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A TRUST FOR GRAND STAIRCASE-ESCALANTE

BY TERRY L. ANDERSON AND HOLLY LIPPKE FRETWELL

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TO THE READER

Once again, PERC (the Political Economy Research Center) proposes an innovative policy solution: the creation of a trust for managing Grand Staircase-Escalante National Monument in southern Utah. This paper by Terry L. Anderson and Holly Lippke Fretwell explains how a trust could avoid the management pitfalls that face many national parks and monuments. It illustrates how the trust could earn money to reduce the financial pressures of management and specifically outlines the revenues that the trust could earn.

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“America’s new monument,
I reflected, was indisputably big—
big and wonderfully various. But was it big
and various enough to satisfy all the
visions people had for it?”

—T.H. Watkins

National Geographic

July 1999

INTRODUCTION

The Grand Staircase-Escalante National Monument is a dramatically scenic 1.9 million-acre area at the southern border of Utah. It features the Grand Staircase, a series of benches and cliffs that form a set of natural steps, and the Escalante Canyons, a maze of connected canyons cut through by the Escalante River. (See map on pages 12 and 13.)

The area is biologically diverse and archaeologically rich. Pictographs painted on the face of sandstone cliffs, rock shelters, and pit-house village sites go back at least 8,000 years. The region is increasingly popular for hiking and climbing and is also used for livestock grazing, alabaster mining, and oil production.

In 1996, President Clinton designated the area a national monument. This designation was extraordinary for several reasons.

- The size of this monument dwarfs all other monuments in the lower forty-eight states. The mass of land is larger than Utah's five national parks combined and larger than Delaware and Rhode Island.¹
- The proclamation was made without consultation with Utah's congressional delegation or its governor, who have almost uniformly opposed treating the site as a protected area. They feared (correctly, it appears) that setting it aside might curtail or limit production of coal, natural gas, and oil as well as grazing.
- President Clinton's announcement took place at the Grand Canyon in Arizona. While avoiding Utah because of the opposition to monument designation, Clinton won the approval of many environmentalists around the country.

Thus, the Grand Staircase-Escalante National Monument was born in the midst of controversy. It is likely to remain in this quagmire unless the management structure can be taken out of politics and made more responsive to the land's potential for multiple uses. It is time to consider how this large expanse of land within the federal estate can be managed in a way that reconciles environmental and economic goals.

This paper argues that Grand Staircase-Escalante should be managed as a trust. By a trust, we mean that a board of trustees should be established with the explicit responsibility of maintaining the unique recreational, archaeological, and environmental values of the area and that maintenance should be funded out of revenues from commodities and recreation. Such a trust could provide funds for conservation while also allowing the continuation of traditional uses of the land, including grazing, oil production, and coal mining. Such an arrangement would give monument managers incentives to choose the most appropriate use for each land segment while taking into account the overall objectives established for the monument.

Trusts are widely used to protect and manage private and

public lands, so our proposal is not revolutionary. This paper will explain the nature of trusts, including some of the problems they face, and show how a trust could manage a national monument more effectively than a government agency can. We will propose a specific plan for Grand Staircase-Escalante and, based on an inventory of the monument's assets, we will show how we can have our environmental cake and eat it too. If this can work for the Grand Staircase-Escalante, such a trust approach has promise for other federal lands as well.

PROBLEMS WITH THE PARKS

The president's proclamation establishing the Grand Staircase-Escalante monument placed it under the direction of the Bureau of Land Management (BLM), which is guided by the multiple-use principles outlined in the Federal Land Policy Management Act. According to the bureau, traditional uses such as "commodity extraction and grazing" can exist alongside "the public's newer demand for more recreation" (BLM 1996, vii). Thus, in contrast to monuments managed by the National Park Service, which does not allow production of commodities, this trust would be free to maintain at least some traditional commercial uses.

The opportunity to marry commodity and amenity production comes at a time when Congress is searching for new ways to finance and manage federal lands, including parks. This congressional search reflects concern about federal deficits as well as increasing awareness of problems with the current management of the National Park Service.

The National Park Service, which oversees most other national monuments, has increasingly visible problems. From potholes in Yellowstone's roads to excessive sewage discharge at Kings Canyon, California, the infrastructure of the National Park Service is crumbling. Park Service officials estimate that the Park Service needs at least \$5 billion to repair the system. Visitor services are not what they ought to be, either. For example, a *Consumer Reports* (1997, 12) survey found that the most frequent complaints of

visitors to Yellowstone National Park were about inadequate visitor facilities and lack of traffic control. Even the preservation of wildlife habitat is often poor. In 1995 a group of prominent wildlife biologists reported that “animal abundance and diversity are declining in many parks” (Wagner et al. 1995, 62). The group stated that “the government’s own analyses stress a bewildering array of problems affecting the attainment of natural-resources goals” (Wagner et al. 1995, 91).

Even though congressional appropriations have risen faster than inflation, many parks are poorly maintained. With most of the budget coming from Congress, there is no incentive for Park Service managers to increase revenues from visitors or to keep costs down to make ends meet (see Leal and Fretwell 1997). As a result, in 1995 only Arches National Park in Utah had revenues greater than its operating budget (National Park Service 1995). The majority of the Park Service budget is paid by general taxes. Only 10 percent of its budget is covered by entrance fees, special use permits, and concession royalties.²

Because Congress holds the purse strings, demands of congressmen often hold sway. For example, Montana’s three-member congressional delegation succeeded in earmarking \$6 million to renovate a backcountry chalet system in Glacier National Park—even though it is used by fewer than 1 percent of park visitors, and even though the park’s roads and visitor centers are in serious need of repair (Pound 1997).

In other cases, Park Service officials show poor judgment. For example, a two-hole outhouse without running water cost the Park Service \$333,000 at Delaware Water Gap National Recreation Area. Construction of employee housing units at Grand Canyon and Yosemite National Parks cost an average of \$390,000 and \$584,000, respectively. That is more than \$300 per square foot; the average American home is built for \$63 per square foot (*Billings Gazette*, August 21, 1997). According to the Interior Department inspector general, these single-family homes did little to alleviate the employee housing problem (Paige 1998, 14). Such distorted incentives can be found throughout the National Park Service (Leal and Fretwell 1997).

Park managers are not foolish or ill-intended people. Rather, their ability to manage environmental assets is severely constrained because they are not free to consider the benefits that might come from shifting both budget priorities and uses of some park land. Using a small portion of park land for commodity production and applying the revenues to enhance preservation of other parts of the park could raise substantial funds in some cases. However, producing commodities in the parks is generally illegal.³ Park managers are forced to rely on Congress, where special interests often produce inefficient and sometimes environmentally destructive results.

A TRUST FOR THE GRAND STAIRCASE-ESCALANTE

As other papers in this series document (Leal 1995; Leal and Fretwell 1997), mismanagement of public lands generally results from improper incentives. For example, forest land managers often receive a share of logging receipts but nothing from recreational visitors, giving them an incentive to favor logging over recreation. As we have seen, park managers rely on Congress, not visitors, for their budgets. This leads to failure to realize potential revenues and to poor cost control.

In addition to depending on Congress for their budgets, park managers often have budgets tied to the number of visitors. This gives them an incentive to expand visitation beyond the carrying capacity allowed by existing infrastructure.

A trust for the Grand Staircase-Escalante monument could change these incentives, reducing the impact of politics and obtaining more funds for preservation. At its simplest, a trust is a legal assignment of certain powers to one or more persons, called trustees, who manage assets for the benefit of another. The trustees have a fiduciary or legal obligation to manage the assets within the constraints of the trust agreement.

Trusts are widely used. Many people establish them to give assets to heirs, but to constrain their use while the heirs are minors. Or an individual may create a charitable trust that will be used for specific purposes designated by the donor. Other charitable trusts

are formed to achieve the wishes of a diverse population that cannot be expected to act jointly on all actions; a land trust to preserve habitat or open space is an example. In all these cases, the trustees must keep a watchful eye on how the assets are used.

While the trustees are responsible for carrying out the wishes of the creator of the trust, there is a potential problem: How will trustees be held responsible and accountable? With a money trust—that is, a trust whose goal is to earn money for the beneficiary—the goals are clear and performance is relatively easy to measure. The trustee is charged with maximizing the return on investments, subject to consideration of risks from investing. A trustee who is obviously earning subpar returns can usually be replaced with someone more competent.

Measuring the performance of trusts established for other purposes, however, is more difficult. If the goal is vague, performance will be especially difficult to measure. If the beneficiaries are not clearly specified, trustees may pursue their own goals rather than those of the beneficiaries.

To make sure that the trustee acts in the interest of the principal and carries out the mission of the trust, the mission must be stated clearly and performance must be measured against this mission. Economists Michael Jensen and William Meckling (1976) recommended three ways in which the trustee can be made more accountable. These include:

- specifying ways of measuring and monitoring the trustees' performance;
- compensating the trustees for acting in ways that correlate with the beneficiary's welfare; and
- enforcing specific behavioral rules or policies.

Accordingly, it is important to give clear directions to trustees in the trust document. The mission should include specific objectives that are easily measured and communicated to the beneficiaries. So, an organization such as the Nature Conservancy has a goal of preserving “plants, animals and natural communities . . . by protecting the lands and waters they need to survive” (Nature

Conservancy 1999). In addition, the organization produces periodic reports on its activities highlighting the benefits for its supporters. Smaller land trusts that depend on voluntary contributions often provide specific, identifiable services such as trail construction, historic preservation, or open space preservation that have visible results.

We propose a trust that would manage Grand Staircase-Escalante for the benefit of the general public. The goal of the trust would be the one already established for the monument: “to protect a spectacular array of scientific, historic, biological, geological, paleontological, and archaeological objects” (BLM 1998, 1.1). The trust we propose would be required to cover all costs either from revenues generated from the assets in the monument or from private contributions of funds, property, or services by individuals, corporations, or charitable foundations.

The trust would have a board appointed by the president of the United States, with staggered terms to overlap presidential elections, thus eliminating the possibility that a president would immediately appoint a new set of trustees. To ensure that the board of trustees would carefully balance multiple uses in the monument and consider the fiscal implications of its decisions, trustees would be nominated from interest groups. The interests represented would include environmental, recreational, wildlife, Indian, ranching, mining, oil and gas, and state and local government.

Carefully structuring the mission and board of the trust would keep the trust committed to its objective and its beneficiaries. The trust would specifically define the monument’s environmental, recreational, and archaeological assets and establish criteria for judging management and measuring trustee performance. In addition, financial self-sufficiency with revenues generated primarily from monument assets would provide an indicator that the trust was achieving its objectives. And staggering terms and requiring that specific interest groups be represented on the board would force the trust to consider the multiple uses required by the presidential proclamation.⁴

PRECEDENTS FOR THIS TRUST

A trust approach to federal land management was proposed by economist Richard Stroup and political scientist John Baden in 1982. They recommended establishing “wilderness endowment boards” that would be bound by the common-law doctrine of trust to manage and preserve wilderness areas. These boards would cover the costs of maintaining wilderness areas out of revenues earned.

Just as an art museum board is responsible for preserving art values, wilderness endowment boards would be responsible for preserving and enhancing wilderness values. And just as an art museum board might sell an Impressionist painting to acquire an Old Master or a modern abstract painting, the wilderness endowment board might allow carefully managed oil exploration and development to enable the board to acquire additional lands to be preserved. To ensure a bias in favor of enhancing wilderness values, Stroup and Baden (1982) proposed that board members be nominated by environmental groups.

Richard Stroup also applied this idea to managing national parks or portions of parks through the creation of park endowment boards (Stroup 1985). He recommended that the tracts of land managed by endowment boards (or trusts) have a clearly stated mission. He noted that the members of each board should be selected for their dedication to the mission of the park. The trustees would have a legal responsibility to carry out the stated mission.

Private Trusts

While the proposal by Stroup and Baden was unusual because it would have applied to the federal government, land trusts are common in both the private and public sectors. Indeed, most environmental organizations are trusts. The way that the National Audubon Society, an environmental trust, manages the Rainey Wildlife Sanctuary in Louisiana illustrates how a trust can be more effective than the government in achieving its goals of pro-

tecting birds and other wildlife (see Baden and Stroup 1981; Snyder and Shaw 1995).

The Rainey Preserve, a refuge for snow geese, wading birds, ducks, and other wildlife, also has natural gas wells operating on its property. These wells have earned Audubon about \$25 million in royalties since the early 1950s. By requiring special exploration and extraction techniques, Audubon is able to ensure protection of wildlife habitat while producing natural gas and earning significant revenues. Writing in *Audubon* magazine, John G. Mitchell (1981, 16) noted that sanctuary manager David Reed “liked the idea of cooperating with industry in a situation where it was likely there would be no adverse impact on the biotic community.”

There appears to be minimal impact from the drilling. However, if there were greater impact, the additional revenues provide funds that can be used to offset these impacts. And, clearly, the additional revenues provide funds that can be invested in more wildlife habitat elsewhere or in addressing other environmental problems. In other words, economically productive activity on Rainey provides the wherewithal to pay for habitat enhancement and other environmental goals, which can be costly.

This kind of win-win solution rarely occurs in the governmental arena. Indeed, while Audubon peacefully obtains revenues from its natural resources on Rainey, it adamantly opposes drilling for oil on the Alaska National Wildlife Refuge (ANWR). While the areas obviously differ, the tradeoffs are similar: If Audubon owned ANWR it would have an incentive to negotiate with oil companies to allow drilling but also to make sure that wildlife on the tundra was not disturbed. Since ANWR is government-owned, Audubon has no incentive to favor drilling because it has no stake in revenues and no control over how the drilling is done. Thus, the result is outspoken opposition (Flicker 1995).

Other examples of private land trusts created specifically to protect environmental values abound. The Nature Conservancy is the largest and best known, but the number of local land trusts is growing. A recent estimate indicates that over 1,200 locally-based trusts exist in the United States, managing 5 million acres. An ad-

ditional 10 million acres are protected by large trusts such as the Nature Conservancy (Land Trust Alliance 1999).

School Trust Lands

While many trusts are private, state school trust lands are a widespread example of government land trusts (see Souder and Fairfax 1996). When most western territories became states, they were granted land to benefit the public schools and other endowed institutions.⁵ These school trust lands are managed with a clear mandate to generate sustained revenues for public schools. In essence, school officials, teachers, parents, and other interest groups concerned about the funding of public schools are the beneficiaries, and they have a clear incentive to monitor the management of the school trust lands.

Under such watchdogs, trust lands are generally well-managed. Costs are kept down and revenues are substantial. Donald Leal (1995), who studied state versus federal timberland management in Montana, found that on average the state forests generated approximately \$2 for every dollar spent while federal forests lost money, generating only \$0.50 for every dollar spent. This contrast occurred even though state and national forests are adjacent to one another and similar in timber-growing potential. Leal concluded that because the Forest Service has no requirement to generate income for national forests, it has little incentive to operate with the same efficiencies as its nonfederal counterparts.

Cost-effective management of state lands did not lead to environmental deterioration, Leal found. An independent audit team of professional foresters and environmental representatives that was authorized by the Montana legislature found that the watersheds on state lands were better protected than on federal lands. The state forests had healthier stands of trees and were ecologically healthier, too (Schultz 1992, 4). Indeed, recent studies of the nation's forests indicate that many national forests are one spark away from disaster. Thirty-nine million acres of national forest are at risk of devastating wildfires and another six million are dead or dying due to insect infestations (Fretwell 1999).

Revenues from well-managed properties can supply the means to protect the environment, providing protection that is often missing on federal lands. A study by Donald Leal and Holly Fretwell (1997, 20–25) compared Big Bend National Park in Texas with nearby Big Bend Ranch State Park. The national park faces serious deterioration of facilities and trails, yet there is no deliberate effort to control where visitors go in order to limit their impact on the park trails (Big Bend National Park 1996, 7). In contrast, Big Bend Ranch State Park is divided into zones in which the number of visitors at any given time is strictly controlled. Environmentally sensitive areas are monitored to assess the effects of public use, and visitors can be rerouted to minimize harmful human impacts (Texas Parks and Wildlife Department 1994, 21).

The superintendent of Big Bend Ranch notes that revenues enabled him to spend money that would not otherwise have been available on improvements such as repairs, new materials for the visitor lodge, a pickup truck, and radios to facilitate communication between rangers in the field (Leal and Fretwell 1997, 25). In other words, obtaining more revenues from visitors can enhance the ability of park officials to manage the park. This benefits both visitors and the park environment.

The Presidio

The Presidio in San Francisco provides a rare example of the trust approach adopted on the federal level. In the Omnibus Parks and Public Lands Management Act of 1996, Congress created a trust to manage the Presidio, a former military post on a promontory overlooking San Francisco's Golden Gate Bridge. The Presidio was the oldest continually operated military post in the nation. When it was decommissioned as an Army post, it was transferred to the National Park Service and became part of the Golden Gate National Recreation Area.

The Presidio contains 1,480 acres and 510 historic buildings with over 7 million square feet of space. While small in size for a national park, its location in a strikingly beautiful setting in a major city makes it prime real estate and a subject of great interest.

An annual budget estimated to be as much as \$38 million a year would have made the Presidio the most costly park in the federal system. An additional \$274 million is required for capital investments (Governor's Office of Planning and Research 1998). Under fiscal constraints, Congress was forced to examine alternative funding methods to retain control of the Presidio. Creativity and congressional debate produced the Presidio Trust. Its goals are to preserve and enhance the Presidio as a national park and achieve financial self-sufficiency by fiscal year 2013 (Presidio Trust 1998, 3).

A general management plan was developed for the Presidio based on the principle of environmental sustainability, a term defined as meeting the needs of the present without compromising the ability to meet the needs of the future. The plan blends the use of natural, cultural, and recreational resources with the development of centers for education and research. The Presidio is to serve as a place to study and improve the natural environment and humans' interaction with it.

The trust is responsible for managing the assets of the Presidio in a way that will minimize costs to the U.S. Treasury and make efficient use of the land and buildings. Trust goals include finding tenants and establishing programs to preserve the natural, historic, and cultural resources, while providing educational and recreational opportunities. The Presidio can be a community that promotes the ecological integrity of the site, socioeconomic diversity, and economic viability. The trust board of directors includes a designee of the secretary of the interior and six presidential appointees.

Unlike the managers of traditional parks, the Presidio board has a fiduciary obligation to generate revenues by leasing its buildings and using its property in ways that will eventually cover all operating expenses. The board may use the revenues for administration, preservation, restoration, operation and maintenance, improvement, repair, and related expenses.

The Presidio was not, however, forced to become financially self-sufficient immediately, but was given a budget of up to \$25 million per year for as long as fifteen years. If the self-sufficiency goal is not attained after fifteen years, all property under jurisdiction of the trust will be offered for sale to other federal agencies,

public bodies, or private enterprises (in that order).

This is certainly not a perfect way of getting the incentives right for managers. Making \$25 million per year available discourages financial independence at least for the fifteen years for which this amount has been allocated. In addition, the enabling legislation gives the trust a loophole: The trustees may transfer any portion of the property that they consider “surplus” to the secretary of the interior. This means that the board can shift unprofitable buildings or areas to the park service, increasing the profitability of the trust, but sinking the park service further in the red.

Nonetheless, the Presidio Trust does force trustees to consider using lands in ways that will generate revenues and to use those revenues to preserve and enhance the urban park. The requirement of self-sufficiency forces trustees to choose land and resource uses that will cover costs.

Currently, the Presidio Trust has designed a conference facility, museum and visitor center, a scientific research and education complex, and residential housing. Since these structures will be adjacent to recreation facilities, open space, coastal bluffs, beaches, and woodlands as well as within the city limits of San Francisco, the Presidio can undoubtedly obtain revenues to cover its cost. Indeed, it should easily obtain funds to enhance the environmental conditions of the property. By 2013, leasing and other activities are expected to generate \$37 million each year, making the Presidio financially self-sufficient (Presidio Trust 1998, 17). At the same time, the trust will have increased open space, restored natural areas, preserved historic buildings, and hosted visitors from around the world.

The Baca Ranch

The Presidio model was proposed in 1998 as a way of managing the Baca Ranch in New Mexico, a large private ranch that the federal government contemplated acquiring. The 95,000-acre Baca Ranch is an island of private land surrounded by national forests. The ranch covers the Valles Caldera, a collapsed volcanic dome whose meadows hold elk herds, trout streams, and steaming

pools—resembling a small Yellowstone National Park. While the deal to acquire the Baca Ranch fell through, the Valles Caldera Preservation Act, introduced in the Senate in October 1998, shows what a governmental trust could look like.

The bill would have created the Valles Caldera Trust to acquire and manage the Baca Land and Cattle Company. The bill would have allowed 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.”⁶ In other words, it would not have to rely on taxpayer funding.

The act outlined the organization of the staff and the appointment of voting trustees, who would have been federal officials, including the supervisor of the Santa Fe National Forest and the superintendent of the Bandolier National Monument (lands surrounding the ranch), and seven individuals with expertise in such areas as livestock management, game management, forestry, conservation, cultural and natural history, and local government. The trust would have had responsibility for administration, preservation, and development of the preserve; interpretation, management of public use; and maintenance, repair, and improvement of the property. It would have continued operations as a working ranch while protecting the resource values and open space. Over time, the trust was to reach financial self-sufficiency.

These elements of the Valles Caldera Trust go a long way toward meeting the requirements for an effective trust. They provide criteria for judging management and measuring and monitoring trustee performance. For example, financial self-sufficiency—covering costs—is an indicator of performance, showing that visitors are being satisfied. Also, by appointing trustees with a variety of interests and expertise, the trust would have had some competition among trustees, and a variety of values would have been considered.

However, there was a glaring omission in the enabling legislation; it contained no provision for charging, retaining, and investing fees for use on the Baca Ranch. While the trust was expected to earn money for the federal government, the funds, it ap-

pears, would have gone to the U.S. Treasury. The experience of our national parks indicates that this would create a perverse incentive, discouraging managers from taking steps to increase revenues. Managers would receive little direct benefit from satisfying park visitors. As a result, the wishes of visitors, whatever the fees they paid, would have little impact on the actual management of the land. Had the Baca Ranch been purchased by the federal government, it might well have ended up, like other national parks, relying on Congress for its financial support.

THE PROPOSED TRUST

The Presidio Trust and the contemplated Valles Caldera Trust indicate that officials in the federal government are willing to experiment with a trust approach, and the Grand Staircase-Escalante Monument Trust could be the next step. This experiment is timely for several reasons:

- Because the area is in the hands of the Bureau of Land Management, National Park Service restrictions will not apply. There is room for innovation.
- Congress is appropriating about \$6.4 million per year for the monument during the planning process. While this is about four times the previous budget for the area, obtaining this amount of money through a trust is far from an insurmountable challenge.
- Historically, the Grand Staircase-Escalante area has been used for many purposes, from recreation to commodity production. Therefore, multiple use under a trust structure has precedents.

As already noted, the Grand Staircase-Escalante National Monument was created to “protect a spectacular array of scientific, historic, biological, geological, paleontological, and archaeological objects” (BLM 1998, 1.1). To achieve these goals, managers would have the opportunity to raise and retain revenues from

the use of the land. While initial federal appropriations would be required for a few years, data indicate that the monument could become self-sufficient quickly, given its many assets.

In addition to spectacular canyons and impressive Anasazi archaeological sites, the Grand Staircase-Escalante National Monument includes coal, oil, and natural gas reserves. As a trust, Grand Staircase-Escalante would be able to obtain revenues from recreation, from pure preservation, and from natural resource development, including mining. The commodity production could take place where it would not abuse amenities or distract visitors. Revenues could be used to pay for reclamation and help preserve recreational and archaeological resources, especially where collecting fees may be difficult.

There is, however, an obstacle to this scenario. In establishing the new monument, President Clinton placed a restriction on multiple use. His proclamation states that “the land will remain open for multiple uses including hunting, fishing, hiking, camping and grazing,” but it goes on to exclude mining. In his announcement, Clinton said: “While the Grand Staircase-Escalante will be open for many activities, I am concerned about a large coal mine proposed for the area. Mining jobs are good jobs and mining is important for our national security. But we can’t mine everywhere, and we shouldn’t have mines that threaten our national treasures” (Office of the Press Secretary 1996, 3).

While the president’s statement does not have the force of law, his decision to exclude mining has been accepted—both by the monument planning team and by the companies that would otherwise be executing the mining claims. The president’s statement led Andalex Resources to stop its proposed coal mine on the Kaiparowits Plateau, the harsh and isolated land in the center of the monument. This is the site of one of the largest coal fields in the West, where Andalex had spent \$8 million in mine research and development.

Although the presidential proclamation reduced the planning team’s options by disallowing coal mining, that decision should be reconsidered. The reason is not simply because coal mining can produce revenues to support and maintain the monument, but be-

cause mining can be done with little harm to the natural amenities of the area. The proposed Andalex mine, for example, would disturb only 40 acres of surface area if underground mining techniques are used. This is a minute portion of the 1.9 million acres in the monument. No new road construction would be required, although twenty miles of existing roadways would be upgraded.

A trust structure would not mandate mining, but it would allow the trustees to weigh the revenue benefits from mining against the possible harmful effects. If commodity production can take place with little or no impact on amenity values as at Audubon's Rainey Preserve, trust managers could earn profits from commodity production and reinvest those profits in protecting the environment of the monument, including its archaeological sites. Whatever the environmental impact of mining, there is no reason why the effects could not be minimized, especially with the revenues that would result from the leases.

Even if mining is not allowed, the Grand Staircase-Escalante has the potential to be self-sufficient simply by requiring recreational visitors to pay their way. Hikers and mountain bikers could pay for access, as could visitors to the monument's archaeological sites. The fees could cover the costs of providing and preserving these amenities. If these costs are low, as is often argued, the fees for recreation and sightseeing could be relatively modest.

Elsewhere on federal lands, new visitor fees are giving agencies an enormous boost. The Fee Demonstration Program, which began in 1996, allows up to one hundred units in each federal land management agency (Bureau of Land Management, Fish and Wildlife Service, Forest Service, and National Park Service) to retain receipts for use within the area where they are collected.⁷ These experiments provide managers with an incentive to raise fees to more realistic levels and to respond to visitor demands. With these revenues, facilities have been upgraded and damaged resources are under repair. For example, at Natural Bridges National Monument, also in southern Utah, the new fees have allowed the reconstruction of 5,000 feet of trails that were crumbling from overuse and wind and water erosion.⁸

Visitors overwhelmingly agree that higher fees are accept-

able as long as the receipts are used to benefit the area visited (GAO 1998, 80). If each visitor to a national park had paid a \$5 fee in 1995, revenues for the national park system would have been greater than congressional appropriations for operating expenses (National Park Service 1995, NPS-24).⁹

Unfortunately, so far no effort has been made by planning officials even to consider alternative funding mechanisms for Grand Staircase-Escalante. The interim planning board, a diverse group of experts, has proposed a variety of activities and goals for the monument. These include preservation of landscapes, land forms, ecosystems, and historical sites; provision of facilities for camping and picnicking; interpretive signs; development of trails for automobiles, bicycles, hikers, horses, and off-road vehicles; and the establishment of scientific study sites for biological, paleontological, and archaeological sites. Yet the potential for revenues has not been addressed. Indeed, we can expect the managers to demand gradually larger appropriations than the current \$6.4 million budget because the current management structure does not provide an incentive for restraint or consideration of revenue-generating opportunities. Taxpayers who will never see the monument are expected to foot the bill for another politically driven agency.

A FINANCIAL PLAN FOR THE TRUST

In contrast, our proposal for Grand Staircase-Escalante would raise money for the taxpayer, not drain it. And it would provide funds to protect the environment of the monument. Based on numerous official appraisals of the size and location and value of resource reserves within the monument, we perceive significant sources of potential revenue (see Table 1).

Current Revenues

Current revenues, which come from oil, grazing, and recreation, total \$465,750 per year.

A Trust for Grand Staircase-Escalante

Oil and natural gas. Drilling for oil and natural gas on Grand Staircase-Escalante lands is nothing new. As many as sixty companies have drilled for oil on the land. Leases for oil and gas exploration cover 190,000 acres within the monument. The Upper Valley oil field has five active wells producing about 250,000 barrels of oil per year. At an average price of \$20 per barrel and a royalty payment to the federal government of 12.5 percent (split evenly with the state), annual federal royalties on the monument amount to \$312,500. These wells could continue producing for twenty years, if monument regulations allow them to operate profitably.

Grazing. Nearly all the 1.9 million acres of the monument are used for livestock forage. About eighty-four operators have permits for 75,000 active animal unit months (AUMs). With an average grazing fee of \$1.35 per AUM, grazing within the monument generates more than \$101,000 per year.¹⁰

Recreation. About forty special and commercial recreation permits are issued each year to outfitters and guides and for wilderness training. The revenue from these permits is \$52,000 a year. There is currently no charge or permit required for other recreation such as camping, hunting, and hiking. These activities are much more common in the Grand Staircase and Escalante regions on each end of the monument than on the massive Kaiparowits plateau.¹¹

Potential Revenues

Revenues generated from commodity production and recreation could easily offset the costs of operating and maintaining the monument. We estimate potential additional revenues from the monument to be over \$7.1 million annually, well above the current \$6.4 million appropriation.

Coal. The coal field on the Kaiparowits Plateau in the center of the monument encompasses 1,600 square miles or 54 percent of the total acreage. The monument contains an estimated 62

TABLE 1

HOW GRAND STAIRCASE-ESCALANTE COULD COVER ITS COSTS

Current Annual Federal Revenues

Oil	250,000 barrels @ \$20/barrel x 6.25% royalty	\$ 312,500
Grazing	75,000 active AUMs @ \$1.35/AUM	101,250
Special Recreation Permits	3% of gross revenue from monument use	<u>52,000</u>
Total Current Revenues		\$ 465,750

Potential Annual Federal Revenues

Conoco Oil	7.5 million barrels/year @ \$20/barrel @ 10% estimated success rate x 6.25% royalty	937,500
Andalex Coal	2.5 million tons/year @ \$19.50/ton x 4% royalty	1,950,000
Visitor Fee	\$5/person x 850,000/year	<u>4,250,000</u>
Total Potential Revenues		<u>7,137,500</u>

Current and Potential Annual Federal Revenues **\$ 7,603,250**

Sources: Grazing: Dennis Pope, Biological Team Leader, GSE, e-mail correspondence, 3 February 1999; Recreation visits: Barbara Sharrow, Visitor Services Team Leader, GSE, telephone conversation, 10 September 1998, and e-mail correspondence, 26 January 1999; Commodities: Lee Allison, State Geologist, Utah Geological Survey, telephone conversation, 19 August 1997.

billion tons of coal (compared to 22 billion tons of coal throughout the rest of Utah). Eighteen percent of the coal is thought to be recoverable.

Andalex Resources, Inc., was granted a coal lease for the Smoky Hollow Mine in 1985 covering 26,400 acres on the southern end of the plateau. Andalex withdrew its application to mine coal in January 1997, after the president's proclamation prohibiting coal mining. However, the mine could produce an estimated 2.5 million tons of coal each year. With an average price of \$19.50 per ton, the mine would generate \$1.95 million annually in royalty payments to the federal government.¹²

Andalex holds an additional seventeen leases covering nearly 35,000 acres on which the company suspended mining. The acreage is part of a designated Wilderness Study Area (WSA) and mining might not ever be allowed on it. Since these leases were already held by Andalex, the monument designation order allows these lands to be exchanged for lease rights outside the monument. PacifiCorp also had a coal lease on the northern end of the plateau covering nearly 40,000 acres. Because this land was also in WSA status, PacifiCorp agreed to a land exchange with the federal government a few days before the presidential proclamation.

Oil. In addition to the oil fields that are currently producing oil, the monument has an estimated 447 million barrels of oil in the west flank of the Circle Cliffs tar sands deposit. Conoco holds a portion of fifty-nine leases covering 108,000 acres inside the monument and in April 1997 the company was granted permission to drill an exploratory well. Conoco believes there are up to fifty exploration prospects adjacent to and within the monument, each capable of holding at least one hundred million barrels.

One of Conoco's prospective drill sites could theoretically produce another 150 million barrels of oil (Conoco Inc. 1997).¹³ Assuming this oil is pumped over a twenty-year span, these wells could generate another \$9.3 million annually for the monument. However, most experts estimate only a 10 percent probability of success.¹⁴ Thus, the estimated value of untapped oil revenue in the monument is \$937,500 annually.

Recreation. Special recreational use permits currently generate \$52,000 per year. To augment these revenues, sightseers using the Hole in the Wall Road and the Burr Trail could be charged an entrance fee, and hikers, campers, off-road vehicle users, and other recreationists could be required to purchase a \$5 permit. In 1998, nearly 850,00 visitors entered the monument.¹⁵ If each paid a fee of \$5, another \$4.25 million would be available for monument operation.¹⁶

Under the trust model, managers would have to decide whether or not to forgo the \$2.9 million annually from commodity production (\$937,500 from the expected value of Conoco oil plus \$1.95 million from Andalex coal). This revenue could be used to achieve the conservation goals of the monument. Estimated tourism receipts alone of \$4.25 million would cover the bulk of the \$6.4 million annual government allocation. Indeed, if recreation receipts were fully captured—that is, if recreational opportunities were increased and fees charged for them, rather than just for access—they could eliminate the need for commodity production within the monument. They could also eliminate any need for the monument to rely on government funds (and the political controls that often accompany such funds) during a transition period such as the fifteen years granted to the Presidio Trust.

CONCLUSION

Clearly, the opportunity exists for a trust that would preserve and enhance the ecological and archaeological amenities of Grand Staircase-Escalante without burdening the taxpayer or distorting managers' incentives, as occurs regularly now in the National Park Service. Implementing a trust arrangement would require congressional legislation that would provide the specifics of the trust, as the Baca Ranch legislation did.

Creating a trust to manage the Grand Staircase-Escalante National Monument would benefit the public, taxpayers, and residents of Utah. The key element of the trust would be to give the trustees the responsibility for funding the management of the monu-

ment and the ability to make decisions about how to do so. A trust that obtains its operating funds from revenues would give managers an incentive to look carefully at ways to use the land to obtain funds that can fulfill the mission of the monument. A well-drawn trust document would clarify the goals and the steps that the trustees could take to achieve those goals.

The Grand Staircase-Escalante is a unique national monument for many reasons. It is uniquely beautiful; it is uniquely large; it is uniquely endowed with marketable commodities; and it is uniquely managed as a national monument by the Bureau of Land Management. This combination gives the Grand Staircase-Escalante planning team all the more reason to make it unique in another respect—by managing it as a trust.

NOTES

1. Beginning with Theodore Roosevelt's establishment of the Devil's Tower National Monument, national monument acreage has grown to cover 21 million acres, an area nearly the size of Indiana, managed under the authority of the National Park Service (NPS). Until 1996, the largest of these outside Alaska was the Grand Canyon with 806,400 acres designated in 1908 (BLM 1999).

2. Special use fees and 15 percent of fee collections remain within the park in which they are collected, as does a portion of revenues collected from units participating in the Fee Demonstration Program of 1996. For a more complete discussion, see Fretwell (1998). Other revenues collected go to the general treasury, from which Congress reappropriates them.

3. The National Park Service cannot restrict access to mining claimants with valid existing rights, but it has the authority to regulate development to control the impact on park, recreational, and wilderness values.

4. The details of the trust arrangement could be further refined by examining how other conservation and environmental trusts operate.

5. Beneficiaries of these trusts usually include common

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schools, legislative, executive and judicial buildings, state hospitals, penal institutions, agricultural and mechanical colleges, military institutes, universities, and schools for the deaf and blind.

6. S. 2621, sec. 106(g), 105th U.S. Congress, 1998.

7. Eighty percent of user fees in participating units remain within the unit; 20 percent are spent under agency discretion for units unable to generate receipts sufficient to cover costs (Public Law 104-134, title III, section 315, as amended, 104th Congress, 1996).

8. Written communication from Keith Stegall, SEUG Trails Coordinator, Canyon Lands National Park, Moab, Utah, 18 December 1998.

9. This estimate assumes an inelastic demand curve, which has been shown for the majority of parks participating in the Fee Demonstration Program. Fees have often as much as doubled with little change in visitation numbers.

10. Federal grazing receipts are minuscule compared to state trust lands (see Fretwell 1998). Data provided through e-mail correspondence from Dennis Pope, Biological Team Leader, Grand Staircase-Escalante National Monument, 3 February 1999.

11. Data provided by Barbara Sharrow, Visitor Services Team Leader, Grand Staircase-Escalante National Monument, telephone conversation, 10 September 1998.

12. Public Law 105-335 (105th Congress, October 1998) transferred, through exchange, all Utah School and Institutional Trust Lands Administration lands and mineral interests inside the Grand Staircase-Escalante to the federal government. The state and federal government split an 8 percent coal royalty on federal lands. Thus the state of Utah would also receive an amount of \$1.95 million annually if mining were allowed. Data provided by Lee Allison, State Geologist, Utah Geological Survey, telephone conversation, 19 August 1997.

13. This is a conservative estimate based on only one of eight possible drilling sites Conoco has identified within the monument.

14. The average success rate for finding commercial quantities of oil from exploratory wells is 10 percent (Allison telephone conversation, 19 August 1997).

15. Data provided by e-mail correspondence from Barbara Sharrow, 26 January 1999.

16. Again, as stated in note 9, this calculation assumes an inelastic demand curve, which has been shown in most Fee Demonstration Program parks.

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