

*The Rhode Island Parks and Beach System Study
and Asset Management Plan*

Rhode Island Department of Environmental Management
Office of Strategic Planning and Policy



January 2001

Jan Reitsma
Director

Table of Contents: Section 1

| | |
|--|-----|
| Acknowledgments..... | iii |
| Executive Summary..... | iv |
| The Rhode Island Park and Beach System..... | 1 |
| Methodology..... | 2 |
| Maintenance Backlog..... | 3 |
| Operating Budget..... | 4 |
| Staff Levels..... | 4 |
| Funding | 5 |
| Increased Park Revenues at Burlingame State Park..... | 9 |
| Options for Improving Fiscal Health..... | 9 |
| Conclusion..... | 11 |
| References..... | 12 |
| Appendix A: Thumbnail Sketches of Selected RI State Parks and Beaches..... | 13 |
| Appendix B: Selected Activities Chart for RIBPS..... | 17 |
| Appendix C: Other State Park Systems | 18 |
| Appendix D: State Park Systems Flow Chart..... | 34 |
| Appendix E: Institutional Arrangements and Budget Structures..... | 35 |

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Executive Summary

DEM Director, Jan Reitsma, directed that an evaluation of the Rhode Island Park and Beach System be conducted to better define long term capital and asset management needs. This study, which to our knowledge, is the first such study to be conducted by the Department, is summarized below.

RIPBS is a significant contributor to the environment and the quality of life in Rhode Island. Its 6900 acres provide habitat for a range of species, preserve open space as well as provide a haven for RI residents looking to escape congestion sometimes found in RI, the second most densely populated state in the country. RIPBS also contributes significantly to the RI economy as it creates recreation related economic spin-off. The residents and tourists that use these facilities purchase recreation-related equipment, supplies, food and accommodations in host communities, as well as pay entrance and user fees that are deposited into the state general fund.

The 42 facilities in the Rhode Island Park and Beach System (RIBPS) are beginning to show wear and tear. Priority items in Region I exemplify problems throughout the system. These include worn out vehicles and equipment; degraded water quality; deteriorated bridges, circulation pond dam, bathhouse and beach restrooms; and chronic shortages of full and part time staff. To gain a clearer understanding of these problems, the Department conducted an Asset Management Study that identifies:

- Major repair and replacement needs and costs for inclusion in the capital budget
- Smaller repair and replacement needs and costs for inclusion in the operating budget
- Budget and staffing trends in RIPBS and state parks nationwide

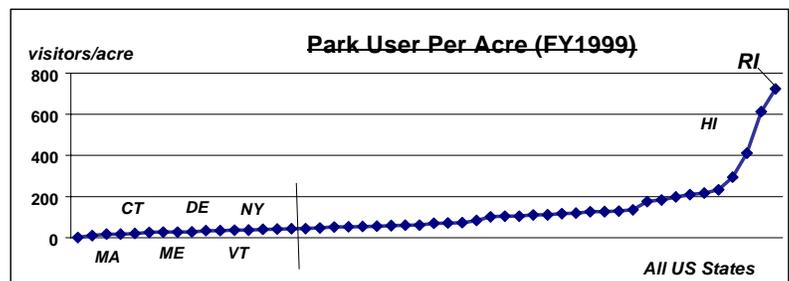
It also includes:

- A comprehensive data base as a foundation for a long term asset management plan to schedule repair and replacement of assets not covered under current levels on a pay-as-you-go basis
- Recommendations for funding strategies to preserve and enhance the system.

The study is based on consultation with state park managers in Rhode Island to generate a complete inventory of RIPBS assets and their condition, a review of National Association of State Park Directors (NASPD) annual trend data, and selected reports and studies of other state park systems. We compared the RI system with other state park systems in regard to deferred maintenance and revenue generation, as well as the institutional arrangements and budget structures that impact the viability of state park systems. To analyze repair and replacement needs we ranked assets on a scale of 1 (insignificant) to 5 (vital) for importance to the park system, and from 0 (brand new) to 5 (needs complete repair or replacement) for condition. The product equals priority. The highest priority projects received a score of 25.

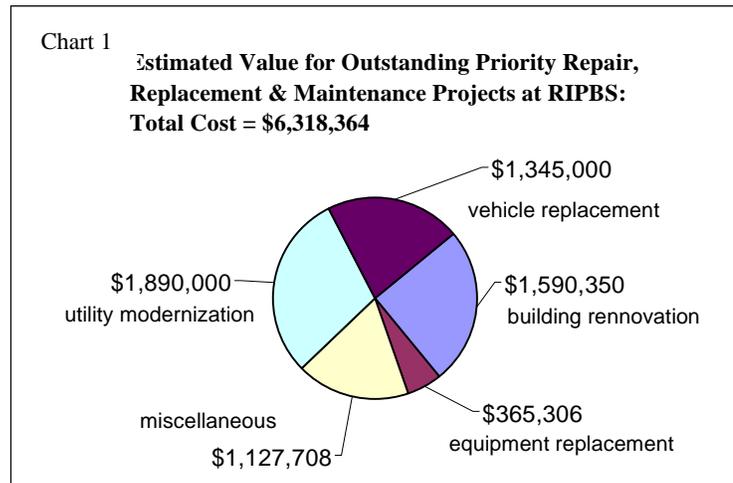
Findings

- RIPBS parks and beaches have the highest park visit per acre ratio in the country as shown by the chart to the right.

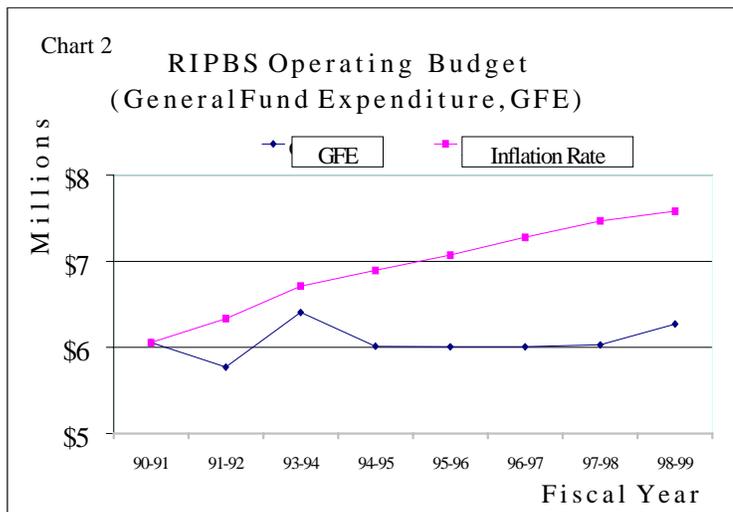


*National Assoc. of State Park Directors, Annual Information Exchange, 2000.

- There is **backlog of priority repairs and replacements** that has a price tag of **\$6.3 million**. (Chart 1)
- This figure is dwarfed by the estimated **market value for the system of \$416 million**.
- From FY1992 to FY1999 the RIPBS **operating budget fell \$1.3 million** short of keeping pace with inflation, as measured against the national CPI. (Chart 2)



- RIPBS derives 50 percent of its operating budget from park generated revenue compared to the national average of 40 percent.
- RIPBS park generated revenue totaled approximately \$3.15 million annually, but only \$90,000 per year (3%) is returned to the system through a dedicated fund. Other state park systems in the U.S. and Canada retain 90 percent of park generated revenue for operation of and investment in the park system.



- Staff levels in RIPBS fell significantly while the total number of acres and facilities in the RIPBS has remained in equilibrium for about the last 10 years
 - ✓ RIPBS full time staff fell by 41 percent between FY 1989 and FY 1999 compared to the national average of 20 percent in the same time period
- The experience at Burlingame, where revenue from the concession was used to buy five log cabins, indicates that if park managers had access to a source of funding to dedicate to park investments they could expand services, yielding a significant return on their investment. A funding source for the initial investment outlay for projects like the Burlingame cabins is not available at RIPBS.

Recommendations

Short Term Goals:

- Continue to provide general fund revenue to support RIPBS
- RIPBS could further increase park generated revenues by exploring non-general fund revenue sources such as: donations from individuals or foundations, federal grants, partnerships with corporations, friends of the park groups, trust funds, etc.
- Allocate a portion of the RIPBS generated revenue to establish a dedicated fund for park system managers to invest in:
 - ✓ facility improvements and enhancements

- ✓ rainy day fund
- ✓ pay-as-you-go replacement of vehicles and equipment
- Explore upgrading the existing database to serve as a foundation for a long-term asset management plan.
- Conduct asset management studies of other Department facilities, starting with forestry facilities (currently underway).
- Conduct a Pilot Enterprise Study to evaluate the effectiveness of different revenue sources, funding structures, institutional arrangements and entrepreneurial pursuits in increasing park generated revenue and improving customer service.

Long Term

- Adopt the mix of revenue sources, budget structures and institutional arrangements and entrepreneurial activities that is shown to be most effective during the pilot study.

How This Report is Organized

- Section 1 describes the RIPBS, compares deferred maintenance, employee levels, funding levels and methods among RIPBS and other state park systems, and lists options for improving asset protection.
- Section 2 contains an inventory of the land, structures and equipment in the system, and sets a replacement value for the system.
- Section 3 identifies repair, maintenance and replacement needs, prioritizes them and identifies the cost of the highest priority needs.

Section 1. The Rhode Island Parks and Beach System

About the System

The 42 recreational and educational facilities in RIPBS are located on 6,925.5 acres or 8.7 percent of the 80,000 acres of open space managed by state and local governments in Rhode Island. This includes 1700 acres of undeveloped land. A range of recreational areas and activities are offered at 8 saltwater beaches, 2 breachways, 4 freshwater beaches, 10 parks, 2 scenic areas, 7 historic monuments, 4 parkways, 21 miles of paved bike path, 4 forts, undeveloped areas, roadside rest areas, and battle fields. Popular activities and amenities include: fishing at 11 sites, boating at 8 sites, picnicking at 13 sites, salt water and fresh water swimming at 12 sites, 1,032 campsites, 30 miles of bridle trails, a 9 hole golf course, 4 tennis courts, historical and cultural interpretive programs, concerts and other public events. For thumbnail sketches of selected parks and beaches see appendix A.

The variety and accessibility of Rhode Island parks and beaches set them apart from those in other states. The high quality of Rhode Island's State Facilities is reflected in the attendance of over 5 million visitors per year. RIPBS facilities provide residents and tourists with convenient access to recreational areas. Many are located relatively close to cities so urban residents can walk or take a short ride to reach them. Many facilities can also be accessed via Rhode Island Public Transportation. State residents primarily use facilities set in urban areas while there is about a 40/60 percent split between residents and out-of-state visitors for south county facilities. For information on amenities found at selected state parks and beaches in Rhode Island see appendix B.

Contribution to Environmental Quality

RIPBS maintains environmental integrity, improves air and water quality and preserves vital habitat for species. RI is the smallest of the 50 states at 1,200 square miles (smaller than Yosemite National Park) and the second most densely populated state after New Jersey. Approximately half of the State is comprised of highly developed urban areas, in a corridor that extends from Woonsocket to Newport. The RIPBS provides open spaces containing a variety of ecosystems such as wetlands, woodlands, fields, and shoreline, including 1565 acres of woodlands, fields and water bodies at Colt Park, Lincoln Woods and Goddard Park.



Open spaces improve air quality and water quality in RI communities by providing natural areas where air and water are purified. The trees and other vegetation found in the RIPBS contribute to environmental quality through taking in carbon dioxide and emitting oxygen, reducing soil erosion, and cooling the air. Wetland vegetation absorbs floodwaters, and filters pollutants out of the water before it reaches water bodies. Dune vegetation provides habitat for wildlife and slows erosion of beaches.

Parks and beaches also contribute to preservation of critical habitat that sustains wildlife in key areas such as East Matunuck.

Within RIPBS wildlife habitat is preserved for plants and animals native to RI. During the last century, more than 44 percent of plants and at least 9 species of animals became extinct in Rhode Island due to conversion of natural habitats. The piping plover (illustration above), a wading bird, is on the federal endangered species list. The RI piping plover population has increased from 10 nesting pairs in 1986 to 46 pairs today in Rhode Island, due in part to efforts at the state owned East Beach/Ninigret. In 1998 five pairs and five chicks were fledged, 1999 eight pairs and twenty-five chicks were fledged and this season fourteen pairs and 30 thirty chicks were fledged.

Contribution to Economy

By drawing tourists and capturing resident dollars, the RIPBS increases revenues generated from recreational related sales and services, boosting the state's economy. Tourists are mainly drawn to the south county beaches. In fiscal year 1999, 58 percent of cars that paid fees at the entrance gate at state beaches were from out-of-state. Tourists not only frequent south county hotels, rent summer lodging, visit restaurants and local stores where they spend money, but they also contribute revenues from camp and beach fees directly to the state general fund. In FY 1999, non-resident beach fees contributed \$875,277 to the general fund. Fifty-five percent of campsites were rented to out-of-state visitors in FY 1999, generating \$249,089 for the general fund.

RIPBS facilities also help keep Rhode Island dollars in the state. In 1996, The Rhode Island Department of Environmental Management surveyed East Bay Bike Path users. Seventy-seven percent of bike path users were RI residents. On average, bike path users spend \$5.24 for each visit to the bike path. This translates to \$2.2* million spent annually at stores and vendors near the bike path³.

Recreational and other fishing opportunities provided by the RIPBS generate revenues and jobs related to recreational salt-water fishing. The RIPBS provides shoreline access at 12 public boat ramps and 10 sites for fishing. The latest available study, based on U.S. Fish and Wildlife Service survey data collected in 1991, estimated that salt-water anglers spent \$51.6 million on fishing equipment, generated \$31 million in salaries, and contributed \$94.9 million in economic output to Rhode Island's economy. Of these recreational fishers 42 percent were in-state residents and 58 percent were tourists⁴.

Contribution to Quality of Life

The RIPBS also improves the quality of life by providing a wide variety of recreational opportunities: places to picnic, sail, bike, swim, enjoy nature, and explore Rhode Island's environment, culture and history. According to the Parks and Recreation Federation of Ontario and the Ontario Ministry of Tourism and Recreation, recreation promotes a full and meaningful life, self-esteem, healthy human development in children, reduces stress, promotes ethnic and cultural harmony, reduces alienation and loneliness among individuals and builds strong communities⁵.

The RIPBS is in many ways an exemplary system with a wide variety of facilities and programs throughout the state. However, the system has built up a maintenance backlog as the purchasing power of state funding and the levels of staffing have declined.

Market Value of RIPBS

The estimated value of RIPBS, \$416 million, captures the cost of rebuilding all of the facilities in RIPBS, repurchasing equipment, vehicles and all of the land that RIPBS owns/manages. RIPBS is a significant asset to the State of RI that requires \$6.3 million to address repair, maintenance and replacement issues. The establishment of an asset management system with stable funding would sustain the value of RIPBS and increase its worth.

Methodology

Market Value of RIPBS Land and Other Amenities

Section 2 of the report summarizes the inventory and replacement value of land and infrastructure in the RIPBS that was generated in spring 2000. The inventory includes a list of replacement costs for each RIPBS asset and a market price for RIPBS land in order by region and park. Assets include buildings,

* From 7am to 7pm in the months of January to December multiple interns counted the number of uses at various sites on the East Bay Bike Path. The average weekday use was 898.5 people. Multiplied by 5 days this equals 4,492.5 users. The average weekend day use was 1875. Multiplied by 2 days equals 3,750 people. The total of these numbers was 8,242.5 people per week that used the bike path. Multiplied by 52 weeks equals 428,610 users annually. In a survey, bike path users were asked how much they spend per visit on average at the local vendors and stores that surround the bike path. This average expenditure was \$5.24. When multiplied by the annual number of users this equals \$2,245,916 spent annually at local stores.

seawalls, boat ramps, pavement, unregistered equipment and registered vehicles etc. Replacement cost describes the costs associated with replacing all RIPBS assets including land, buildings, uninhabitable components, pavement, unregistered equipment, and registered vehicles.

A planner compiled the inventory during site visits, and obtained measurements of all assets. Cost information used to determine replacement cost was provided by the DEM’s Office of Parks and Recreation (P&R), DEM’s Office of Planning and Development (P&D) and the RI Department of Transportation (DOT). P&D is comprised of technical staff seasoned in areas such as engineering, geographical information systems (GIS), and land acquisition. See chart 1 for details on methodology and sources of information.

| <i>Chart 1 : Methodology for RIPBS Market Values</i> | |
|--|---|
| <u>Land Market Value</u> | <u>Market Value of Amenities: Buildings, Seawalls, Boat Ramps, ECT.</u> |
| <ol style="list-style-type: none"> 1. RIPBS Acreage <ul style="list-style-type: none"> - The P&R provided land acreage for RIPBS based on previous land surveys. 2. Land types: wetland, parkland & beachfront <ul style="list-style-type: none"> - P&D provided the total acreage of wetlands on each property based on GIS data. - “Non-wetland” land was classified as either “<u>parkland</u>” or “<u>beachfront</u>” (for details refer to section 2, appendix A, page 32). 3. Market Value of land types (\$/area). <ul style="list-style-type: none"> - The Department of Transportation furnished parkland market values, based on zip code. - P&D furnished Beachfront and wetland market values, based on comparable cost estimates from recent RIDEM acquisitions. | <ol style="list-style-type: none"> 1. Inventory <ul style="list-style-type: none"> - During site visits in spring 2000, all assets that had not been measured previously were measured. 2. Market value for amenities (provided by P&D) <ul style="list-style-type: none"> - Replacement values for older facilities, such as beach pavilions and seawalls were based on comparable construction cost data from recent projects. - Values for newer facilities were based on actual costs of construction. 3. Calculations to derive market values: <ul style="list-style-type: none"> - Costs were applied on a unit basis (i.e. cost per square foot of a heated building costs \$X) to derive a replacement cost for amenities where actual costs were not available (For details refer to section 2 appendix B, page 34 and appendix C, page 35). |

Issues & Problem Areas:

Maintenance Backlog

State park staff often must defer maintenance projects until assets are completely unusable or present safety risks, resulting in an extensive backlog of repairs. We identified 102 priority projects that need to be immediately addressed and estimated this backlog to be worth \$6.3 million. Deferred maintenance due to budget constraints also prevails in other states. Vermont has \$2 million in deferred maintenance, New Hampshire approximately \$14 million, Texas with \$184 million, Washington \$40 million, and Idaho \$76 million².

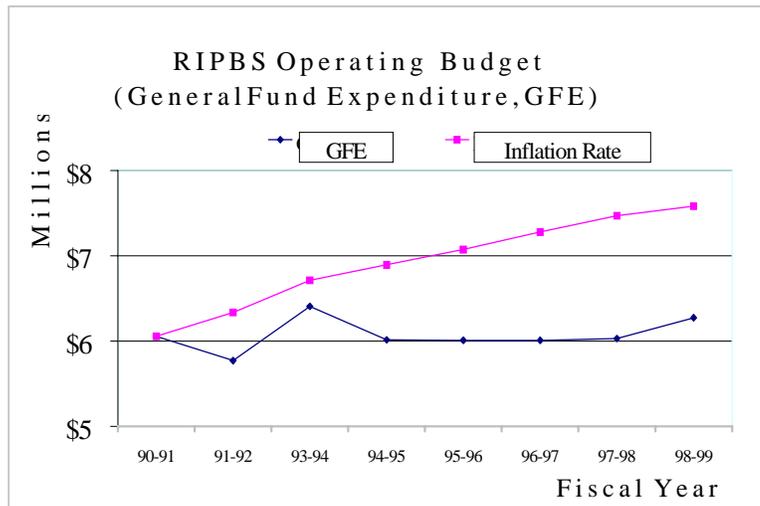
Multiple factors contribute to the growing deferred maintenance backlog, including lack of funding for small projects in the capital budget or the operational budget and a declining level of staff. The capital budget program provides for major capital improvements such as rebuilding of facilities and larger scale renovations. It is not intended to address the numerous smaller, albeit significant projects for RIPBS asset management. Moreover, the operational budget has not kept pace with inflation so smaller projects are delayed or not done at all.

Operating Budget Lags Behind Inflation

The RIPBS operational budget has not kept up with inflation (See Figure 1). The RI Parks Operating Expenditures graph shows that from FY 95 to FY 98 the operational budget remained relatively flat in terms of constant dollars. The Operations budget reached a peak in FY94 at nearly \$6.5 million, dropped to \$6 million in FY 95 and rose to \$6.3 million in FY 99.

The budget would have to be \$7.4 million today to keep up with inflation (at a 3 percent increase). The operational budget trend for Rhode Island is similar to the trend for state park system budgets in the United States and Canada (averaged).

Figure 1

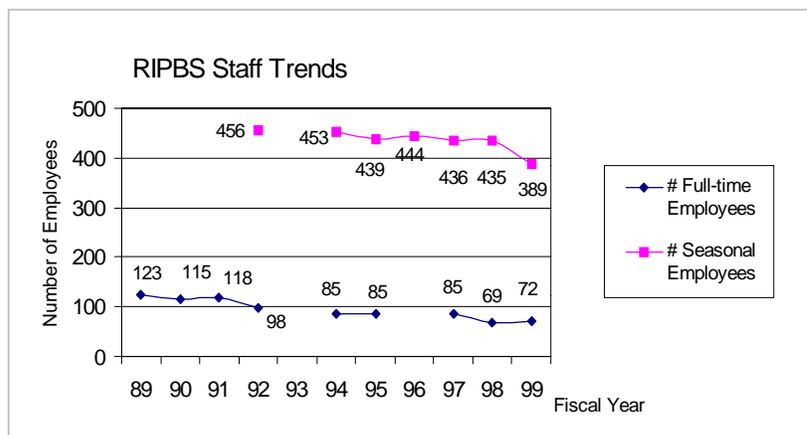


While the purchasing power of the operating budget has declined, the system has undergone changes that are estimated to result in a system that is about the same size and complexity. In RI, as in other states, park managers have scaled down and/or closed facilities to reduce the maintenance backlog and cut operational costs. Since 1991, managers have transferred ownership or management of 22 facilities to municipalities and DOT including 2 major roadside rest areas, 14 minor roadside rest areas, and 6 parks and beaches. However, during the same time, the RIPBS has grown with the construction of larger buildings expanding Misquamicut, Roger Wheeler, Lincoln Woods and Scarborough Facilities. Except for Lincoln Woods, these facilities require high maintenance because they are located close to salt water and are subject to salt corrosion and exposure to harsh coastal storms and weather.

Staff Levels Are Declining

Adequate staff levels are essential to any park system's ability to repair facilities and maintain facilities in safe condition. The RIPBS full time staff has declined by over 40% since 1989 (see figure 2). According to National State Parks Association Director, Glen Alexander, the average decline in state full time staff in other systems in the U.S. averaged 20% during the same 11-year period. The decline in full time staff has been exacerbated by a 15 percent decline in seasonal staffing from 456 in 1992 to 389 in 1999 (Figure 2). Staff shortages that resulted in overtime and split shifts have caused staff to become overworked, lowering their productivity. As a result, numerous maintenance and repair tasks have been deferred.

Figure 2



Funding: RI and Nationwide

Trends in Operational Funding Sources

In RI and in the nation, the trend has been away from tax dollars and toward park generated revenue. In 1992 park generated revenues in RI accounted for 34 percent of operational funds, while in 1999 the contribution climbed to 50 percent. The contribution taxes made to the operational fund declined from 66 percent to 50 percent of operational funding during the same time.

Table 1: RIPBS source of revenue is changing from tax dollars to park generated revenue.

| <i>RIPBS FUNDING SOURCES</i> | <i>1992 SOURCES</i> | <i>% OF OPERATING BUDGET</i> | <i>1999 SOURCES</i> | <i>% OF OPERATING BUDGET</i> |
|--------------------------------------|---------------------|------------------------------|---------------------|------------------------------|
| <i>1. User fees</i> | \$2.1 million | 34% | \$3.2 million | 50% |
| <i>2. Concessions lease proceeds</i> | undetermined | undetermined | \$180 thousand | less than 1% |
| <i>TAX DOLLARS</i> | \$4.0 million | 66% | \$3.2 million | 50% |
| <i>TOTAL</i> | \$6.1 million | 100% | \$6.4 million | 100% |

Park generated revenues are a big portion of operating budgets on a national average, accounting for 39.6% of all state park systems operating budgets.¹⁴ User fees such as entrance fees and camping fees account for a majority of RI's park generated revenues. These sources should be examined to determine whether they are meeting market price and whether they should be increased. Other options such as setting up gift shops and selling firewood at RIPBS should be explored for their potential to increase revenue and improve service.

Potential RIPBS Revenue Sources

Potential revenue sources include park-generated revenue, taxes, federal funds, and donations from foundations, individuals or corporations, bonds and sale of special license plates or tags. Chart 2 briefly describes major funding sources and analyzes their applicability to Rhode Island.

Types of Park Generated Revenues

Since 1992, revenue generated at RIPBS increased by 69%, greatly surpassing inflation and reflecting national trends (see table 2 for examples of park generated revenues). Camping fees and entrance fees, including parking fees and sales of annual passes and sticker fees account for most park-generated revenues, are a promising source of revenues for parks long-term, and are growing. Revenue generating amenities such as golf and lodges are highly variable as a source from state to state.

Park Generated Revenue is Not a Panacea

Although park generated income is growing fast in RI and elsewhere, it is important to note that attendance can rise or fall, depending on the weather, taking revenue with it. In RI the weather was much better in 1999 than in 1998, and there was a 15 percent increase in attendance and revenue. In 2000 there was a slight increase in attendance despite the cool wet summer that can probably be attributed to the higher number of tourists using the system (tourists tend to remain for the duration of their reservations despite poor weather). As noted previously, state park systems rely on public funding as well park-generated income. The existence of public funding protects park systems from weather related drops in attendance.

Chart 2: Major Funding Sources for State Park Budgets

| | |
|---|--|
| <p><i>Park Generated Revenue</i></p> | <p>On average, the growth in park earned income in the US and Canada over the past 9 years has greatly surpassed inflation. This source of funding includes income earned at parks from park user fees, concession proceeds, goods and services provided by state parks etc. RIPBS raises funds by charging beach entrance fees, renting picnic tables and areas, campsites and cabins and it receives about .03 percent of total operating revenue from proceeds from concessions (\$173K out of a total \$6.3 million budget). In 1999 the contribution from park generated revenue accounted for 48 percent of the operational budget compared to 34 percent in 1992. <i>An 8-Year Analysis of State Park Fiscal Trends (1992-1999)</i> showed earned income of state park systems on the rise and outpacing inflation, growing at a consistent rate of 4.2% except in the years 1993 (6.7%, and 1999 (15.7%)⁶. RI park generated revenue trends parallel the trends for the national average for state park systems, which increased by 69 percent from 1992 to 2000¹⁴⁺¹⁵.</p> |
| <p><i>Taxes</i></p> | <p>With the exception of New Hampshire and Vermont, all state park systems fund a portion of parks operational budgets with tax money. Tax revenue allocations for state parks systems are in decline across the nation. Taxes to fund operational budgets are not keeping pace with inflation in RI (or for the National Average). The political climate in the State is not favorable to tax increases. Moreover, the recently revised five-year budget forecast for Rhode Island projects that costs would exceed revenue at current tax rates. See chart below for state tax funding sources.</p> |
| <p><i>Federal Grants</i></p> | <p>Federal grants are a highly variable source of income and accounted for only 1.1% of State Park operating expenditures nationwide in 1999 (NASPD). Federal grants awarded to RI, such as the recently rejuvenated state side of the land and water conservation fund, usually come as block grants to states for the specific purposes authorized in the legislation. They should be pursued, but cannot be relied on to significantly increase funding. Some states have increased federal grant procurement through employing full time staff, part time staff and volunteers to work on grant procurement.</p> |
| <p><i>Donations</i></p> | <p>Donations from foundations, individuals or corporations are a highly variable source and generally account for a very small portion of the operating budget in most states. It is notable that parks are more successful in receiving donations if they have a donation fund or if there is a special group that takes donations for park use or benefit (i.e. Friends of the Park).</p> |
| <p><i>Bonds</i></p> | <p>Bonds are debt instruments that incur charges for interest and should be used only for high-cost items with long life spans that cannot be funded out of operating budgets. The state is already providing bond funding for most major capital asset improvements in the park system. Bonds could be used to fund several major projects identified in this report.</p> |
| <p><i>Special license plates/tags</i></p> | <p>Sale of license plates or tags is self-explanatory. In Rhode Island there are many plates already available. With a saturated market it seems that this is not an option. Options for sale of special tags are unclear.</p> |

Table 2. How RIPBS Could Increase Park Generated Revenues

| Money-making Activity | At RIPBS | Ways for RIPBS to Enhance/Implement |
|--|-----------------|---|
| Park Entrance Fees | N | Charge fees / preferably by person, Rhode Island park entrance fees were phased out in FY 98 to increase access to patrons. Therefore it is unlikely this will be adopted. |
| Beach Entrance Fees | Y | Charge fees per person instead of per car at market price. Rhode Island's fees for beach are lower than fees charged by municipal beaches in the state, although they are on par with the average for all states beach entrance fees. |
| Camp Site Rentals | Y | Fees for overnight camping sites (with hookups) are lower than the average for those in other states by \$4 to \$3 ¹⁴⁺¹⁵ per night. |
| Cabins/Cottage Rentals | Y | Increase the number of cottages/cabins and install differential pricing for higher demand sites and cottages/cabins. |
| Lodges | N | Potential for lodges unclear. Does not look promising since URI loses dollars from Alton Jones. |
| Concession Lease Proceeds | Y | 6 major RI parks have concessions where they benefit from lease proceeds. RIPBS could increase the number of facilities that have concessions and explore possibility of increasing concession leases to market price. |
| <i>Equipment Rentals:</i> Rowboats, Canoes, Paddleboats, Sailboats Kayaks, Camping gear | N | The DEM just released a publication for waterway travel geared towards kayaks and other small crafts. Boats for rental use could be a good investment. Some states have had success with selling/renting camping gear. With the high use of RI campgrounds there is an opportunity to make money by selling/renting gear. |
| Tours: Interpretive, River Rafting/Canoe, Wilderness, Backpacking, Hiking & Museum | Y/N | There are free interpretive tours at parks. |
| Skiing Fees | N | Not an option because of climatic constraints. |
| Golfing Fees | Y | Install watering system at Goddard State Park to raise attendance and user fee revenue. |
| Snow Mobile Registration | N | |
| OHV Registration | N | |
| ATV Registration | N | |
| Boat Registration | Y | Increase fees. |
| Investment Interest | N | Invest park-generated revenues. |
| Recreational Court Rentals | Y | Should remain a free service. |
| Picnic Area Rentals | Y | Establish differential pricing for popular areas. |
| Sales of Food & Beverages | Y | Increase the number of concession leases. |
| Permits for vehicle access onto beaches | N | |
| Mail order catalogue of promotional items | N | |
| Gift Shop for promotional items (shirts, hats etc) | N | Open a park-run shop at Misquamicut State Beach. |
| Merchandising promotion signs @ parks | N | Explore pursuing partnerships with businesses. |
| Hall And Other Rentals | Y | Expand marketing to increase rental of chapel at Colt State Park. |
| Survival Courses | N | |
| Photography Courses | N | |
| Wetland/Nature Seminars | N | |

Limits to Self Sufficiency

Many states are increasing self-sufficiency; the percentage of operational budget funded from park generated revenues. Glen Alexander, the Executive Director the National Association of State Park Directors, notes that “A number of state legislatures are interested in how close their state park systems come to “self sufficiency”. Only two states, Vermont and New Hampshire achieve 100 percent self-sufficiency, earning the entire operational budget from park generated revenues. Most other states earn between 10 percent to 80 percent of park operating budgets from park generated revenues. The ability of a park system to become self-sufficient depends heavily on variables beyond the control of park managers such as climate and topography. Parks generally cannot achieve 100 percent self support. Vermont and New Hampshire each derive much of their funding from skiing operations, a lucrative activity with a long season, which Rhode Island cannot provide. Other states with high self sufficiency ratings include those that have other facilities with high revenue generating capacity. For example, the Kentucky Park System maintains 16 resort parks with lodges, golf courses, dining rooms, and gift shops that are profit centers for the park system¹⁷.

Other State Park Systems Are Able To Retain Park Generated Revenues For Direct Reinvestment In The Park System

A significant portion of park generated revenue at most state park systems in the U.S. is deposited in dedicated funds and used directly by park systems to fund operations and maintenance. At the RIPBS this portion is significantly lower. In FY 1999 state parks across the nation retained 90 percent of park generated revenue for use in park systems. In RI, 3% of park generated revenue is retained by the park system and the remainder is combined with other state revenue in the general fund and reappropriated to the Park System. This has the advantage of providing stable funding but also has the disadvantage of stifling incentive to increase park revenue.

Budget Structures Affect Revenue Generating Potential

Any budget structure can provide the park system with a ‘bank’ for holding funds for improvement of facilities or expansion of services. However, budget structures differ in the degree to which they provide incentives for park managers to expand revenue-generating potential at parks. The key to a successful incentive based program is a connection between money generated and money retained for use in the park system. The incentive to increase park revenue or to save money on park operations increases as a park manager is guaranteed that proceeds from park generated revenue or savings will be available in a dedicated fund for spending on the park systems’ budget.

Increasing Park Budgets

Park generated revenues are making large differences in operational budgets in other park systems and RI has opportunities to increase park generated revenue. However, the RIPBS does not have a dedicated fund in which to deposit revenues.

Park managers elsewhere are increasing park-generated revenues by raising fees to market levels. User fees typically account for about 50% of park generated revenue and are leading to large increases in operational budgets. According to Glen Alexander, the Ohio State Park System increased park funding by \$15 million since 1990 by raising user fees levels (such as camping fees and boat launch fees) to market levels. The state also established 53 general stores averaging an approximate net profit of \$1.2 million dollars annually.

Park systems are also increasing park-generated revenue by pursuing nontraditional sources of income such as entrepreneurial activities. The *Enterprise System* at Pennsylvania for example, provides park managers with incentives in a system that resembles a small business startup. Park managers are loaned ‘seed’ money to start up moneymaking programs. Initial revenue is used to pay back the start up money. Additional revenues are split fifty-fifty between the park manager where the park operates and stockholders. The system grew from 1 enterprise in 1995 to 25 in 1998 with a net of \$123,000, a 43.8% profit¹⁶.

Increasing Park Generated Revenue

RIPBS park generated revenues could be increased in Rhode Island by raising user fees to meet market prices and expanding services and/or facilities. We reviewed methods used in other states park systems and RI to determine methods that should be considered. The following includes a case study that shows the benefits of retaining park-generated revenue for investment in the parks and a summary of options for RIPBS to increase park-generated revenue.

Increased Park Generated Revenues at Burlingame State Park

Burlingame is among several RIPBS parks that have adopted new methods of funding and distributing funds to improve park facilities, thereby generating more revenue. Burlingame State Park receives goods and services worth \$90,000 per year through an agreement between park concessionaires and park management.

The impact of the annual inflow of \$90,000 at Burlingame State Park is evident from the good conditions and the fiscal health of this facility in contrast to other RIPBS parks such as Fishermen’s Campground. Renovations at Burlingame made possible by the concession lease include the renovation of three of the six bathrooms.

The park managers also used a portion of the concession revenue to further increase revenue through the purchase of construction kits for five new log cabins. The cabins were bought in 1999 at a total cost of \$22,000. Rent revenue paid for them after 1 season. These cabins are highly popular and are fully rented at \$35 per night for the entire season at a profit. Other RIPBS facilities could potentially benefit from instituting such entrepreneurial activity.

Options for Improving Fiscal Health, Facilities and Service in Park Systems

Below is a menu of options for improving state park systems that can be used alone or in combination with each other. These are based on research of programs implemented in other states (see appendix A for examples). Choice options are to be eventually incorporated into a *long-range Asset Management Program for RIPBS*. Options 1 and 2 are highly recommended.

| Option | Positive | Negative |
|--|---|--|
| <p>1. Establish an Enterprise Fund Pilot at one or more park or beach facilities and/or regions as follows:</p> <ul style="list-style-type: none"> a. RIPBS would continue to receive general fund revenue RIPBS staff would review the fee structure and current fees and determine whether to revise fees based on market conditions and a dedicated fund would be installed for revenues from fees for two main project categories. <ul style="list-style-type: none"> Category 1: Strategic repairs and maintenance of park assets to address and prevent deferred maintenance. Category 2: Enhancements that can generate additional revenue. b. Evaluation of how the asset conditions, quality of service and the amount of revenue produced at the facilities in the pilot program compare with similar RIPBS facilities not in the pilot program at the end of the three-year program. | <p>Park Managers would have incentives to increase park-generated revenue to expand park services and strengthen park funding. Other possible benefits include improving condition of facilities, more staff to expand providing facilities and services.</p> | <p>Additional funding will be required for start up costs such as staff to develop baseline conditions data, to evaluate market-based fees, to create and implement enterprise programs, and to conduct evaluations.</p> |

| Option | Positive | Negative |
|--|---|--|
| <p>2. Establish a dedicated fund for a portion or all parks generated revenues.</p> | <p>Same as option 1.</p> | <p>Time and money is needed to increase park-generated revenue, procure grants and donations, expand programs etc. Park generated revenue would contribute to the operational budget but would not replace general fund allocations.</p> |
| <p>3. Establish a self-regenerating fund (such a trust fund or an endowment fund).</p> <ul style="list-style-type: none"> a. Placing revenues into the fund will provide a basis for reinvestment. b. Establish a committee to invest savings, manage the fund and distribute a portion to parks annually for operational purposes. The committee should be fiscally independent of RIPBS, raising money to cover any additional administrative costs they may create (through fund raising and donation procurement). | <p>Promote long term fiscal stability by providing a source of money for operational spending in addition to general fund allocations and park generated revenue.</p> | <p>The source for the initial investment is uncertain and time will be needed to establish the fund, organize fund overseers and for the investment to mature.</p> |
| <p>4. Seek increased state revenue for asset management and deferred maintenance projects that are not included in the capital budget.</p> <ul style="list-style-type: none"> a. Raise the ceiling on the operating budget over a five-year period to complete repair and maintenance projects on the deferred maintenance list. b. Issue bonds for major backlogged projects. | <p>Address deferred maintenance and stop the drain on the economic health of RIPBS.</p> | <p>This option requires an initial investment from constrained sources such as taxes, state fees and bonds.</p> |
| <p>5. Explore establishing public/private partnerships with entities interested in advertisement or concession rights in exchange for money or goods for the park system.</p> | <p>Can increase park-generated revenue as well as earn money for investment in revenue generating projects.</p> | <p>Care must be taken to see that any partnerships provide a net benefit to the RIPBS.</p> |
| <p>6. Explore <i>Friends of the Park</i> organizations to provide services to RIPBS (i.e. management of trust funds and endowment funds, seek donations and provide operational and program services for parks).</p> | <p>Increase funding for RIPBS and enhance park offerings.</p> | <p>Aligning priorities between friends groups and park managers can be a challenge, park managers must invest time to work with friends groups.</p> |

| Option | Positive | Negative |
|---|---|--|
| 7. Institute market based fees at RIPBS. | Increase park generated revenue. | Higher costs for patrons. |
| 8. Keep Parks in Good shape with a long-term asset management plan. Asset management plan that comprised of four, five-year asset management plans based on the inventory in this study. Include a schedule that anticipates repairs, maintenance and replacement of RIPBS assets especially projects on the deferred maintenance list. Update the inventory regularly. | Eliminate maintenance backlog. | Some costs cannot be anticipated regardless of the level of planning such as the cost of weather related damage (such as the cost of storm damage) and other costs (such as unexpected pipe breakage) will not be included in the management schedule and budget for the schedule. |
| 9. Establish a rainy day fund to cover unanticipated costs, such as the cost of repairing damage that is caused by storms and unexpected breakage such as utility failure. | Storm damage and unexpected breakage could be repaired promptly and would no longer displace scheduled repairs and maintenance. | Requires initial spending for fund and a roll over provision in the RIPBS operating budget. |

Conclusion

Physical Condition of the RIPBS

Though the park and beach system appears to be in better than average condition, repairs, and maintenance have been deferred due to budget constraints, a backlog of 102 top priority repair, replacement and maintenance items are estimated to be worth \$6.3 million. Present funding levels for staff and unanticipated costs are inadequate.

Recommendations to Improve Fiscal Health

RIPBS managers could increase park-generated revenue that could be invested in repairing and enhancing facilities and services, thus further increasing revenue and improving the fiscal health of the system. In order for RIPBS to increase park-generated revenues, a dedicated fund for some or all of park receipts should be installed to give incentives to park managers and other staff. We also recommend a pilot project to evaluate the effectiveness of options to increase park-generated revenues and the impact on the condition of the park system.

To address the items on the deferred maintenance list immediately, we recommend an increase in funding from tax or bond revenue. Lastly, a portion of money should be set aside from the operational budget to fund unanticipated costs.

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Appendix A: Thumbnail Sketches of Selected State Parks and Beaches

The following sections include detailed information about the attributes of RIPBS:

| State Park | Page Number |
|-------------------------------|--------------------|
| Goddard State Park | 14 |
| World War II State Park | 14 |
| Colt State Park | 14 |
| Fort Adams State Park | 15 |
| Beavertail State Park | 15 |
| Misquamicut State Beach | 16 |

Thumbnail Sketches of Selected State Parks and Beaches



Goddard State Park

with picnic tables, 11 game fields, and a new performing arts center for weddings, concerts, picnics, and special events. To the left: Elise Staulo, 5, Warwick plays atop a large rock after a picnic with her twin sister Sarah, and her mother, Mary, at Goddard State Park.

Goddard Memorial State Park (482 acres) attracts thousands of visitors each year as Rhode Island's "most popular metropolitan park", 17.7 miles from Providence. It offers a newly renovated beach pavilion, a nine hole golf course, and pro shop, equestrian show area, 18 miles of bridle trails, 155 fireplaces with picnic tables, 200 portable stove areas



Above: Planned Horse Barn at Goddard State

The horse barn, planned for construction this year, will enhance equestrian activities at the park. (Left)

World War II State Park is a mere 14 acres, but brings recreation to the densely settled area of Woonsocket with a sandy freshwater beach in the downtown area of the city, tennis, volleyball, a playground, a bathhouse, picnicking, concerts, winter skating and special events.

Right: Enjoying Panoramic View at Colt Park

Colt State Park is known as the GEM of the State Parks System with about four miles of the Western border of the park open to Narragansett Bay. Other notable amenities are the 464 acres of fruit trees that bloom in the



spring, open-air Chapel-by-the-Sea, quaint buildings, manicured landscaping and vast lawns. It has ten playing fields, 400 picnic tables, 2 miles of bridle trails and over 3 miles of paved bike path.



Entrance to Colt State Park

Fort Adams State Park has special opportunities offered by non-profit organizations. The 'Fort Adams Trust' gives interpretive tours of the historical fort (built 1824-1847) to approximately 4 thousand each season (June to October). Proceeds go to restoration of the fort⁸. Affordable sailboat instructions, rentals, drysail storage areas, hoist operation, and regattas are programs offered by 'Sail Newport'. In 1999 alone it was estimated that 20,000

Rhode Islanders and tourists participated⁹. 'Shake-A-Leg' provides sailing instructions and rentals of specially equipped boats for the physically challenged and their families, making a positive impact on 12,000 people per year⁷.

Beavertail State Park is known as one of the most beautiful vistas along the New England Coastline and attracts people from all over the country through out the year. Most popular is sightseeing though it offers some of the best salt water fishing around, hiking trails and a naturalist program.



Right: Patrons learning at the Naturalist Building, Beavertail Park



Misquamicut State Beach (see left), a popular surf beach among residents, and “Rhode Island’s best known and most popular” beach for non-residents, mainly from Connecticut, opened new facilities in spring 2000. To the right: the new pavilion at Misquamicut State Beach.

The open space and recreational facilities (see lower map) in the RIPBS greatly enrich the



environment, the Rhode Island economy, and quality of life in the state.

Appendix B: Selected Activities Chart

| Recreational Area | Biking | Roller-Blading | Fishing | Picnicking | Hiking | Swimming | Boating | Snow-mobiling | Shows | Camping | Scenic Areas | Ice Skating | Road Races | Special Events | Recreation Programs |
|---------------------------------|---------------|-----------------------|----------------|-------------------|---------------|-----------------|----------------|----------------------|--------------|----------------|---------------------|--------------------|-------------------|-----------------------|----------------------------|
| Beavertail State Park | | | x | x | x | | | | | | x | | | | |
| Blackstone Linear Park | x | x | | | | | | | | | | | | | |
| Brenton Point State Park | | | x | x | x | | | | | | x | | | | |
| Burlingame State Park | | | x | x | x | x | x | x | | x | | | | | x |
| Colt State Park | x | x | x | x | x | | x | x | x | | | | x | | |
| East Bay Bicycle Path | x | x | | | | | | | | | | | | | |
| East Beach/Ninigret | | | x | | | x | | | | x | | | | | |
| Easy Matunuck State Beach | | | | x | | x | | | | | x | | | | |
| Fisherman's Memorial State Park | | | | | | | | | x | x | | | | | x |
| Fort Wetherill State Park | | | x | x | x | | x | | | | x | | | | |
| Goddard Memorial State Park | | | x | x | x | x | x | | x | | | x | x | x | |
| Haines State Park | | | x | x | x | | x | | | | | | | | |
| Lincoln Woods State Park | | | x | x | | x | x | x | | | | x | x | x | x |
| Misquamicut State Beach | | | | | | x | | | | | | | | | |
| North and South Scarborough | | | | x | | x | | | | | | | | | |
| Roger Wheeler State Beach | | | | x | | x | | | | | | | | | |
| Salty Acres | | | | | | | | | | | | | | | |
| Salty Brine State Beach | | | x | | | x | | | | | x | | | | |

World War II State Park

x

x

x

x

x

APPENDIX C: OTHER STATE PARK SYSTEMS

Budget structures and institutional arrangements in selected state park systems

| <u>State Park System</u> | <u>Page Number</u> |
|----------------------------|--------------------|
| New York..... | 19 |
| National Park Service..... | 19 |
| Ohio..... | 19 |
| Missouri..... | 19 |
| Maryland..... | 19 |
| Georgia..... | 20 |
| Texas..... | 20 |
| Pennsylvania..... | 21 |
| New Hampshire..... | 22 |
| Vermont..... | 22 |
| West Virginia..... | 23 |
| Kentucky..... | 23 |
| California..... | 24 |
| Washington..... | 25 |
| Oregon..... | 25 |
| Idaho..... | 26 |
| Montana..... | 27 |
| Wyoming..... | 27 |
| Alaska..... | 28 |
| Nevada..... | 28 |
| Utah..... | 29 |
| Colorado..... | 29 |
| New Mexico..... | 30 |
| Arizona..... | 30 |
| North Dakota..... | 30 |
| South Dakota..... | 31 |
| Oklahoma..... | 31 |
| Nebraska..... | 31 |
| Kansas..... | 31 |
| Indiana..... | 32 |
| Michigan..... | 32 |
| Alaska..... | 32 |
| South Carolina..... | 32 |
| Florida..... | 33 |

NEW YORK

The 146 parks and 58 recreational areas make up 1,015,758 acres in the York State Parks System. Last year, attendance to these totaled 61,960,119.

The New York State Parks Public Private Partnership Program (1995) has earned \$87 million for the state parks. A highly productive Public Private Partnership with Coke has generated \$200k a year in cash, 27% of gross from vending machines (approximately \$337k per year) and an additional \$360k in promotional support. The success of the program has increased since the state began its effort to maintain control and accountability of the program. Strict guidelines for each partnership proposal must first be approved by an oversight group of 10-12 people called the Resource Management Group. For example, one year before the Coca-Cola contract took effect, the state told existing concessionaires that in their contracts the state reserved the right to dictate which soft-drink brands were permitted to be sold in the NYSPS. This allowed the state to maximize profits. In addition to NY's partnership with Coke, 32% of the parks' operating funds are supplied by park revenues¹.

NATIONAL PARK SERVICE

Cooperating associations generate money for the National Park Service and contribute to tourist and citizen education. There are three operational partnerships; a volunteer coordinator in Washington D.C., a partnership office that is dedicated to organizing with friends groups and cooperative associations, and contractual relationships with concessionaires. Overall, they have earned the National Park Service \$19 million through the sale of educational items and services, such as publications, support items, workshops, institutes, and historical and environmental tours. Marketing, interpretive, and business skills have become an essential factor in the success of the partnership between the park system and the associations¹.

OHIO

Ohio's 204,871 acres of state owned park land are made up of 73 parks, and these parks had 20,220,437 visitors last year.

Ohio State Parks are saving personnel expenditures by implementing a volunteer program. The program started in 1982 and has grown to include 4,000 volunteers throughout most of Ohio's state parks. In 1997 alone, 2 million hours of service were volunteered. Managerial and oversight responsibilities for volunteers belong to the park managers. Contractual agreements with volunteers define lengths of service, duties, and responsibilities. The decentralized organization allows volunteers to receive a lot of support from their managers and for managers to have the control to fit tasks at hand with individual skills and interests of volunteers, while meeting the park operational needs. Tasks include, but are not limited to, herb garden operation, trail development, construction, and grant procurement¹.

MISSOURI

The 46 parks make up Missouri's 136,791 acres of parkland and 17,708,509 people visited them last year. In Missouri, 85% of operational funds come from a dedicated fund supported by sales tax revenues. Park fees and charges generate the remaining 15%. The Missouri Park Association and the Missouri Farm Bureau put a plan together in the 1980's that encompassed a proposal put forth to the state legislators for 1/10th cent tax for 5 years. The general assembly agreed to the conditions, and at the end of the five years, the agreement was reconvened after a petition put the issue on the ballot and a 67% ballot vote in favor of the funds. In 1996, when renewal for the fund was necessary, the Farm Bureau had become an adversary to the cause and the local park and recreation agencies were looking to the state to supplement funds lost in the Land & Water Conservation Fund. All groups got together and worked as a team to pass the renewal of legislation. The legislation was renewed with a 68% affirmative vote after a one-year expensive petition to get a ballot vote¹. (13)

MARYLAND

The 295,135 acres of Maryland's parkland consists of 19 parks, 12 recreational areas, and 9 national areas. Last year 10,779,544 people visited Maryland's parks. (13)
Overnight cabins are very popular and therefore a good source of revenue in Maryland¹.

GEORGIA

Georgia's 73,145 acres of parkland consist of 47 parks, and 15,344,11 people visited these parks last year. Georgia Parks save on personnel expenditures by hiring inmates who have construction skills, at \$4.00 per hour. It is estimated that 50% is saved on projects. Trails were constructed for a costs of \$5,700 as opposed to the expected \$20,000 in costs to hire a private contractor. In four of the parks, the lodges have been

improved, cottages and small bridges have been built. Raking and mowing are some lesser duties undertaken by the inmates. Costs in addition to salary are transportation and tools. Generally, the crews work Monday through Thursday during off peak hours and visitors do not know they are employees¹. (13)

Note: RI has used inmate labor for landscape and lawn work

TEXAS

“Endowment”

The 628,207 acres of Texas state parkland consist of 67 parks and 17 national areas, and 21,445,680 people visited these park areas last year³.

An endowment fund has created additional funds, with the help of friends of the parks groups and donors. During the 1950's, a program was created to establish endowment funds for all state parks, wildlife areas, and fish hatcheries, and in 1994 the first fund was established within the Parks & Wildlife Foundation of Texas called the Lone State Legacy Fund. This fund has grown from \$15,000 to over \$150k, an increase attributed to the efforts of friends of the parks and a local foundation who donates an annual \$10,000 each year. Each year as the endowment fund reaches and exceeds \$100k to \$150k, parks receive 90% of the funding. The remaining rolls back into the fund to keep it growing, which has happened quickly. From January to November of 1998, \$300k was raised. Donors are more likely to donate to the foundation than to a park since they are assured the funds are going directly to the parks. Legislatures have no control over the money. Management of the fund is through investment bankers who are paid with money raised by the foundation specifically for this purpose.

Three important policies have made this attainable. Legislation enables the agency to accept donations, which have been used as the entry to facilitate groups' efforts. The agency's resources are used to support these efforts since the funds will bring returns to the agency. All site funds are pooled together for investment¹.

“Partners in Parks”

In 1991 the Texas State Legislature directed Texas Parks and Wildlife Dept. to move toward self sufficiency due to the expected loss of general funds in 1994 (general funds comprised ~50% of the Texas Parks budget in 1991). The first park officials considered closing a number of parks, but local communities came to the rescue with a "Partners in Parks" program which donated \$1 million and many hours of volunteer labor. This tactic was only a temporary solution to the budget crisis, and a new Entrepreneurial Budgeting System (EBS) was created.

Entrepreneurial Budget System

"EBS is an innovative, incentive-based financing system that encourages and even challenges managers of individual parks to find new ways of raising revenue and saving money, while protecting park amenities. At the heart of the EBS is the performance agreement, a contract between the park manager and TPWD officials to meet certain goals. The park manager pledges to meet a spending goal for the upcoming year and raise revenue equal to the previous year's revenue plus an increase of .5 to 3 percent. If a park manager spends less than the designated amount, department officials reward the manager by returning all the cost savings to the park's budget the following year in the form of an enhancement--not an offset to the park's budget. Before the EBS, there was little incentive to save money because of the "use it or lose it" principle. If all the money from the yearly budget was not spent, hence next year's budget was reduced.

On the revenue side, if a park manager surpasses the revenue target stipulated in the performance agreement, then department officials to return as much as 35 percent of the surplus as an enhancement to the park budget the following year. Importantly, the park manager is free to spend the money as he or she sees fit for park improvements. Of the remaining surplus, 25 percent goes into a seed fund that assists other parks initiate their own EBS, and 40 percent goes to park units that may never be self-supporting. In this way, the EBS creates a safety net for parks that are valued ecologically, but never attract a lot of visitors."

This approach brought Texas Park managers into the unfamiliar territory of entrepreneurial risks and benefits rarely found in the public sector.

Creative Approaches Used in TX EBS:

- . "Owl Prowl" - \$3 a person for a two hour nocturnal journey into the world of owls.
- . "Gator Gazing" - \$8 per person for pontoon boat expedition.
- . "Cattle Drive" - helps rangers move cattle to a new pasture twice a year, \$350-\$450 per person.
- . "Desert Survival Course" for \$350 per person
- . "Wildlife Bus Tour" \$60 per person
- . Suite of moderately priced programs: desert wilderness hiking, river fishing, and picnicking ~\$6 per person
- . Camping fees designed to vary upon demand, ranging from \$4-\$10 at primitive sites and from \$10-\$16 at developed sites.
- . At South Llano River State Park, a 1951 Chevy bus, donated by the local fire department has been refurbished to take visitors on wildlife safaris through the park. The charge is \$3 per person.
- . At Huntsville State Park, 50 and 100 mile "fun" runs, rocky raccoon runs and a canoe rendezvous raise \$5,500-\$7,000 annually.
- . Park souvenir shops have been money makers
- **Central Reservation System: marketing, managing, responsive public service, and increased operations efficiency and revenue.** A centralized reservation system has helped coordinate reservations and redirect visitors to underutilized areas when campgrounds at the most popular areas are full. This system requires the deposit of one day's fee when reservations are made, which protects the TX state parks from lost revenue due to broken reservations. According to TX State park officials, during the first three months of the new reservation system, 30% of visitors did not get a reservation for their first choice, but with the help of the operators, they agreed to stay in an alternative park. **Result:** more satisfied customers and more camping fees remaining in the parks.

While the EBS has been successful, by 1996 it had not generated sufficient revenue to catch up to the maintenance deficit that had accrued from 1984 to 1994 - estimated to be as high as \$185 million. TX parks required \$50 million in repairs to bring drinking water and sewage facilities up to speed to health code. To raise the needed capital, TX State parks turned to the user.

- In May of 1996 they replaced the \$3 per vehicle entrance charge with per-person entrance fees of \$1-\$5 at all parks. The annual passes to state parks were raised from \$25 to \$50.

PENNSYLVANIA

Pennsylvania has 106 parks and one national area which total 283,383 acres. Last year, they had 36,019,224 visitors²

Pennsylvania provides park managers incentives with a system that resembles a small business startup. Park managers are loaned money in the form of a grant to start a new enterprise. The initial revenues are used to pay back the loan and operating costs. Any additional revenues are split fifty-fifty by the park in which the park manager operates and stockholders. Once all investment costs are recovered, the park will receive 50% of all operating costs saved below the estimate maximum operating costs.

The responsibilities of the park manager are to record all costs and revenues generated and to report these with a program evaluation to the Region and the Director's office on or before December 1 of each year. A meeting with the park manager, regional, and Director's Office staff takes place to evaluate this enterprise and to determine the enterprise funds to be returned to the park in the following year.

Pennsylvania has 106 parks and one national area, which total 283,383 acres. Last year they had 36,019,224 visitors.

The system grew from one enterprise in 1995 to 25 enterprises in 1998, with a net \$123,000 representing a 43.8% profit. Managers have generated significant additional revenues for the State Parks system.

NEW HAMPSHIRE

The New Hampshire state park system encompasses over 74,000 acres and includes 28 state parks, 10 recreational areas, and 15 national areas, which include 6,000 miles of trails that attract more than 4.2 million

visitors a year. (13) In 1991, the legislatures passed an act requiring the park system to finance its operating budget through internally generated funds. The park income had already exceeded operating expenditures for three prior years, but those receipts had been handed over to the state treasury, breaking the direct link between money earned and money spent. It is this link that now provides a critical incentive for park managers, which was restored by the 1991 act establishing a park fund to receive park earnings. The fund is dedicated to parks and monies are carried over from year to year. This funding structure provides assurance to park personnel that the money is available to the parks and is also an incentive for them to maximize revenues.

The relatively small size of the park system requires that it experiment with a variety of approaches, according to the former Director of the New Hampshire Division of Parks and Recreation, Wilbur LaPage, and innovation has been vital to their success.

Adjusting user fees was one way to increase revenue. Programs include differential pricing for campsites, which take into account the level of amenities and popularity of a site. Also, a per-person entrance fee schedule for parks has been instituted. As of 1996, prices for campsites ranged from \$12 to \$30 dollars and entrance fees were \$2.50 per adult. The annual pass to all state parks is \$35. Children twelve years and under and resident adults over sixty-five are admitted free. Non-resident seniors pay \$35 for an annual pass.

Parks also have an extensive donor program, and a growing number of partnerships with companies. In 1992 volunteers contributed \$2.8 million in labor and private funds.

Through an extensive bid process, New Hampshire was offering exclusive rights for five years to sell soft-drinks and related beverages in all state parks. PepsiCo. won with a commitment to fund an education and awareness program for the state parks. An album of songs about New Hampshire State Parks and the state, and a concert series highlighting these songs has resulted., as well as a collection of park activity books featuring Chumley Chipmunk. Chumley visits parks promoting safety and environmental education.

Some capital costs have been moved over to parks for internal funding, since the program to fund itself has been so successful. Current backlog of maintenance and capital projects is manageable averaging approximately \$333,000 per park, but is growing, says Allison McLain, Director of Recreation Services³.

VERMONT

Vermont has 83,000 acres comprised of 39 parks and 10 recreational areas that are enjoyed by about 900,000 visitors annually. (13) In 1980, nearly 40% of the operating budget was covered by general appropriations. Since 1993, operations have been entirely funded out of park user fees, and in 1980, nearly 40% of the operating budget was covered by general appropriations.

Increased fees, downsizing, and marketing have led to their self-sufficiency. Vermont charges an entrance fee on a per-person basis. Entrance fees are as follows: \$2.00 per adult and \$1.50 for children ages four through thirteen. Children age three and under are admitted free. Senior citizens and disabled persons presentation a Green Mountain passport are also admitted free. There is no charge for these passports, but they are acquired prior to the visit. The annual pass to all parks is \$75 and camping fee range is \$11 to \$17.

There are seven ski areas that raise money for the parks, that provide forty to fifty percent of the operating funds for the park system. Park fees cover the rest of the budget.

All revenues are placed in a park fund, with a portion set aside in a special revolving fund for periods of poor weather, when revenues are low, or when major maintenance is needed. One advantage of the revolving fund has been the ability of the parks to make capital improvements, currently estimated at \$2 million. For example, the Department of Fish, Parks, and Recreation spent six years trying to obtain funds to renovate a deteriorating bathhouse at Emeralds Lake State Park. The State Health department then declared that it would not certify the facility without proper improvements. Ultimately, it was money from the revolving fund that was used to completely rebuild the bathhouse. Despite this, the parks have accrued a backlog in deferred maintenance needs. Addressing capital expenditures is the only source of tax dollars that reach the parks, but the legislated capital budget falls short of meeting these needs³.

WEST VIRGINIA

West Virginia's Park system contains 26 units encompassing almost 2 million acres and attracts approximately 9 million visitors per year. (13) Since 1980, park revenues have accounted for nearly 60% of the systems operating budget, with general funds and lottery receipts making up the rest of the budget. In 1995, the parks collected fees near \$15 million or 62% of the operating budget. There is a trend towards funding the operational budget increasingly through park revenues.

West Virginia does not rely heavily on entrance fees. The charge is \$1 per vehicle and generated \$19,095 in 1995. Advertising has resulted in the increased revenue generation, says the District Administrator Doug Baker. This is especially true for historically low use times of the year. For example, winter packages can be made quite attractive and thus increase visitation at a time of the year that had previously low attendance.

Savings have also had a significant impact. Staff and vehicle reduction and energy audits at individual parks have resulted in savings. The park system constantly strives to become more efficient and to generate as much revenue as possible.

Park revenues are retained in a park fund with spending controlled by the Department of Parks and Recreation, rather than the legislature. This is a key incentive for the parks to raise and save money.

Parks are about two years behind in capital maintenance needs. Each park has a five year maintenance plan with an estimated \$10 to \$15 million in capital projects. The parks have been allotted some lottery proceeds to address infrastructure repair and maintenance³.

KENTUCKY

The Kentucky State Park System covers nearly 43 thousand acres in 39 units and receives nearly 800 thousand visitors annually. (13) The system is comprised of 16 resort parks with lodges, golf courses, dining rooms, gift shops, and fourteen also have cottages. All of these facilities are park run profit centers for the park system. The operational budget is made up of park revenues and is subsidized by general funds. Kentucky State Parks have brought in at least 60 percent of operating expenditures since 1980. Dedicated funding, once a source of half of the operating budget was eliminated from the park budget.

The parks do not charge entry fees. Parks run facilities are the only source of funding aside from the general fund. The former funding source is returned to the park system for reallocation. Unless the general fund is threatened, the incentive to further raise revenues is minimal.

A portion of the user fees goes toward renovation and capital maintenance but, with over \$2 million in the fund, the parks have a long way to go to tackle the \$30 million maintenance backlog³.

CALIFORNIA

From 1992 to 1996, the California Park systems operating budget shrunk from \$215 million to \$180 million - the result of reduced general funding. During the same period park revenue increased by \$15 million - \$20 million short of offsetting the decreased general funding. In 1996, the California legislature gave the park system \$15 million to cover the shortfall and another \$16.4 million to be given annually over 5 years. This \$16.4 million disbursed over 5 years was designed to fulfill the need to address deferred maintenance, while allowing the CA parks to increase their revenue potential³.

CA Parks: Reduced Costs:

- . Partnerships were developed with corporate sponsors and volunteer work projects to provide valuable "free" advertising and support services for the parks.
- . The Sempervirens Fund, founded in the early 1930's has continued to support CA State parks. This fund solicits funds from the public, foundations, corporate gifts and state matching grants, which totaled \$1.3 million in both 1992 and 1993.
- . The California State Park Foundation has also raised funds for the parks, donating more than \$87 million in 22 years for projects, educational materials and land acquisition.
- . Some park support services have been turned over to concessionaires to take advantage of higher efficiencies in the private sector.

- . A number of lightly visited units have been transferred to local or non-profit entities.

CA Parks: Increased Revenue:

- . Traditional user based revenue sources in CA have been fully employed, with \$58 million in revenues from entrance, camping and concession fees in 1995.
- . Although these traditional sources of revenue were in operation, there is still the opportunity to increase revenue by simply capturing more entrance fees. Only 30% of the 64 million plus visitors actually paid an entrance fee in 1994. In addition, there are no charges for popular activities such as hiking, boating, and fishing; only half of the park special events charged fees.

In July 1996, a promising new budget process based on incentives was implemented.

"It is designed to reward district park managers for generating greater revenues. It allows each park district to retain 100 percent of the revenues earned from its parks above a historical base and within authorized limits set by the department (not to exceed \$63 million from all districts). Moreover, the money can be used at the discretion of the district thus giving district managers, an incentive to act in an entrepreneurial manner. A portion of any revenues in excess of authorized limits is given to the district as a credit to the historical base for the following year. The remainder is used to replace declining general funds for all state parks. Any district falling short of the historical base will suffer an equivalent decrease in funding in the subsequent year. California parks are hoping this new incentive-based program will generate revenues sufficient to overcome the decline in general funding. "

To further assist in revenue generation, CA revamped its Sacramento-based State park store in October 1995. The store offers exclusive California State Park merchandise that helps promote the programs offered by the parks department. Although the initial revenues for the store were modest, the most significant outcome of the store was the promotion of the parks in general. Its' small profits were not indicative of the additional revenues that were generated at the parks due to its existence³.

WASHINGTON

The WA State Parks System is the fourth most visited parks system in the nation with over 45 million visitors in 1995. This system derives most of its funding from general funds, with 15% of the operating budget originating from camping fees (\$7.7 million in 1995). As of July 1995, all revenues are deposited into a park fund, but legislative approval is required for spending. WA is one of only 10 state parks systems that do not charge a day-use fee at any park.

Despite the popularity of WA state parks, a report by the WA state parks and recreation commission in 1994 says the parks are "crumbling under the weight of recurring budget cuts, staff losses, and increasing public demands", with deferred maintenance estimated at \$40 million. There is also to an emerging shortage of available campsites during peak usage times.

The WA State park commission considered the possibility of a day-use fee as one way to provide the needed funding, but did not propose the idea for fear of public outcry. Generally, WA residents cling to the notion that park access must remain free. This was unfortunate, because CA state parks just down the coast generated \$27 million from entrance fees alone in 1995. The commission also assumed that campsite fees had reached reasonable levels, although they were lower than those were in CA and other western states.

Given the local political climate in WA, the commission made several recommendations to increase park funding.

- . It was proposed that all user fees be kept in an unappropriated fund, thereby avoiding the legislative process.
- . The commission also proposed increases in fees to concessionaires, river guides, and other commercial operations, as well as the establishment of more "friends of parks" groups to raise funds and donate volunteer work.
- . Learning from the successes of TX, the WA Park commission has also implemented a centralized reservation system (in coordination with Oregon) for campsites in order to increase attendance and revenue.

The 1996 legislature authorized a novel concept for raising funds for park improvements: the sale of certificates of participation to private investors. The state Treasurer recently sold 10-year certificates at 4.5% to 5.5% variable interests to private investors to raise \$310,000 for improved lodging and campgrounds in Fort Warden State Park. Repayment of the bonds is made using revenues earned by the new facilities.

These new measures are helping with the WA State park funding crisis, but there is a long way to go to make up lost ground with an accrued deferred maintenance of \$40 million. Inhibiting efforts to generate greater revenue was passage of initiative 601, in 1994. This initiative limits fee increases and removes entrance fees as a viable option for raising revenues for parks³.

OREGON

The 49 parks, 64 recreational areas, and 16 national areas make up Oregon's 94,331 acres of parkland and 3,852,416 people visited Oregon State Parks last year. (13)
Oregon's park system attracts 41 million visitors each year. Originally, the system was part of the Highway Department and roughly 90% of the financing for parks came from a gas highway tax. In the early 1960s, revenues from recreational vehicle license plates became another important source of dedicated funds for OR parks. In the 1970s, rising highway maintenance costs diverted funds away from the parks. The legislature compensated for the decline in dedicated tax money with money from general funds. In 1980, money for parks from the highway gas tax was eliminated altogether. The original intention was to replace this money with greater contributions from the general funds. However, this did not occur and park user fees and license fees increased.

In 1995 only 13% of the budget was covered by general funds, while 46% came from user fees. Another 40% of the funding for operations continue to be RV license fees.

Of the OR parks, 24 out of 335 units charge an entrance fee of \$3 per vehicle, yielding \$1.4 million in revenue. Most of the revenue comes from camping fees, which vary depending on service, location, and demand (\$7 for primitive sites and \$20 for developed sites.) These camping fees for OR represent some of the highest of all state parks and therefore no significant increases can be expected.

It appears that years of dedicated funds may have lulled the OR state park system into complacency when it comes to controlling costs. While the Or park acreage has remained at 90,000, central office staff has grown from two full-time people in 1980 to 66 in 1995 and the operating budget, adjusted for inflation, has jumped from \$16 million to \$24 million from 1980 to 1994. The concern is that without increases in general funds, some parks will have to be closed and the maintenance backlog, estimated at \$100 million, will continue to grow.

There is room to find significant cost saving internally without sacrificing service to visitors. The fact that all user fees must be reappropriated back to parks by the legislature could also discourage park managers from seeking innovative ways to increase revenues. It is apparent that additional money will need to be raised to reduce the huge maintenance backlog³.

49 parks, 64 recreational areas, and 16 national areas make up Oregon's 94, 331 acres of parkland and 3,852,416 people visited Oregon State Parks last year (13).

Oregon State parks receives 15% of lottery funds \$40,000 million biennium, but it may lose this amount from general funds.

A nonprofit organization, Oregon State Parks Trust, has generated revenues for the parks system through grant procurement and merchandise sales. The benefits of this organization are enjoyed by the agency, yet their expenditure of resources is minimal since it is a nonprofit. The program now has 12 organizations, an increase of 8 from its beginning in 1970. Since 1994, employees and volunteers have raised \$2 million in grants and sales of merchandise. A land bank has secured land donations and exchanges for land adjacent to parks. This organization is in transition and efforts have been concentrated towards making the group larger and more responsive to park needs. A full time employee has been hired to do this. Six months were spent studying the structure, needs and defining specific goals for the trust¹.

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IDAHO

The ID Park system has 42,000 acres, with 2.6 million visitors in 1995. Increases in fees have allowed the park system to rely more on park receipts to finance operations. In 1980, there were no entrance fees and camping fees were \$3 per night for primitive sites and \$4-\$6 for developed sites. This accounted for 23% of the operating budget in 1980. By the late '80s, most OR park areas began charging a \$2 fee per vehicle, and camping fees were raised to \$7 for primitive sites and as high as \$12 for developed sites. Walk-ins were allowed to enter the parks for free. By 1995, park receipts totaled \$2.7 million, roughly 43% of the operating budget.

In a similar strategy as that employed by TX and between WA and OR, the ID state parks established a new campsite reservation system that has increased efficient use of the parks through a toll free number. The reservation fee is \$5 and alternative sites are offered if the park of choice is booked, thus effectively disbursing visitors to under utilized parks.

There is also room in ID parks to increase returns from park fees. In 1995 vehicle entrance fees totaled \$349,867, just \$0.19 per fee area visitor. Accordingly, a fee increase may occur soon.

While park revenue goes directly to a dedicated fund, all monies from the fund must be appropriated to parks by the state legislature. This weakens the incentive for park officials to maximize receipts because they do not have complete control over the revenue raised in the parks.

ID parks do have several in-park "enterprise operations", which generate revenue from visitors - but avoid the appropriation process. Four marinas with equipped with small stores and boating fuel, while another is a recreation area that rents trailer and camping sites and operates a small grocery store. All operations are supported out of the revenue that they generate. Some actually yield a small profit, which can be carried over to the following year.

ID Dept. of Parks has recently completed a ten-year acquisition, major maintenance and capitol improvement plan, which would cost more than \$76 million. At present, capital improvements are funded primarily from general tax monies and dedicated funds, but they amount to only \$1 to \$2 million annually. Funds have yet to be earmarked for the department's 10-year plan³.

MONTANA

Montana has 52,000 acres of parkland, with 1.8 million visits annually; 1995 operating budget: \$4.5 million - 50% increase in operating budget from 1980 to 1995 adjusted for inflation; Capitol budget declined 50% from 1980 to 1995 forcing a rise in deferred maintenance.

The majority of Montana parks are funded by dedicated taxes, with 71% of the budget originating from this source in 1995 - with revenues covering 22% of operating costs. This is an increase from 1980, when only 9% of the operating budget was covered by park revenue. In 1989, user fees introduced with 25 out of 41 park units collecting fees; camping fees: \$3 to \$9 per night. Montana State parks would like to increase revenue by raising user fees, which have not been increased since 1991. Present fees are inexpensive - \$15 per year for an annual pass or \$3 per vehicle visit. Capital improvements have been minimally funded for the last 20 years, but the department is beginning to upgrade facilities, although this maintenance process is largely dependent on dedicated taxes and general funds.

Two of Montana's state parks are unique to the budgeting system. These parks earn more than their operating expenses and keep a portion of revenues for future expenses. These parks link park management to fee generation and visitor services - allowing the parks to be more responsive to the needs of visitors³.

Revenue Strategy:

. The Smith River State Park is very popular and by 1993, \$100,000 in revenue was generated at a cost of \$78,500 for staff and monitoring. Fees were charged for private boat launches (\$15) and outfitters (\$175) with additional outfitter fees of \$15 per staff member and \$65 per client per trip. This park is funded by earned revenues in the park (50%) and dedicated taxes (50%); 25% coal taxes and 25% RV license revenues. Any remaining revenues are returned to the state park fund.

- . Lewis and Clark Caverns: hiking, caving, and camping is available. Picnic sites, cabins, and a food, beverage, and gift concession are also available. Cave tours cost \$7 for adults, and \$3 per child. The vehicle fee is \$3. Campsite rentals are \$9 and cabin rentals are \$39 per night (\$25 in the off season). This system generates \$370,000 annually with an operating budget of \$250,000.

In general, Montana parks rely heavily on dedicated taxes. There are lessons from the above two examples of self-sustaining parks: linking fee collections with park budgets has made management more responsive to visitor and resource needs. Increased fees and collections in more park units and a link between such fees and management could assist Montana parks with additional funding for increased park facilities. However, it is important to note that many of the remaining park areas have primitive facilities and may be inadequate to warrant increased user fees without proper upgrade and innovation. Thus, entrepreneurial efforts in the state park systems have the same constraints as traditional business - it takes investment to yield returns³.

WYOMING:

- . 120,000 acres; 2 million visitors annually; history of heavy subsidization.
- . 1995: \$427,129 in park fees collected (11% of operating budget)
- . Out of 53 park areas that charge the \$2 per vehicle day-use entrance fee; less than 1/3 of park users paid entrance fees
- . While entrance, camping, and concession fees are charged, these fees are sent directly to the state's general fund, thereby eliminating any motivation for park managers to maximize revenues from user fees.

A bill has been considered that would increase camping fees and implement the day use fee for vehicles at most park areas, and 80% of these fees would go to a new enterprise fund dedicated for park maintenance. The bill was defeated despite support from the park agency and park advocacy groups. The legislature won't appropriate any additional general fund money to Wyoming state parks nor allow them the freedom to generate new revenues³.

ALASKA:

Alaska has 3.2 million acres of park land; 4.3 million visitors in 1995.

Prior to 1988 use of Alaska's state parks was free and park operations were supported out of general funds and taxes on resource development, such as oil and gas. In 1988 a substantial reduction in general funds led to the establishment of fees for day-use parking (\$3), cabin rentals (\$25), camping (\$6-\$15), and boat launches (\$3-\$5) each day. Annual passes for camping, parking, and boat launches were set to \$75 (\$100 non-residents), \$25, and \$50 respectively.

Park funding has also been secured through commercial use permits. Such permits are required for businesses and individuals that use parks for commercial gain, such as outfitters and film studios, but do not require permanent park structures. Permits are sold on a non-competitive basis for an established rate, when there is no limitation on the number of operators. When the state limits the number of operators, competitive bidding for the permits is invoked. AK earned \$328,000 from commercial permits in 1993, representing 28% of the total fee revenue from the parks. Total park revenues amount to 30% of the AK parks operating budget, with Prudhoe Bay oil taxes providing the remainder.

The AK Park director would like to finance 60 to 70 percent of the systems operating budget, but there are two obstacles:

First, the legislature predicts what the parks will earn each year, and any income above that amount is lost to the state treasury. So, there is little incentive for park personnel to try and increase revenue beyond the legislature's prediction.

Secondly, when parks earn more income than predicted, they automatically lose that amount in general funding the following year, giving park personnel a disincentive to raise revenue.

On the capital side, funding is very tight and the deferred maintenance backlog, currently estimated at \$20 million, is rising with no obvious solution in sight³.

NEVADA

A 148,578 acre park system; 3 million annual visitors - minimal services with only 10 developed sites. The percentage of the operating budget covered by user fees increased from 17% in 1994 to 22% in 1996 in an effort to move toward self-sufficiency. The tentative goal for self-sufficiency has been set at 34%. Most facilities are park run, but those contracted out receive a return of 3% - 9% of gross revenues. The park administrator believes that the limited park amenities cannot generate a substantial increase in revenues, although the benefits from moving away from general funds towards independence are significant.

In recent years, some revenue increases have resulted from a restructuring of the fee system to reflect market value. Entrance fees of \$3 per vehicle are charged at 19 of the 24 park areas. Campsite fees range from \$3 to \$7, but these fees are collected on the honor system with less than 20% compliance in some areas. As occurs in other states, increases in revenue results in equal loss of general funding.

Dedicated taxes comprise 24% of the budget and park revenues account for 22%, while general funds cover the remaining 54% of the budget. There is a \$0.50 surcharge on all entrance fees that remains in the park where collected for maintenance of utility systems. Even with this contribution towards infrastructure maintenance, Nevada parks follow the national trend and have a \$30 million backlog of maintenance. The park managers are finding it difficult increase services and thereby raise revenues. Many park managers nation wide are facing this private sector type circumstance in that it takes money (capital investment) to make money³.

UTAH

Utah has 97,000 acres and 7 million visitors annually. The Utah State Park system has a goal to become 40% self sufficient, although revenues covered 24% of park operations in 1980 and only increased to 28% by 1995. In Utah, the Park Board, not the legislature, establishes the park fees thereby expediting the process of raising fees. The park system also gets to keep up to 25% of generated income from an estimated revenue base. So, there is incentive, to a certain extent, for park managers to reduce costs and increase revenue. However, funds not spent during the existing year are lost to the general treasury.

Entrance fees are charged at almost all parks and range from \$3 to \$6 per vehicle with annual permits priced at \$60. The Utah Park service runs a central reservation service, which increases revenue and spreads visitors to underutilized areas when more popular areas are filled. A non-refundable \$5 reservation fee is charged, in addition to nightly fees that range from \$5-\$8 for primitive sites and \$9 to \$15 for developed sites.

Park facilities are run by both private concessionaires and by the park service. Those contracted out are to reduce costs rather than raise revenues, with a fee of 2% to 10% of gross sales. In 1988 the park system took over several of its golf courses that had been contracted out and have become profit centers for the parks making nearly 1\$ million in revenue in 1995, compared to \$300,000 before the take over.

The capitol side of the UT park system is as bleak as in other states with a \$20 million maintenance backlog, which is predicted to severely restrict the parks' ability to reach the goal of 40% self sufficiency because visitors have no interest in visiting poor facilities. To help meet this shortfall, UT parks have looked to friends of the parks to help renovate existing structures and build new ones. Donations of over \$8 million were received, including more than \$1 million of in kind donations of time, materials, and expertise³.

COLORADO

Colorado has 206,000 acres of park land, and had 11 million visitors in 1995.

Colorado state parks have been over 50% self sufficient since 1980. Entrance fees of \$3 per vehicle in all state parks provide the largest portion of revenues. Annual passes are sold for \$30 and camping fees range from \$6 to \$7 for primitive sites and \$7 to \$12 for developed sites. A central reservation service has enhanced camp revenues and improved the utilization of low demand parks during peak season. Concessionaires are contracted out at a minimum of 5% of gross revenue, which amounts to less than 10% of total park revenues.

CO is a prime example of successful revenue generation for increased self sufficiency, since they are returned to the parks. However, legislative approval is required for all park spending and individual park units are rewarded for revenue generation.

Capitol asset maintenance has been addressed by setting aside funds., and 10% of the state's lottery income is designated for state parkland acquisition, development, and trails projects. This is a dedicated, non-appropriated park fund that generates \$15 million annually. The Great Outdoors Colorado Trust Fund (GOCO) provides additional park maintenance money. One half of the state lottery income is dedicated to the GOCO fund, with 25% of this allotted to parks. This capital budget has prevented a large backlog of maintenance from accruing³.

NEW MEXICO

New Mexico has 120,000 acres of park land, with 4.6 million annual visitors. About 25% of park operating expenses are covered by park revenue, which has remained constant for approximately 15 years. Park revenue is deposited into the state parks account for budget use the following year with legislative approval. Stable general funding in the past has left little incentive for fee generation within the parks and there is no anticipated increase or decrease in parks general funding.

NM parks charge entry fees of \$3 per vehicle per day or \$30 for an annual pass, with only \$868,346 generated in entry fees in 1995. Some of the park areas collect fees based on the honor system, and low compliance generally results from this. Efficient year round fee collection could conservatively generate at least \$3.5 million annually, bringing revenues close to 30% of operations, more than total current receipts.

NM has a \$25 million maintenance backlog, which is being slowly dealt with through bonds, since the parks are not in dire circumstances³.

ARIZONA:

Arizona has 43,000 acres of park land, with 2 million visitors in 1995
AZ state parks increased their annual receipts from \$1.5 million in 1988 to \$4.1 million in 1996 (173% increase). This is attributed in large part to the establishment of a dedicated fund for parks to receive all park receipts, whereas prior to 1988, all park receipts were deposited in the state treasury. This adds incentive to bring more money into the system. One of the most important aspects of this dedicated fund is that its creation did not result in a commensurate reduction in general funds, as has happened in other states. Thus AZ Park manager's view fees as an enhancement mechanism, not an offset to general funding and has implemented a vigorous marketing program.

Entrance fees have increased from \$1 per vehicle in 1980 to \$3 to \$5 in 1995. Camping fees have risen from \$2 to \$5 in 1980 to 48 to \$15 in 1995. In addition, camping fees are higher in popular areas and on holidays and weekends to reflect the higher demand and therefore tie the fees to the market value. The distributions from the park fund are split equally between the operating budget and the capitol budget.

The AZ has a deferred maintenance backlog estimated between \$50 and \$60 million. To address this backlog, a park renovation program began in the early 1990's, averaging \$5 to \$6 million a year. About 66% of the park renovation fund come from dedicated sources, the remaining third from park receipts. There is an opportunity to expand revenue sources for AZ State parks by charging fees for expanded service for special services and activities (adventure/education) in addition to entrance and camping fees as TX has done³.

NORTH DAKOTA

North Dakota State Parks System is relatively small with 19,900 acres in 30 parks and recreation areas, which attract over one million visitors a year. Since 1980, the parks system has experienced cuts in general funds. To counter these cuts, fees have increased across the board. Entrance fees have gone from \$1 to \$3 per vehicle, annual passes have gone up from \$7 to \$15, and camping fees have increased from \$3 to \$8 for primitive sites and \$5 to \$10 for developed sites. From 1980 to 1995, annual allocations from general funds decreased 35%, but park receipts doubled. Fees have increasingly contributed to the parks' operating budgets. Fee revenues represented 40% of the operating budget in 1994, increased from 11% in 1980. Although fee revenues go to a park fund, they must be appropriated back to parks by the legislature. Also, all fee increases must be approved by the legislature.

For the last three bienniums, both operating and capital park budgets have been cut by an average of 4.5%. No staff reductions or park closures have resulted from these cuts thus far. Several of the parks have started volunteer programs to meet certain needs that could not be met otherwise. The estimated maintenance backlog ranges from \$500,000 to \$2 million and covers only repairs (not new construction)³.

SOUTH DAKOTA:

South Dakota's park system includes 77 units and encompasses 92,700 acres and attracts 7.7 million visitors annually. South Dakota has been striving for its parks to become self-supporting. Park receipts in 1980 accounted for 44% of the operating budget. By 1995, this number increased to 82% with a total of \$5.9 million in park revenues. This was accomplished mainly by increases in user fees. Entrance fees have gone from \$2 per car to \$2 per person over the years. Camping fees have gone from \$5 a night to \$11 a night with a \$5 additional charge for non-residents. New revenue-generating programs have been instated as well. These include RV rentals, tent and teepee villages, and state park stores.

Park receipts go to operation and maintenance costs and are appropriated annually by the park commission, rather than the legislature. South Dakota has an estimated \$15 million in maintenance backlog.

South Dakota's 73,000 acre Custer State Park, is considered separately from the rest of the South Dakota parks. This park is completely self-supporting. The entrance fee to the park is \$3 per person or \$8 per vehicle. All revenues go into a revolving fund held exclusively for Custer State Park³.

OKLAHOMA:

The Oklahoma State Park System contains 56 units, which cover about 72,000 acres, and attracts over 15 million visitors annually. Oklahoma charges no entrance or activity fees. Their revenue, which accounted for 58% of the operating budget in 1994, is generated from fees and rentals of RV sites, cabins, campsites, lodges, marina use, off-site golf courses, and concessions. Partnerships and volunteers are being used to keep costs down. Recent budget cuts has caused a reduction in full-time staff.

The parks system has direct access to park-generated-revenue and does not have to go through appropriations. However, general fund allocations to the parks automatically go down as park revenues go up. Therefore, the park personnel have no incentive to find additional revenue sources.

Capital improvements are funded mostly from bonds. However, there is a substantial maintenance backlog, estimated at \$100 million³.

NEBRASKA:

Nebraska State Parks System, with 87 units, covers 134,000 acres and attracts over 9 million visitors annually. In the early 1980's, general funds provided 70% of the parks operating budget. Through fee-restructuring though, more recently park revenues have covered 95 % of operating costs. In 1980, less than half of the parks in Nebraska charged entrance fees, but all of them do now. Other fees charged in Nebraska include camping fees and charges for special activities such as trail rides, jeep rides, hay rides, and hoe-downs. These fees range from \$4 to \$13. In addition to these fees, the park agency runs its own restaurants and lodging facilities which contribute about 34% of total revenues.

All receipts go into a trust fund earmarked for park use only. There is concern that as this fund increases (currently over \$7 million) it may be raided for non-park purposes. Despite the financial health of Nebraska's parks, there exists a \$1 million capital maintenance backlog. The parks have not had success in establishing a legislated deferred maintenance program³.

KANSAS:

The Kansas State Park System has 324,000 acres in 146 units. The state legislature strictly controls all park funding and receipts. Major budget cuts in recent years have decreased the number of permanent park employees. These cuts have also significantly decreased equipment purchases and maintenance, which has resulted in a maintenance backlog of \$15 million. Although Kansas' State Park System is twice as large as Nebraska's, total entrance fee revenue generated in Kansas is only 40% of what Nebraska's is. This is mostly due to that fact that Kansas only charge entrance fees at about half of its parks. Kansas has little incentive to revamp its entrance fee system though, because of the tight grip the legislature has on park revenue/funding.

In 1995 a dedicated fund from license plate revenues was eliminated. This source of money accounted for 31% of operations in 1994. Also, general funds to the parks have been decreasing. To deal with these circumstances, Kansas has implemented several money-saving programs. These staff reductions, early

closures, and trucks being replaced with golf carts. Special events, grants, volunteers, and park friends groups have also all played a part in reducing costs and increasing revenues. Kansas is in the process of researching other states' strategies in revenue generation, and moving towards self-sufficiency³.

INDIANA:

Indiana's State Parks System has 23 units encompassing 59,000 acres with 11 million visitors annually. When the parks system was founded in 1916 the goal was for it to be self-funding as much as possible with user-fees. By the mid-1900's, Indiana began to rely increasingly on taxpayer support. By 1980, over 50% of the operating budget came from general funds. In recent years park managers have moved back to the goal of self-sufficiency. From 1980 to 1995, increases in entrance and camping fees resulted in a more than doubling of the operating budget. Park managers have incentive to increase revenue because all receipts go into a dedicated fund for park operations. This money must be reappropriated by the legislature. Although Indiana Parks have a handle on their operating budget, their capital budget is lacking funds. There is no stable mechanism in place to ensure sufficient capital funding. The capital budget is funded in part by general funds and in part by cigarette tax revenues³.

MICHIGAN:

Michigan's State Parks System includes 96 parks, which encompass 265,00 acres and attract nearly 24 million people each year. Michigan has experienced a reduction in its general funding since 1980. To counter this, they have increased user and entrance fees in all its parks. This measure more than offsets the amount they are cut in general funds. Park receipts totaled \$23.9 million in 1994, which was 78% of the operating budget. The legislature controls all park spending and parks receipts. However, there is one significant exception to this. Michigan has a park endowment fund that provides the operating budget with \$5 million a year. This fund is fed with \$10 million in state mineral, gas, and oil revenues each year, in addition to a portion of park revenue and seed money from the general funds. The legislature also contributes some money. Money will be added to this fund to a capacity of \$800 million. Michigan's park division believes this fund is an adequate safeguard against further reductions in general funds. The park division is in the process of determining how to address its \$200 to \$400 million maintenance backlog³.

ALABAMA:

Alabama's 49,700-acre park system includes 24 units and attracts over 6 million visitors a year. In 1988, the park system took over highly profitable state-owned golf courses and resorts. This move doubled operating costs, but tripled park revenue. Between 1980 and 1995, entrance and camping fees were increased. Presently the parks system is about 85% self-supporting in terms of operations. Alabama has also incorporated friends groups, partnerships, and volunteer programs as money-saving tactics. All park revenues are earmarked for parks in a revolving fund. The budget process requires legislative approval but money is spent at the discretion of Alabama parks after budgeting. General funds were eliminated from the park budget in 1996. Although Alabama parks are mostly self-supporting, they are concerned about their \$50 million maintenance backlog and the implications of deteriorating facilities (i.e. lower attendance, lower revenues.)³

SOUTH CAROLINA:

South Carolina's 82 thousand-acre park system consists of 65 units and attracts over 10 million people annually. General funds have provided about 30% of the operating budget yearly. Park revenues make up for the remainder of the budget. Park receipts are turned directly over to the operating budget without legislative appropriation. Although South Carolina has a sufficient operational budget, this is partly a result of decreases in capital expenditure. A 38% decrease in spending has resulted in a maintenance backlog of \$30 million. It has been years since the park capital fund has received new money. Increased incentive for revenue generation could move South Carolina to self-sufficient operations. However, the parks' capital budget remains in "dire need"³.

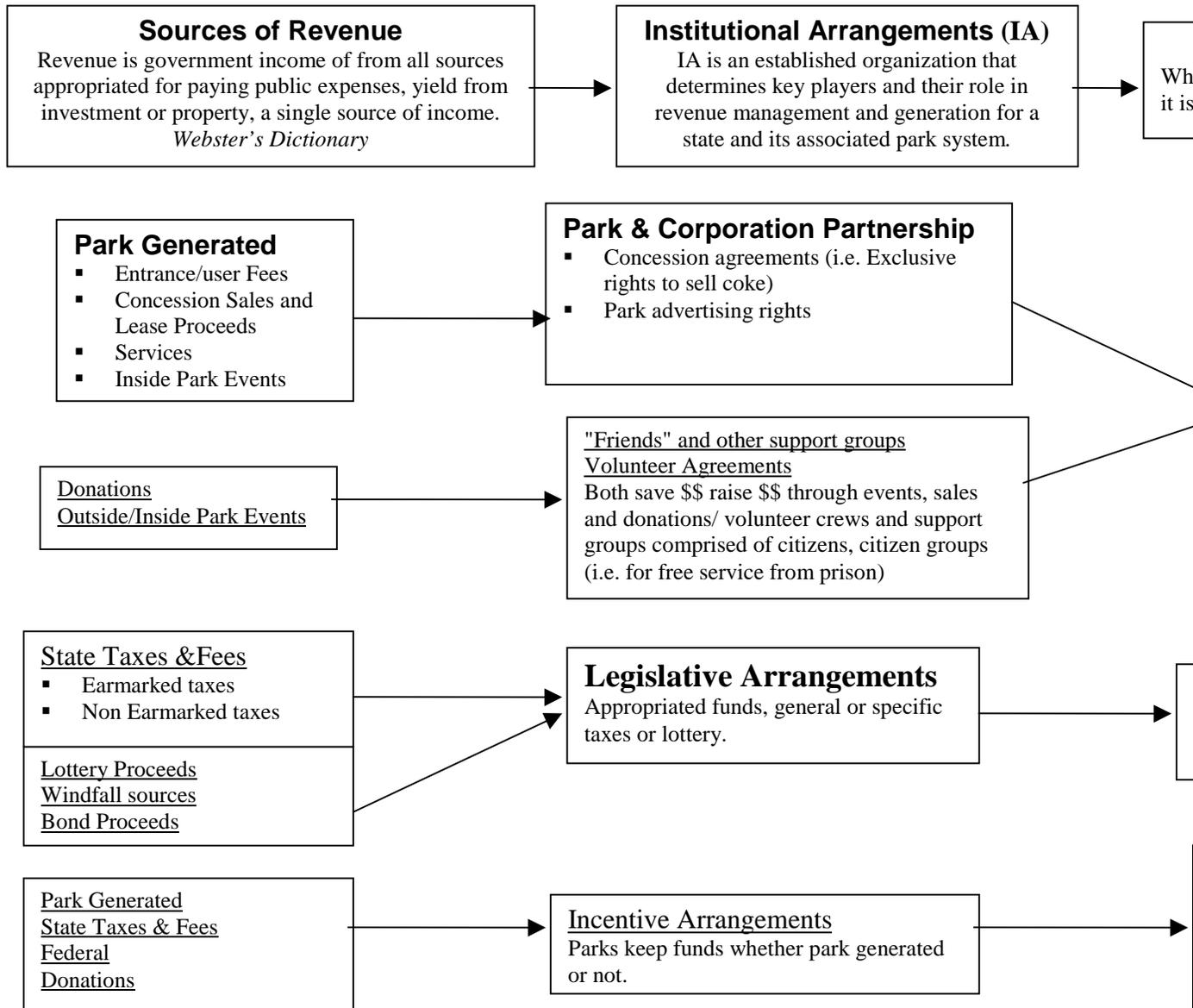
FLORIDA

All facilities and programs are paid for through two trust funds that rely on concession sales, camping fees, and a percentage of revenue from a state real-estate tax. Eco-tours success brought a record number of tourists to the state, 15 million per year. The National Recreation and Park Association ranked Florida's park system best in the country last year³.

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Appendix D: State Park Systems RS³ (Revenue Sources, Stakeholders, and Sinks)



Appendix: E

Institutional Arrangements

This section discusses institutional arrangements that impact park managers' ability to achieve self sufficiency in their parks or systems. These arrangements are often discussed in park system literature as funding sources, but they are not in themselves funding sources. Rather they are legal and organizational structures for accumulating revenue from the sources discussed above or for generating cost savings. So we discuss them separately here to make it clear that while these institutional arrangements affect managers' ability to move toward self sufficiency by providing differing degrees of autonomy and/or incentive to do so, they do not in themselves constitute new or different sources of revenue.

| Chart 3: Institutional Arrangements and Definitions |
|--|
| <u>Private/Public Partnerships Agreements</u> : Agreements between two or more entities: a private entity/entities such as a corporation and a public entity/entities such as a park system or a single park. The range of arrangements in such agreements is wide. It can include agreements for the private entity to provide services and/or products and sharing the profits with the park system, and for the private entity to provide donations or in-kind services in return for the right to advertise their brands or products or to sell them onsite. |
| <u>Friends of the Park/Support Groups</u> : These groups are people independent of the park system (volunteers or staff paid by the Friends groups) who raise money or provide other support for a park system through efforts inside and outside the parks. They may organize functions; manage an endowment fund and investments; organize donation drives; and provide other services such as organizing volunteers. Benefits include additional money for operating budgets, enrichment of park experience, and money saved on work done by volunteers. |
| <u>Volunteer Agreements</u> : Park systems have volunteer arrangements with citizens, citizen groups, prisons, etc. to receive some service free and generally results in savings of expenditures that would have been spent on salaries and hourly wages. |
| <u>Support from Legislature</u> : Legislative support comes in the way of allocations to the park system from the state general fund or other appropriated fund such as a portion of proceeds from a specific tax (gas, food, hotel, etc.) |
| <u>Incentive Arrangements</u> : Incentive arrangements include agreements that allow park management to keep some or all park generated revenues (i.e. revenues from entrepreneurial pursuits) instead of deposited into the general fund and reallocated. These may include start up loans for entrepreneurial activities in individual parks and may or may not include legislative oversight. |

Budget Structures

There are four budget structures for accumulating revenue before it is disbursed for park needs. The two most common structures are general funds and dedicated funds that accumulate park-generated revenues designated for park system operating budgets. These are used in 88% of states¹⁴. The general fund is a structure used to fund operating budgets in 90% of states. The extent to which the other three structures are used in other states is unclear. Refer to appendix C on page 39 for a flow chart representation of the funding sources, institutional arrangement and budget structures relationships

| Chart 4: Budget Structures and Definitions |
|--|
| <u>General Fund</u> : A fund that aggregates mainly taxes, but may include other funds such as state fee proceeds, park generated revenues, donations and/or lottery receipts for the legislature to allocate. |
| <u>Revolving Fund</u> : A fund that aggregates revenues for parks to spend on repairs and enhancements. Park generated revenue is returned to the fund for future repairs or enhancements. |
| <u>Trust Funds and Endowment Funds</u> : Funds that aggregates revenue for investment. A portion of the interest or dividends is used by the park system for operational budgets. |
| <u>Dedicated Fund</u> : A fund that aggregates revenues that are designated for the operational budget. Funding sources generally include a portion of taxes (usually recreation related), lottery proceeds, park generated revenues (etc.)...a dedicated fund can be distributed with or without legislative oversight at the discretion of the legislative body. |

