management, range management and livestock husbandry, forestry, biodiversity, climate change, hydrology, archaeology) as well as a wide range of other disciplines (art, photography, history, literature, poetry, music) for which the Preserve provides an inspirational environment. The Preserve benefits from its uniqueness of being the best example of a volcanic caldera in the world, the regional epicenter for obsidian quarrying and use by ancient humans (dating back 10,000 years), the habitat for the largest elk herd in the region, the watershed having the most productive trout streams in the western United States, and

ecologically representing the extreme southern ecosystems of the Rocky Mountains. However, the Preserve also provides outstanding opportunities to address “typical” issues facing today’s society for natural resource management, such as wildland-urban interface problems for forest management and wildfires, ecologically sustainable livestock grazing practices, management of large herds of elk and other wildlife, impacts to stream water quality and quantity from watershed management, and public access and use activities on public lands. It has become abundantly clear the Preserve can serve the public in an extraordinary fashion as an outdoor classroom and laboratory to facilitate public understanding of resource management and preservation.

Section – 7 Appendices

- 7.1 Senators Bingaman and Udall letter*
- 7.2 General Accountability Office audit report*
- 7.3 VCT informational letter*
- 7.4 VCT suggested changes to enabling legislation*
- 7.5 VCT response to GAO audit recommendations*

7.1 Senators Bingaman and Udall letter

United States Senate

WASHINGTON, DC 20510

June 24, 2009

Daniel Wenk
Acting Director
National Park Service
1849 C Street, N.W.
Washington, DC 20240

Dear Mr. Wenk:

We are writing to request that the National Park Service undertake a reconnaissance study of the Valles Caldera National Preserve in New Mexico to assess its potential for inclusion in the National Park System as a national preserve.

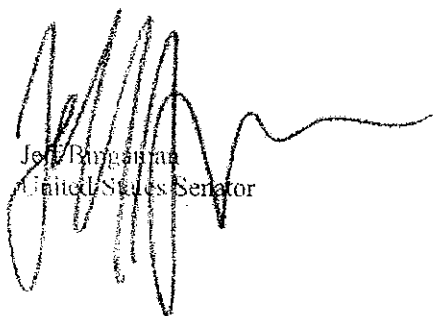
The Valles Caldera was established in 2000 by Public Law 106-248. Although the Preserve is part of the National Forest System, it is managed by the Valles Caldera Trust, a government corporation. The Trust's authority to manage the Preserve terminates in 2020.

As we near the midway point of the Trust's authorization, we believe it would be useful to consider potential future management options to best provide for the protection of the Preserve's remarkable resources.

We are hopeful that a reconnaissance study could be completed within the next few months, to allow us to review potential management options later this year.

Thank you for your consideration of this request.

Sincerely,



Jeff Bingaman
United States Senator



Tom Udall
United States Senator

7.2 General Accountability Office audit report

October 2009

VALLES CALDERA

The Trust Has Made
Progress but Faces
Significant Challenges
to Achieve Goals of
the Preservation Act



GAO

Accountability * Integrity * Reliability

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Highlights

Highlights of GAO-10-84, a report to congressional committees

Why GAO Did This Study

In creating the Valles Caldera National Preserve from a unique parcel of land in north-central New Mexico, and by creating the Valles Caldera Trust as a wholly owned government corporation to manage the preserve, the Valles Caldera Preservation Act of 2000 established a 20-year public-private experiment to operate the preserve without continued federal funding. The Trust is charged with achieving a number of goals, including becoming financially self-sustaining by the end of fiscal year 2015.

This report, GAO's second and last mandated by the Preservation Act, examines (1) the Trust's progress since 2000; (2) the extent to which the Trust has fulfilled certain of its obligations as a government corporation; and (3) the challenges the Trust faces to achieve the Preservation Act's goals. GAO analyzed documents, financial records, and other Trust information and interviewed current and former members of the Trust's Board and staff, as well as representatives of local interest groups and stakeholders.

What GAO Recommends

To further the Trust's efforts to become financially self-sustaining, GAO recommends that the Trust work with relevant congressional committees to seek legislative remedies, as appropriate, for the legal challenges it faces. In commenting on a draft of this report, the Trust generally agreed with GAO's findings and conclusions but did not comment on the recommendation.

View GAO-10-84 or key components. For more information, contact Robin M. Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

VALLES CALDERA

The Trust Has Made Progress but Faces Significant Challenges to Achieve Goals of the Preservation Act

What GAO Found

The Trust has taken steps to establish and implement a number of programs and activities to achieve the goals of the Preservation Act. It has rehabilitated roads, buildings, fences, and other infrastructure; created a science program; experimented with a variety of grazing options; taken steps to manage its forests; expanded recreational opportunities; and taken its first steps toward becoming financially self-sustaining. Nevertheless, it is at least 5 years behind the schedule it set for itself in 2004. According to Trust officials, a number of factors—including high turnover among Board members and key staff and cultural and natural resources and infrastructure that were not as healthy or robust as originally believed—have delayed its progress.

Through fiscal year 2009, the Trust had yet to develop and put in place several key elements of an effective management control program for a government corporation. Specifically, the Trust lacked a strategic plan and annual performance plans, and it had not systematically monitored or reported on its progress—elements called for by the Government Performance and Results Act and recommended by GAO in its first report in 2005. The Trust's financial management has also been weak. Consequently, it has been difficult for Congress and the public to understand the Trust's goals and objectives, annual plans and performance, or progress.

According to current Trust officials, becoming financially self-sustaining, particularly by the end of fiscal year 2015 when federal appropriations are due to expire, is the Trust's biggest challenge. Most of the Trust's other challenges follow from this one, including identifying, developing, or expanding revenue-generating activities that would enable the Trust to raise sufficient funds; obtaining funds for major capital investments; and addressing a number of legal constraints—such as its authority to enter into long-term leases or acquire property—which potentially limit its ability to attract long-term businesses that could generate revenues. Nevertheless, the Trust is continuing to explore opportunities for becoming financially self-sustaining.

Valles Caldera from Redondo Peak, the Highest Point in Valles Caldera National Preserve



Source: GAO.

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Abbreviations

GCCA	Government Corporation Control Act
GPRA	Government Performance and Results Act of 1993

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United States Government Accountability Office
Washington, DC 20548

October 30, 2009

The Honorable Jeff Bingaman
Chairman
The Honorable Lisa Murkowski
Ranking Member
Committee on Energy and Natural Resources
United States Senate

The Honorable Nick Rahall, II
Chairman
The Honorable Doc Hastings
Ranking Member
Committee on Natural Resources
House of Representatives

In 2000, the Valles Caldera Trust was created by Congress as a 20-year public-private land management experiment, whose aim was to protect and preserve—without the need for continuing infusions of federal tax dollars—a unique volcanic parcel of land in New Mexico. Today, however, nearly halfway through the Trust's 20-year life span, supporters and critics disagree over whether this public-private model can succeed or should be terminated.

The Valles Caldera Preservation Act of 2000¹ authorized the federal government to purchase Valles Caldera, comprising about 89,000 acres of privately owned land known as the Baca Ranch. The Caldera has served as a model for geological studies of this area and other volcanic areas around the world, and it has had religious significance for Native Americans since prehistoric times. In addition, the landscape offers opportunities for winter and summer recreation and provides ranchers with forage for livestock. To manage the land, for which the government paid close to \$97 million, the Preservation Act also established the Trust, governed by a Board of Trustees, as a wholly owned government corporation.² The act specifically charges the Trust with managing the land to achieve a number of goals, including the following:

¹Pub. L. No. 106-248, Title I.

²Until the Trust could be organized, the preserve came under jurisdiction of the U.S. Forest Service, within the Department of Agriculture.

-
- protecting and preserving Valles Caldera's scientific, scenic, historic, and natural values and archaeological, geological, and cultural resources for future generations;
 - providing opportunities for public recreation;
 - providing for sustained-yield management of the ranch for timber production and domesticated livestock grazing, insofar as these activities are consistent with the Trust's other responsibilities; and
 - becoming financially self-sustaining—that is, operating without federal funds—within 15 years of the law's enactment, or by the end of 2015.

In managing the preserve, the Trust is expected to incorporate elements of both public and private administration to promote the preserve's long-term sustainability. The Trust is subject to the Government Corporation Control Act (GCCA) and to the Government Performance and Results Act of 1993 (GPRA).³ These two laws provide general authorities for wholly owned government corporations to carry out government functions and a general management framework to enhance the federal government's efficiency and effectiveness and provide greater accountability for results, respectively. Among other requirements under GCCA, the Trust must obtain independent financial audits and report annually to Congress. Under GPRA, the Trust must prepare a strategic plan with long-term measurable goals and objectives and an annual performance plan for achieving the strategic plan's goals and objectives, and it must submit annual performance reports to Congress and the President.

From the land's acquisition in 2000 through fiscal year 2009, the Trust received about \$31 million in federal funding to operate and maintain the land as a national preserve. Under the Preservation Act, the authorization of appropriations for the Trust expires at the end of fiscal year 2015. If at the end of fiscal year 2014, the Board believes that the Trust has met the goals and objectives of the act but has not become financially self-sustaining, the Board may submit to the relevant congressional committees a recommendation to authorize appropriations beyond 2015. Also, under the act, the Trust itself is to terminate in fiscal year 2020. According to the Preservation Act, in 2018 the Board must make a recommendation to the Secretary of Agriculture whether to extend or

³31 U.S.C. § 9101 et seq. (GCCA); Pub. L. No. 103-62 (1993) (GPRA).

terminate the Trust in 2020. Within 120 days after receipt of the recommendation, the Secretary must submit to Congress the Board's recommendation on extension or termination, along with the Secretary's recommendation. If the Trust is terminated, the preserve will become part of the Santa Fe National Forest and therefore be managed by the U.S. Forest Service, within the Department of Agriculture, as part of the national forest system.

The Preservation Act also directs us to study and report twice on the Trust's activities, including on the Trust's ability to meet its obligations under the act. In November 2005, we issued our first report, which concluded that the Trust had made some progress in meeting goals of the act and recommended that it establish a more effective management control program and increase its accountability to Congress and other stakeholders.⁴ The present report, our second and last one required by the Preservation Act, examines (1) the Trust's progress since 2000; (2) the extent to which the Trust has fulfilled certain of its obligations as a government corporation; and (3) the challenges the Trust faces as it continues moving toward fulfilling the goals of the act.

To address these issues, we analyzed documents, financial records, and other information from the Trust and Forest Service, and we visited the preserve to observe the actions the Trust has taken to date toward meeting its statutory obligations. In addition, we analyzed and assessed the Trust's fulfillment of GCCA's and GPRA's requirements. We also interviewed current and former officials of the Trust's Board and staff, as well as Forest Service officials, about the programs and activities that the Trust has initiated since assuming management of the preserve. We interviewed representatives of various local interest groups and stakeholders, such as Los Amigos de Valles Caldera and Caldera Action.⁵ We also assessed data related to revenue-generating programs and activities, such as the number of livestock grazing on the preserve from year to year, and determined that

⁴GAO, *Valles Caldera: Trust Has Made Some Progress but Needs to Do More to Meet Statutory Goals*, GAO-06-98 (Washington, D.C.: Nov. 16, 2005).

⁵Los Amigos de Valles Caldera and Caldera Action are nonprofit organizations interested in the preserve.

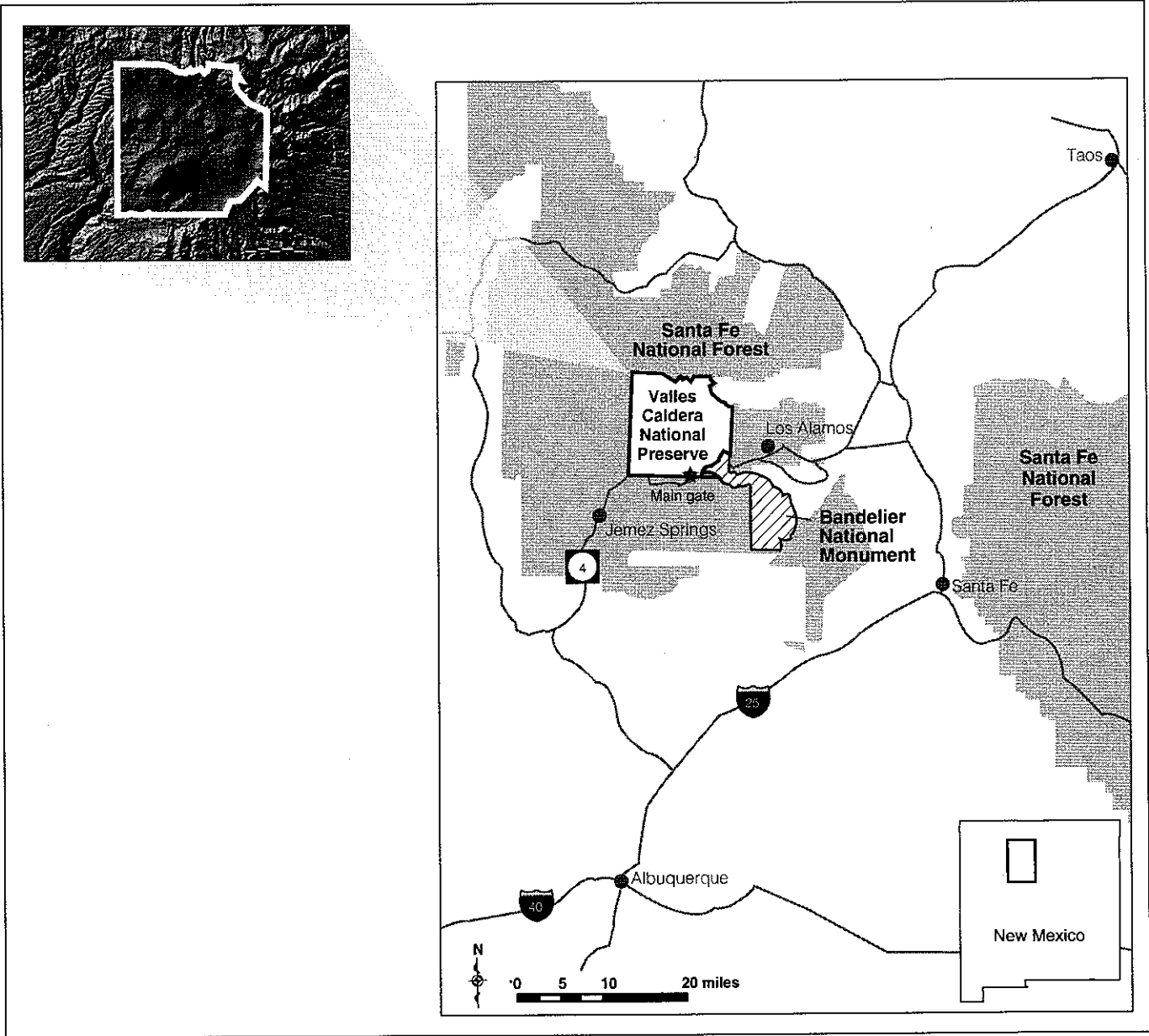
these data were sufficiently reliable for the purposes of this report.⁶ We conducted this performance audit from November 2008 through October 2009, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

About 1.2 million years ago, a volcano erupted and collapsed inward, forming the crater now known as Valles Caldera, in north-central New Mexico (see fig. 1). Almost entirely surrounded by the Forest Service's Santa Fe National Forest and the National Park Service's Bandelier National Monument, this geologically and ecologically unique area covers about 89,000 acres of meadows, forests, hot springs, volcanic domes, and streams supporting elk herds, fish, and other wildlife. While in private hands, the Baca Ranch was operated as a working ranch, providing grazing for livestock plus hunting and fishing for a limited number of visitors. According to the Preservation Act, the working ranch arrangement was to continue after ownership was assumed by the federal government.

⁶To determine the number of livestock grazing on the preserve or otherwise managed by the Trust, we compared the Trust's own documents with counts obtained by Agriculture and by owners of livestock participating in the grazing program. For financial data, we compared audited financial statements of the Trust for fiscal years 2005–2008 with data from the Trust's own annual reports.

Figure 1: Valles Caldera National Preserve, with Valles Caldera Crater, in North-Central New Mexico



Sources: Valles Caldera Trust (main map and satellite photo); Map Resources (New Mexico).

The act also calls for the Trust to protect and preserve the land while attempting to achieve a financially self-sustaining operation. "Financially self-sustaining," as defined by the act, means that management and operating expenditures—including trustees' expenses; salaries and benefits; administrative, maintenance, and operating costs; and facilities improvements—are to equal or be less than proceeds derived from fees and other receipts for resource use and development. Appropriated funds are not to be considered. To carry out its duties, the Trust has the authority to solicit and accept donations of funds, property, supplies, or services from any private or public entity; negotiate and enter into agreements, leases, contracts, and other arrangements with any individual or federal or private entity; and consult with Indian tribes and pueblos.

The Trust's Board consists of nine trustees. The President of the United States appoints seven of these trustees, and the other two are the Supervisor of Santa Fe National Forest and the Superintendent of Bandelier National Monument, under the jurisdiction of the Department of the Interior's National Park Service. Of the seven presidential appointees, who are selected in consultation with New Mexico's congressional delegation, five must be New Mexico residents. Appointees are to be selected on the basis of their expertise or experience, as follows: one trustee each (1) with livestock and range management expertise; (2) with expertise in recreation management; (3) who is knowledgeable in sustainable management of forest lands for commodity and noncommodity purposes; (4) with expertise in financial management, budget and program analysis, and small business operations; (5) who is familiar with the cultural and natural history of the region; (6) who is active in a nonprofit conservation organization concerned with Forest Service activities; and (7) who is active in state or local government activities in New Mexico, with expertise in the customs of the local area. Trustees are appointed to 4-year terms and can be reappointed; no trustee, however, may serve more than 8 consecutive years. The trustees select a chairman from the Board's ranks. With the exception of the Board Chair, trustees serve without pay, although they are reimbursed for travel and subsistence expenses while performing their duties. The Board must hold at least three public meetings a year in New Mexico. An executive director, who is hired by the Board, oversees the Trust's day-to-day operations.

The Trust Has Taken Steps to Achieve the Preservation Act's Goals but Has Made Less Progress Than Expected

Although the Trust has taken steps to establish and implement a number of programs and activities to achieve the goals of the Preservation Act, it is behind the schedule it set for itself in 2004. A number of factors, such as high turnover among Board members and key management staff, have contributed to this slow progress, according to former and current Board members and staff.

The Trust Took a Number of Steps toward Achieving Preservation Act Goals

As we reported in 2005, the Board's first steps were to establish a basic organization and to acquaint itself with conditions at the preserve.⁷ In 2001, the Board held regular meetings and listening sessions with the public and gathered views on how the preserve should be managed. The Board hired its first employee, an executive director, in October 2001 and, in December 2001, issued 10 principles to guide future decision making. These principles focused on a long-term view, emphasizing the ideas of landscape protection, sound business management and good-neighbor relations, the role of science in defining programs, and the quality of experiences to be provided to the public at the preserve. Overall, these principles constituted the Trust's initial philosophy and foundation for the programs and activities that the Trust undertook to fulfill the Preservation Act's goals. The following sections describe some of the Trust's accomplishments.

The Trust Has Surveyed and Repaired Roads, Buildings, Fences, and Other Infrastructure

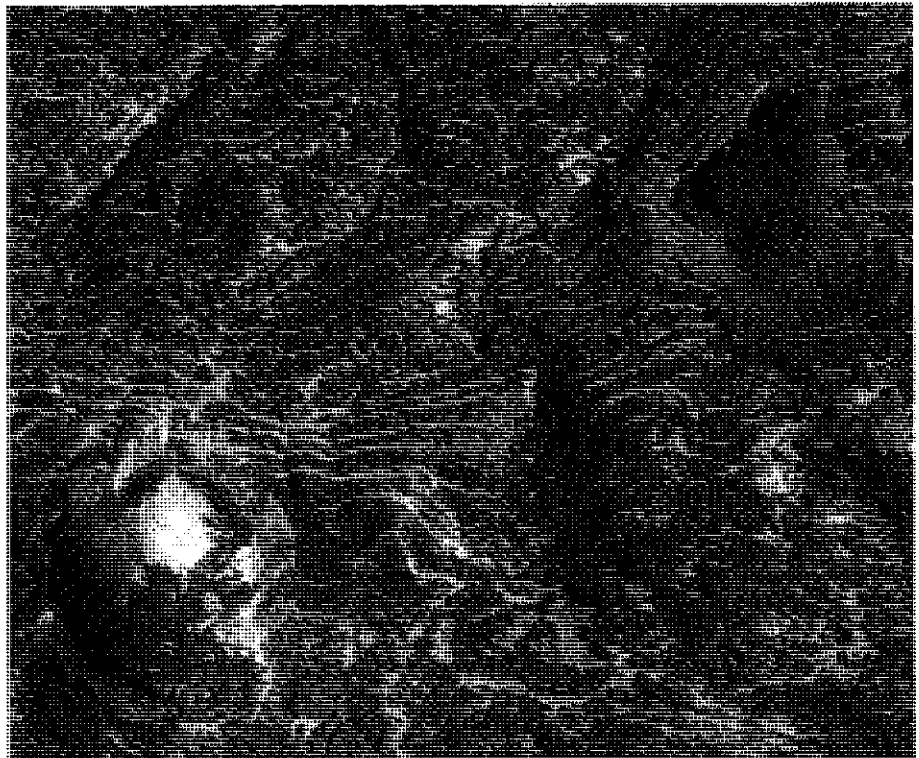
Shortly after the federal government assumed ownership of the preserve, the Trust learned that the existing infrastructure—such as roads, buildings, fences, and water treatment facilities—was in disrepair and needed rehabilitation. All the roads needed upgrading, fences were falling down, rodents had invaded all the structures, and the water supply system was not functioning. Work began immediately, and it continues today.

The preserve has about 1,000 miles of roads, including 140 miles of main access roads. Road building into the preserve began in 1935, and by the 1970s, more than 800 miles of logging roads had been bulldozed into high-elevation forests, causing erosion and damaging downhill streams and wetland areas (see fig. 2). On assuming its management role, the Trust determined that the existing roads could not be readily used to support

⁷GAO-06-98.

administration, ranching, recreation, or other needs. Since then, the Trust has upgraded over 14 miles of road to all-weather gravel standards, so they are usable for passenger vehicles and are not as environmentally damaging. To enhance safety and public viewing of the preserve, the Trust also installed kiosks, scenic turnouts, and a new gate (see fig. 3); in addition, it reconfigured the entry to and exit from New Mexico Highway 4, the main access road to the preserve. The Trust has systematically numbered and mapped a network of about 184 miles of roads, which provide open public access, as well as restricted access for the Trust's land management activities.

Figure 2: Typical Logging Road System, Redondito Peak, 2005

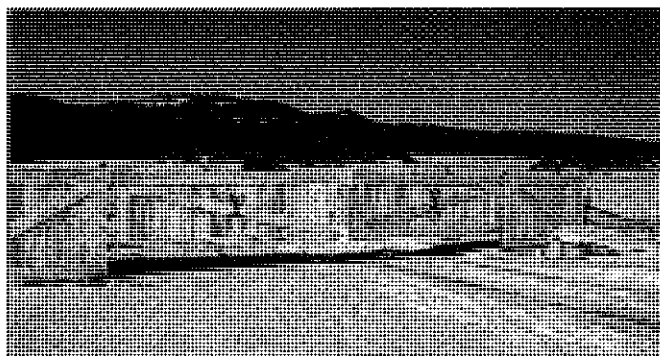


Source: Valles Caldera Trust.

Figure 3: Main Entrance of Valles Caldera Preserve, Before and After Installation of New Gate



Source: Valles Caldera Trust.
Before



Source: GAO.
After

At the time of the federal government's purchase, the preserve had numerous existing buildings, fences, and other structures. In 2002, the Trust recognized that the majority of its structures needed major restoration to bring them up to local building codes. Over the next 6 years, the Trust conducted minor maintenance on the ranch buildings used to house employees and documented the condition of structures of historic value throughout the preserve (see fig. 4). In addition, the Trust repaired the preserve's 54 miles of boundary fences—including adjusting their height to allow for elk movement—and installed signs restricting access to the preserve. The Trust also assessed the layout and condition of 64 miles of interior fences, many of which were used to separate pastures for livestock. Other facilities, such as livestock corrals, have also been assessed and rehabilitated, and in 2009 a new temporary visitor building was purchased and placed on site (see fig. 5).

Figure 4: Original Baca Ranch Owner's Home



Source: GAO.

Figure 5: Old and New Temporary Visitor Centers



Old temporary visitor center

Source: GAO.



New temporary visitor center

Regarding water supplies, when the federal government acquired the preserve, the existing water treatment facility was not functioning, so no potable water was available. Rehabilitating this facility became one of the Trust's top priorities. Repairs to the water collection and filtration systems were completed in 2004, the water distribution system was repaired in 2005, and potable water became available in spring 2006. Still, the present water supply freezes during the winter and can dry up during the summer; the Trust is therefore evaluating groundwater reserves and options for drilling a well to supply water year-round.

In the end, rehabilitating deteriorating infrastructure has proven to be an expensive and time-consuming endeavor, and the Trust's efforts have not begun to address capital improvements, such as permanent visitor facilities or roads in support of the Preservation Act's goals. Indeed, as of 2008, the Trust still faced nearly \$1.2 million in deferred maintenance costs for existing buildings alone.

The Trust Created a Science Program to Lay the Foundation for Activities Allowed at the Preserve

From the time it first articulated the principles by which it would manage Valles Caldera, the Trust viewed science as key to protecting and preserving the land while developing programs that could bring in revenue. It committed to using science in an "adaptive management" framework, by continuously gathering and applying site-specific scientific knowledge. According to the Trust's *Framework and Strategic Guidance for Comprehensive Management*, the chief characteristic of the Trust's view of adaptive management is the monitoring of natural systems and the human activities impinging on those systems, coupled with use of the monitoring information to guide and, when needed, revise management goals and activities.⁸ Thus, according to Trust documents, the Trust makes land management decisions on the basis of scientific research and monitoring, taking into account the public's views and federal environmental requirements.

The science program includes three components: inventorying natural resources, monitoring environmental changes resulting from the Trust's programs, and conducting research that will help manage the preserve's resources. Up and running in 2003, this program assists the Trust in complying with federal environmental requirements, including those of the

⁸Valles Caldera Trust, *Valles Caldera National Preserve: Framework and Strategic Guidance for Comprehensive Management* (Los Alamos, N.Mex., 2005). This document sets out the framework for decision making that the Trust proposed to apply as it developed programs and policies for the management and use of the preserve.

National Environmental Policy Act of 1969 (NEPA).⁹ By 2008, the Trust had assessed or was assessing most of the preserve's natural resources, such as its forests, biodiversity, watershed and stream health, fish habitats, ground water quality, and geology and soils. In inventories of cultural resources, the Trust has also uncovered over 430 historic and archaeological sites. Such inventories will continue to be done as needed before construction projects or other ground disturbance to comply with NEPA guidelines. In addition, to assess the effects of activities such as grazing, recreation, or forest thinning, the Trust has established long-term programs to monitor ecological conditions, including climate, stream water quality, and plant and animal habitat and population dynamics. Finally, in collaboration with universities, federal and state agencies, and other research entities, the Trust has hosted a wide range of research programs, ranging from a study of the ecological drivers of rodent-borne diseases to earth-coring studies of past climate change. For example, hydrological research funded by the National Science Foundation through the University of Arizona is to provide information to aid in the day-to-day management of the preserve and also contribute to the understanding of hydrologic systems overall. This research should help scientists understand how much precipitation the preserve's lands absorb and predict the amount of runoff into its streams and rivers. As more data become available, scientists may be able to forecast the effect of precipitation and drought on water quality and forage availability on the preserve and to use the information to drive future management decisions about livestock and recreation. Each year the Trust has generated between \$1 million and \$2 million of externally funded research.

To further enhance and communicate the results of the science program, the Trust in August 2009 leased a facility in the town of Jemez Springs, 20 miles west of the preserve's main gate, as a new science and education center adjacent to the Trust's administrative headquarters. The facility is to accommodate a laboratory, classrooms, offices, a dining hall, and lodging for visitors participating in the center's formal and informal science education programs for all age groups.

⁹Under NEPA, federal agencies are to evaluate the likely environmental effects of projects they are proposing, using an environmental assessment or, if the projects likely would significantly affect the environment, a more detailed environmental impact statement. The Trust published its own NEPA procedures in the *Federal Register* in 2003. 68 *Fed. Reg.* 42460-42472 (July 17, 2003).

Since 2002, the Trust Has Been Experimenting with a Variety of Approaches to Manage Grazing

Given that the Preservation Act requires keeping the preserve as a working ranch, grazing has been a central activity since the Trust began. Over the years, the grazing program's objectives, scope, and size have changed repeatedly, in response to annual scientific assessments of forage availability, as well as shifting directives from the Board. In addition, because the preserve is federal land, continued grazing requires completion of a NEPA environmental assessment. The Trust's ultimate goal is to manage its livestock operations for multiple aims, including revenue generation, local community benefit, research, and public education.

To date, the Trust has experimented with a number of grazing programs, beginning in 2002 with a small drought-relief program that allowed just over 700 cow-calf pairs belonging to local ranchers to graze on preserve pastures for 5 weeks. The Trust also hosted a "conservation stewardship" program for local ranchers, allowing about 200 cattle in each of 2 years to graze on preserve lands for about 4 months while the ranchers implemented conservation measures on their own lands. In addition, the Trust has conducted a breeding program for 3 years to benefit local ranchers and has tested varied cattle management approaches in an attempt to make the program profitable for the Trust. In 2006, because of drought, the Trust switched its focus to research assessing the effects on cattle forage of controlled burning of the grasslands; initial findings suggested that such burning improved forage quality. Then in 2008, the Trust attempted to make a profit from grazing, allowing nearly 2,000 head of cattle to graze at the preserve over a 4-month period and generating about \$58,000 in gross revenues. Because the cattle were brought in from Mexico and were sold in Texas, this effort drew local criticism. Moreover, the sheer number of cattle created conflicts with fishing and other recreational activities. In 2009, the program again took on a research emphasis and aimed to benefit local communities.¹⁰

The Trust Has Taken a Number of Steps to Manage Its Forests

The preserve's lands encompass more than 60,000 forested acres. When the Trust was first established, these forests were envisioned as a possible source of revenue toward the Preservation Act's purpose of providing for the multiple use and sustained yield of the preserve's renewable

¹⁰The focus of research in 2009 was to develop a livestock resistant to high-altitude diseases.

resources.¹¹ But the Trust's forest inventory in 2006 revealed a lack of marketable timber, partly because of intensive logging in the past. As a result of this logging and past fire suppression, about half the preserve's forested acres contain dense vegetation that pose a very high risk of wildland fire. To date, therefore, the Trust's forest management efforts have focused on restoring forest health, reducing the risk of large fires, and protecting watersheds. These efforts have also included identifying the most effective means of reducing hazardous fuels and a potential market for the sale of wood products (poles, mulch, pellets), sometimes in collaboration with local businesses.

The Trust Continues to Expand Recreational Opportunities

Beginning in 2002, the Trust granted the public limited access to the preserve for recreation; in most cases, it has charged a fee for this access. In the beginning, public recreation was confined to guided hikes or van tours. Over the next several years, the Trust allowed varied summer and winter activities, including:

- *Hunting.* The Trust has worked with New Mexico's Department of Game and Fish to hold elk hunts since 2002. In 2008, the Trust added a spring turkey hunt.
- *Fishing.* In 2003, the Trust granted 1,785 people access to the preserve's two fishable streams, on a first-come, first-served basis. The Trust also holds adult and youth fishing clinics. In 2009, it began allowing anglers to drive their own vehicles to parking areas near assigned stream reaches, instead of providing van transportation as in previous years.
- *Hiking.* Visitors have been allowed to hike at the preserve since 2002, first in guided hikes, then on their own. The Trust has increased the number and mileage of available hiking trails, opening about 30 miles of trails to hikers, including 5 miles requiring no fee.

¹¹The Multiple Use and Sustained Yield Act of 1960 defines multiple use to mean "the management of all the various renewable surface resources of the national forests so that they are utilized in the combination that will best meet the needs of the American people." 16 U.S.C. § 531(a). Sustained yield means "the achievement and maintenance in perpetuity of a high-level annual or regular periodic output of the various renewable resources of the national forests without impairment of the productivity of the land." 16 U.S.C. § 531(b).

- *Other recreational activities.* The Trust has also offered horse-drawn wagon rides, sleigh rides, van tours, snowshoeing, cross-country skiing, stargazing lectures, horseback riding, marathon runs, mountain biking, group tours and seminars, workshops, antler collection, and overnight photographic and birding excursions.

In 2006, the Trust also hosted its first free open house, which drew more than 1,400 cars and nearly 4,000 people. The Trust used this event to inform the public about then-current programs and future opportunities and to monitor the effects of so many visitors. Since 2008, the preserve has been open 7 days a week from April through September for summer recreation and events and fewer days the rest of the year to accommodate hunting and winter activities.

The Trust Has Taken Its First Steps toward Becoming Financially Self-Sustaining

The Preservation Act's findings and purposes section states, among other things, that the Baca Ranch could serve as a model for sustainable land development and use of timber, grazing, and recreation and that management of the ranch through a trust would eventually allow the ranch to become financially self-sustaining. Over its existence, the Trust recognized it had no marketable timber, but it has experimented with a number of grazing options and expanded recreational opportunities. Collectively, from 2005 through 2008,¹² the Trust's grazing, recreation, and other activities have generated, on average, about \$733,000 in gross revenues per year (see table 1). In comparison, from 2000 through 2009, the Trust received nearly \$31 million in federal funding—an average of about \$3.5 million per year over the time frame.

Table 1: Gross Revenues by Activity, as Reported by the Trust for Fiscal Years 2005–2008

Activity	2005	2006	2007	2008
Hunting	\$285,625	\$317,365	\$330,276	\$368,776
Fishing	71,645	60,415	67,392	68,913
Grazing ^a	39,654	0	5,800	58,584
Concessions	9,558	48,496	42,513	54,743
Summer recreation	15,600	22,027	25,800	45,811
Miscellaneous ^b	131,288	246,817	183,058	43,091

¹²We omitted data for 2002, 2003, and 2004 because fewer revenue-generating recreational activities were under way in those years.

Activity	2005	2006	2007	2008
Special events	67,646	38,719	42,439	40,425
Facility rentals	5,000	45,095	30,210	36,015
Winter recreation	26,203	15,910	22,469	19,170
Total	\$652,219	\$794,844	\$749,957	\$735,528

Source: Valles Caldera Trust.

^aThe Trust did not have a revenue-generating grazing program in 2006 because of drought.

^bMiscellaneous revenues include donations; sale of livestock; interest on investments; and grants received by the Trust for inventory, monitoring, research, and restoration projects.

Faced with average gross revenues amounting to about 20 percent of average federal funding, the Board of Trustees contracted with an independent consulting firm in 2008 to develop a revenue enhancement study aimed at realizing annual revenues of about \$5 million.¹³ Made public in April 2009, this document details various options for generating revenues of this scale and bringing the Trust to financially self-sustaining status by the end of fiscal year 2015. These options include high-end elements such as a luxury lodge, as well as more modest elements such as tent camps. The options could be mixed and matched to produce a plan that the Trust could use as it decides how to further develop infrastructure and public programs at the preserve. According to the Trust, many of the options described in this document are to be incorporated into the alternatives the Trust is evaluating in preparing the environmental analyses called for by NEPA before it can provide for greater public access and use of the preserve.

The Trust Is Behind Its Own Schedule to Achieve the Goals of the Act in 2015

The Trust has not met the timeline that it set for itself to meet the Preservation Act's goals, as outlined in a required report to Congress in 2004. The timeline called for achieving financially self-sustaining status in three phases over 15 years, a schedule reiterated in the Trust's 2005 *Framework and Strategic Guidance*.¹⁴

- *Phase 1, institution building*, was to take place from 2001 through 2005. During this phase, the Trust was to develop the staff and tools needed to manage the preserve as a wholly owned government corporation, including accounting systems and support mechanisms for its science-

¹³Entrix, *A Plan for Revenue Enhancement on the Valles Caldera Preserve: Opportunities and Alternatives* (Vancouver, Wash., 2009).

¹⁴Valles Caldera Trust, *Framework and Strategic Guidance*, appendix B.

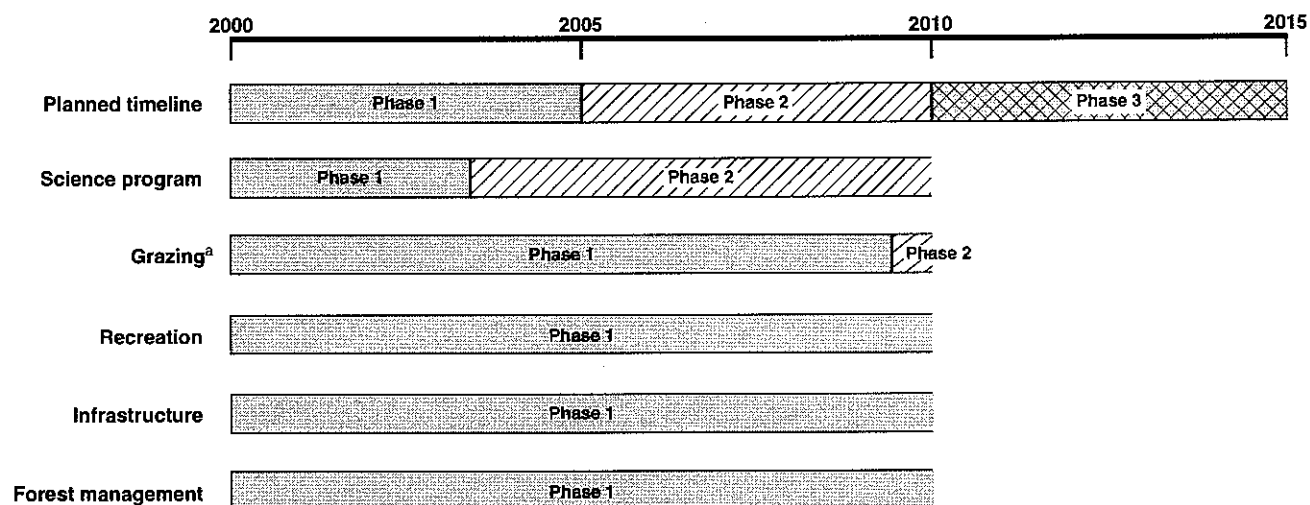
based adaptive management approach. No new roads or facilities were to be constructed during phase 1; rather, all public programs were to use existing infrastructure and temporary buildings and would therefore not require a full environmental assessment or environmental impact statement under NEPA.

- *Phase 2, program development*, was to take place from 2005 through 2010. During phase 2, the Trust envisioned completing NEPA analyses for major infrastructure projects and beginning construction for an array of programs, such as an integrated road and trails system, an interpretive center, and a science and education facility.
- *Phase 3, program refinement*, was to unfold from 2010 through 2015. During phase 3, the Trust planned to cultivate additional sources of funds and streamline programs to permit decreasing reliance on federal appropriations as revenue-generating programs expanded. It was believed that the experience gained in the prior phases would enable the Trust to increase revenues and decrease costs in time to be self-sustaining by the end of fiscal year 2015.

As of September 2009, only the science and grazing programs at the preserve have moved into phase 2 of the Trust's envisioned timeline. The Trust's publication in 2003 of its own NEPA regulations and its adaptive management framework marked the passage of the science program into phase 2. With completion of a forage environmental assessment in January 2009, the grazing program moved into phase 2.¹⁵ For recreation and associated infrastructure development to move into phase 2, a public use and access plan including NEPA compliance—which is due in mid-2010—must be completed. For the Trust's forest management program, too, a NEPA analysis will have to be done to move into phase 2. Thus, at the close of fiscal year 2009, the Trust continued to work mostly on phase 1 of its programs and activities—at least 5 years behind its anticipated schedule (see fig. 6).

¹⁵In 2009, the Trust renamed its grazing program "livestock operation."

Figure 6: Planned Timeline and Actual Status of the Valles Caldera Trust's Program Development



Source: GAO analysis of Valles Caldera Trust data.

^aGrazing was renamed "livestock operation" in 2009.

A Number of Factors Have Delayed the Trust's Progress

Current and previous Trust Board and staff members have all identified certain factors as contributing most significantly to delays in the Trust's progress. Key among these factors is high turnover among Board members. Under the Preservation Act, at least three Board positions are up for appointment every 2 years. In addition, members may resign for personal reasons before completing their term of appointment, and the two *ex officio* Board members from the Forest Service and the Park Service may change according to how they are assigned within their own agencies. A time lag—ranging from 2 to 9 months—inevitably occurs between the end of some members' terms and the beginning of others'. Thus, it can take months before a full Board is seated once again. New members face a learning curve. The result of such frequent turnover has led to delays in decision making, as well as false starts to programs. For example, an environmental assessment that needed to be completed before permanent livestock operations could be put in place was restarted three times before it was finally completed in 2009, largely because of Board turnover.

The Trust has also experienced high turnover among key management staff. Within its first 7 years, nine people served as acting executive director or executive director; the most recent executive director reported for duty in January 2009. The chief administrative officer position also

turned over four times. In addition, the position of communications manager—key to the Trust’s obligation to communicate and collaborate with the public—remained vacant for 3 years, until 2009. Among the Trust’s key management staff, only the preserve general manager, who is responsible primarily for the preserve’s natural resources, infrastructure, and recreational programs, and the preserve science and education director, who is responsible for and has developed the science and education programs, have been with the Trust since they were first hired, in 2002 and 2003, respectively.

In addition, according to the Trust’s Board and staff, they discovered upon assuming their responsibilities that the preserve’s cultural and natural resources and infrastructure were not as healthy or robust as they had expected or as described in the opening to the Preservation Act. For example, road building and timber cutting in high-elevation forests had been done since the early 1930s, and streamside and other areas had been damaged by logging roads and overgrazing. Forests clear-cut in the 1960s and 1970s had been replaced by dense stands of young trees that provide little marketable timber and present a wildland fire hazard. Further, the act directed the Trust to open the preserve for public recreation within 2 years after the federal government purchased the land. As a result, the Trust found itself with more ecological restoration and infrastructure rehabilitation to do than expected—even while providing public access to the preserve—almost immediately after it assumed active management of the land in August 2002.

Finally, almost everyone we interviewed observed that one or more of the foregoing factors contributed to the Trust’s inability to focus on establishing itself as a fully functioning government corporation, which in turn exacerbated the effects of Board and staff turnover. Ultimately, these shortcomings raised serious concerns among interest groups and the public about whether the Trust could successfully manage the preserve in the manner envisioned by the Preservation Act.

The Trust Has Failed to Put in Place Key Elements of an Effective Management Program

As of September 2009, the Trust had yet to develop and put in place several key elements of an effective management control program for a government corporation, as required under GPRA and as we recommended in our previous report.¹⁶ Specifically, the Trust had not clearly defined a long-term strategic plan, developed annual performance plans, or systematically monitored and reported its progress. Additionally, the Trust's financial management has been weak. Consequently, it has been difficult for Congress and the public to understand the Trust's long-term goals and objectives, annual plans and performance, or progress.

As a Government Corporation, the Trust Is Required to Have Effective Management Controls

For government agencies and corporations, GPRA and GCCA specify the means to achieve an effective management control program. That is, they establish a framework for government entities to provide reasonable assurance that an organization's operations are effective and efficient, that its financial reporting is reliable, and that the organization is complying with applicable laws and regulations. This framework includes, among other components, (1) a strategic plan with long-term, measurable goals and objectives; (2) annual performance plans for achieving the strategic plan's goals and objectives; (3) performance monitoring and reporting; and (4) annual management reviews and financial audits. Such plans, methods, and procedures are collectively known as internal, or management, controls.

Under GPRA, a federal agency is required to develop a strategic plan that covers a period of at least 5 years, to be updated every 3 years, and includes the agency's mission statement, identifies its long-term strategic goals and objectives, describes strategies to achieve those goals and objectives, explains the relationship between long-term and annual goals, analyzes key external factors, and specifies how and when program evaluations will be conducted. GPRA further requires each agency to submit an annual performance plan, which must establish performance goals that link the goals of the agency's strategic plan directly with managers' and employees' day-to-day activities. In essence, this plan is to set forth the yearly performance goals the agency will use to gauge progress toward the strategic goals, identifies performance measures the agency will use to assess its progress, explains the procedures the agency will use to verify and validate its performance data, and ties these goals and measures with the processes and resources the agency will use to

¹⁶GAO-06-98.

meet performance goals. In addition, GPRA requires agencies to report each year, usually to the President and Congress, on program performance for the previous fiscal year. This annual performance report should describe the performance indicators established in the agency's annual performance plan and the actual program performance achieved compared with the performance goals. It should also explain why a performance goal has not been met and set forth plans for achieving it. Finally, the plan should also summarize the year's program evaluations and findings. Key steps and critical practices for GPRA implementation include involving stakeholders in defining missions, plans, and outcomes; producing key results-oriented performance measures at each level of the agency or organization; and using the results of measuring past performance to inform future planning.

Under GCCA, a government corporation must submit annual management reports to Congress, including statements of financial position, operations, and cash flow; a budget report reconciliation;¹⁷ a report summarizing the results of an annual financial audit; and other information about operations and financial status. GCCA also requires that the corporation's financial statements be independently audited in accordance with generally accepted government auditing standards.

Finally, under the Preservation Act, the Trust is required to report annually to Congress on its activities. These reports are to be "comprehensive and detailed report[s] of [the Trust's] operations, activities, and accomplishments for the prior year, including information on the status of ecological, cultural, and financial resources . . . and benefits provided by the Preserve to local communities" and "shall also include a section that describes the Trust's goals for the current year."¹⁸ The law also requires preparation of an annual budget.

The Trust Lacks a Strategic Plan

We reported in 2005 that the Trust lacked a GPRA-compliant strategic plan and recommended that it develop such a plan. Although the Trust agreed with our recommendation, it still did not have a plan in place as of September 2009. The Trust has, however, produced two documents (one of them in response to a previous recommendation from us) that offer

¹⁷Among other things, a budget report reconciliation essentially reconciles actual expenditures with budgeted amounts.

¹⁸Pub. Law No. 106-248, Title I, § 106(e)(2).

some strategic guidance, although neither of these meets GPRA requirements or was used as a formal strategic plan. The first guidance document was the 2005 *Framework and Strategic Guidance for Comprehensive Management*, which presents the values and vision the Trust was to apply in making management decisions. The document articulates the Trust's commitment to the various goals of the Preservation Act, including operating the preserve as a working ranch according to principles of science-based adaptive management, striving toward financial self-sufficiency, and making the preserve accessible to visitors. As we observed in our 2005 report, the 187-page document describes, among other things, the preserve's history and natural features; the Trust's approach to decision making; and public involvement at the preserve, including a range of potential public uses, from hunting and fishing to hiking and camping.¹⁹

The second Trust document that contains some elements of a strategic plan was prepared in response to our recommendation in 2005 that the Trust develop strategic and annual performance plans. Issued in November 2006, this 7-page document includes a mission statement that echoes some of the goals in the Preservation Act:

The mission of the Valles Caldera Trust is to operate the preserve as a working ranch; to become financially self-sustaining; to meet the varied needs of visitors; to utilize and steward the multiple resources of the preserve; and to work collaboratively with our neighbors.

The document also outlines six goals—which the Trust labeled alternately as “actions” or “near-term goals”—each accompanied by a desired outcome, objectives, strategies or actions, and metrics. For example, one of the six near-term goals is to evaluate existing facilities and identify needs for additional infrastructure; eight strategies and actions are given for achieving the objectives for that goal. The desired outcome is “identification of essential infrastructure” to support operations and “achievement of financial self-sustainability,” and one of the objectives is to improve the entrance to the preserve and visitor service center. To fulfill this objective, the document states that the Trust will engage a contractor to design and improve the preserve's entrance and gives as the metric for measuring progress the completion of a new preserve entrance during fiscal year 2007.

¹⁹GAO-06-98.

Both the 2005 and 2006 documents fall short of GPRA's requirements for effective strategic planning in a number of respects. For example, despite its broad and philosophical articulation of the Trust's guiding principles—essentially, the Trust's vision and mission—the 2005 *Framework and Strategic Guidance* does not meet GPRA's requirements for a formal and detailed strategic plan. Indeed, title aside, this document never claims to be a formal strategic plan. In its own words, the document does “not intend to present a blueprint for future management of the preserve” but rather to sketch “the range of possible programs the Trust will consider implementing in pursuit of [the Trust's land stewardship] goals.”²⁰ Likewise, although the 2006 “Strategic Planning Document” combines elements of strategic planning (mission statement, goals, and objectives) with elements of annual performance plans (actions and metrics), it does not cover a 5-year period, has not been updated, does not explain the relationship between long-term and annual goals, does not analyze key external factors, and does not specify how and when program evaluations are to be conducted. Furthermore, according to Trust officials and senior staff, the document was drafted and approved by the Trust's Board without benefit of guidance or assistance from stakeholders, such as Congress and the public, as expected under GPRA; neither did the Board specifically instruct the staff to implement the actions or monitor the metrics. By failing to develop a strategic plan from the beginning of its operation of the preserve in 2002, as well as failing to craft and adopt a formal strategic plan later, the Trust lost an opportunity to move forward systematically as an institution—independent of personnel turnover in either the Board or staff—toward meeting the Preservation Act's goals. In September 2009, recognizing the value of better strategic planning, Trust officials told us they were planning to work to develop a GPRA-compliant plan with an outside consultant experienced in developing strategic plans for federal agencies.

The Trust Has Not Fully Met the Requirements for Performance Planning, Monitoring, or Reporting

Since its beginning, the Trust has failed to fully meet GPRA's annual performance planning, monitoring, or reporting requirements. The Trust has not put together formal annual performance plans containing either specific performance goals for the next fiscal year—goals tied directly to any strategic goals stated in the 2005 *Framework and Strategic Guidance* or November 2006 strategic planning document—or any performance measures or related information for monitoring its progress. Under GPRA,

²⁰Valles Caldera Trust, *Framework and Strategic Guidance*, 101, 11.

an annual performance plan must establish yearly performance goals linked to long-term goals of a strategic plan; identify performance measures that will be used to gauge progress toward meeting long-term strategic goals; explain the methods to be used for validating and verifying performance data; and link the goals and measures with the processes and resources, such as staffing and funding, that will be used to meet the performance goals. The only documents that the Trust has produced to date that begin to address these requirements are its 2006 strategic planning document and fiscal year 2008 annual report to Congress. While not labeled an annual performance plan, the 2006 strategic planning document does identify "near-term" (performance) goals and metrics (performance measures) for fiscal year 2007, as well as for fiscal years 2008 and 2009. These goals and metrics, however, are not linked to any long-term strategic goal, as required by GPRA, nor does the planning document meet other GPRA requirements for annual performance plans. In addition, although the Trust's fiscal year 2008 annual report to Congress identifies goals for the upcoming 2009 fiscal year, along with metrics, neither the goals nor the metrics are linked to any long-term strategic goal or strategy for achieving such a goal. Neither are other requirements for annual performance plans addressed in this annual report. Although the Trust's fiscal year 2007 annual report identifies 2008 performance goals, without metrics, annual reports before 2007 do not identify either performance goals or metrics for the next fiscal year.

In monitoring its performance, the Trust has not established or monitored a stable set of quantitative indicators of progress over time. In its annual reports to Congress, the Trust summarized the past year's accomplishments and mentioned its intentions for the future, sometimes quantitatively but more often qualitatively. For example, an early two-page report for fiscal year 2004 lists as one preserve goal to "manage public use, access to and the occupancy of the preserve" and notes an accomplishment under this goal as completing a road inventory of 76 miles. The Trust's plan, as stated, was to use this inventory to develop a transportation plan that was to begin in fiscal year 2007 and be completed in fiscal year 2008; development of this plan was labeled very high priority. But no methods or indicators for tracking the progress of this transportation plan were given. Moreover, although the transportation plan was supposed to begin in 2007 and be completed by 2008, reference to the plan in the Trust's 2007 annual report to Congress is essentially identical to the wording in its 2006 annual report, and to date, no

transportation plan has been developed.²¹ Similarly, for the Preservation Act's goal of achieving financially self-sustaining operations, the Trust's plan as stated in its 2004 annual report says only that it will implement financially sound business practices, develop and implement a business plan incorporating an annual budget tied to a plan of work for 5 years, and revise this business plan annually; again, the assigned priority is "very high." Nevertheless, our review of Trust documents found that progress toward implementing these very high-priority plans was not formally monitored, nor were the plans fully executed. In fact, the 2005 annual report copies the wording of the 2004 report with respect to development of a business plan, the 2006 annual report makes no mention of a business plan, and the 2007 annual report lists developing a strategic business plan as one of its goals for 2008.

Because it has not developed annual performance plans with performance goals, the Trust has not produced formal annual performance reports as required by GPRA. Since 2006, however, annual reports required by the Preservation Act, as well as a 5-year *State of the Preserve* report released in 2007, detail the Trust's operations, activities, and prior year's accomplishments, including the status of the preserve's natural, cultural, and financial resources and benefits to local communities.²² While the Trust's annual reports before 2006 did not address all these elements, the reports have improved over the years, becoming more detailed and comprehensive. The most recent annual report, for fiscal year 2008, contains major sections devoted to attainment of fiscal year 2008 goals; Trust organization, program accomplishments, and budget; and goals for fiscal year 2009. Each section on fiscal year 2008 goals attained (e.g., develop a strategic business plan)

- states the goal's objective (e.g., "to create a business plan that identifies options to generate revenues from programs");
- gives the status of progress (e.g., the Trust awarded a contract to a consulting firm to develop this business plan); and
- offers a brief narrative related to the goal.

²¹The Trust's November 2006 strategic planning document revised the deadline for completing the transportation plan to fiscal year 2009.

²²Valles Caldera Trust, *State of the Preserve 2002-2007* (Jemez Springs, N.Mex., 2007).

With respect to goals for 2009, the report states each goal along with a statement of its objective, metric for measuring progress, and related narrative. This annual report and previous ones do not, however, report on the status of current year goals that were *not* attained or link back to a long-term strategy.

The evolution of the Trust's reports suggests a growing understanding within the organization of the need for key management elements, such as strategic goals, annual performance goals and plans, and measurable performance indicators. Our review of the annual reports nevertheless revealed a lack of consistency in report format, organization, and content from year to year, particularly in relation to measurable indicators of progress. For example, before 2007 the Trust counted and reported only the number of paying visitors to the preserve. In 2007, however, it began to include nonpaying visitors in visitor counts—a key change for understanding the growth in Trust programs. Yet this change in data collection was never explicitly pointed out in the 2007 annual report. Furthermore, given the absence of links in any of these reports directly to metrics listed in the Trust's November 2006 strategic planning document, it is difficult to follow the progress of one year's "plan" through subsequent years or to systematically track the Trust's progress toward accomplishing the Preservation Act's overarching goals.

The Trust's Financial Management Has Been Weak

Compounding the absence of systematic strategic planning and routine performance planning, monitoring, and reporting, the Trust's financial management has suffered from varied and numerous weaknesses. From when the Trust first took over management of the preserve through fiscal year 2003, the Trust's finances were administered by the Forest Service. At the beginning of fiscal year 2004, the Trust briefly attempted to do its own accounting in house. When this attempt failed, however, partly because of turnover in accounting staff, it shifted these functions to the Department of the Interior's National Business Center, which provided accounting services from fiscal year 2004 until fiscal year 2008. At the start of fiscal year 2008, the Trust once again moved its accounting operations, to the Forest Service's Albuquerque Service Center, so as to bring its finances

under a single, integrated financial management system and to reduce costs.²³

In part because of poor financial management and accounting practices, inadequate records, and difficulties in hiring and retaining accounting staff, until 2007 the Trust could not produce financial statements that would have enabled it to fulfill its obligation to undergo an annual independent audit, as required by GCCA. As we reported in 2005, the Trust contracted in 2003 with an independent accounting firm for auditing services, but the firm recommended that the audit be postponed because the Trust lacked the financial policies, procedures, and records needed to produce auditable financial statements. It took several years for the Trust to reconstruct its financial transactions and prepare any auditable statements. At the end of 2007, an independent auditing firm was contracted. The firm completed its work in 2009, producing independent auditor's reports for fiscal years 2005 through 2008.

The auditor's reports found numerous weaknesses in the Trust's accounting, management control, and compliance with applicable laws and regulations. For example, the audit report for fiscal year 2008 found "material weaknesses" and "significant deficiencies" ranging from a lack of documented policies and procedures to the lack of a secure information technology system and failure to properly process cash and check payments.²⁴ Consequently, according to the auditor's report, decisions made by the Trust on the basis of deficient information could themselves be inaccurate or misleading. Moreover, because the Trust had not identified such deficiencies, it could not and did not report them to Congress. Among its other findings, this report also confirmed the lack of performance goals and objectives in compliance with GPRA requirements.

²³ According to the Board, moving accounting services for the Trust back to the Forest Service has achieved annual cost savings of about \$225,000 over the cost of using Interior's system.

²⁴ A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

The audit reports for all the audited fiscal years thus cast considerable doubt on the accuracy and completeness of the Trust's annual or other reports to date and its degree of compliance with applicable laws.

As a result of the auditor's reports, the Trust has made an effort to improve its management control framework. In July 2009, for example, the Trust asked the Albuquerque Service Center to conduct an "internal control assessment" of the Trust's operations, which the center had begun to do as of the end of fiscal year 2009. Once completed, this assessment could help improve the Trust's management controls.

The Trust Sees Becoming a Self- Sustaining Entity as Its Greatest Challenge

In managing a remote, undeveloped expanse of public land under the public-private experiment created by the Preservation Act, the Trust is breaking new ground. In accordance with the act's goals, the Trust is responsible for preserving and protecting the preserve's resources while generating revenues from these resources. The long-term vision articulated in the Preservation Act is for the Trust to become a self-sustaining entity, without need for federal funding. Yet the current Board chairman and the Trust's executive director believe that, of all the goals for the foreseeable future, becoming financially self-sustaining is the most challenging. A consensus among Board members is that the Trust will not become financially self-sustaining by the end of fiscal year 2015 as envisioned by the Preservation Act; a few within the Trust doubt that this goal can ever be achieved. In particular, as for other multiple-use land management agencies, a daunting corollary to the Trust's mission is how to balance managing the land to produce a sustained yield of revenue-generating resources with preserving and protecting those resources and other natural and cultural values of the preserve. Others external to the Trust, such as Los Amigos de Valles Caldera and Caldera Action, have expressed similar views about the Trust's ability to become financially self-sustaining. Nevertheless, the Trust is continuing to explore opportunities for becoming financially self-sustaining.

As of the end of fiscal year 2009—nearly halfway through the 20-year public-private land management experiment and about 6 years before the authorization for Trust appropriations expires—the Trust had only begun to focus on the goal of becoming financially self-sustaining. A number of issues—such as its remaining life expectancy, activities capable of providing sufficient revenues, funds for needed key capital investments, and legal issues—present significant challenges to achievement of this goal. These challenges include the following:

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- *Completing key steps to becoming financially self-sustaining in the time remaining* before the end of fiscal year 2015, when the current authorization of appropriations expires. If the Trust is not well on its way toward becoming financially self-sustaining by the end of fiscal year 2015, the Trust may or may not have the funds to continue operating, regardless of how much or how little progress it has made on its various land management and recreation programs. Yet within the 6 years from the beginning of fiscal year 2010 to the end of fiscal year 2015, the Trust must develop a public use and access plan, including an environmental impact statement and an associated transportation plan; secure funding to implement these plans; begin and complete construction; and then begin operating the programs to generate revenues. All these activities could well take longer than 6 years.
 - *Identifying, developing, or expanding revenue-generating activities* that would enable the Trust to raise sufficient funds to become financially self-sustaining. To date, several anticipated sources of revenue have not materialized or have not materialized to the degree anticipated. For example, the vision of timber production as a major source of revenue disappeared when an inventory of the preserve's timber resources revealed that few to no trees of commercial value remained after clear-cutting in the mid-twentieth century. Both current and former Trust officials noted that many of the forested areas are more a liability than an asset to the Trust because they are covered with dense vegetation that could fuel large wildland fires. Recreation, too, failed to prosper as expected. The Trust had anticipated holding luxury elk hunts to provide a major source of future revenue and, in 2008, sought state legislation to allow these hunts. The proposal received public criticism, however, and the legislation failed. In addition, the Trust's several years of experimenting with various approaches to grazing has led to the realization that grazing will not make as much money as anticipated.
 - *Obtaining funding for major capital investments* to construct and preserve facilities and other infrastructure needed to generate revenues. The 2009 revenue enhancement study commissioned by the Trust estimated that somewhere between \$21 million and \$53 million would be needed to further develop the facilities and infrastructure to support greater public use of the preserve, such as additional parking lots and further road upgrades, a visitor center, an educational research center, and a visitor lodge. Yet neither the revenues the Trust has generated to date through any of its programs nor current appropriations are sufficient to make such investments.

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- *Legal constraints.* The Trust faces several legal constraints that may affect its ability to achieve financially self-sustaining operations, according to Trust officials. Provisions of the Preservation Act—specifically, that the Trust expires in 2020 and that it is prohibited from entering into leases lasting longer than 10 years—limit the Trust’s ability to attract concessionaires or other enterprises desiring to establish long-term businesses on the preserve that could generate revenue for the Trust. Another question facing the Trust, according to Trust officials, is what authority it has to borrow and lend money. Trust officials said that Agriculture’s General Counsel told them that the Preservation Act does not specifically address this question. The Trust recently learned it has no authority to borrow money from the Federal Financing Bank, whose purpose is to make loans to government corporations. Trust officials also raised concerns about the Trust’s authority to purchase property outside the preserve or to construct new buildings inside the preserve. In addition, the Trust has expressed concern about not having access to the federal “judgment fund”—a permanent indefinite appropriation available to federal agencies under certain circumstances to satisfy judgments against them—to cover liability incidents such as hunting accidents. According to a Senate committee report on a 2004 bill amending the Preservation Act, the Department of Justice opposed a provision of the bill that would have provided the Trust access to the judgment fund.²⁵ The Trust is paying over \$80,000 annually for liability insurance.

Conclusions

Nine years have passed since the federal government purchased Valles Caldera, and 11 years remain before the Valles Caldera Trust could, under the Preservation Act, come under Forest Service jurisdiction if it fails to become financially self-sustaining. The ultimate success of the Valles Caldera land management experiment hinges on the Trust’s ability to become a fully functioning, financially self-sustaining government corporation while simultaneously preserving and protecting the land’s natural, cultural, and recreational values. We acknowledge that achieving

²⁵ According to this Senate committee report, the Department of Justice opposed the provision that would have made the Trust eligible to pay claims, judgments, and settlements from the judgment fund. In general, according to an administration statement contained in the Senate report, government corporations like the Trust should pay judgments and settlements out of their own funds. The administration stated that because the Trust is an autonomous corporation with its own funds and an entity whose liabilities are properly charged to corporate funds, it is appropriate for the Trust to continue to satisfy judgments and settlements against it out of Trust funds. S. Rep. No. 108-269 at 6 (2004).

such a mission is no easy task, and we recognize that the Trust continues to work toward achieving these goals. Nevertheless, the Trust has struggled for nearly a decade to establish the basic framework for effective management required of government corporations, it has not maintained the pace of progress it set for itself, and it faces a number of legal constraints. Thus, it is uncertain whether the Trust can overcome its management and legal challenges and, as many Board and management officials of the Trust have also noted, whether it can achieve financially self-sustaining status by the Preservation Act's 2015 deadline. We believe that our previous recommendations, if implemented, could substantially enhance the Trust's ability to make greater progress toward meeting the goals of the act, as well as to improve management oversight, accountability, and transparency under GCCA and GPRA. We therefore reiterate the need for the Trust to fully implement recommendations from our 2005 report, specifically, continue to develop—and systematically implement—the following elements of effective management:

- a formal strategic plan that includes measurable goals and objectives;
- a plan, including planned timelines, for becoming financially self-sustaining; and
- mechanisms for periodic monitoring and reporting of the Trust's performance to Congress and other stakeholders.

Recommendation for Executive Action

To help further the Trust's efforts toward becoming a financially self-sustaining government corporation, we recommend that the Trust's Chairman of the Board and Executive Director work with the relevant congressional committees to seek legislative remedies, as appropriate, for the legal challenges confronting the Trust.

Agency Comments and Our Evaluation

We provided the Valles Caldera Board of Trustees with a draft of this report for review and comment. The Board generally agreed with our findings and conclusions but did not comment on our recommendation. In its written comments, the Trust said it found our assessment of its accomplishments to date accurate, although it provided additional details about infrastructure, forestry work, the livestock program, and science and education. In addition, the Board agreed with our finding that the Trust has failed to put in place an effective management program, saying "there is no excuse for these plans and controls to be lacking" and "top

priority will be given to reaching prompt compliance with the law." The Board also noted that we aptly described the current and future challenges the Trust is facing and stated that financial self-sustainment by 2015 is not a possibility under the current provisions of the Preservation Act. Without agreeing or disagreeing with our recommendation that the Trust work with Congress to seek legislative remedies for its legal challenges, the Trust stated that changes to the law are needed.

We are sending copies of this report to the Board Chairman, Valles Caldera Trust and other interested parties. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-3841 or nazzaror@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix II.

Robin M. Nazzaro

Robin M. Nazzaro
Director, Natural Resources and Environment

Appendix I: Comments from the Valles Caldera Trust



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Date: October 9, 2009
File Code:ADMIN6

Robin M. Nazzaro
Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Nazzaro:

Valles Caldera Trust (VCT) is in receipt of your audit draft report and the Trustees and staff are most appreciative of the opportunity to submit a response to the GAO on this second audit performed as prescribed in the Valles Caldera Preservation Act.

Your draft addresses the audit formatted into three sections and we will follow this format for comments:

1. Accomplishments to date
2. Key elements for an effective management program
3. Current and future challenges

ACCOMPLISHMENTS TO DATE

We find your assessment to be accurate but would like to make additional comments in some operational areas.

Regarding infrastructure, the Trust has continually tried to make improvements as you have stated and significant work and investments are underway on the Preserve. Approximately 14.5 miles of the Preserve "loop" have been upgraded to a level "3" road and the remaining 18.5 miles are currently being worked on at a cost of \$900,000 utilizing Trust revenue rather than appropriated dollars. An additional 6 miles in the upper San Antonio are currently being upgraded under a joint effort between VCT, the New Mexico Environment Department (NMED), New Mexico Gas Company and the Los Amigos de Valles Caldera. The majority of funding is through a grant received by the NMED and funds provided by the Gas Company of New Mexico. The Trust also allocated \$855,000 from revenue in 2009 for repairs to buildings that generate revenue for or are utilized in operations of the Preserve including the Lodge, the Bunkhouse, and the two A-frame structures in the Headquarters area.

VALLES CALDERA NATIONAL PRESERVE
"An Experiment in Public Land Management"

**Appendix I: Comments from the Valles
Caldera Trust**

The "grazing" program has undergone a conversion from just fattening animals to a scientific research program in collaboration with New Mexico State University. NMSU has partnered with the New Mexico Beef Cattle Performance Association to provide registered breeding stock to forage on the Preserve while undergoing tests and observations for the incidence of genetically related hypertension in cattle that can result in animal mortality. The goal of this program is to provide mountain state cattle ranchers with a genetic line of breeding stock that can prosper in higher elevations, a great benefit to the producers in northern New Mexico and the other ten mountain states. Additionally, NMSU has partnered with the Pueblo of Jemez and other local livestock producers to provide foraging alternatives for cow/calf pairs while range improvements are made on their lands. This overall livestock program allows for a great deal of extension work to be performed by the university to the benefit of ranchers in the region and will culminate in a breeding bull and heifer auction October 10th on the Preserve to sell a number of the animals found suitable for high elevation production. The program has also proven to be environment and visitor friendly.

We would like to mention that the Preserve has been granted \$750,000 in stimulus money for forestry work. This money will allow for thinning and prescribed burning projects on approximately 750 acres of Preserve forest, providing work and forest product utilization for the benefit of the area.

In science and education, the VCT continues to develop formal and informal educational programs that will serve the American public, from public school children through senior citizen programs. In support of these expanding programs, the Trust has acquired (with revenue funds, not appropriations) an existing facility in Jemez Springs for an education and training center. The facility has 25 bedrooms (50 person capacity), dining hall and institutional kitchen, classroom space, teaching laboratory space, and offices, and is only 15 minutes from the Preserve's southwest corner. This facility will provide overnight lodging for students, teachers, scientists, and other program participants nationwide, and provide needed classroom/laboratory facilities to support field programs.

The overall education program continues to focus on science-related aspects of the Valles Caldera National Preserve (including geology, ecology, wildlife and fisheries management, range management and livestock husbandry, forestry, biodiversity, climate change, hydrology, archaeology), but will also include a wide range of other disciplines (art, photography, history, literature, poetry, music) for which the Valles Caldera provides an inspirational environment. Numerous preliminary programs in both formal and informal education activities have been conducted since 2003, and the Trust is now moving ahead with permanent programs.

The "clienteles" of these programs fall into four main groups:

VALLES CALDERA NATIONAL PRESERVE
"An Experiment in Public Land Management"

1. Public school students and teachers (elementary through high school) and college/university students in formal educational classes. The Trust currently collaborates with the 29 rural public school districts in the Northern New Mexico Network for Rural Education (NNMN), hosting summer environmental training courses for high school science teachers. In August 2009, scientists and educators from NM Tech, the NNMN and the Valles Caldera Trust submitted a grant proposal to the National Science Foundation (NSF) to establish a 5-year, \$12.5 million science education program for the northern New Mexico public schools, and the summer teacher and student field education programs will be based at the Valles Caldera. Other public school educational programs include environmental science camps for the Santa Fe Indian School, the Northern New Mexico Pueblos (in collaboration with Los Alamos National Laboratory), and the Pajarito Environmental Education Center (PEEC) in Los Alamos. Additionally, recent university-level educational activities hosted by the Preserve include those from Johns Hopkins University, Virginia Tech, University of New Mexico, New Mexico State University, New Mexico Tech, Northern New Mexico College, Highlands University, University of Colorado, University of Texas (Austin), and The Colorado College.
2. Scientific research programs including faculty, staff, graduate and undergraduate students conducted on the Preserve. These projects are generally funded through extramural grants, and take advantage of the extensive scientific inventory and monitoring activities conducted on the Preserve by Trust science staff. In 2008, there were 32 permitted research projects with an annual cumulative budget of ~\$1.6 million. In addition, two new major NSF-funded grants that use the Preserve for study areas began in 2009: The 5-year, \$15 million Experimental Program to Stimulate Competitive Research grant to the universities in New Mexico (administered through the University of New Mexico) and a 5-year, \$4.35 million grant to the University of Arizona for the establishment of a "Critical Zone Observatory" on the Preserve.
3. Organized volunteer groups that participate in ongoing science projects on the Preserve, along with general public participants in informal workshops and theme-oriented or special-topic classes. These include such volunteer groups as the Sierra Club, who provide volunteer field personnel to sample vegetation for ecosystem production and herbivore utilization (elk and livestock), and environmental groups that perform beneficial volunteer work on the Preserve. For example, we have hosted WildEarth Guardians, the Albuquerque Wildlife Federation, and the Boy Scouts of America for weekends of old livestock fence removal on the Preserve.

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4. Private, corporate, non-governmental organization, or government retreats and training programs. Businesses and agencies often need secluded facilities to run employee training programs, planning workshops, and special-topic seminars, and the VCT center will be ideal for this type of activity.

The Trust has developed a financial plan for operating the proposed facilities and the programs. Overnight lodging and food service revenues will allow the educational program to achieve 100% cost-recovery when the facilities reach 45% capacity. School program expenses can be defrayed via grants, and such grants are being prepared in cooperation with New Mexico universities and colleges. The Trust believes that the continued development and expansion of Valles Caldera public education programs, now with suitable support facilities, will provide an outstanding experience for the American people and ensure that the Preserve becomes a sustainable national resource in research and educational programs for science, natural resource management, and other academic disciplines.

We concur that the Trust is behind schedule and that as of September 2009, your statement would be correct. However, it would appear to us that phase 2 is not over until the end of 2010 and that an assessment at that time might result in additional programs and activities completed on schedule. For example, in summer 2009, the Trust initiated the Environmental Impact Statement (EIS) for Public Access and Use Planning, and this large-scale planning effort will be completed in 2010. In addition, the Trust is well along in its Landscape Restoration and Management Plan – Existing Condition Report, which also will lead in 2010 to the EIS for the management of Preserve forests and use of natural/prescribed fire in restoring the extensive second-growth forests on the Valles Caldera.

As to factors delaying progress, you make some interesting points. Trustee turnover has undoubtedly been a factor but to our knowledge, the turnover has been all legislated. We do not recall any resignations and only one vacancy due to the unfortunate death of a member. As to decision making, we might suggest that when you have seven trustees of differing specializations interpreting a vague piece of legislation containing dueling goals and objectives, discord can result. Staff turnover would be an expected result.

An objective of the Valles Caldera Preservation Act was to provide an experiment in alternative public land management by utilizing a trust to provide management and policy oversight. The appointed Trustees were intended to bring varied expertise to this endeavor and the Trust was intended to streamline management decision making. At the time of its establishment, the Trust was hailed as an experiment in alternative land management. Hopefully, one that could run more efficiently, be self supporting, and not be mired down by litigation as so often happens with the Forest Service and BLM.

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After nine years, the jury is still out as to whether this experiment in public enterprise has viability. Clearly, management progress has been made in resource protection and many public expectations have been met. For example, our management activities have not generated litigation. However, flaws in the Valles Caldera Preservation Act itself prevent a true test of the Trust's viability.

The Act presents conflicting goals of resource protection, resource utilization, and financial self-sustaining. Simply stated, the Valles Caldera Trust can never achieve financial independence under this legal regime. The land presents relatively few revenue opportunities, and long range options for revenue generation are precluded under the law. There is an inherent cost in managing a federal workforce and a government corporation. Thus we are compelled to annually budget by appropriation "earmarks".

Congress has thus far been silent in addressing some of our real practical needs such as providing a governmental safety net to cover potential tort liabilities. Currently we are forced to buy private insurance which is expensive, largely unavailable and of limited coverage. If Congress assured the same liability coverage as it provides all federal agencies and employees, we could protect the Trust from potential judgments that would put us out of business and also save money now wasted on private insurance.

Financial sustainment cannot be achieved without unacceptable resource damage. We speculate that if the GAO were to investigate any unit of the National Park System or the National Forest System with a comparable resource management mission, they would find none that could ever be financially self-sustaining, particularly when administrative overhead is applied. In this regard, we believe the model of the Presidio is clearly not comparable in resources or market potential.

KEY ELEMENTS OF AN EFFECTIVE MANAGEMENT PROGRAM

You are correct in your comments and there is no excuse for these plans and controls to be lacking. Top priority will be given to reaching prompt compliance with the law and we will report our progress in the Annual Report to Congress and through our annual financial audits.

CURRENT AND FUTURE CHALLENGES

We believe that you have aptly described our situation. The law by which we are governed is dysfunctional and will not allow us the tools necessary to accomplish the goals and objectives set forth for the Trust. Financial self-sustainment by 2015 is not a possibility under the current provisions of the Valles Caldera Preservation Act. Additionally, it appears that Senators Bingaman and Udall have doubts as to whether or not the Trust should continue and have

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Appendix I: Comments from the Valles
Caldera Trust

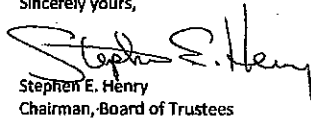
requested the National Park Service to look into the possibility of making the Preserve a unit of the National Park System (NPS).

We believe that a determination should be made now as to the general public's desired purpose for the Preserve. The Valles Caldera is surrounded by 1.6 million acres of forest and adjoins the Bandelier National Monument. It would appear that ample hiking trails and campgrounds are available in the surrounding region, but if the public wants open gates and cost-free admission, then the NPS or the Forest Service might be a good fit.

However, if it is the desire of the Congress and a majority of the general public to maintain a National Preserve with structured access providing a multitude of activities, a working ranch concept, reasonable activity and access fees to help offset operating costs, environmental restoration to pristine natural conditions, and a science and education program that contributes significantly to the region and the nation, then the Trust may yet be the best management regime. However, this can only be fairly tested if Congress amends the Act. If relieved of the financial self-sustainability mandate, we believe the Trust can function more efficiently than comparable Forest Service or Park Service operations. And freeing us from generating revenues for an unachievable sufficiency goal will allow us to reorganize our management priorities to allow us to focus on resource protection within the context of modest livestock operations, hunting programs, timber management and other resource activities. Without a deadline of 2015, the Trust would not be required to pursue some developmental activities opposed by many. Without a deadline and given time to reach maturity, the expansion of activities and the science and education programs might demonstrate the viability of the Trust as a highly cost efficient and publicly responsive steward of the land.

It is ultimately up to the Congress to give this experiment in public enterprise a chance to succeed. If the Act is made functional the Trust has more to offer than any other form of management.

Sincerely yours,



Stephen E. Henry
Chairman, Board of Trustees

cc: Valles Caldera Board of Trustees
Gary Bratcher, Executive Director

VALLES CALDERA NATIONAL PRESERVE
"An Experiment in Public Land Management"

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Robin M. Nazzaro, (202) 512-3841 or nazzaror@gao.gov

Staff Acknowledgments

In addition to the person named above, David P. Bixler, Assistant Director; Lisa Brownson; Ellen W. Chu; Elizabeth Curda; Richard P. Johnson; Mehrzad Nadji; James M. Rebbe; Dawn Shorey; Jena Sinkfield; and Maria Vargas made key contributions to this report.

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7.3 *VCT informational letter*



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Date: October 19, 2009
File Code: ADMIN16

The Honorable Jeff Bingaman
The Honorable Tom Udall
United States Senate
Washington, D.C. 20510

Dear Senators Bingaman and Udall,

In your letter to Daniel Wenk of the National Park Service dated June 24, 2009, you stated "it would be useful to consider potential future management options to best provide for the protection of the Preserve's remarkable resources" and requested the National Park Service (NPS) to assess the potential for inclusion of the Valles Caldera National Preserve into the National Park System. Subsequently, I was advised by your respective staffs that information from the Valles Caldera Trust (VCT or Trust) would also be helpful to you in your analysis of this issue. We believe that the information available in the NPS study, this document, and the GAO audit follow-up will provide you with the insight and information you require to make a knowledgeable assessment of Preserve management.

I note that there have been previous studies of the Valles Caldera which are still relevant to this discussion. Acting in accordance with section 5 of the Act of November 15, 1990 (Public Law 101-556), the Forest Service did an extensive study of what was then called the Baca Ranch. That study, "Report on the Study of the Baca Location No. 1, Santa Fe National Forest, New Mexico" was completed in 1993 and transmitted to the Congress. That study outlined the significant resources of the Baca Ranch, including its renewable resources including grazing and timber. We believe the eventual Federal purchase of the Baca Ranch; its designation as the Valles Caldera National Preserve; and its ultimate management by the Valles Caldera Trust, are a direct outcome of that initial Forest Service study.

CURRENT PUBLIC ACCESS AND USE:

The Preserve is now in its second year of being open to the public seven days a week during the summer season (May – October) with activities for all ages and incomes. Winter activities consisting of skiing, snow shoeing, and sleigh rides are offered when weather and snowpack allow. The Trust provides the public a visitor information facility in the town of Jemez Springs as well as a reception area on the Preserve.

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Two of the lodging facilities on the Preserve are available for rent by the public and special events can be arranged upon request. Over 17,000 visitors were recorded in 2008 and revenue totaled approximately \$700,000. A new temporary visitor center was purchased in 2009 and located at the staging area of the Preserve and a further expansion of operational hours is scheduled for the 2010 season. Fishing activities are good and revamped programs have been well received by the public, especially those who now drive across the Preserve in their own vehicles. Fly fishing clinics are held for both adults and children. The Preserve offers back country and other destination self-guided hikes, free self-guided hikes along Highway 4, and guided hikes Preserve-wide available on a regular basis. Hiking has been recently expanded to allow unguided and unscheduled visitors to roam the South Mountain and several additional similar opportunities will be offered Preserve-wide for 2010. Marathons, mountain biking, endurance riding, and photo events are gaining in participation. Equestrian and mountain bike opportunities are regularly available throughout the season and an equine endurance event was held this year for the first time. Night sky adventures and stargazing sessions are currently offered and artist days are available for those who appreciate the landscapes. Photography opportunities abound with some having almost unlimited access to the Preserve. Educational workshops and seminars on a variety of subjects are offered as well as overnight birding events. Van tours for 2009 include subjects like archaeology, art, botany, ecology, geology, history and wildlife. Camping on the Preserve is popular and available to participants in organized activities and special events.

The grazing program has progressed from simply grazing cattle contracted to the highest bidder to a cooperative extension program developed between New Mexico State University (NMSU) and the Valles Caldera Trust. Unlike the historic VCT grazing programs, this new collaboration offers a much greater potential for scientific contribution by the Trust and provides superior potential for revenue generation through commercial endorsements and product development activities between the VCT, NMSU, and the private sector. NMSU partners with the Jemez Pueblo and the New Mexico Beef Cattle Performance Association. The centerpiece of this program is the development of high elevation tolerant breeding stock destined for sale to cattle producers in the mountain states. Not only will herd improvement occur, but considerable NMSU extension work and technical assistance is made available to the Jemez region for local ranchers and the Pueblos. To date, the program appears quite successful and the first Valles Caldera Certified registered breeding bull and heifer auction took place October 10th on the Preserve. The program is expected to be long term and will prove to be a major revenue generator for the VCT while providing genetically superior breeding animals and extension services for the mountain states' livestock industry.

Elk and turkey hunting programs are widely acclaimed and successful. The turkey hunts consist of a regular lottery hunt as well as a hosted hunt, in which lodging and meals are provided the hunters. The elk hunt for 2009 resulted in 10,738 lottery chance sales to a total of 3,191

individuals, both resident and non-resident. A total of 250 permits were drawn for the hunts, dispersed over a ten-week period beginning in September.

In science and education, the VCT continues to develop formal and informal educational programs that will serve the American public, from public school children through senior citizen programs. In support of these expanding programs, the Trust has acquired (with revenue funds, not appropriations) an existing facility in Jemez Springs for an education and training center. The facility has 25 bedrooms (50 person capacity), dining hall and institutional kitchen, classroom space, teaching laboratory space, and offices, and is located 15 minutes from the Preserve's southwest corner. This facility will provide overnight lodging for students, teachers, scientists, and other program participants nationwide, and provide needed classroom/laboratory facilities to support field programs.

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The Trust continues to provide additional interim public access and use programs as conditions and budgets allow. The major inhibiting factor has been the preparation of an environmental analysis to allow for the comprehensive management of Public Access and Use, as in an Environmental Impact Statement (EIS). This major planning effort is currently underway and expected to be finalized in late summer 2010. The completion of the EIS is expected to analyze

alternatives for the development of the infrastructure at different levels of capacity to greatly support and enhance public access possibilities on the Preserve and increase the number of activities made available to the public.

ISSUES FOR CONSIDERATION:

Valles Caldera Preservation Act: This enabling legislation is defective and needs to be modified if the viability of land management by the Trust is to be objectively assessed. The Act's goals and objectives are conflicting, and the tools needed for compliance with the law's mandates and other provisions are not provided. While revenue generation is very important to the Preserve, the requirement that the Trust be financially self-sustaining is impossible to achieve and, along with other dysfunctional elements of the Act, should be removed and/or modified.

Pueblos: The provisions of section 105(g) of the Act pertaining to Native American use of Redondo Peak needs to be retained in law. The future of the Preserve is a very delicate issue with the Pueblos, especially the Pueblo of Jemez. The current management structure works well with the Pueblos and a close relationship has developed between the parties. Members of Jemez Pueblo have already expressed concern over any potential change in management that might be proposed. The Pueblo's access to the top of Redondo Peak and exclusive access to other areas of the Preserve from time to time for their religious and cultural traditions are critical to management's relationship with the Pueblo.

Livestock Operations: This program was the result of considerable work on the part of the Trust and NMSU and needs to be long term in nature to be successful. Local producers and the livestock industry in general would be adversely affected if the program is not continued and potential economic benefits would be lost.

Hunting Programs: The Trust provides and manages some widely acclaimed hunting programs (elk and turkey) without creating a hazard for or completely closing the Preserve to the general public. This requires the Preserve, as a public safety measure, to restrict public access on approximately 80% of the property for ten weeks beginning September of each year. Other management regimes may not be allowed to restrict any access to the general public in order to allow fewer than 25 hunters per week to hunt during the hunting season. Those advocating an open gate and expanded hunting opportunities are apparently not aware of the safety issues involved in expanding this activity on a property as small as the Preserve and the adverse effect it would have on the numerous ongoing programs for the public such as recreational and science and education activities.

Infrastructure: Accumulated deferred maintenance for Preserve buildings is in excess of \$1.2 million and growing. Roads and structures are in generally fair to poor condition and extensive investment is required to bring everything up to optimal condition. All the buildings were built for fair weather and are not economically inhabitable under sub-zero temperatures during the winter months. Considerable damage occurs to the interiors of buildings each winter from rodent populations which are impossible to keep out.

Budgeting: Budgets have been funded in past years through nominal appropriated funds included in the U.S. Forest Service (USFS) budget augmented by Congressional "earmarks" to the appropriations for the USFS. Tables 1 and 2 show projected revenue and spending (including revenue fund) for FY2010. Please notice that inventory, monitoring, and stewardship compliance accounts for over \$1,250,000 of the annual budget. These appropriations are necessary to manage the land and it is not clear how dissolving the Trust will necessarily obviate the need for continuing appropriations. Indeed, it must be considered whether a different management regime by the Park Service or the Forest Service would necessitate an even higher level of appropriations.

Visitation: This is an area where many try to find issue with the Trust and compare the difference in visitation between the Preserve and other properties such as Bandelier National Monument. Many factors are responsible for the differences in visitation between the Preserve and other properties and it is impossible to make valid comparisons between them. Contrary to the practice of some other federal agencies, the Trust only counts the visitors who physically enter a facility. There are thousands of visitors annually who come to view the Preserve's landscape and wildlife from State Highway 4 pullouts that are not counted. These pullouts are within the Preserve's boundary, maintained by the Trust, and are within a portion of the Jemez Mountain Scenic Byway Corridor. Visitors stopping at these pullouts would have been counted by NPS or USFS management. Further impacting visitation, the Preserve is usually closed from December through April when only a few winter activities with low participation are available to the public.

The absence of a genuine visitor center with facilities severely affects the ability of the Trust to attract visitors and many drive-bys will not enter the Preserve due to the lack of a destination facility and paved roads (many visitors exhibit a reluctance to drive low-clearance cars on gravel/dirt roads). Imagine the visitation numbers at Bandelier if the paved access, cliff dwellings and visitor facilities were suddenly removed? Also, to accommodate a visitation similar to Bandelier's 250,000 visitors on the Preserve during the limited season would require receiving approximately 36,000 visitors per month (with no facilities), which would not be compatible with the activities and programs available to the public. If this number of visitors (>1,000 per day) and vehicles were provided unrestricted access, the Preserve's natural and cultural resources would be severely damaged.

The Preserve is surrounded by 1.6 million acres of Santa Fe National Forest and adjoins Bandelier National Monument (NPS). Through the facilities and space provided by these two entities, ample opportunities for camping, hiking, fishing, etc. are already available to the public in the immediate vicinity of the Preserve. Does the public really want just more trails or campgrounds? We believe the great majority wants much more and would rather see the structured access and activities now available on an expanded basis which will be facilitated upon completion of the EIS. Also, our science and education opportunities provide value to the entire nation, and were easy to integrate with ongoing recreational activities. Such compatibility may not be the case with other forms of management (e.g., exceedingly high visitation rates and unrestricted vehicle access).

Activity and Access Fees: This is an issue with some critics who feel that the Preserve was bought with their money and that access should be free or at a very minimal cost to them. This was not the basis on which the Preserve was legislated, as reasonable (market) fees were expected to offset the dependency on the taxpayer. We feel that the fees currently charged are reasonable and would certainly state that the income is a great source of funds for re-investment into the Preserve. In 2009, the Trustees approved the investment of revenue funds in the following projects:

EIS Public Access and Use	\$440,000
Marketing and Website Upgrade	\$160,000
Loop Road Upgrade	\$900,000
Science and Education Center Furnishings and Lease	\$420,000
Infrastructure Repairs	\$855,000

Without the revenue income, these projects would not have been possible due to a lack of appropriated funding.

Table 3 illustrates the Fee Schedule approved by the Board of Trustees for 2010.

Interagency Dependency on Forest Service: The Act calls for the Preserve to revert to the USFS should the Trust be dissolved. For this reason, since inception the Trust has relied on the USFS for many required services, most at little or no cost. These services are substantial in scope and need to be mentioned in order to show a clear picture of what would have to be provided the Preserve in the event a different agency assumes management and budgetary responsibility.

Forest Service assistance to Preserve operations include forestry, fire suppression and control, prescribed burn planning and implementation, fire training and certification management, law enforcement, infrastructure maintenance, construction, technical assistance, engineering services,

legal counsel, data sharing, land adjustment issues, boundary surveys, health and safety training and oversight, wildlife technical support, and legislative affairs support.

Forest Service assistance to VCT administrative operations include human resources, budgeting, purchasing, accounting and audit, oversight, policy compliance, training, FOIA, and property management.

Forest Service collaboration with VCT science and education activities include research funding from the Rocky Mountain Research Station, natural resource inventories of forests and grasslands in USFS database formats, cross-boundary monitoring of forage production and utilization using consistent field sampling techniques, and research studies on fire effects on grasslands and forests on the VNCP.

These functions are essential for any governmental entity whether it is a governmental corporation like the Trust, or an agency such as the Forest Service or the Park Service. If the Park Service assumes management, we assume these costs will thereafter be covered by the Park Service.

Management: A few critics of Trust management imply that the management is not a "professional organization", which is totally misleading. The governing board consists of professionals with expertise in seven different specializations, as prescribed in the Act. They are appointed by the President and sometimes referred to as "political appointees", but I have not seen any evidence of the Board following or promoting a political agenda. In addition, the Superintendent of the Bandelier National Monument (NPS) and the Supervisor of the Santa Fe National Forest (USFS) are active members of the Board of Trustees. The staff consists of individuals with years of USFS and other governmental agency backgrounds as well as substantial experience in the private sector.

In closing, the Trust has made great strides in converting this private ranch into a National Preserve under federal guidelines and requirements with the legislation that was provided. The Trust acknowledges that some mistakes have been made but there are many success stories also. The Trustees believe the Preserve is being managed trying to comply with the law and in a direction to best serve the public, the region, and the nation. Valles Caldera management was legislated to be different from other federal properties. The science and education programs along with the recreational activities offered and projected for the future require a unique

management regime if this National Preserve is to provide maximum value to the public and comply with the purposes for which the ranch was purchased.

Please let me know if additional information is required.

Sincerely,

A handwritten signature in black ink, appearing to read 'GDB', with a long horizontal line extending to the right.

Gary D. Bratcher
Executive Director
Valles Caldera Trust

cc: **Congressman Ben Ray Lujan,**
New Mexico Third Congressional District
Corbin L. Newman, Jr., Regional Forester
Southwestern Region
Michelle D'Arcy, Landscape Architect, RLA,
PMP National Park Service, Intermountain Region

TABLE 1

REVENUE CENTER	FY2010
	PROJECTION
HIKING	\$30,000
FACILITY RENTALS	\$120,000
FISHING	\$70,000
HUNTING	\$285,000
SPECIAL EVENTS	\$50,000
SUMMER RECREATION	\$80,000
STORE SALES	\$65,000
SPECIAL USES	\$30,000
LIVESTOCK MGMT.	\$30,000
WINTER RECREATION	\$25,000
QUARTERS PROGRAM	\$25,000
TOTAL PROJECTION	\$810,000

TABLE 2

2010 PROJECTED SPENDING

ACCOUNT	DESCRIPTION	FY 2010 PLAN	FUND	FUND
			VCVC	VCNP
VCVCAD	PRESERVE ADMIN	\$1,822,390	\$1,822,390	
VCVCIM	INVENTORY/MONITORING	\$825,564	\$825,564	
VCVCCE	COMMUNITY ED.	\$22,725	\$22,725	
VCVCPO	PRESERVE OPERATIONS	\$599,255	\$599,255	
VCVCPN	STEWARDSHIP COMPLIANCE	\$426,426	\$426,426	
VCVCPS	PUBLIC ACCESS/USE MGMT.	\$160,772	\$160,772	
VCVCFF	FORESTRY/FIRE MGMT.	\$83,085	\$83,085	
VCVCGR	LIVESTOCK MGMT.	\$14,771	\$14,771	
VCNPSU	SPECIAL USES	\$21,300		\$21,300
VCNPHU	HUNTING	\$93,700		\$93,700
VCNPSE	SPECIAL EVENTS	\$56,140		\$56,140
VCNPBB	HIKING	\$73,800		\$73,800
VCNPSR	SUMMER REC.	\$185,022		\$185,022
VCNPFS	FISHING	\$46,394		\$46,394
VCNPSS	STORE SALES	\$202,540		\$202,540
VCNPWR	WINTER REC.	\$55,880		\$55,880
VCNPAD	WEBSITE/ADVERTISING	\$240,000		\$240,000
VCNPFR	FACILITY RENTALS	\$119,340		\$119,340
VCNPCF	SCIENCE/ED - CENTER	\$379,960		\$379,960
VCNPFF	FACILITIES FACELIFT	\$800,000		\$800,000
VCNPLD	ROAD UPGRADE	\$900,000		\$900,000
		\$7,129,064	\$3,954,988	\$3,174,076
				\$7,129,064



Valles Caldera National Preserve Fee Schedule

Fiscal 2010

Hiking

Self-guided Trails from Highway 4
Self-guided trails from Valle Grande Staging Area
Self-guided Trails (requiring a van ride)
Guided Hike Fees
Guided School Groups - 4th-6th grades
Guided School Groups - 7th-12th grades

Adults	Discount Categories				Quantity Discount
	Kids (Under 4)	Children (15 and under)	Senior Citizen (62 and over)		

Free	Free	Free	Free	Free	
\$5.00	Free	\$5.00	\$5.00	\$5.00	
\$10.00	Free	\$5.00	\$8.00	\$8.00	
\$15.00	Free	\$7.50	\$12.00	\$12.00	
N/A	N/A	N/A	N/A	\$3.00	
N/A	N/A	N/A	N/A	\$5.00	

Group of 8 or more
Group of 8 or more
Group of 8 or more
3 adults per group are free - all others pay full public price.

Van Tours

Spontaneous (casual visitors)
One Hour Tour per person
Reservation Based
Two Hours Long
Three Hours Long
Four Hours Long
Five Hours Long
Six Hours Long

\$5.00	\$5.00	\$5.00	\$5.00	N/A	
\$20.00	N/A	\$16.00	\$16.00	N/A	
\$25.00	N/A	\$20.00	\$20.00	N/A	
\$30.00	N/A	\$24.00	\$24.00	N/A	
\$35.00	N/A	\$28.00	\$28.00	N/A	
\$40.00	N/A	\$32.00	\$32.00	N/A	

Fishing - San Antonio Creek

Reservation Based
Per Angler

\$35.00	N/A	\$25.00	N/A	N/A	
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Fishing - East Fork

Reservation Based
Per Angler

\$35.00	N/A	\$25.00	N/A	N/A	
\$300.00	N/A	N/A	N/A	N/A	
\$35.00	N/A	N/A	N/A	N/A	

Elk Hunting

Lottery Based
Per Lottery Ticket for mature bull/either sex tags
Additional Guest for mature bull/either sex tags
Per Lottery Ticket for antlerless tags
Per Lottery 2 person ticket for antlerless tags
Additional Guest for antlerless sex tags

\$30.00	N/A	N/A	N/A	2 for \$50	
\$250.00	N/A	N/A	N/A	N/A	
\$20.00	N/A	N/A	N/A	3 for \$50	
\$40.00	N/A	N/A	N/A	3 for \$100	
\$150.00	N/A	N/A	N/A	N/A	

5 for \$100

Outfitter/Guide Fee
Per Outfitter
Per Each Guide assigned to assist

\$300.00	N/A	N/A	N/A	N/A	
\$50.00	N/A	N/A	N/A	N/A	

Trust requires one guide per hunter.

Late Season Hunts - sold by the NMDG&F online
first come/first served

\$300.00	N/A	N/A	N/A	N/A	
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Turkey Hunting

Lottery Based
Per Lottery Chance

\$20.00	N/A	N/A	N/A	4 for \$50	
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No limit on number of chances purchased

Deluxe Hunt Package (Includes meals & lodging)

\$1,950.00	N/A	N/A	N/A	N/A	
\$600.00	N/A	N/A	N/A	N/A	

Guest (fee to cover room & board)

Skiing & Snowshoeing

Free trails from Highway 4
Public Appreciation Days
Day Pass per person

Free	Free	Free	Free	Free	
Free	Free	Free	Free	Free	
\$10.00	N/A	\$5.00	\$8.00	N/A	

Free for kids 5 years and younger.



Valles Caldera National Preserve Fee Schedule

Fiscal 2010

Equestrian Events

Reservation Based
Per Horse

Adults	Discount Categories				Quantity Discount
	Kids (Under 4)	Children (15 and under)	Senior Citizen (62 and over)		
\$10.00	N/A	N/A	N/A		N/A

Mountain Bike Trail Riding

Reservation Based
Per Bike

\$10.00	N/A	N/A	N/A		N/A
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Astronomy Tours

Reservation Based
Per Person

\$20.00	Free	\$10.00	\$16.00		N/A
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Special Events

Reservation Based

Cruise the Caldera Fun Mountain Bike Ride
Run the Caldera Marathon
Run the Caldera Half Marathon
Run the Caldera 10K
Run the Caldera 5 K
Youth Fly Fishing Clinic
Adult Fly Fishing Clinic (includes lunch)
Photo Adventures (per lottery ticket)
Outdoor Skills Workshops
Moon Light Skiing per person
Caldera Classic X-C/Snowshoe Race
Other Events
Special Event Camping

\$20.00	Free	\$10.00	\$16.00		N/A
\$60.00	N/A	N/A	N/A		N/A
\$40.00	N/A	N/A	N/A		N/A
N/A	N/A	\$15.00	N/A		N/A
\$75.00	N/A	N/A	N/A		N/A
\$25.00	N/A	N/A	N/A		N/A
\$30.00	N/A	N/A	N/A		N/A
\$15.00	N/A	\$10.00	\$12.00		N/A

Fee Per Day

Filming

Filming (shooting days)
Prep and clean-up days
Staff Administrative time

\$3,500-5,000
\$1,000.00
\$500.00

Fee for use of the Preserve is based on the scale of the production.

Still Photo Shoots

Shooting days
Prep and clean-up days
Staff Administrative time

\$1,000-3,500
\$500.00
\$250.00

Fee for use of the Preserve is based on the scale of the production.

7.4 VCT suggested changes to enabling legislation



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Date: November 11, 2009

File Code: ADMIN 6

The Honorable Jeff Bingaman
The Honorable Tom Udall
United States Senate
Washington, D.C. 20510

Dear Senators Bingaman and Udall,

We would like to follow-up on the latest report by the Government Accountability Office regarding the Valles Caldera National Preserve: *Valles Caldera: the Trust has made progress but faces significant challenges to achieve goals of the Preservation Act* [GAO-10-84]. The report noted the many administrative and land management challenges faced by the Trust since its establishment, and the report was also critical of some of our management shortcomings. While we may not agree with all the criticisms, we believe that GAO has done a service in highlighting our problems. The GAO recommended that the Trust work with the relevant congressional committees to seek legislative remedies to the legal challenges we face. *Id.* at p. 31. This letter is to initiate that recommended work with your Committee.

We believe significant progress has been made in achieving the management objectives of the Valles Caldera Preservation Act since the Trust undertook management. No one could have anticipated the scope of some of the management challenges we face. The costs associated with upkeep and repair of infrastructure alone are substantial, and the needs continue to grow. Establishing the personnel, financial, and management policies and procedures of a government corporation has been time consuming and expensive. And finally, establishing and implementing management goals and objectives to meet the law's conflicting mandates of conservation, multiple use utilization, and financial self sufficiency have proved daunting. Nonetheless, the Trust has not been a failure. Indeed, given the numerous legal and fiscal constraints, we believe great progress has been made.

It is time to be candid and realize that, as currently written, the Valles Caldera Preservation Act is unworkable. The notion that a government corporation could, within a 15 year period, become financially self supporting on a limited resource base was naïve at best. Aside from the on-the-ground management needs, we have had to essentially replicate the administrative functions of a federal agency at considerable cost.

The Trustees believe that, with appropriate amendments to the Act, we can show that this test of this unique public land management regime is viable. If action is taken soon by the

Congress, we should have a good idea of whether this will work by 2015. However, without legislative relief, we believe the prospects of success to be limited. Unfortunately, there are many who want us to fail and are already lobbying the Congress to turn the Preserve over to the National Park Service. Not only would this squander the years of work devoted by the many working for and with the Trust, but it would waste an opportunity to test an alternative management for federal resources. Nine years after the acquisition of the Baca Ranch is too soon to throw in the towel.

The amendments we propose for your consideration are highlighted on the attached copy of the Act showing proposed insertions and deletions. The most important proposal is to eliminate the requirement for financial self sufficiency. The Preserve does not have the income generating capacity to allow the Trust to be self sufficient without substantially impairing the very resources we are charged with preserving. Eliminating the financial self sufficiency requirement will allow us to focus on those programs that are most compatible with resource protection and the expectations of the public. In lieu of financial sustainability, we propose reasonable cost recovery as the best mechanism for realizing a more limited financial return.

Other amendments we propose are relatively simple and will mainly clarify ambiguities or authorities that have hampered our administration, including the following:

- The power to acquire property for administrative purposes outside the Preserve.
- The power to utilize funding from the Federal Financing Bank.
- Clarifying that the United States will assume the liabilities of the Trust for tort and similar claims in the same manner as for other federal land management agencies thereby eliminating the need and substantial cost of private insurance.
- Allowing appointments to the Board of Trustees by the Secretary of Agriculture rather than the President thereby speeding up the process, and allowing the continuation of board members in service pending reappointment or appointment of a successor.
- Clarification of the Trust's authority to undertake new construction.

We believe these amendments would provide a basis for a true test of the viability of the Valles Caldera Trust. At the end of the test, the Congress and the public can ask the salient questions: Does management by the Trust afford the same degree of resource protection as would be afforded by the Forest Service or Park Service? Is management carried out more efficiently and with less controversy? Are administrative costs comparable with analogous federal agency management? Is the Preserve serving local needs for resource utilization, yet meeting national needs for resource conservation?

Congress can always exercise its prerogative to impose different management on the Preserve. However, given the right tools including a revised legal mandate and reasonable

appropriations, we believe the Trust can meet expectations. A lot of dedicated professionals and volunteers have devoted themselves to the Preserve, and they deserve a chance to succeed. We look forward to working with the Committee on these issues.

Sincerely,



Gary D. Bratcher
Executive Director
Valles Caldera Trust

cc: **Congressman Ben Ray Lujan**
New Mexico Third Congressional District
Corbin L. Newman, Jr., Regional Director
Southwest Region
Michelle D'Arcy, Landscape Architect, RLA
PMP National Park Service, Intermountain Region



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The Valles Caldera Preservation Act

Public Law 106-248; 16 U.S.C. 698v, *et seq.*

AMENDMENTS PROPOSED BY THE VALLES CALDERA TRUST

Section 101. Short Title. This title may be cited as the “Valles Caldera Preservation Act”.

Section 102. Findings and purposes. [16 U.S.C. § 698v].

(a) Findings

Congress finds that—

- (1) the Baca ranch comprises most of the Valles Caldera in central New Mexico, and constitutes a unique land mass, with significant scientific, cultural, historic, recreational, ecological, wildlife, fisheries, and productive values;
- (2) the Valles Caldera is a large resurgent lava dome with potential geothermal activity;
- (3) the land comprising the Baca ranch was originally granted to the heirs of Don Luis Maria Cabeza de Vaca in 1860;
- (4) historical evidence, in the form of old logging camps and other artifacts, and the history of territorial New Mexico indicate the importance of this land over many generations for domesticated livestock production and timber supply;
- (5) the careful husbandry of the Baca ranch by the current owners, including selective timbering, limited grazing and hunting, and the use of prescribed fire, have preserved a mix of healthy range and timber land with significant species diversity, thereby serving as a model for sustainable land development and use;
- (6) the Baca ranch’s natural beauty and abundant resources, and its proximity to large municipal populations, could provide numerous recreational opportunities for hiking, fishing, camping, cross-country skiing, and hunting;
- (7) the Forest Service documented the scenic and natural values of the Baca ranch in its 1993 study entitled “Report on the Study of the Baca Location No. 1, Santa Fe National Forest, New Mexico”, as directed by Public Law 101-556;
- (8) the Baca ranch can be protected for current and future generations by continued operation as a working ranch under a unique management regime ~~which would protect the land and resource values of the property and surrounding ecosystem while allowing and providing for the ranch to eventually become financially self-sustaining;~~

(9) the current owners have indicated that they wish to sell the Baca ranch, creating an opportunity for Federal acquisition and public access and enjoyment of these lands;

(10) certain features on the Baca ranch have historical and religious significance to Native Americans which can be preserved and protected through Federal acquisition of the property;

(11) the unique nature of the Valles Caldera and the potential uses of its resources with different resulting impacts warrants a management regime uniquely capable of developing an operational program for appropriate preservation and development of the land and resources of the Baca ranch in the interest of the public;

(12) an experimental management regime should be provided by the establishment of a Trust capable of using new methods of public land management that may prove to be cost-effective and environmentally sensitive; and

(13) the Secretary may promote more efficient management of the Valles Caldera and the watershed of the Santa Clara Creek through the assignment of purchase rights of such watershed to the Pueblo of Santa Clara.

(b) Purposes. The purposes of this title are—

(1) to authorize Federal acquisition of the Baca ranch;

(2) to protect and preserve for future generations the scientific, scenic, historic, and natural values of the Baca ranch, including rivers and ecosystems and archaeological, geological, and cultural resources;

(3) to provide opportunities for public recreation;

(4) to establish a demonstration area for an experimental management regime adapted to this unique property which incorporates elements of public and private administration in order to promote ~~long term financial sustainability~~ reasonable cost recovery consistent with the other purposes enumerated in this subsection; and

(5) to provide for sustained yield management of Baca ranch for timber production and domesticated livestock grazing insofar as is consistent with the other purposes stated herein.

Section 103. Definitions [16 U.S.C. § 698v-1]

In this title:

(1) **Baca ranch.** The term “Baca ranch” means the lands and facilities described in section 104(a).

(2) **Board of Trustees.** The terms “Board of Trustees” and “Board” mean the Board of Trustees as described in section 107.

(3) **Committees of Congress.** The term “Committees of Congress” means the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives.

(4) ~~**Financially self-sustaining.** The term “financially self-sustaining” means management and operating expenditures equal to or less than proceeds derived from fees and other receipts for resource use and development and interest on invested funds. Management and operating expenditures shall include Trustee expenses, salaries and benefits of staff, administrative and operating expenses, improvements to and maintenance of lands and facilities of the Preserve, and other similar expenses. Funds appropriated to the Trust by Congress, either directly or through the Secretary, for the purposes of this title shall not be considered.~~

(54) Multiple use and sustained yield. The term “multiple use and sustained yield” has the combined meaning of the terms “multiple use” and “sustained yield of the several products and services”, as defined under the Multiple-Use Sustained-Yield Act of 1960 (16 U.S.C. 531).

(65) Preserve. The term “Preserve” means the Valles Caldera National Preserve established under section 105.

(76) Secretary. Except where otherwise provided, the term “Secretary” means the Secretary of Agriculture.

(87) Trust. The term “Trust” means the Valles Caldera Trust established under section 106.

Section 104. Acquisition of Lands. [16 U.S.C. § 698v–2].

(a) Acquisition of Baca ranch

(1) In general. In compliance with the Act of June 15, 1926 (16 U.S.C. 471a), the Secretary is authorized to acquire all or part of the rights, title, and interests in and to approximately 94,761 acres of the Baca ranch, comprising the lands, facilities, and structures referred to as the Baca Location No. 1, and generally depicted on a plat entitled “Independent Resurvey of the Baca Location No. 1”, made by L.A. Osterhoudt, W.V. Hall, and Charles W. Devendorf, U.S. Cadastral Engineers, June 30, 1920–August 24, 1921, under special instructions for Group No. 107 dated February 12, 1920, in New Mexico.

(2) Source of funds. The acquisition under paragraph (1) may be made by purchase through appropriated or donated funds, by exchange, by contribution, or by donation of land. Funds appropriated to the Secretary from the Land and Water Conservation Fund shall be available for this purpose.

(3) Basis of sale. The acquisition under paragraph (1) shall be based on an appraisal done in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions and—

(A) in the case of purchase, such purchase shall be on a willing seller basis for no more than the fair market value of the land or interests therein acquired; and

(B) in the case of exchange, such exchange shall be for lands, or interests therein, of equal value, in conformity with the existing exchange authorities of the Secretary.

(4) Deed

The conveyance of the offered lands to the United States under this subsection shall be by general warranty or other deed acceptable to the Secretary and in conformity with applicable title standards of the Attorney General.

(b) Addition of land to Bandelier National Monument. Upon acquisition of the Baca ranch under subsection (a) of this section, the Secretary of the Interior shall assume administrative jurisdiction over those lands within the boundaries of the Bandelier National Monument as modified under section 3 of Public Law 105–376 (112 Stat. 3389).

(c) Plat and maps.

(1) Plat and maps prevail. In case of any conflict between a plat or a map and acreages, the plat or map shall prevail.

(f) Boundaries of the Baca ranch. For purposes of section 7 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-9) of this title, the boundaries of the Baca ranch shall be treated as if they were National Forest boundaries existing as of January 1, 1965.

(g) Pueblo of Santa Clara.

(1) In general. The Secretary may assign to the Pueblo of Santa Clara rights to acquire for fair market value portions of the Baca ranch. The portion that may be assigned shall be determined by mutual agreement between the Pueblo and the Secretary based on optimal management considerations for the Preserve including manageable land line locations, public access, and retention of scenic and natural values. All appraisals shall be done in conformity with the Uniform Appraisal Standards for Federal Land Acquisition.

(2) Status of land acquired. As of the date of acquisition, the fee title lands, and any mineral estate underlying such lands, acquired under this subsection by the Pueblo of Santa Clara are deemed transferred into trust in the name of the United States for the benefit of the Pueblo of Santa Clara and such lands and mineral estate are declared to be part of the existing Santa Clara Indian Reservation.

(3) Mineral estate. Any mineral estate acquired by the United States pursuant to subsection (e) of this section underlying fee title lands acquired by the Pueblo of Santa Clara shall not be developed without the consent of the Secretary of the Interior and the Pueblo of Santa Clara.

(4) Savings. Any reservations, easements, and covenants contained in an assignment agreement entered into under paragraph (1) shall not be affected by the acquisition of the Baca ranch by the United States, the assumption of management by the Valles Caldera Trust, or the lands acquired by the Pueblo being taken into trust.

Section 105. The Valles Caldera National Preserve. [16 U.S.C. § 698v-3].

(a) Establishment. Upon the date of acquisition of the Baca ranch under section 104(a), there is hereby established the Valles Caldera National Preserve as a unit of the National Forest System which shall include all Federal lands and interests in land acquired under sections 104(a) and 104(g), except those lands and interests in land administered or held in trust by the Secretary of the Interior under sections 104(b) and 104(g), and shall be managed in accordance with the purposes and requirements of this title.

(b) Purposes. The purposes for which the Preserve is established are to protect and preserve the scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural, and recreational values of the Preserve, and to provide for multiple use and sustained yield of renewable resources within the Preserve, consistent with this title.

(c) Management authority. Except for the powers of the Secretary enumerated in this title, the Preserve shall be managed by the Valles Caldera Trust established by section 106.

(d) Eligibility for payment in lieu of taxes. Lands acquired by the United States under section 104(a) shall constitute entitlement lands for purposes of the Payment in Lieu of Taxes Act (31 U.S.C. 6901-6904).

(e) Withdrawals.

(1) In general. Upon acquisition of all interests in minerals within the boundaries of the Baca ranch under section 104(e), subject to valid existing rights, the lands comprising the Preserve are thereby withdrawn from disposition under all laws pertaining to mineral leasing, including geothermal leasing.

(2) Materials for roads and facilities. Nothing in this title shall preclude the Secretary, prior to assumption of management of the Preserve by the Trust, and the Trust thereafter, from allowing the utilization of common varieties of mineral materials such as sand, stone, and gravel as necessary for construction and maintenance of roads and facilities within the Preserve.

(f) Fish and game. Nothing in this title shall be construed as affecting the responsibilities of the State of New Mexico with respect to fish and wildlife, including the regulation of hunting, fishing, and trapping within the Preserve, except that the Trust may, in consultation with the Secretary and the State of New Mexico, designate zones where and establish periods when no hunting, fishing, or trapping shall be permitted for reasons of public safety, administration, the protection of nongame species and their habitats, or public use and enjoyment.

(g) Redondo Peak.

(1) In general. For the purposes of preserving the natural, cultural, religious, and historic resources on Redondo Peak upon acquisition of the Baca ranch under section 104(a), except as provided in paragraph (2), within the area of Redondo Peak above 10,000 feet in elevation—

(A) no roads, structures, or facilities shall be constructed; and

(B) no motorized access shall be allowed.

(2) Exceptions

Nothing in this subsection shall preclude—

(A) the use and maintenance of roads and trails existing as of July 25, 2000;

(B) the construction, use and maintenance of new trails, and the relocation of existing roads, if located to avoid Native American religious and cultural sites; and

(C) motorized access necessary to administer the area by the Trust (including measures required in emergencies involving the health or safety of persons within the area).

Section 106. The Valles Caldera Trust [16 U.S.C. § 698v-4].

(a) Establishment. There is hereby established a wholly owned government corporation known as the Valles Caldera Trust which is empowered to conduct business in the State of New Mexico and elsewhere in the United States in furtherance of its corporate purposes.

(b) Corporate purposes. The purposes of the Trust are—

(1) to provide management and administrative services for the Preserve;

(2) to establish and implement management policies which will best achieve the purposes and requirements of this title;

(3) to receive and collect funds from private and public sources and to make dispositions in support of the management and administration of the Preserve; and

(4) to cooperate with Federal, State, and local governmental units, and with Indian tribes and Pueblos, to further the purposes for which the Preserve was established.

(c) **Necessary powers.** The Trust shall have all necessary and proper powers for the exercise of the authorities vested in it, including the power to acquire property in New Mexico deemed necessary or desirable for administration of the Preserve, and the power to contract with and borrow funds from the Federal Financing Bank.

(d) Staff

(1) **In general.** The Trust is authorized to appoint and fix the compensation and duties of an executive director and such other officers and employees as it deems necessary without regard to the provisions of title 5 governing appointments in the competitive service, and may pay them without regard to the provisions of chapter 51, and subchapter III of chapter 53, title 5, relating to classification and General Schedule pay rates. No employee of the Trust shall be paid at a rate in excess of that payable to the Supervisor of the Santa Fe National Forest or the Superintendent of the Bandelier National Monument, whichever is greater.

(2) Federal employees.

(A) **In general.** Except as provided in this title, employees of the Trust shall be Federal employees as defined by title 5 and shall be subject to all rights and obligations applicable thereto.

(B) **Use of Federal employees.** At the request of the Trust, the employees of any Federal agency may be provided for implementation of this title. Such employees detailed to the Trust for more than 30 days shall be provided on a reimbursable basis.

(e) Government Corporation.

(1) **In general.** The Trust shall be a Government Corporation subject to chapter 91 of title 31, United States Code, (commonly referred to as the Government Corporation Control Act). Financial statements of the Trust shall be audited annually in accordance with section 9105 of title 31, United States Code.

(2) **Reports.** Not later than January 15 of each year, the Trust shall submit to the Secretary and the Committees of Congress a comprehensive and detailed report of its operations, activities, and accomplishments for the prior year including information on the status of ecological, cultural, and financial resources being managed by the Trust, and benefits provided by the Preserve to local communities. The report shall also include a section that describes the Trust's goals for the current year.

(3) Annual budget.

(A) **In general.** The Trust shall prepare an annual budget ~~with the goal of achieving a financially self-sustaining operation within 15 full fiscal years after the date of acquisition of the Baca ranch under section 104(a).~~ with one goal being the optimization of cost recovery through reasonable fees for the occupancy and use of the Preserve.

(B) **Budget request.** The Secretary shall provide necessary assistance (including detailees as necessary) to the Trust for the timely formulation and submission of the annual budget request for appropriations, as authorized under section 111(a) of this title, to support the administration, operation, and maintenance of the Preserve.

(4) **Obligations and expenditures.** Subject to the laws applicable to Government corporations, the Trust shall determine—

(A) the character of, and the necessity for, any obligations and expenditures of the Trust; and
(B) the manner in which obligations and expenditures shall be incurred, allowed, and paid.

(f) Taxes. The Trust and all properties administered by the Trust shall be exempt from all taxes and special assessments of every kind by the State of New Mexico, and its political subdivisions including the counties of Sandoval and Rio Arriba.

(g) Donations. The members of the Board of Trustees, the executive director, and one additional employee of the Trust in an executive position designated by the Board of Trustees or the executive director may solicit and accept donations of funds, property, supplies, or services from individuals, foundations, corporations, and other private or public entities for the purposes of carrying out its duties. The Secretary, prior to assumption of management of the Preserve by the Trust, and the Trust thereafter, may accept donations from such entities notwithstanding that such donors may conduct business with the Department of Agriculture or any other department or agency of the United States.

(h) Proceeds

(1) In general. Notwithstanding sections 1341 and 3302 of title 31, United States Code, all monies received from donations under subsection (g) of this section, from claims, judgments, or settlements arising from activities occurring on the Baca Ranch or the Preserve after October 27, 1999, or from the management of the Preserve shall be retained and shall be available, without further appropriation, for the administration, preservation, restoration, operation and maintenance, improvement, repair, and related expenses incurred with respect to properties under its management jurisdiction.

(2) Fund. There is hereby established in the Treasury of the United States a special interest bearing fund entitled "Valles Caldera Fund" which shall be available, without further appropriation for any purpose consistent with the purposes of this title. At the option of the Trust, or the Secretary in accordance with section 110, the Secretary of the Treasury shall invest excess monies of the Trust in such account, which shall bear interest at rates determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturity.

(i) Restrictions on disposition of receipts. Any funds received by the Trust, or the Secretary in accordance with section 109(b), from the management of the Preserve shall not be subject to partial distribution to the State under—

(1) the Act of May 23, 1908, entitled "an Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and nine" (35 Stat. 260, chapter 192; 16 U.S.C. 500);

(2) section 13 of the Act of March 1, 1911 (36 Stat. 963, chapter 186; 16 U.S.C. 500); or

(3) any other law.

(j) Suits. The Trust may sue and be sued in its own name to the same extent as the Federal Government. For purposes of such suits, the residence of the Trust shall be the State of New

Mexico. The Trust shall be represented by the Attorney General in any litigation arising out of the activities of the Trust, except that the Trust may retain private attorneys to provide advice and counsel. The United States shall assume liabilities for judgments against the Trust and its employees to the same extent as liabilities incurred by actions of the Forest Service and its employees.

(k) Bylaws. The Trust shall adopt necessary bylaws to govern its activities.

(l) Insurance and bond. The Trust shall require that all holders of leases from, or parties in contract with, the Trust that are authorized to occupy, use, or develop properties under the management jurisdiction of the Trust, procure proper insurance against any loss in connection with such properties, or activities authorized in such lease or contract, as is reasonable and customary.

(m) Name and insignia. The Trust shall have the sole and exclusive right to use the words "Valles Caldera Trust", and any seal, emblem, or other insignia adopted by the Board of Trustees. Without express written authority of the Trust, no person may use the words "Valles Caldera Trust" as the name under which that person shall do or purport to do business, for the purpose of trade, or by way of advertisement, or in any manner that may falsely suggest any connection with the Trust.

Section 107. Board of Trustees [16 U.S.C. § 698v-5].

(a) In general. The Trust shall be governed by a 9-member Board of Trustees consisting of the following:

(1) Voting trustees

The voting Trustees shall be—

(A) the Supervisor of the Santa Fe National Forest, United States Forest Service;

(B) the Superintendent of the Bandelier National Monument, National Park

Service; and

(C) seven individuals, appointed by the ~~President~~ Secretary, in consultation with the congressional delegation from the State of New Mexico. The seven individuals shall have specific expertise or represent an organization or government entity as follows—

(i) one trustee shall have expertise in aspects of domesticated livestock management, production, and marketing, including range management and livestock business management;

(ii) one trustee shall have expertise in the management of game and nongame wildlife and fish populations, including hunting, fishing, and other recreational activities;

(iii) one trustee shall have expertise in the sustainable management of forest lands for commodity and noncommodity purposes;

(iv) one trustee shall be active in a nonprofit conservation organization concerned with the activities of the Forest Service;

(v) one trustee shall have expertise in financial management, budget and program analysis, and small business operations;

(vi) one trustee shall have expertise in the cultural and natural history of the region; and

(vii) one trustee shall be active in State or local government in New Mexico, with expertise in the customs of the local area.

(2) **Qualifications.** Of the trustees appointed by the ~~President~~ Secretary—

(A) none shall be employees of the Federal Government; and

(B) at least five shall be residents of the State of New Mexico.

(b) **Initial appointments.** The President shall make the initial appointments to the Board of Trustees within 90 days after acquisition of the Baca ranch under section 104(a).

(c) **Terms.**

(1) **In general.** Appointed trustees shall each serve a term of 4 years, except that of the trustees first appointed, four shall serve for a term of 4 years, and three shall serve for a term of 2 years.

(2) **Vacancies.** Any vacancy among the appointed trustees shall be filled in the same manner in which the original appointment was made, and any trustee appointed to fill a vacancy shall serve for the remainder of that term for which his or her predecessor was appointed.

(3) **Limitations.** No appointed trustee may serve more than 8 years in consecutive terms.

(4) **Continuation in service.** The Board of Trustees may permit a trustee whose term has expired to continue in service until said trustee is either reappointed or upon appointment of a replacement.

(d) **Quorum.** A majority of trustees shall constitute a quorum of the Board for the conduct of business.

(e) **Organization and compensation.**

(1) **In general.** The Board shall organize itself in such a manner as it deems most appropriate to effectively carry out the activities of the Trust.

(2) **Compensation of trustees.** Except as provided in paragraph (3), trustees shall serve without pay, but may be reimbursed from the funds of the Trust for the actual and necessary travel and subsistence expenses incurred by them in the performance of their duties.

(3) **Chair**

(A) **Selection.** Trustees shall select a chair from the membership of the Board.

(B) **Compensation.** On request of the chair, the chair may be compensated at a rate determined by the Board of Trustees, but not to exceed the daily equivalent of the annual rate of pay for level IV of the Executive Schedule under section 5315 of title 5 for each day (including travel time) in which the chair is engaged in the performance of duties of the Board of Trustees.

(C) **Maximum rate of pay.** The total amount of compensation paid to the chair for a fiscal year under subparagraph (B) shall not exceed 25 percent of the annual rate of pay for level IV of the Executive Schedule under section 5315 of title 5.

(f) **Liability of trustees.** Appointed trustees shall not be considered Federal employees by virtue of their membership on the Board, except for purposes of the Federal Tort Claims Act, the Ethics in Government Act, and the provisions of chapter 11 of title 18.

(g) Meetings.

(1) Location and timing of meetings. The Board shall meet in sessions open to the public at least three times per year in New Mexico. Upon a majority vote made in open session, and a public statement of the reasons therefore, the Board may close any other meetings to the public: Provided, That any final decision of the Board to adopt or amend the comprehensive management program under section 108(d) or to approve any activity related to the management of the land or resources of the Preserve shall be made in open public session.

(2) Public information. In addition to other requirements of applicable law, the Board shall establish procedures for providing appropriate public information and periodic opportunities for public comment regarding the management of the Preserve.

Section 108. Resource Management. [16 U.S.C. § 698v-6].

(a) Assumption of management. The Trust shall assume all authority provided by this title to manage the Preserve upon a determination by the Secretary, which to the maximum extent practicable shall be made within 60 days after the appointment of the Board, that—

- (1) the Board is duly appointed, and able to conduct business; and
- (2) provision has been made for essential management services.

(b) Management responsibilities. Upon assumption of management of the Preserve under subsection (a) of this section, the Trust shall manage the land and resources of the Preserve and the use thereof including, but not limited to such activities as—

- (1) administration of the operations of the Preserve;
- (2) preservation and development of the land and resources of the Preserve;
- (3) interpretation of the Preserve and its history for the public;
- (4) management of public use and occupancy of the Preserve; and
- (5) maintenance, rehabilitation, repair, construction and improvement of property within

the Preserve.

(c) Authorities

(1) In general. The Trust shall develop programs and activities at the Preserve, and shall have the authority to negotiate directly and enter into such agreements, leases, contracts and other arrangements with any person, firm, association, organization, corporation or governmental entity, including without limitation, entities of Federal, State, and local governments, and consultation with Indian tribes and Pueblos, as are necessary and appropriate to carry out its authorized activities or fulfill the purposes of this title. Any such agreements may be entered into without regard to section 1302 of title 40.

(2) Procedures. The Trust shall establish procedures for entering into lease agreements and other agreements for the use and occupancy of facilities of the Preserve. The procedures shall ensure reasonable competition, and set guidelines for determining reasonable fees, terms, and conditions for such agreements.

(3) Limitations

(A) In general. The Trust may not dispose of any real property in, or convey any water rights appurtenant to the Preserve.

(B) Maximum duration. The Trust may not convey any easement, or enter into any contract, lease, or other agreement related to use and occupancy of property within the Preserve for a period greater than 10 years.

(C) Termination. The easement, contract, lease, or other agreement shall provide that, upon termination of the Trust, such easement, contract, lease or agreement is terminated.

(D) Exclusions. For the purposes of this paragraph, the disposal of real property does not include the sale or other disposal of forage, forest products, or marketable renewable resources.

(4) Application of procurement laws.

(A) In general. Notwithstanding any other provision of law, Federal laws and regulations governing procurement by Federal agencies shall not apply to the Trust, with the exception of laws and regulations related to Federal Government contracts governing health and safety requirements, wage rates, and civil rights.

(B) Procedures. The Trust, in consultation with the Administrator of Federal Procurement Policy, Office of Management and Budget, shall establish and adopt procedures applicable to the Trust's procurement of goods and services, including the award of contracts on the basis of contractor qualifications, price, commercially reasonable buying practices, and reasonable competition.

(d) Management program. Within two years after assumption of management responsibilities for the Preserve, the Trust shall, in accordance with subsection (f) of this section, develop a comprehensive program for the management of lands, resources, and facilities within the Preserve to carry out the purposes under section 105(b). To the extent consistent with such purposes, such program shall provide for—

(1) operation of the Preserve as a working ranch, consistent with paragraphs (2) through (4);

(2) the 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 System 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.

(e) Public use and recreation

(1) In general. The Trust shall give thorough consideration to the provision of appropriate opportunities for public use and recreation that are consistent with the other purposes

under section 105(b). The Trust is expressly authorized to construct and upgrade roads and bridges, and provide other facilities for activities including, but not limited to camping and picnicking, hiking, and cross country skiing. Roads, trails, bridges, and recreational facilities constructed within the Preserve shall meet public safety standards applicable to units of the National Forest System and the State of New Mexico.

(2) Fees. Notwithstanding any other provision of law, the Trust is authorized to assess reasonable fees for admission to, and the use and occupancy of, the Preserve: Provided, That admission fees and any fees assessed for recreational activities shall be implemented only after public notice and a period of not less than 60 days for public comment.

(3) Public access. Upon the acquisition of the Baca ranch under section 104(a), and after an interim planning period of no more than two years, the public shall have reasonable access to the Preserve for recreation purposes. The Secretary, prior to assumption of management of the Preserve by the Trust, and the Trust thereafter, may reasonably limit the number and types of recreational admissions to the Preserve, or any part thereof, based on the capability of the land, resources, and facilities. The use of reservation or lottery systems is expressly authorized to implement this paragraph.

(f) Applicable laws

(1) In general. The Trust, and the Secretary in accordance with section 109(b), shall administer the Preserve in conformity with this title and all laws pertaining to the National Forest System, except the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended (16 U.S.C. 1600 et seq.).

(2) Environmental laws. The Trust shall be deemed a Federal agency for the purposes of compliance with Federal environmental laws.

(3) Criminal laws. All criminal laws relating to Federal property shall apply to the same extent as on adjacent units of the National Forest System.

(4) Reports on applicable rules and regulations. The Trust may submit to the Secretary and the Committees of Congress a compilation of applicable rules and regulations which in the view of the Trust are inappropriate, incompatible with this title, or unduly burdensome.

(5) Consultation with tribes and Pueblos. The Trust is authorized and directed to cooperate and consult with Indian tribes and Pueblos on management policies and practices for the Preserve which may affect them. The Trust is authorized to allow the use of lands within the Preserve for religious and cultural uses by Native Americans and, in so doing, may set aside places and times of exclusive use consistent with the American Indian Religious Freedom Act [42 U.S.C. 1996, 1996a] and other applicable statutes.

(6) No administrative appeal. The administrative appeals regulations of the Secretary shall not apply to activities of the Trust and decisions of the Board.

(g) Law enforcement and fire management.

(1) Law enforcement

(A) In general. The Secretary shall provide law enforcement services under a cooperative agreement with the Trust to the extent generally authorized in other units of the National Forest System.

(B) Federal agency. The Trust shall be deemed a Federal agency for purposes of the law enforcement authorities of the Secretary (within the meaning of 16 USC 559g).

(2) Fire management

(A) Non-reimbursable services.

(i) Development of plan The Secretary shall, in consultation with the Trust, develop a plan to carry out fire preparedness, suppression, and emergency rehabilitation services on the Preserve.

(ii) Consistency with management program The plan shall be consistent with the management program developed pursuant to subsection (d) of this section.

(iii) Cooperative agreement To the extent generally authorized at other units of the National Forest System, the Secretary shall provide the services to be carried out pursuant to the plan under a cooperative agreement entered into between the Secretary and the Trust.

(B) Reimbursable services. To the extent generally authorized at other units of the National Forest System, the Secretary may provide presuppression and nonemergency rehabilitation and restoration services for the Trust at any time on a reimbursable basis.

Section 109. Authorities of the Secretary [16 U.S.C. § 698v-7].

(a) In general. Notwithstanding the assumption of management of the Preserve by the Trust, the Secretary is authorized to—

(1) issue any rights-of-way, as defined in the Federal Land Policy and Management Act of 1976 [43 U.S.C. 1701 et seq.], of over 10 years duration, in cooperation with the Trust, including, but not limited to, road and utility rights-of-way, and communication sites;

(2) issue orders under and enforce prohibitions generally applicable on other units of the National Forest System, in cooperation with the Trust;

(3) exercise the authorities of the Secretary under the Wild and Scenic Rivers Act (16 U.S.C. 1278, et seq.) and the Federal Power Act (16 U.S.C. 797, et seq.), in cooperation with the Trust;

(4) acquire the mineral rights referred to in section 104(e);

(5) provide law enforcement and fire management services under section 108(g);

(6) at the request of the Trust, exchange land or interests in land within the Preserve under laws generally applicable to other units of the National Forest System, or otherwise dispose of land or interests in land within the Preserve under Public Law 97-465 (16 U.S.C. 521c through 521i);

(7) in consultation with the Trust, refer civil and criminal cases pertaining to the Preserve to the Department of Justice for prosecution;

(8) retain title to and control over fossils and archaeological artifacts found within the Preserve;

(9) at the request of the Trust, construct and operate a visitors' center in or near the Preserve, subject to the availability of appropriated funds;

(10) conduct the assessment of the Trust's performance, and, if the Secretary determines it necessary, recommend to Congress the termination of the Trust, under section 110(b)(2); and

(11) conduct such other activities for which express authorization is provided to the Secretary by this title.

(b) Interim management

(1) In general. The Secretary shall manage the Preserve in accordance with this title during the interim period from the date of acquisition of the Baca ranch under section 104(a) to the date of assumption of management of the Preserve by the Trust under section 108. The Secretary may enter into any agreement, lease, contract, or other arrangement on the same basis as the Trust under section 108(c)(1): Provided, That any agreement, lease, contract, or other arrangement entered into by the Secretary shall not exceed two years in duration unless expressly extended by the Trust upon its assumption of management of the Preserve.

(2) Use of the fund. All monies received by the Secretary from the management of the Preserve during the interim period under paragraph (1) shall be deposited into the "Valles Caldera Fund" established under section 106(h)(2), and such monies in the fund shall be available to the Secretary, without further appropriation, for the purpose of managing the Preserve in accordance with the responsibilities and authorities provided to the Trust under section 108.

(c) Secretarial authority. The Secretary retains the authority to suspend any decision of the Board with respect to the management of the Preserve if he finds that the decision is clearly inconsistent with this title. Such authority shall only be exercised personally by the Secretary, and may not be delegated. Any exercise of this authority shall be in writing to the Board, and notification of the decision shall be given to the Committees of Congress. Any suspended decision shall be referred back to the Board for reconsideration.

(d) Access. The Secretary shall at all times have access to the Preserve for administrative purposes.

Section 110. Termination of the Trust. [16 U.S.C. § 698v-8].

(a) In general. The Valles Caldera Trust shall terminate at the end of the twentieth full fiscal year following acquisition of the Baca ranch under section 104(a).

(b) Recommendations

(1) Board

(A) If after the fourteenth full fiscal years from the date of acquisition of the Baca ranch under section 104(a), the Board believes the Trust has met the goals and objectives of the comprehensive management program under section 108(d), ~~but has not become financially self-sustaining,~~ the Board may submit to the Committees of Congress, a recommendation for authorization of appropriations beyond that provided under this title.

(B) During the eighteenth full fiscal year from the date of acquisition of the Baca ranch under section 104(a), the Board shall submit to the Secretary its recommendation that the Trust be either extended or terminated including the reasons for such recommendation.

(2) Secretary. Within 120 days after receipt of the recommendation of the Board under paragraph (1)(B), the Secretary shall submit to the Committees of Congress the Board's recommendation on extension or termination along with the recommendation of the Secretary with respect to the same and stating the reasons for such recommendation.

(c) **Effect of termination.** In the event of termination of the Trust, the Secretary shall assume all management and administrative functions over the Preserve, and it shall thereafter be managed as a part of the Santa Fe National Forest, subject to all laws applicable to the National Forest System.

(d) **Assets.** In the event of termination of the Trust, all assets of the Trust shall be used to satisfy any outstanding liabilities, and any funds remaining shall be transferred to the Secretary for use, without further appropriation, for the management of the Preserve.

(e) **Valles Caldera Fund.** In the event of termination, the Secretary shall assume the powers of the Trust over funds under section 106(h), and the Valles Caldera Fund shall not terminate. Any balances remaining in the fund shall be available to the Secretary, without further appropriation, for any purpose consistent with the purposes of this title.

Section 111. Limitations on Funding. [16 U.S.C. § 698v-9].

(a) **Authorization of appropriations.** There is hereby authorized to be appropriated to the Secretary and the Trust such funds as are necessary for them to carry out the purposes of this title for each of the 15 full fiscal years after the date of acquisition of the Baca ranch under section 104(a).

~~(b) **Schedule of appropriations.** Within two years after the first meeting of the Board, the Trust shall submit to Congress a plan which includes a schedule of annual decreasing appropriated funds that will achieve, at a minimum, the financially self-sustained operation of the Trust within 15 full fiscal years after the date of acquisition of the Baca ranch under section 104(a).~~

Section 112. Government Accountability Office study. [16 U.S.C. § 698v-10].

(a) **Initial study.** Three years after the assumption of management by the Trust, the Government Accountability Office shall conduct an interim study of the activities of the Trust and shall report the results of the study to the Committees of Congress. The study shall include, but shall not be limited to, details of programs and activities operated by the Trust and whether it met its obligations under this title.

(b) **Second study.** Seven years after the assumption of management by the Trust, the Government Accountability Office shall conduct a study of the activities of the Trust and shall report the results of the study to the Committees of Congress. The study shall provide an assessment of any failure to meet obligations that may be identified under subsection (a) of this section, and further evaluation on the ability of the Trust to meet its obligations under this title.

(2) **Minor corrections.** The Secretary and the Secretary of the Interior may make minor corrections in the boundaries of the Upper Alamo watershed as depicted on the map referred to in section 3 of Public Law 105-376 (112 Stat. 3389).

(3) **Boundary modification.** Upon the conveyance of any lands to any entity other than the Secretary, the boundary of the Preserve shall be modified to exclude such lands.

(4) **Final maps.** Within 180 days of the date of acquisition of the Baca ranch under subsection (a) of this section, the Secretary and the Secretary of the Interior shall submit to the Committees of Congress a final map of the Preserve and a final map of Bandelier National Monument, respectively.

(5) **Public availability.** The plat and maps referred to in the subsection shall be kept and made available for public inspection in the offices of the Chief, Forest Service, and Director, National Park Service, in Washington, D.C., and Supervisor, Santa Fe National Forest, and Superintendent, Bandelier National Monument, in the State of New Mexico.

(d) **Watershed management report.** The Secretary, acting through the Forest Service, in cooperation with the Secretary of the Interior, acting through the National Park Service, shall—

(1) prepare a report of management alternatives which may—

(A) provide more coordinated land management within the area known as the upper watersheds of Alamo, Capulin, Medio, and Sanchez Canyons, including the areas known as the Dome Diversity Unit and the Dome Wilderness;

(B) allow for improved management of elk and other wildlife populations ranging between the Santa Fe National Forest and the Bandelier National Monument; and

(C) include proposed boundary adjustments between the Santa Fe National Forest and the Bandelier National Monument to facilitate the objectives under subparagraphs (A) and (B); and

(2) submit the report to the Committees of Congress within 120 days of July 25, 2000.

(e) **Outstanding mineral interests**

(1) **In general.** The acquisition of the Baca ranch by the Secretary shall be subject to all outstanding valid existing mineral interests.

(2) **Acquisition.** The Secretary is authorized and directed to negotiate with the owners of any fractional interest in the subsurface estate for the acquisition of such fractional interest for not to exceed its fair market value, as determined by appraisal done in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions.

(3) **Administration.** Any such interests acquired within the boundaries of the Upper Alamo watershed, as referred to in subsection (b) of this section, shall be administered by the Secretary of the Interior as part of Bandelier National Monument.

(4) **Available funds.** Any such interests shall be acquired with available funds.

(5) **Declaration of taking.**

(A) **In general.** If negotiations to acquire the interests are unsuccessful by the date that is 60 days after Dec. 20, 2005, the Secretary shall acquire the interests pursuant to section 3114 of title 40.

(B) **Source of funds.** Any difference between the sum of money estimated to be just compensation by the Secretary and the amount awarded shall be paid from the permanent judgment appropriation under section 1304 of title 31.

7.5 VCT response to GAO audit recommendations



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Date: December 21, 2009

File Code:ADMIN 6

Dear ,

The Valles Caldera Trust has reviewed the U.S. Government Accountability Office report entitled: "Valles Caldera: The Trust Has Made Progress but Faces Significant Challenges to Achieve Goals of the Preservation Act," (GAO-10-84).

The report contains a recommendation for executive action and also reiterates the need for the Trust to fully implement recommendations from the GAO 2005 report. I have attached information relative to the Trust's plan of action on these two issues. Similar letters are being sent to several members of Congress and other Federal officials.

If we can be of further service, please contact Gary Bratcher, Trust Executive Director, at 505-428-7732.

Sincerely,

Stephen Henry
Chairman of the Board
Valles Caldera Trust

The GAO report on the Valles Caldera Trust contains a recommendation for executive action and also “reiterates the need for the Trust to fully implement recommendations from our 2005 report, specifically, continue to develop – and systematically implement – the following elements of effective management.

1. a formal strategic plan that includes measurable goals and objectives
2. a plan, including planned timelines, for becoming financially self-sustaining
3. mechanisms for periodic monitoring and reporting of the Trust’s performance to Congress and other stakeholders

As stated in our communications with the GAO, this issue from 2005 has been declared a top priority for the Trust and will be fully complied with. However, we do not foresee achieving this compliance until Congress provides a clear definition as to the future of the Trust and the management regime to be responsible for the above listed activities.

The recommendation for executive action was as follows: *“To help further the Trust’s efforts toward becoming a financially self-sustaining government corporation, we recommend that the Trust’s Chairman of the Board and Executive Director work with the relevant congressional committees to seek legislative remedies, as appropriate, for the legal challenges confronting the Trust.”*

The Trust took action immediately after being told in June that the ambiguities of the Valles Caldera Preservation Act precluded being successful in achieving the goals and objectives of the Act. Frequent communication has been established with staff from our two Senators’ offices, information on the Trust has been provided to the senators, and Committee staff members have visited the Preserve to collect information needed. The Trust has also provided suggested legislative language changes to address the problems encountered in the Act and gave assistance to the National Park Service by providing information requested for their study on assimilating the Preserve into the National Park System.

IDENTICAL LETTERS SENT TO:

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, D.C. 20510

The Honorable Susan M. Collins
Ranking Minority Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, D.C. 20510

The Honorable
Chairman
Committee on Homeland Security
and Governmental Affairs
House of Representatives
Washington, D.C. 20510

The Honorable
Ranking Minority Member
Committee on Homeland Security
and Governmental Affairs
House of Representatives
Washington, D.C. 20510

The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Thad Cochran
Ranking Minority Member
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable David Obey
Chairman
Committee on Appropriations
House of Representatives

Washington, D.C. 20515

The Honorable Jerry Lewis
Ranking Minority Member
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

The Honorable Nick J. Rahall II
Chairman
Committee on Natural Resources
House of Representatives
Washington, D.C. 20515

The Honorable Doc Hastings
Ranking Minority Member
Committee on Natural Resources
House of Representatives
Washington, D.C. 20515

The Honorable Jeff Bingaman
Chairman
Committee on Energy and
and Natural Resources
United States Senate
Washington, D.C. 20515

The Honorable Lisa Murkowski
Ranking Minority Member
Committee on Energy and
and Natural Resources
United States Senate
Washington, D.C. 20515

The Honorable Gene Dodaro
Acting Comptroller General
United States Government
Accountability Office
Washington, D.C. 20548

