

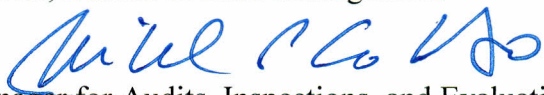


OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

May 6, 2014

Memorandum

To: Neil Kornze
Principal Deputy Director, Bureau of Land Management

From: Michael P. Colombo 
Western Regional Manager for Audits, Inspections, and Evaluations

Subject: Closeout Memorandum – Evaluation of Red Rock Canyon National Conservation Area Recreation Fee Collection, Bureau of Land Management
Assignment No. WR-EV-BLM-0025-2013

We have completed the survey phase of our evaluation of recreation fee collection and use at the Bureau of Land Management's (BLM) Red Rock Canyon National Conservation Area (Red Rock Canyon). We determined that further work in this area is not warranted. Our agency is conducting a separate review of BLM recreation fees from a broader, Bureauwide perspective that may identify reportable findings and recommendations. Although we are closing the Red Rock Canyon assignment without issuing a report, we have identified two issues that deserve your attention.

Background

We initiated this assignment because a former BLM Deputy Director requested that we review the use of recreation fees at Red Rock Canyon. Our survey objective was to determine how Red Rock Canyon staff used recreation fees and if there were sufficient controls for collection and management of these fees.

We learned that almost 90 percent of Red Rock Canyon's annual operating budget is based on recreation fee revenues. The majority of these revenues come from entry gate fees collected through a partnership with Red Rock Canyon Interpretive Association. During fiscal years 2012 and 2013, at least 20 percent of fee revenues were used to fund Red Rock Canyon's partnership with the Association.

In addition to entry gate and campground fees, Red Rock Canyon collects special recreation permit (SRP) fees. SRPs are used for activities such as climbing, biking, horseback tours, jeep tours, as well as events such as weddings and competitive runs. Permittees report to Red Rock Canyon their total gross revenues in order to determine fee amounts due. During our survey, we reviewed four SRP files and a general SRP fee summary report, which identified the type of activity, permit number, issue date, expiration date, and amount of fees collected.

Although SRP fees represent a minimal amount of total fee revenues, we identified concerns that warrant BLM's attention to improve management of recreation fees at Red Rock Canyon.

Issues Identified During Survey Phase

SRP Reported Revenues

BLM's current guidance and form for permittees to report revenue generated from a SRP require only minimal information. BLM collects SRP fees totaling 3 percent of the permittee's gross revenues or \$100 annually, whichever is greater.¹ Permittees self-report their gross revenues to BLM using a post-use report form. We were told by BLM officials there is one BLM recreation technician responsible for monitoring SRPs at Red Rock Canyon, thus BLM relies heavily on permittees to report accurately and honestly. According to BLM officials at Red Rock Canyon, this technician ensures that permittees comply with the guidelines and stipulations stated in the permit. Some permits (currently, about 18) are issued for a 5-10 year duration. The technician performs a more formal evaluation once a year for these permits.

The BLM Recreation Permit Administration Handbook provides some guidance on permittee reporting, however, there is much left to the discretion of the person designated to review permit reporting. In addition, BLM does not require Red Rock Canyon permittees to report the fee or rate they charge customers or the calculation of total revenues. The post-use forms provided by BLM for reporting include minimal information, which does not include number of participants or rate charged per activity or participant. Additionally, not all permittees use the provided form for their post-use reporting. While permittees may each have different requirements due to the purpose and nature of their operations, the current guidance and post-use form create inconsistency in content reported on forms. For example, in the four SRPs we reviewed, one permittee did not include the number of participants in their post-use report because it is not a required field, whereas, another permittee voluntarily included the number of participants on a separate self-produced form.

SRP Application Fee

BLM officials said that they do not charge an application fee for SRPs at Red Rock Canyon, but have considered proposing this fee to the State Director. SRP applications can take a substantial amount of time and resources to review, approve, and administer. In addition, not all applicants receive permits if they do not comply with guidelines or may subsequently withdraw their application after BLM awards them a permit. As a result, substantial costs can go unrecovered.

Conclusion

We encourage BLM to review its policies and procedures regarding SRP revenue reporting and monitoring and to create a revenue reporting form and criteria that include reporting, at a minimum, the number of participants, rates per activity or participant, and total gross receipts. We also encourage Red Rock Canyon to submit a proposal to implement the use

¹ As of March 2014, BLM collects 3 percent or \$105 annually, whichever is greater.

of application fees for SRPs. While we understand these permit fees account for only a small portion of Red Rock Canyon's annual fee revenues, we believe that additional focus on these matters will result in improved management and efficient use of recreation fees.

We appreciate the cooperation and assistance provided by your staff during our survey period. If you have any questions, please call me at 916-978-5653.

cc: Amy Lueders, Nevada State Director, Bureau of Land Management
Timothy Smith, Southern Nevada District Manager, Bureau of Land Management
Mark Spencer, Red Rock/Sloan Field Manager, Bureau of Land Management
LaVanna Stevenson, Audit Liaison, Bureau of Land Management