

Business Plan for Cache Creek Placer Area Permit

DRAFT

**PENDING REVIEW BY RESOURCE ADVISORY COUNCIL AND
FEDERAL REGISTER NOTICE**

**United States Department of the Interior
Bureau of Land Management
Royal Gorge Field Office
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Cañon City, CO 81212**

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**Business Plan for Cache Creek
Placer Area Permit**

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Recommendations, Reviews, and Approvals

Recommended by:

Outdoor Recreation Planner

Date

Reviewed by:

Associate Field Manager, Renewable Resources

Date

Approved by:

Field Office Manager

Date

This business plan was prepared pursuant to the Federal Lands Recreation Enhancement Act (Public Law 108-447) and BLM recreation fee program policy. It establishes future management goals and priorities for the Cache Creek Gold Panning individual special recreation permit fee program in the Royal Gorge Field Office.

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Introduction

This business plan is being prepared in conjunction with the development of the Cache Creek Placer Area Management Plan Environmental Assessment that addresses the high demand and associated negative impacts of recreation placer activities at the site. This plan, along with a number of other management actions, calls for the need to develop an Individual Special Recreation Permit system and associated fee in order to ensure a quality recreation experience in a relatively primitive and undeveloped setting and alleviate negative impacts to resources from the placer activity. Bureau of Land Management (BLM) guidelines require that each recreation fee program have a business plan which thoroughly discusses fees and explains how fees are consistent with the criteria set forth in Federal Lands Recreation Enhancement Act of 2004 (FLREA) and other agency directives. This plan is intended to assist in determining appropriate fee rates to achieve management objectives, outline the cost of administering fee programs, and identify priorities for future fee program expenditures.

Description of the Cache Creek Management Program

Background

Cache Creek is located immediately west and south of the town of Granite and flows into the Arkansas River just below the Granite Bridge. It was the site of one of the first large mining communities in Colorado during the late 1800s. In January 2000, the BLM acquired 2,160 acres through which Cache Creek flows, extending from the San Isabel National Forest boundary to highway 24. The parcel was acquired from the Conservation Fund, a group that works to maintain Colorado's open space. The intent of the purchase was to help protect critical elk and riparian habitat as well as to provide recreational access.

Due to the traces of gold found in the waste rock piles along with past BLM management actions and the rise in popularity of gold panning, Cache Creek saw tremendous increases in recreational placer activity. Resulting impacts to water quality and visitor experiences despite several other management strategies led to the development of the Cache Creek Placer Area Management Plan. This plan designates the Cache Creek parcel as a Special Area providing the ability to implement an Individual Special Recreation Permit (ISRP) system. It was developed in conjunction with feedback from prospecting clubs and organizations. Additional background information and the need for the management plan can be found in the Cache Creek Placer Area Management Plan Environmental Assessment (DOI-BLM-CO-200-2012-0069-EA, decision signed on 2/2/16).

Site Description:

The Cache Creek parcel is located in Chaffee County Colorado near the town of Granite. Cache Creek flows through the heart of the parcel which is a tributary to the Arkansas River. Chaffee County Road 398 serves as the primary access to the parcel which also travels further onto lands managed by the US Forest Service. Sitting at the base of the Collegiate Peaks of the Sawatch

Range rolling sagebrush dominates much of the site. The higher elevations are heavily forested with a diversity of tree species. The meandering creek and associated floodplain, while still recovering from past mining disturbance, is rich with riparian plant species and a fishery.

Recreation Use:

Based on data collected starting in 2011 by a volunteer campground host and a voluntary registration form, an estimate of visitor use was formed. Table 1 shows that on average Cache Creek sees approximately 2,000 visitor days per year participating in placer related activities.

Table 1 Estimated Visitor Use

Visitor Use Estimates						
Year	2015	2014	2013	2012	2011	Average
Number of Users	2100	2100	2242	1424	2061	1985.4

Many visitors consider Cache Creek a unique recreation opportunity offering placer activities in a relatively primitive natural environment that is available to the general public. The overall parcel sees a variety of dispersed recreation activities such as hunting, hiking and sight-seeing but within the developed area the majority of users participate in mineral collection activities such as gold panning and sluicing. Users range from beginners wanting to see what the activity is all about to highly experienced individuals that have a high level of investment, both time and financially, into the activity.

While a former demographic study was not conducted staff and campground host observations indicate that people visit the site from all over the country with the majority being from the Front Range urban centers and adjacent states. For Front Range visitors, Cache Creek is often the destination while visitors from out of the state often tie Cache Creek in with a larger itinerary. These types of trips often involve other placer activities including private club claims and sites along the Arkansas River. Group size ranges from individuals to small groups as well as families. Cache Creek is often a repeat destination with visits occurring multiple times/year and annually.

Length of stay is also highly variable. Data indicates that approximately 25% of the visitors camp at the site staying for varying lengths of time up to two weeks. Multi-day visitors also often take advantage of nearby lodging accommodations in Buena Vista. The length of stay for day time visitors often varies depending upon the level of gold panning experience where visitors new to the activity might visit for 2-4 hours where as more experienced visitors will stay all day.

Site Management:

As identified in the Management Plan there would be a change in the management from current conditions in order to facilitate reduction in impacts to resources and improve visitor

experiences. Additional rules for the area will be established at the site. These rules would be associated with an ISRP for placer mining activity within a designated area. Portable toilets, a kiosk, and informational signing would be provided. An increase in BLM staff presence would be needed to educate visitors on the changes along with a campground host when available.

Proposed Fee Rates and Permit Distribution

Proposed Fee Rate

The Royal Gorge Field Office proposes to implement a fee system for ISRPs as proposed in the Cache Creek Placer Area Management Plan. Based on a financial analysis along with public comment it was determined that two types of fees should be available to users; a season permit valid for the current use season (Memorial Day Weekend – November 30) as well as a day permit valid from time of purchase until 12:00 p.m. the following day. There would not be a separate camping fee.

Table 2 Recommended Fee

Fee Type	Proposed Amount
Annual Permit	\$25.00
Day Permit	\$5.00

It is estimated that this fee revenue will generate approximately \$28,635 annually based on current rate of estimated visitation. Operating expenses of the site are anticipated to steadily increase based on past years trends. 2016 operating expenses are anticipated to be approximately \$41,000 not including the capital improvement. Appropriated base level funding for operations and maintenance costs are expected to continue to support the area but additional revenue generated through the fee program will be used to offset deficits and for improvements.

Permit Distribution

Annual ISRPs and day use ISRPs would be available for sale at the Royal Gorge Field Office in Cañon City. Both permits would also be available at the site through an iron fee tube. These would be similar to other fee envelopes that the public is accustomed to using at other recreation sites. The annual permit would be designed so they are small and convenient to carry in a pocket or wallet. Stipulations would be printed on the back of the permits along with a signature line acknowledging reading and understanding the terms and conditions.

Financial Analysis

Anticipated Operational Expenses:

To determine anticipated operational expenses actual expenses were identified over the past five years. Trends from this data were then carried forward and combined with anticipated needs associated with changes in management to determine future estimated operational expenses.

Actual/Estimated Expenses; 2009-2013

All of the costs identified are based on actual expenses realized by the BLM over the five year period except for patrolling/maintenance. Patrolling/Maintenance costs were estimated based on average number of visits to the site during the year by position multiplied by the number of hours spent traveling to, from, and at the site to determine average annual hours by position. The average per season hours was then multiplied by the FY2013 hourly rate cost to the government for each position. The cost per season per position was then combined to determine average annual costs. Cost of living or other increases associated with inflation was not calculated into this cost estimate.

Sum of (# of days per season x average hours/day x hourly rate cost to government) = estimated patrolling/maintenance/season

Table 3 Actual / Estimated Expenses 2009-2013

Year	2013	2012	2011	2010	2009
Portable Toilets includes solid waste maintenance	\$ 1,020.00	\$ 940.00	\$ 720.00	\$ 630.00	\$ 710.00
Reclamation (avg 30% annual increase)	\$ 5,400.00	\$ 4,100.00	\$ 3,300.00	\$ 1,850.00	\$ 1,650.00
Road Maintenance	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00
Patrolling Costs (2 x per week) ¹	\$ 12,792.00	\$ 12,792.00	\$ 12,792.00	\$ 12,792.00	\$ 12,792.00
Campground Host (\$200/month x 5 months)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Administrative Rate ²	7%	7%	7%	7%	7%
Annual Cost Totals	\$ 19,612.00	\$ 18,232.00	\$ 17,212.00	\$ 15,672.00	\$ 15,552.00
Annual Cost Totals + Administrative	\$ 20,984.84	\$ 19,508.24	\$ 18,416.84	\$ 16,769.04	\$ 16,640.64

¹ Includes vehicle cost

² Includes toilet paper, fee collection, envelopes, etc

Estimated Future Expenses

As identified in Table 3, portable toilet costs increased from \$710 to \$1,020 over the five year period with an average increase of 11% per year. It can be assumed that this rate of increase would continue as management continues due to annual inflation and use levels.

Reclamation costs also increased during this same five year period from \$1,650 to \$5,400 with an average increase of 37% per year. For the purposes of this analysis the 2013 actual cost of \$5,400 was used since it is anticipated that implementation of the management plan will reduce and stabilize the level of reclamation required.

While the cost to maintain the road annually has not increased during the five year period analyzed it can be assumed that this rate will increase slightly in the future due to inflation. This was taken into account in the analysis of future expenses.

With the changes in management there is an evident need for an increase in BLM presence and monitoring. An ideal scenario would result in law enforcement patrolling the area at least two times per month during the use season. A seasonal employee would be warranted to spend at least two days a week at the site combining patrolling with site maintenance and monitoring. A permanent BLM recreation staff person would also be needed at the site monthly to assess the management program and perform monitoring of impacts to resources. This results in a labor increase not including cost of living increases.

Based on feedback from partners and past partner campground hosts the \$200/month camping rate is not sufficient to attract long term devoted hosts. In order to improve management of the site a higher amount would be more appropriate that is commensurate with other BLM volunteer opportunities. This increases the campground host cost.

Table 4 Projected Expenses

	2016*	2017	2018	2019	2020
Toilets ¹	\$ 1,377	\$ 1,377	\$ 0	\$ 0	\$ 0
Reclamation	\$ 5,400	\$ 5,400	\$ 5,400	\$ 5,400	\$ 5,400
Road Maintenance	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Patrolling/Monitoring/Law Enforcement (anticipate larger need upfront)	\$ 30,946	\$ 30,946	\$ 22,306	\$ 22,306	\$ 22,306
Campground Host (\$125/week x 20 weeks)	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Materials and Supplies	\$ 300	\$ 300	\$ 500	\$ 500	\$ 500
Capital Improvements ²	\$ 10,000	\$ 0	\$ 30,000	\$ 0	\$ 0
Annual Cost Totals	\$ 51,023	\$ 41,023	\$ 61,206	\$ 31,206	\$ 31,206

*Since the management plan may not be implemented in 2016 the schedule may shift.

¹Includes solid waste removal; no cost after 2018 after vault toilet is installed

²Capital improvements include kiosk, signs, and vault toilet

As identified in the analysis above expense associated with the management of Cache Creek is anticipated to increase during the first three years in association with capital improvements and law enforcement needs. It is anticipated that these expenses will level out and will stabilize in the fourth year.

Comparable Analysis

As part of the business analysis a variety of similar opportunities were researched and compared. This provides insight into not only comparative rates but also sees the range of prices and services charged for a similar experience as well as other approaches to managing gold panning activities.

In conducting this research it became evident that similar areas managed by federal land management agencies are incredibly rare. In fact only two sites managed by a federal land management agency were identified and they were both BLM sites; one in Redding, CA and the other is Point Barr managed by the Royal Gorge Field Office. It is unclear why few federal land management sites exist. It could be speculated that given the recent increase in the hobby of gold panning, agencies have yet to respond to the increased demand but the issue is present. It could also be that Cache Creek is unique in how it relates to mining law and few similar instances occur with the same challenges. One State Park in South Dakota was identified that charges fees for gold panning and seven private companies located throughout the United States were also identified. Two gold panning clubs that charge fees to members to use the club claims were also included.

Table 5 Fee Comparison Chart

Reed Gold Mine, SC	\$2.00/day
Big Thunder Gold Mine SD	\$25/five hours with equipment
Jamestown CA	\$6.00/day
Crow Creek AK	\$20.00/day
Alabama Gold Camp AL	\$5.00/day
Crow Creek AK	\$10.00/half day
Country Boy Mine CO	\$9.95/day
Custer State Park	\$15.00/vehicle
BLM-Redding, CA	\$5.00/five days
BLM-Point Barr	\$25/two years
Gold Prospectors of Colorado (GPOC) club	\$25.00/year
Colorado Prospectors club	\$69.00/year
Cache Creek Placer Area	\$5.00/day or \$25.00/year

Table 5 shows the identified comparable areas and the fees. It was discovered that a variety of fee structures exist with a wide range of services provided. The high end is \$25/five hours which included the use of equipment. The lower end is \$5.00/five days at the Redding, CA BLM site where it is assumed there are minimum services, similar to Cache Creek. The state park charges \$15/vehicle. Gold Panning clubs researched generally charged an annual fee ranging from \$25.00 to \$69.00. This fee provides access to the claim and reclamation but other services, such as restrooms, are generally not provided. Based on this comparison the recommended fee for Cache Creek Placer area is \$5 per day or \$25 for an annual pass.

Anticipated Use Level Analysis

In order to determine estimated revenues based on a variety of rate structures, anticipated use was determined. These figures were derived from campground host logs which document the number of participants each day during the season. Anecdotal evidence from staff and campground host observations was used to fill holes where data wasn't available.

Table 6 Use Level Calculations

	2011	2012*	2013	Average
# of Users/Year	2242	1424	2061	1909
# of days with data	102	119	127	116
Avg. # of Users/Day	17.6	11.9	20.2	16.6
# of Unique Users/Year**	1121	712	1030.5	954.5

*Data from 2012 is assumed to be low due to differences in data collection methods and use would be similar to other years. Data was not collected in 2014-2015; we did not have a campground host.

**Estimated that approximately half the visitors are return visitors within the same season based on a 25% camping rate and anecdotal campground host information.

A revenue analysis was prepared in Table 7 to display an annual estimate for the placer area if the fee rates found in Table 5 were charged. The four types of sites are shown in the columns with either an average fee or the actual fee. A combination scenario is shown in the last column using the number of unique users/year (Table 6). The fee in each column was multiplied by the average number of Users estimated to visit Cache Creek per year (Table 6). The result gave estimated revenue for the year. Finally, the annual cost totals (Table 4) were subtracted from the estimated revenue to give the revenue/expense difference for the next five years.

As identified in the Table 7 almost all of the scenarios outlined result in a deficit when comparing anticipated expenses to revenue. The final scenario using a combination of the sale of annual passes and daily passes that is the recommended fee rates for the Cache Creek Placer Area. The final revenue/expense difference has a small deficit which would be covered by BLM appropriated funds.

Table 7 Revenue Analysis – 2016-2020

	Private Facility-Daily	Annual Fee-Clubs	Annual Fee-Point Barr	Daily Rate-BLM	Proposed Combination-Daily/Annual
Fee	\$10.33*	\$25**	\$12.50	\$5.00	\$25/\$5
# of day-pass Users/Year	1909	N/A	N/A	1909	954.5 (1/2 of average # of users)
# of annual-pass Users/Year ***	N/A	1909	1909	N/A	954.5 (1/2 of average # of users)
Estimated Revenue	\$19,719.97	\$47,725	\$23,862.50	\$9,545	\$28,635.00
Revenue/Expense Difference, 2016	(\$31,303)	(\$3,298)	(\$27,161)	(\$41,478)	(\$22,388)
Revenue/Expense Difference, 2017	(\$21,303)	\$6,702	(\$14,534.21)	(\$31,478)	(\$12,388)
Revenue/Expense Difference, 2018	(\$41,203)	(\$13,481)	(\$37,343.50)	(\$51,661)	(\$32,571)
Revenue/Expense Difference, 2019	(\$11,486)	\$16,519	(\$7,343.50)	(\$21,661)	(\$2,571)
Revenue/Expense Difference, 2020	(\$11,486)	\$16,519	(\$7,343.50)	(\$21,661)	(\$2,571)

*Based on average price of private facilities with outliers removed.

**Based on smaller clubs offering access to limited claims.

***Estimate based on # of unique users/year.

Public Participation

The initial concept of a permit and associated fee was first broached at a meeting held between the BLM and prospecting interests including regional and national prospecting clubs and business owners. From this meeting the BLM developed a proposed action for the management plan that included implementing a permit and fee system. An initial scoping period was initiated in March/April 2014 that presented a draft proposed action including a permit and fee program. Scoping letters and emails were sent out to those clubs and businesses who participated in the initial meeting who then also shared the information with their members and customers. The draft proposed action was also sent out to county commissioners along with local, state and federal agencies.

Six commenters provided input on the draft proposed action during the scoping period and only two of those commented directly on the fee. One commenter requested that the fee be reasonable so that families and individuals can afford to continue to recreate at the site and have both long term and short term fee options. The other commenter was opposed to the fee and felt that budget allocations should be sufficient to cover the management of the site. Following the comment period, the document was revised for the final Environmental Assessment and in this business plan to clarify that the fee would is not applicable to persons age 16 and under. The decision was signed on February 2, 2016 to approve the Cache Creek Placer Area Management Plan.

The Royal Gorge FO will be presenting the fee proposal to the BLM Recreation Resource Advisory Council (RAC) for its formal review. The Colorado Front Range RAC is a 15-member advisory panel which provides advice and recommendations to the BLM on resource and land management issues for public lands in Colorado. The Federal Lands Recreation Enhancement Act mandates that the appropriate Recreation RAC reviews all BLM recreation fee proposals prior to approval. Comments from both the public at large and the BLM Colorado RAC will be considered prior to approval of the fee implementation in the Cache Creek Placer Area. It is anticipated that the fee program will begin in May 2017.

Prior to charging a fee, the RGFO will conduct the following outreach efforts to notify the public of the implementation of a fee at Cache Creek Placer Area:

- Posting a notice on the BLM Colorado and Royal Gorge FO websites;
- Publishing a news story in the various newspapers along the Colorado Front Range;
- Issuing a News Release to statewide print and broadcast media.
- Posting notices on Cache Creek information kiosk.

The Cache Creek Management Plan calls for an annual meeting with Colorado Parks and Wildlife and interested prospecting clubs to share information about management of the site and resource conditions. A report outlining revenues and expenditures would be generated for this meeting and shared with the public. Signing at the site would also notify users that fees at the site go back towards managing the area.

Authorities and Planning Guidance

The Bureau of Land Management (BLM) originally began collecting recreational fees for the use of public lands under the authority of the Federal Lands Policy and Management Act of 1976. The Federal Lands Recreation Enhancement Act of 2004 (REA) now provides the BLM with its current authority to collect recreational fees. Section 3(h) allows the agency to collect Individual Special Recreation Permit fees for specialized uses of federal lands and waters. The act authorizes the BLM to locally retain collected recreation fees and outlines how revenues may be used, for such things as facility repair, facility maintenance, facility enhancement, interpretation, visitor information, visitor services, visitor needs assessments, signs, habitat restoration, law enforcement related to public use and recreation, and operating or capital costs directly associated with the Recreation and Visitor Services Program.

The authorities and regulations for this business plan are:

- **The Federal Land Policy and Management Act of 1976** (Public Law 94-579), contains BLM's general land use management authority over the public lands, and establishes

outdoor recreation as one of the principal uses of those lands. Section 302 (b) of FLPMA authorizes the BLM to manage the use of the public lands through permits.

- **The Federal Lands Recreation Enhancement Act of 2004** (Public Law 108-447), repealed applicable portions of the Land and Water Conservation Fund Act and replaced BLM’s authority to collect recreational fees. This law authorizes BLM to collect recreation fees at sites that meet certain requirements, allows BLM to keep the fee revenues at the local offices where they are collected, and directs how BLM will manage and utilize these revenues. Section 803 contains BLM’s authority to issue permits and charge a permit fee for gold panning use at Cache Creek. Section 803 (h) authorizes the BLM to require Special Recreation Permits and fees associated with specialized recreation uses of federal lands and waters, such as group activities, recreation events, and motorized recreational vehicle use.
- **Code of Federal Regulations, Title 43, Part 2930 (43 CFR 2930)**, contains the regulations governing BLM’s recreation permitting programs. 43 CFR, Subpart 2932.11(b) contains BLM’s authority to issue permits for use of gold panning at Cache Creek. It states that, “If BLM determines that it is necessary, based on planning decisions, resource concerns, potential user conflicts, or public health and safety, we may require you to obtain a Special Recreation Permit for – (1) Recreational use of special areas.” A “special area” is where the BLM determines that the resources require special management and control measures for their protection. Permits for gold panning at Cache Creek protect recreation experiences, riparian ecosystems, fisheries, wildlife, and cultural and historic resources.

This business plan has also been prepared pursuant to all applicable BLM recreation fee program policies and guidance, including:

- BLM Recreation Permit and Fee Administration Handbook (H-2930-1), explains how the BLM implements its recreation permit and fee program. Chapter 2 specifically addresses Recreation Use Permits and the use of fees.
- BLM Colorado Instruction Memorandum CO 2012-001: *BLM Colorado Recreation Fee Proposals, Step-by-Step Review and Approval Process and Checklist for Resource Advisory Committee Fee Review*
- 43 CFR 2930
- BLM Manual 2930, Recreation Permits and Fees

The BLM strives to manage recreation and visitor services to serve diverse outdoor recreation demands while helping to maintain sustainable setting conditions needed to conserve public lands, so the visitor’s desired recreation choices remain available.