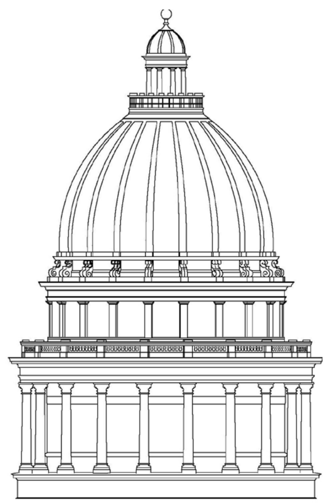
REPORT TO THE

UTAH LEGISLATURE

Number 2011-03



A Performance Audit
Of
Utah State Parks

January 2011

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah

STATE OF UTAH

Office of the Legislative Auditor General

315 HOUSE BUILDING • PO BOX 145315 • SALT LAKE CITY, UT 84114-5315
(801) 538-1033 • FAX (801) 538-1063

Audit Subcommittee of the Legislative Management Committee
President Michael G. Waddoups, Co–Chair • Speaker Rebecca D. Lockhart, Co–Chair
Senator Ross I. Romero • Representative David Litvack

JOHN M. SCHAFF, CIA
AUDITOR GENERAL

January 18, 2011

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **A Performance Audit of Utah State Parks** (Report #2011-03). A digest is found on the blue pages located at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

John M. Schaff

John M. Schaff, CIA
Auditor General

JMS/lm

Digest of
A Performance Audit of
Utah State Parks

Chapter I: Introduction

With state park systems across the nation under pressure to reduce use of taxpayer funds, this audit was requested by the Natural Resources Appropriations Subcommittee to identify strategies for the Utah state park system to be more self sufficient and reduce its reliance on the General Fund. The Utah Division of Parks and Recreation (division) oversees 43 state parks and has responsibility for patrolling thousands of miles of off-highway-vehicle (OHV) and snowmobiling trails, as well as the state's waterways.

Chapter II: Improved Business Practices Should Reduce Reliance on General Fund

Division Needs to Develop a More Business Focused Operation to Improve Park System Efficiency. This chapter describes a number of business practices and cost cutting strategies that should help the division reduce its reliance on the General Fund. The General Fund represents nearly one third of the division's revenues which are used mainly to cover the operating deficits at state parks. We recommend that the Legislature consider gradually reducing the division's General Fund appropriation over the next few years. The division should also begin to manage parks as independent business units, adopt better accounting tools for managing the park system and consider return on investment before advancing capital projects.

Chapter III: Management of Staff Resources Must Improve

Decreasing Operating Expenses by Reducing the Cost of Park Staff Is Achievable. Staffing expenses represent 60% of the division's total costs and the division will need to evaluate the necessity of some positions if it is to become less reliant on the General Fund. This chapter identifies four strategies to achieve budget reductions and improve park efficiency through staffing modifications. First, the division relies on full-time staff at parks even though visitation is highly seasonal. The division should use a lower-cost staffing methodology that emphasizes a reduction of full-time employees and supplements peak demands with more seasonal staff. Second, additional savings can be created by reducing state and regional overhead costs. Third, downsizing law enforcement at parks where there is less need for police power would reduce additional unnecessary costs. Finally, consolidating park manager positions will enable one manager to oversee multiple parks. Phasing in a mix of these strategies will move the division toward a more efficient park system that is less reliant on the General Fund.

Chapter IV: Some Parks Should Reduce Services While Others May Need to Close

Parks Need to Modify Operations to Align More Closely to Public Demand. We identified three strategies to achieve reductions through operational modifications to parks. However, even after all cost cutting measures are deployed the revenues generated at some parks may not meet expenditures. Scaling back seasonal operations is the first area we address. Under this arrangement parks could suspend services, programs, and significantly reduce staff presence at parks to reduce operating expenses during the winter months when visitation is low. Next, the division should evaluate which parks could generate additional savings by modifying hours of operation and days of the week parks are open, similar to efforts already made at heritage parks.

Despite the effectiveness of these strategies, some parks suffer from persistently low visitation and have large operating deficits. Unless a strategy can be developed to reduce these deficits, the Legislature could consider permanently closing some of these parks or transferring operations to a local municipality.

Chapter V: Legislature Could Consider Privatization of Some Utah State Parks

Park Privatization Efforts Have Been Limited, But Are Feasible with Careful Planning. Privatization of state parks as an operational model is feasible, but it is relatively untried. It has primarily been implemented under unique circumstances. While other states provide few examples of privatized park operations, the United States Forest Service (USFS) has had success with privatization of some operations. If the Legislature decides to increase the level of privatization in the state park system, it would require careful planning and oversight. We recommend that if the Legislature decides to pursue privatization of state parks, a pilot program be implemented first to gauge success. Increased privatization of state parks could be helpful in making the state park system more efficient and less reliant on state General Funds.

It is essential for the division to address recommendations made throughout this report in order to become more efficient and fully understand the costs and benefits associated with each park. For privatization to be appealing to the state, the key is whether total expenses shifted to private partners are greater than privatized revenues to allow for savings while maintaining a quality operation.

REPORT TO THE
UTAH LEGISLATURE

Report No. 2011-03

A Performance Audit Of Utah State Parks

January 2011

Audit Performed By:

Audit Manager	Rick Coleman
Audit Supervisors	James Behunin Brian Dean
Audit Staff	Christopher Otto August Lehman Candace Ware Sumner Newman, Contract Auditor

Table of Contents

Chapter I
Introduction

State parks agencies in most western states are under pressure to reduce their dependence on taxpayer support. State governments are facing tough financial conditions and finding it difficult to pay for basic services such as education, human services, and corrections. For this reason, some states are beginning to question the practice of subsidizing recreational activities such as camping, golf, and water sports. Many states surrounding Utah have asked their state parks and recreation agencies to reduce their budgets and find sources of support other than General Fund appropriations. In response, some states have reduced hours of park operation and some have reduced park staff. A few states have even closed some parks.

The Legislature asked the Legislative Auditor General to examine the Division of Parks and Recreation (division) to identify ways to reduce the division's reliance on General Fund support. This report explores several strategies for improving efficiency and reducing the cost of state parks. We also examined the opportunities and potential benefits of privatizing state parks.

Utah's Division of Parks and Recreation Fills Many Roles

The Utah Division of Parks and Recreation is a division of the Department of Natural Resources with a broadly stated mission:

> To enhance the quality of life by preserving and providing natural, cultural, and recreational resources for the enjoyment, education, and inspiration of this and future generations.

Utah's 43 state parks include recreational, historic, and scenic parks.

Utah's state parks system offers many opportunities for recreation, and preserves scenic areas and historic landmarks. The facilities operated by the division include museums, marinas, golf courses, campgrounds, and historic buildings. As shown in Figure 1.1, Utah's 43 state parks can be broadly classified in three categories: recreational, historic, and scenic. Appendix A includes a map showing the location of each state park. The division also patrols and maintains some waterways, trails, and other resources that are located outside of its parks.

Figure 1.1 Division of Parks and Recreation Manages a Variety of Recreational Facilities. Utah's state parks are classified as heritage, scenic, or recreation parks. Four state-run golf courses are within parks. The division also provides support at other recreation areas.

Heritage Parks (8)	**Recreation Parks (28)**	
Anasazi	Bear Lake	Millsite
Camp Floyd/Stagecoach Inn	Coral Pink Sand Dunes	Otter Creek
Edge of the Cedars	Deer Creek	Palisade
Fremont Indian	East Canyon	Piute
Frontier Homestead	Escalante Petrified Forest	Quail Creek
Territorial Statehouse	Flight Park	Red Fleet
This Is The Place	Great Salt Lake Marina	Rockport
Utah Field House Museum	Green River	Sand Hollow
Scenic Parks (7)	Gunlock	Scofield
Antelope Island	Historic Union Pacific Rail Trail	Starvation
Dead Horse Point	Huntington	Steinaker
Goblin Valley	Hyrum	Utah Lake
Goosenecks	Jordan River OHV	Willard Bay
Kodachrome Basin	Jordanelle	Yuba
Snow Canyon		
Wasatch Mountain		

State-Run Golf Courses (4)	**Other Recreation Areas (4)**
Green River	Flaming Gorge
Palisade	Gunnison Bend
Soldier Hollow	Lake Powell
Wasatch Mountain	Monte Cristo

The Division of Parks and Recreation is also responsible for maintaining and patrolling off-highway-vehicle trails.

In addition to its 43 state parks and four golf courses within some parks, the Division of Parks and Recreation is responsible for recreational areas not directly associated with a state park. For example, the division reports it patrols approximately 50,000 miles of off-highway-vehicle (OHV) trails and grooms some 1,200 miles of snowmobile trails. The division also patrols major waterways such as Lake Powell and Flaming Gorge. Of the division's 220 full-time staff, 75 are certified law enforcement officers.

Division Relies on General Funds To Support Park Operations

The division's financial support comes through appropriations from two budget line items: an operations line item and a capital line item. For fiscal year 2010, the division spent the following amounts for the two line items:

Operations Line Item:	**$ 30,103,596**
Capital Line Item:	**3,755,051**

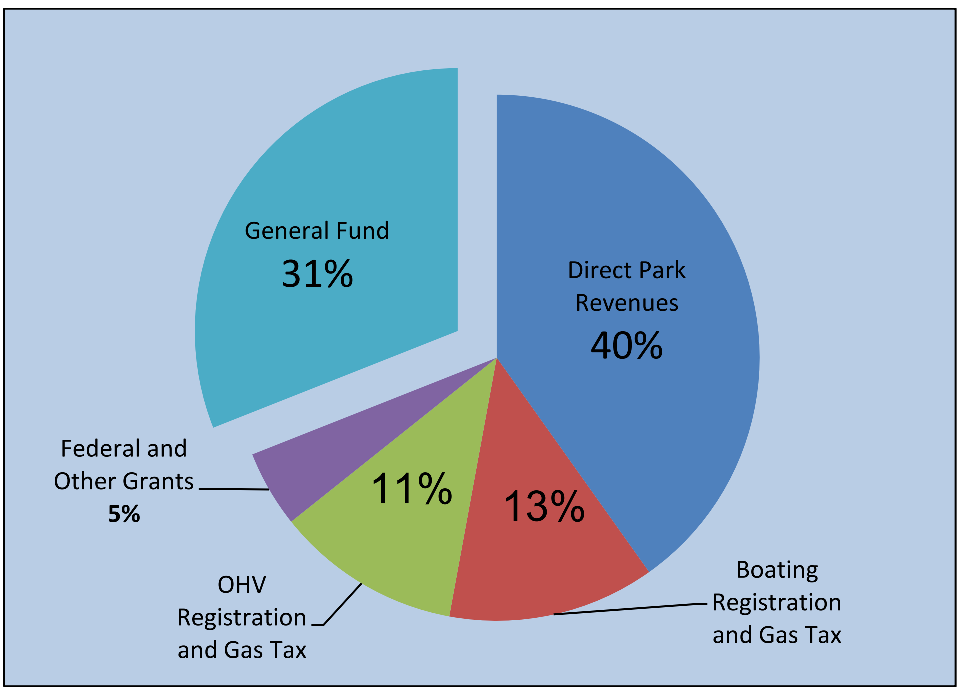
Although we touch lightly on the division's spending on capital projects, the main focus of this report is on maximizing the efficiency of the division's operations budget. The operations budget is also much larger than the capital budget and therefore received greater consideration during the audit process.

The focus of this report is on the division's $30 million operations budget.

General Funds Represent Nearly One-Third of Division Revenues

General Fund appropriations represent 31 percent of the division's revenues. In fiscal year 2010, the division relied on $9.2 million in General Funds to pay for 31 percent of its operating costs. As seen in Figure 1.2, the remaining revenues are comprised of user-based fees and a small amount of federal funds.

Figure 1.2 Users Pay Nearly Two-Thirds of Division Costs. A majority of the division's costs are paid by users in the form of direct park revenues, such as gate fees, as well as registration fees for boats and off-road vehicles. General tax funds pay for 31 percent of division costs.



Park users pay for 64 percent of the cost of operating state parks. Taxpayers contribute another 31 percent. The remaining 5 percent comes from grants.

The division's revenues include several categories of user-based fees. Direct park revenues consist of the fees paid by campers and day use visitors of the state parks as well as green fees at the golf courses, revenue from equipment rentals, and retail sales at gift shops. The division also receives registration fees paid by the owners of boats and OHVs and a small portion of the state gas tax to support the division's efforts in those two areas. Finally, the division has several restricted accounts that contain federal grants and revenues from user groups which make up five percent of revenues.

General Funds Are Mainly Used to Pay for Operating Deficits at Utah State Parks. In 1957, the Legislature authorized the Utah State Parks Commission to develop parks and recreation areas and to preserve and protect historic sites and scenic treasures. The division reports that the original intent of the Legislature was not for parks to be 100 percent self sustaining. Instead, the division has operated under a funding model using a mix of user fees and taxes.

Over the years, the Legislature has increased the number of state parks to 43 and provided tax funds to help support the parks, each of which has a unique history. For example, the Palisade State Park was once a private resort known as Funk's Lake in the 1870s. In 1959, the Utah State Parks and Recreation Commission identified the area as a potential state park to "aid in the local economy while providing recreation for residents and visitors." In 1964, Sanpete County donated 62 acres of lakeshore to the state. In the 1970s, the county used a federal grant to construct a golf course and, in 1986, the division added the golf course to Palisade State Park. The division reports that until recently, there has been no expectation that state parks and golf courses would cover their operating costs with user fees. However, the division is now working to become more self-sufficient.

During fiscal year 2010, the state's park system required $6.9 million in General Funds to cover park operating expenses not covered by user fees. That same year the division spent another $2.3 million in General Funds on costs not directly associated with park operations. These costs included the division's annual commitment to This Is The Place Foundation and the payments on the debt for two state golf courses. Figure 1.3 summarizes how the division spent its General Funds in fiscal year 2010.

Figure 1.3 The Division Used General Funds Primarily to Support State Parks. For fiscal year 2010, the division spent $9.2 million in General Funds. The list below describes how those funds were used. Appendix B.1 includes additional detail for the amounts shown here.

Support of State Park Operations	
Heritage Parks	$2,186,800
Recreation Parks	2,084,400
Scenic Parks	1,208,100
Golf Courses	752,300
Other Park Units*	681,100
Subtotal:	**$6,912,700**
Other Uses of General Funds	
This Is The Place Foundation	$800,000
Soldier Hollow Golf Course Bond Payment	1,100,100
Wasatch Mountain Golf Course Bond Payment	371,400
Subtotal:	**$2,271,500**
Total:	**$9,184,200**

*Includes Lake Powell, Monte Cristo, Antelope Island bison, Flaming Gorge, Gunnison Bend.

Nearly $7 million in General Funds was used to support the operations of Utah's state parks.

Of the nearly $9.2 million of General Funds spent by the division in fiscal year 2010, about $6.9 million supported state park operations managed by the division. That amount was needed in addition to fees already paid by the users of state parks to pay the operating costs. If the state parks were treated as independent business units, the $6.9 million would represent the total loss incurred by the state parks.

In this report, the full costs of state parks are usually reported. The full costs include the direct costs of operating a park plus the allocated overhead costs. There are two exceptions, however. We do not report the cost of two bond payments for the Soldier Hollow and Wasatch Mountain golf courses as part of the operating expenses. We view those bond payments as a capital cost rather than an operating cost.

General Funds Were Used to Pay Park Costs While Park Revenues Were Lapsed to the Restricted Accounts. The $9.2 million in General Funds used represents the actual amount needed to operate state parks. The division was actually appropriated $10,388,700 in General Funds. However, roughly $1 million of that amount was spent in lieu of user-based fees that were left unspent at year end and added to the division's three restricted funds. In this report, we recognize only those General Funds that were actually needed to cover the cost of park operations. We assume that all user fees were available to cover park operating costs and could have been spent first, if authorized in the 2010 budget.

State Park Systems Nationwide Are Under Pressure

Other states are requiring their park systems to reduce their reliance on General Funds.

This audit was conducted at a time when state park and recreation agencies everywhere are facing financial challenges. In many western states, the parks and recreation agencies are being asked to reduce their reliance on General Funds. Many have reduced park staff, closed parks, and reduced the hours or days of operation. The following describes some specific actions taken by nearby states.

- Arizona has closed two state parks, partially closed four other parks, transferred two historical parks to local management, and reduced full-time equivalent employees from about 320 to 210.

- Idaho has increased fees and reduced services at state parks, and has made seasonal closures of some parks. Idaho is considering a plan that would require state parks to operate without General Fund support.

- Colorado has raised park fees, reduced full-time positions, implemented unpaid furlough days for employees, reduced state retirement contributions for employees, and reduced operating hours at some parks.

- Washington has cut management and administrative staff by 25 percent. To do this, they grouped some parks into management areas where one manager oversees four parks and shares staff. The state is considering six more park closures and looking at ways to reduce the number of park rangers.

The Utah Division of Parks and Recreation is well aware of the pressures being felt by the nation's state parks systems. In recent years, the division has been required to make budget cuts of its own. The following describes some of the specific actions taken in recent years. The division has:

- Reduced full-time equivalent staff from 355 in 2007 to 338 in 2010
- Closed museums on Sundays
- Combined some parks under one management team
- Developed a formal process of drafting park business plans
- Investigated ways to enhance parks in order to increase revenues
- Reviewed concessionaire contracts and protocols to increase the public-private partnerships at state parks

The Division of Parks and Recreation has already taken some action to reduce costs and increase revenues.

The division's administrative staff are preparing to make further cost reductions and developing strategies to draw more people to the parks to increase park revenues.

Audit Scope and Objectives

The Natural Resources Appropriations Subcommittee asked the Legislative Auditor General to identify ways to help the state park system become more self-sufficient and reduce its reliance on General Funds. Some committee members also asked us to consider the feasibility of privatizing some state parks. The following points describe the specific audit objectives:

- Evaluate the efficiency and effectiveness of state parks
- Identify opportunities to privatize parks and park services
- Review other areas of concern that may arise during the course of the audit

To accomplish these objectives, audit staff took the following measures:

- Conducted interviews with state employees and agency directors
- Surveyed the state park administrations of neighboring states
- Reviewed financial and cost data
- Analyzed payroll, policing, and park visitation data

- Observed park policing and general operations
- Examined efforts by other state and federal agencies to privatize parks

Chapters II, III, and IV describe specific ways to improve the division's business practices, reduce the cost of staff, and adjust park operations. Chapter V describes steps that could be taken if legislators choose to privatize a few state parks.

Chapter II
Improved Business Practices Should Reduce Reliance on General Fund

This report describes several business practices and cost-cutting strategies that should allow the Division of Parks and Recreation to reduce its reliance on General Funds. In this chapter, we describe several business practices that are essential to operating an efficient park system. For example, improving the cost accounting system will allow the division to better track revenues and expenditures at the park level. This, in turn, will allow the division to operate parks as independent business units. Preparing a business plan for each park and analyzing the return on investment of capital projects will also allow the division to minimize park costs while maximizing revenues. In later chapters, we suggest ways to reduce the cost of park staff and minimize operating costs, particularly when park visitation is low. We believe these strategies will enable the division to make discretionary reductions necessary to reduce the cost of the park system.

Legislature Should Consider Reducing The Division's General Funds

To encourage the division to take decisive action towards reducing the cost of state parks, we recommend that the Legislature gradually reduce the division's General Fund appropriation. We offer a scenario of a $1.5 million reduction during each of the next three years. However, legislators could make larger or smaller cuts, depending on how aggressive they wish to reduce the park's reliance on General Fund support. Gradually stepping down the General Fund appropriation should give the division sufficient time to make the transition to a more efficient park system.

By adopting better business practices, we believe the division should be able to reduce its reliance on General Funds.

Most State Parks Require Large Taxpayer Support

Because the State Park system was originally funded with General Funds, most of the state's campgrounds, golf courses, museums, and scenic parks rely on an infusion of General Funds to cover their cost of operations. Only 9 of Utah's 43 state parks and just 1 of the 4 state golf courses generate sufficient revenues to operate without support from the General Fund. That means that most state parks are not self-sufficient, but rely on state tax revenues to cover the full cost of operations. By full cost, we mean the direct park costs plus the allocated overhead costs.

Appendix B contains information showing the cost of each state park and the amount that each park is subsidized by taxpayers. Appendix B.1 compares the revenues and expenses for each park using a **full** costing model that includes overhead. Appendix B.2 compares revenues to the **direct** costs for each park without an allocation of overhead costs. The financial data show that once overhead and support costs are applied, most state parks require significant taxpayer support. Appendices B.3 and B.4 contain additional data showing the costs and revenues of each state park.

Some parks require taxpayer support while others generate excess revenues. For example, the Bear Lake State Park generated excess revenues of $289,000 in fiscal year 2010. In contrast, during fiscal year 2010 the expenditures at the Green River State Park exceeded revenues by $562,000. At the Green River Golf Course the state paid a $66 subsidy for each round played based on full costs. Even if overhead is ignored, a subsidy of $43 per round in direct costs at the golf course was needed. Legislators should consider, as a policy matter, the extent to which taxpayers should subsidize activities such as golfing, camping, and other recreational activities.

General Fund Appropriation Could Be Gradually Reduced

By adopting the business tools described in this chapter as well as the cost-reduction strategies described in other chapters of this report, Utah's state parks, as a whole, should be able to operate with less taxpayer support. However, the division will need time to make some of the recommended changes. To help guide the division, we recommend that the Legislature consider adopting budgetary intent language that prescribes a time period during which the General Funds will be gradually reduced.

The Legislature could gradually reduce General Fund support to give the division time to phase in significant changes to its operations.

The future funding of the Division of Parks and Recreation is an important policy decision for the Legislature. As an example, the division's ongoing allocation of General Funds could be reduced by

$1.5 million each year during each the next three years. Figure 2.1 offers a timeline for such a reduction. However, the Legislature may choose to make smaller cuts at a less aggressive pace, or make larger and more immediate reductions.

Figure 2.1. Example of How General Fund Appropriation Could Be Gradually Reduced Over Three Years. In fiscal year 2011, the division was appropriated $8.5 million. A reduction of $1.5 million during each of the next three years would bring the annual ongoing appropriation to $4 million by fiscal year 2014.

Fiscal Year	General Funds Appropriated	Reduction from Prior Year
2010	$10.4 million	
2011	8.5 million	$1.9 million
2012	7.0 million	1.5 million
2013	5.5 million	1.5 million
2014	4.0 million	1.5 million

Example of possible General Fund appropriations for future fiscal years.

The rate and amount of possible General Fund reductions for state parks is an important policy decision the Legislature should consider.

A One-time Reduction in General Funds During Fiscal Year 2011 Should Be Made Permanent. The scenario described in Figure 2.1 shows that the division's fiscal year 2011 appropriation was reduced to $8.5 million from the prior year's $10.4 million appropriation. This $1.9 million reduction represents a $500,000 reduction in the ongoing General Fund appropriation, plus an additional $1.3 million one-time reduction. The one-time reduction was made in order to reduce the division's growing fund balance in its restricted accounts. Those accounts are used to accumulate revenues from park fees and boating and off-highway-vehicle (OHV) registrations. Because the balances have grown faster than the amounts expended from those restricted accounts, legislators approved a one-time appropriations reduction of $1.3 million in fiscal year 2011.

We believe that these one-time reductions should be made permanent. The current balance for the division's three restricted accounts still remains above $12 million and the revenues from these user-based fees have increased during the past several years. Furthermore, the division's efforts to adopt revenue-enhancing strategies should provide further increases in park revenues. For this reason, it appears the one-time reduction could be made permanent.

If for some reason revenues do not continue to increase, the division should be allowed to cover the shortfall by drawing from the $12 million balance in its restricted accounts.

Legislature Should Consider Adopting Budgetary Intent Language. We recommend that the Natural Resources, Agricultural, and Environmental Quality Appropriations Subcommittee consider identifying an amount by which the division's General Fund appropriation will be reduced during each of the next few years. Legislators could choose the scenario shown in Figure 2.1 of reducing General Funds by 1.5 million during each of the next three years, or some other scenario. The subcommittee could adopt language such as the following:

The Legislature should consider adopting budgetary intent language describing a planned reduction in the division's ongoing General Fund appropriation.

> It is the intent of the Legislature that the Division of Parks and Recreation take steps to reduce its reliance on ongoing General Fund appropriations. It is anticipated that a reduction will be made in the ongoing General Fund appropriation of $______ during each of the next ____ fiscal years. The division should present a plan to reduce costs to the Natural Resources, Agricultural, and Environmental Quality Appropriations Subcommittee before November 2011.

We believe it is important for the Legislature to give the division clear guidance, if possible, about planned future General Fund appropriations. A clear legislative directive will make certain the division takes decisive action to reduce its reliance on the General Fund. The Legislature certainly has the option to choose a larger annual reduction in General Funds or to apply a smaller reduction over a longer time period. The remainder of this report describes strategies the division could adopt to reduce its reliance on General Funds.

Park System Should Employ Good Business Practices

The Division of Parks and Recreation can operate a more self-sufficient park system by adopting better business practices. First, the division should improve its ability to track revenues and expenditures at the park level. Once the park-level accounting has improved, then the division can begin to operate its parks as independent business units, draft a business plan for each park, and evaluate capital investments. The division has begun efforts to improve its accounting for park costs and revenues and to develop business plans for each park. We encourage them to continue their efforts as described below.

Division Must Accurately Account For Park Expenditures and Revenues

An improved cost accounting system would enable the division to better manage the costs and revenues of state parks.

Historically, the division has not operated its parks as separate business units. As a result, the accounting system is not designed to track both the revenues and expenditures at the park level. To accurately measure each park's financial performance, the revenues and expenditures associated with an activity need to be posted to the same accounting unit. In addition, certain operating costs currently charged at the division and regional levels should be allocated to the parks.

The revenues for the boating and OHV programs should be assigned to the same park units where the program's costs are incurred.

Boating and OHV Program Costs and Revenues Are Not Accounted for at the Same Level. Although certain program costs may be charged to individual state parks, the revenues associated with the program may be accrued at the state level. For example, we found that many of the costs associated with the division's OHV and boating programs are charged to individual state parks, but the revenues generated by those programs are accrued at the division level. The parks carry the burden of the cost but do not benefit from the revenues of those programs. As a result, the accounting tends to overstate the level of taxpayer subsidy required for some state parks.

For our analysis of each park's financial performance (shown in Appendix B), we needed to estimate the amount of OHV and boating revenue that should be allocated to each park. We relied on estimates provided by division staff based on each park's budget allocation for the boating and OHV programs. However the revenue allocations are only estimates and some parks reportedly spend more on the OHV and boating programs than had been provided in the budget. Until the division makes a full and accurate accounting for its boating and OHV activities and other off-park activities, it will not be able to identify the true financial performance of individual parks.

The Costs of Some Park Events Have Been Incorrectly Charged to Other State Parks. We found several instances where park staff spent time performing activities not directly associated with the state park where they were assigned. They spent time off-site patrolling OHV trails, providing assistance to other state and local agencies, and providing support to other state parks or recreational venues. Their time, however, is often charged to that employee's home park, rather than to the off-site activity or the other park where the service was actually provided.

Another example of mismatched expenditures and revenues is the treatment of direct services provided to parks by the staff at the state and regional offices. Some staff in the main office and regional offices occasionally provide services such as maintenance or law enforcement to the individual state parks. Their time should be considered part of the cost of operating the state park, but are often charged to the region or division level offices instead of the parks. Until these direct costs are properly accounted for at the individual park level, the division will not have an accurate account of each park's expenditures.

Administrative Overhead Costs Must Be Allocated to State Parks. In order to identify the full cost of park operations, each state park must be allocated its share of overhead and support costs. 0Overhead costs can be found at two levels: the state office and the regional offices. Most of the costs incurred at the state and region levels directly or indirectly benefit individual state parks. It is appropriate, therefore, to allocate those costs to the parks in order to identify the full cost of park operations. Figure 2.2 shows the amount of overhead costs allocated by state park classification. Appendix B.3 shows the overhead allocated to individual parks.

Figure 2.2 Direct Cost and Full Cost by Park Classification for Fiscal Year 2010. Administrative support is provided to the state parks by the division's main offices in Salt Lake City as well as by three regional offices. These overhead costs plus the direct park costs equal the full cost of operating Utah's state parks.

Park Classification	Direct Park Costs	Allocated Statewide Overhead Costs	Allocated Regional Overhead Costs	Full Cost
Heritage Parks	$2,071,691	$382,403	$346,606	$2,800,701
Scenic Parks	2,921,414	559,159	418,882	3,899,455
Recreational Parks	8,335,549	1,650,885	1,128,539	11,114,974
Golf Courses(1)	2,892,742	515,112	333,018	3,740,872

(1)Does not include $1.47 million in annual bond payments.

The full cost of operating a state park includes allocated overhead costs incurred by the division's state office and three regional offices.

Several methods can be used to allocate overhead costs to individual parks. We based our allocations on each park's operating expenditures as a percent of the total direct costs. The results show that 25 percent of the overall cost of operating parks is comprised of the overhead costs incurred at the state and region levels.

While it is important to allocate overhead costs to determine the full cost of operating a state park, for some decisions, it may be best to only consider a park's direct costs. For example, when considering whether to close or to privatize a state park, those decisions should hinge on the amount of direct costs the division might avoid. A park's contribution to overhead costs may have little bearing on the decision to close or privatize a state park.

Division Should Operate Parks as Independent Business Units

Once the division has improved its ability to track revenues and expenditures at the park level, it should then operate the parks as separate business units. As managers of independent business units, park managers can be held accountable for both park revenues and expenditures. Park managers should also be required to develop a formal business plan that identifies strategies to minimize expenditures and expand revenues. Capital investments should be evaluated in terms of their ability to provide a return on investment.

By operating state parks as unique business units, park managers will focus on increasing revenues and reducing expenditures.

Parks Should Be Operated as Unique Business Units. By treating state parks as unique business units, the division can encourage park managers to focus on both minimizing costs and maximizing revenues. Instead of operating parks as cost centers, where the park manager's main concern is to keep spending within budget, parks should be operated as business units, where revenues are largely expected to cover the cost of operations. If parks are treated as business units, park managers will be encouraged to consider how their decisions affect the park's revenues and expenditures.

In order to operate parks as unique business units, the division will need to do three things: (1) provide for park-level accounting of revenues and expenditures, (2) use improvements in park income (or reduction in loss) as indicators of a park's performance, and (3) hold park managers accountable for improvements in their park's financial performance.

We predict that once park managers begin relying on user fees to cover the full cost of park operations, they will focus on finding ways to increase efficiency and becoming more responsive to the visiting public. Park managers will also focus on identifying new strategies for enhancing their park revenues.

To provide additional motivation, the division should find ways to reward park managers who succeed in eliminating or at least reducing the losses incurred by their parks. For example, one incentive used in the past has been to allow park managers to use a portion of any excess revenues for new capital improvements at the park.

A business plan should identify strategies for increasing park revenues and reducing park expenditures.

Develop a Business Plan for Each State Park. Business plans are a basic management tool that should be developed for each state park. The division should require that park managers develop formal business plans that include strategies to minimize expenditures and expand revenues. As we visited each state park and spoke with the park managers and staff, we discovered that park managers have developed creative new strategies to increase revenues and reduce costs. However, few of their ideas have been committed to a formal written plan.

Before the division's management can evaluate park managers' business strategies, park managers must prepare a written description of those strategies that can be supported with a formal cost-benefit analysis. During our audit, the division's planning director was in the process of drafting business plans for two state parks. The division's stated goal is to have a business plan in place for each state park by July 1, 2011. The planning director or other division administrator should review and approve park business plans and strategies. The park managers should then be held accountable for successfully carrying out the plans.

Carefully Evaluate the Return on Investment for Capital Projects. Another business tool the division could use more effectively is a return-on-investment (ROI) analysis for capital investments. We found the division does not have a successful track record for evaluating the return on investment of its capital projects. Improving the accounting system can facilitate such analysis before projects are approved and after they are placed in service.

The Soldier Hollow Golf Course is one example of a major capital investment that would have benefitted from more conservative analysis of the project's potential return on investment. In the summer of 2000, a task force of state and local officials was formed to evaluate the proposed Soldier Hollow Golf Course. The task force hired a consultant to evaluate the potential revenues and expenditures of the proposed course. Both the consultant and the task concluded that there would be tremendous growth in the population of Wasatch County and in the need for golf courses in the region. They believed the demand for golf would be sufficient to cover both the cost of course operations as well as the $1.1 million annual bond payment needed to finance the $12 million construction of the new course.

A ROI analysis should be subjected to an independent review to avoid overstating the benefits of a proposed capital investment.

The study has since proven to be far too optimistic. The number of rounds played has been about half of what was forecasted. As a result, the revenues have not been sufficient to cover the course's operating costs, much less the bond payment. As shown in Appendix B.1, during fiscal year 2010 course revenues covered only 74 percent of the park's total costs, with a total operating loss of $309,233. Due to its net operating loss, no funds were available for the annual $1.1 million bond payment.

We examined the division's ROI analysis of several projects completed in recent years and some proposed for the future. The division continues to use overly optimistic assumptions regarding the potential return on its capital investments. Several recent proposals for capital investments have not recognized all costs associated with the projects and overstated the potential income to be generated. We recommend that a more careful process be developed for identifying and evaluating capital improvement projects. Each proposal should undergo a careful review by an independent group, such as the department's Finance Director. Once projects are completed, a follow-up analysis should be made to determine if the predicted ROI was realized.

Recommendations

1. We recommend that the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee adopt budgetary intent language specifying an annual amount and a time period during which the division's General Fund appropriations will be reduced.

2. We recommend that the division monitor the revenues and expenditures of each state park, and report the resulting profit or loss annually to the Legislature.

3. We recommend that the division find and implement ways to reward park managers for improving their park's financial performance.

4. We recommend that the division developed a business plan for each state park. Such plans, which should be updated annually, should include strategies for maximizing revenues and minimizing expenditures.

5. We recommend that the division prepare careful analyses of the potential returns on investment for each proposed capital investment. The analysis should be evaluated by the department's Finance Director before any proposed capital investment is approved.

Chapter III
Management of Staff Resources Must Improve

Utah's state park system spends $18 million, or 66 percent of its operating budget, on personnel. For this reason, the division will need to seriously evaluate the need for some positions if costs are to be reduced. This chapter identifies four ways the division can reduce its personnel costs. First, the division can replace selected full-time positions with seasonal staff. Second, it can eliminate administrative support positions where an overlap of duties exists. Third, it can reduce the number of law enforcement personnel staffed in parks where there is little need for a law enforcement presence. Finally, the division can consolidate some management positions by reorganizing multiple parks under one manager.

In addition to the specific areas described in this chapter, there are many ways the division can improve the efficiency of its personnel. We have found there are an unlimited number of tasks and services that park staff could perform. One challenge the division faces is distinguishing between those activities which are essential from those that are optional, considering the financial constraints under which the division operates. To implement the recommendations in this chapter will require the division to make tough decisions regarding how best to allocate a declining set of staff resources.

Less Reliance on Full-Time Employees Can Reduce Park Costs

Most of the division's personnel expense goes toward the salaries and benefits of its full-time employees. Because seasonal staff can be hired at one-third the cost of full-time staff, the division can reduce the cost of its park operations by replacing selected full-time positions with lower-cost seasonal staff. Figure 3.1 identifies the number of full-time and seasonal staff at each state park. On a full-time equivalent basis, one FTE equals 2,080 hours annually.

Seasonal staff can be employed at one-third the cost of full-time staff.

Figure 3.1 The Division Employs 220 Full-time Equivalent Staff. Staff are assigned to state parks, 3 regional offices, and the state office.

Park	Full-time Staff	Seasonal Staff	Total	Law Enforcement of Total
Northern Region Office	11.75	0.1	**11.85**	1
Antelope Island	11	5.3	**16.3**	3
Antelope Island Bison	2	0.4	**2.4**	
Bear Lake	5	3.8	**8.8**	3
Camp Floyd/Stagecoach Inn	2	0.9	**2.9**	
Deer Creek	4	2.9	**6.9**	3
East Canyon	3	2.4	**5.4**	3
Flaming Gorge		0.2	**0.2**	
Great Salt Lake Marina	3	1.1	**4.1**	2
Gunnison Bend	0	0.1	**0.1**	
Hyrum	2	1.6	**3.6**	2
Jordan River OHV	1	4.7	**5.7**	1
Jordanelle	8	4	**12**	4
Rockport	4	2	**6**	3
Soldier Hollow Golf	5	10	**15**	
Utah Lake	5	2.6	**7.6**	4
Wasatch Mountain	8	3.5	**11.5**	2
Wasatch Mountain Golf	7	10.4	**17.4**	
Willard Bay	5	3.4	**8.4**	4
Yuba	3	3.2	**6.2**	3
Southeast Region Office	8		**8**	2
Anasazi	3	0.9	**3.9**	
Dead Horse Point	4	1.9	**5.9**	
Edge of the Cedars	5	0.8	**5.8**	
Goblin Valley	2	0.8	**2.8**	1
Green River	2	1.1	**3.1**	2
Green River Golf	2	3.4	**5.4**	
Huntington	3	1.0	**4**	3
Millsite	0	0.6	**0.6**	
Palisade	3	2.1	**5.1**	3
Palisade Golf	3	7.6	**10.6**	
Red Fleet	0	0.6	**.6**	1
Scofield	2	1.6	**3.6**	
Starvation	3	2.4	**5.4**	3
Steinaker	2	1.0	**3**	1
Utah Field House Museum	5	1.1	**6.1**	
Southwest Region Office	7		**7**	1
Coral Pink Sand Dunes	3	0.4	**3.4**	3
Escalante Petrified Forest	2	0.6	**2.6**	1
Fremont Indian	4	1.5	**5.5**	1
Frontier Homestead	3	1.0	**4**	
Gunlock	0	0.1	**0.1**	
Kodachrome Basin	3	0.4	**3.4**	1
Lake Powell	4	0.7	**4.7**	4
Otter Creek	1	2.7	**3.7**	
Piute		0.2	**0.2**	
Quail Creek	2	0.2	**2.2**	1
Sand Hollow	7	6.1	**13.1**	5
Snow Canyon	3	3	**6**	1
Territorial Statehouse	1	1.6	**2.6**	
State Office	43	13.8	**56.8**	3
TOTALS	**219.75**	**121.8**	**341.55**	**75**

The Division of Parks and Recreation employs 220 full- time staff.

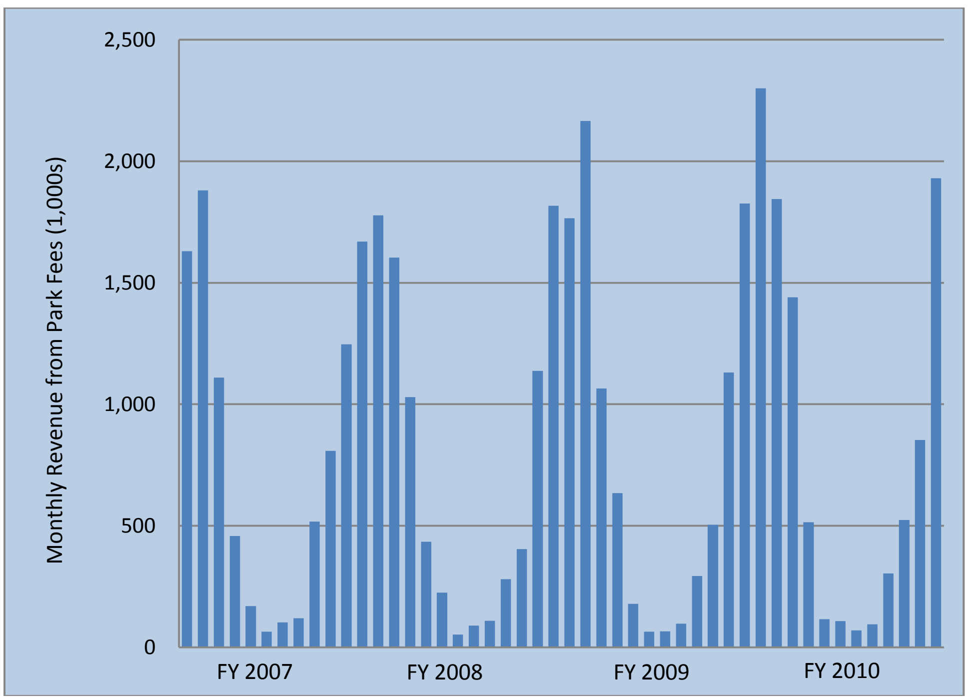
Figure 3.1 shows that the division had 220 full-time equivalent employees in fiscal year 2010. The seasonal staff typically work a full 40 hour week, but only during part of the year. A seasonal employee who works full-time for six months would be counted as 0.5 full-time equivalent.

Visitation Is Seasonal, but Parks Are Largely Staffed With Year-Round Employees

Park visitation drops significantly during the winter months. Yet most employees are full-time staff.

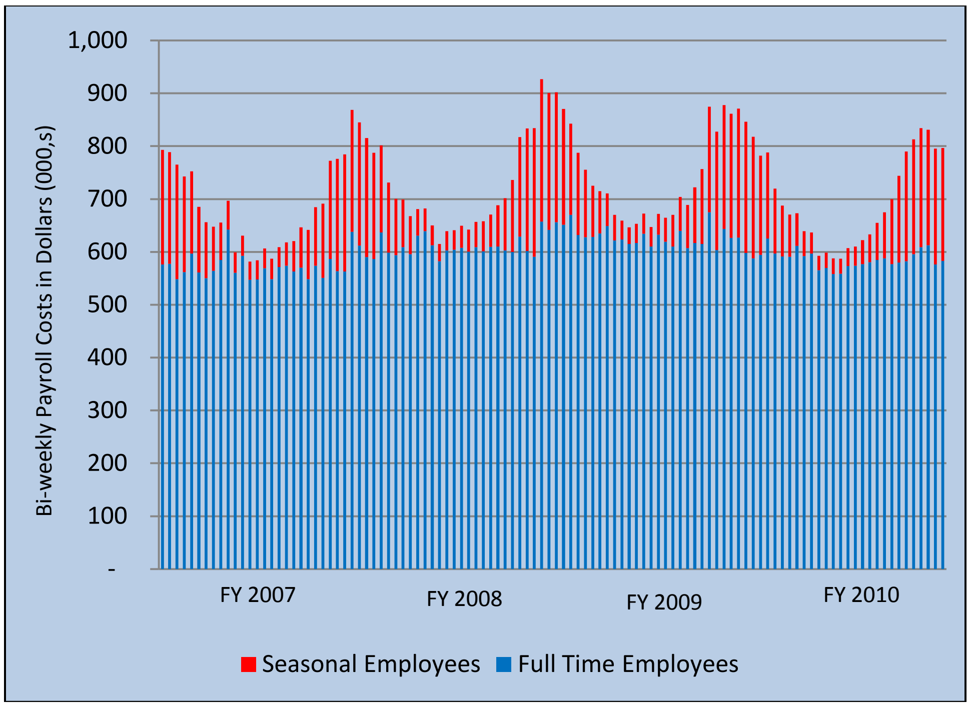
Utah's state parks tend to be crowded during the summer holidays and weekends but experience a steep decline in visitation during the winter months. Although the park fees collected are highly seasonal, the division's payroll does not reflect the same seasonal pattern. Figure 3.2 below shows the seasonality of park visitation.

Figure 3.2 Park Receipts Show a Highly Seasonal Visitation Pattern. The chart shows the monthly entrance fees, camping fees, green fees and other fees paid by park visitors. It reveals a highly seasonal demand for park services.



In contrast to the highly seasonal visitation described above, the division's payroll costs shows park staffing follows a rather modest seasonal pattern. Figure 3.3, which follows, shows that a majority of the division's payroll expense goes towards the salaries of full-time employees (shown in blue) who have a relatively steady, non-seasonal work pattern. We found that a relatively small amount of the payroll is used for seasonal workers (shown in red) whose work patterns mirror the seasonal nature of park visitation.

Figure 3.3 Payroll Costs for Seasonal and Full-Time Employees. The cost of the division's bi-weekly payroll is shown, revealing less of a seasonal pattern than the park visitation data shows.



We question the cost effectiveness of employing a year-round workforce to serve a highly seasonal park system.

The Division of Parks and Recreation has about 150 full-time employees who work at the state parks all year. During the peak summer months, the division employs as many as 350 seasonal employees as well, many of whom work only a few hours a week. However, the vast majority of the personnel costs at state parks are for full-time salaried employees. We question the cost effectiveness of this approach to staffing state parks, especially considering the type of work being done and the significantly lower visitation to parks during winter months.

Lower Cost Staff Could Handle More Park Responsibilities

We found that there would be a significant cost advantage to shifting more of the division's resources to seasonal workers. The average payroll cost of a full-time park ranger working at a state park is $33.62 per hour, including benefits. The seasonal employees are paid less and have fewer benefits, costing only $11.02 per hour. This data indicates you can hire three seasonal workers for the same cost as a full-time worker.

Decreasing the Number of Full-Time Workers Could Reduce One Park's Personnel Costs by a Third. Kodachrome Basin State Park offers an example of the savings that could be achieved by reducing personnel during the off-season and shifting more of the personnel budget, as needed, to seasonal workers. Even though the park experiences very low visitation during the winter months, it is staffed with three full-time employees, as shown in Figure 3.4.

Reducing the number of staff during the off-season could produce significant savings.

Figure 3.4 Kodachrome Basin State Park Is Primarily Staffed with Full-Time Employees. A majority of Kodachrome Basin's payroll expense is for full-time employees.

Position Title	Hours Per Year	Cost Per Hour*	Total Compensation
Park Manager II	2,088	$37.04	$77,349
Park Ranger II, POST Certified	2,088	36.61	76,434
Journey Maintenance/Construction	2,088	26.48	55,296
Park Ranger Aide	1,220	10.76	13,128
Sum:	7,484		$222,207

*Includes the cost of salary and benefits, and rounded to nearest penny.

Figure 3.4 shows that it costs $222,207 annually for personnel expenses in fiscal year 2010 at the Kodachrome Basin State Park. Figure 3.5 below shows how transitioning two of the full-time staff to seasonal workers and reducing staff hours during the winter months would allow the park to significantly reduce its payroll costs.

Figure 3.5 Replacing Full-Time Staff with Seasonal Workers Reduces Costs. Installing seasonal workers decreases park personnel expenses.

Position Title	Hours Per Year	Cost Per Hour*	Total Compensation*
Park Manager II	2,088	$37.04	$77,349
Park Ranger Aide	1,220	10.76	13,128
Park Ranger Aide	1,220	10.76	13,128
Park Ranger Aide	1,220	10.76	13,128
Sum:	5,748		$116,733
Current Staffing:	7,484		$222,207
Reduction in Hours/Compensation:	**1,736**		**$105,474**

*includes the cost of salary and benefits, and rounded to nearest penny.

Figure 3.5 describes the combined effect of reducing hours worked and the hourly cost of labor. Fewer hours would be required because full-time staff would no longer work during the slow winter months. The cost per hour of staff time would also be reduced because seasonal staff are paid at a lower rate than full-time staff. The scenario assumes that the more complex maintenance projects currently performed by the journey maintenance worker would be performed by the region's maintenance crew, as it is for other parks in the region. The combined effect of these changes would reduce the park's personnel costs by $105,474 or 47%.

Increased reliance on seasonal employees could greatly reduce the cost of staffing state parks.

The scenario in Figure 3.5 assumes that the three seasonal staff would be under the direction of a full-time park manager who is responsible only for that one park. Even greater reductions could be achieved if the park manager's duties at Kodachrome Basin State Park were assumed by the park manager at the nearby Escalante Petrified Forest State Park. We know this scenario is possible because Millsite State Park is staffed entirely by seasonal workers who only work during the summer months and are supervised by a park manager at the neighboring Huntington State Park.

Kodachrome Basin State Park is but one example of how parks could be operated more efficiently with fewer full-time staff. By increasing its reliance on lower-cost seasonal workers, the division has an opportunity to greatly reduce its cost of labor. We recommend that the division consider using a lower-cost staffing methodology that emphasizes the use of seasonal employees. Although the cost of employing full-time rangers is the single largest cost of operating a state park, equally concerning is the cost of the division's overhead burden on state parks, which is the next item to be considered.

Division Should Consider Reducing Overhead and Other Costs

The cost of staffing the division's state and region offices represents a large overhead cost that is born by the state parks. The division needs to consider whether some redundancy in staffing at the state, region, and local levels could be eliminated. Some costs for non-park units, like Lake Powell and the Antelope Island bison herd, should also be reviewed.

Overhead Costs Represents a Large Portion Of the Division's Budget

During fiscal year 2010, support staff at the division's main office in Salt Lake City and at its regional offices made up 32 percent of all division staff. Figure 3.6 describes the number and cost of the division's support staff.

A large portion of the division's staff work in support functions at its state and regional offices.

Figure 3.6 Overhead Support Accounts for 32 Percent of Division Staff Workload. Of the division's 220 full-time employees, 70 fill some type of an administrative support or other overhead support position.

	Number of FTEs	Percent of FTEs
State Office	43	20%
Regional Offices	27	12
State Parks	150	68
Total	**220**	**100%**

During fiscal year 2010, the personnel expense for the overhead functions was $5.7 million. This amount represents 19 percent of the division's total budget. The overhead cost is allocated to the parks and charged, to some extent, against park revenues. Therefore, one way to help state parks become more self-sufficient is to minimize the overhead burden placed on state parks by the state and regional offices' costs.

Some Redundant Positions Exist at State, Region, and Local Levels

Although the use of regional staff who serve multiple state parks can be an effective use of personnel, the existence of redundant positions at several levels of the organization is not efficient.

Staff at the state and regional levels may provide special expertise that could not otherwise be found among local park staff. For example, a team of maintenance specialists at the regional office serving parks in the region is more efficient than having a maintenance worker at each park. Addressing a specific need at various parks with one regional staff person is an efficient strategy. There is little need for accounting technicians, manager positions, and protective services coordinators at each level of the organization. Providing those services at a central location, whether at the main office or the regional office, can lead to greater efficiency as opposed to filling those staff positions at the local level.

We question the need for redundant staffing at the state, region, and local levels. For example, several individuals at different levels in the organization coordinate and supervise the division's law enforcement activities. Specifically, an individual at the department level coordinates law enforcement activities across the entire state. In addition, the division's three regional offices each have an assistant regional manager who coordinates law enforcement activities in the region. Finally, at many parks, a park manager or assistant park manager oversees local law enforcement activities.

There is some redundancy in administrative positions at the division, regional, and park levels.

We have observed some redundancy in the responsibilities of these law enforcement coordinating staff and believe a streamlining of these positions would result in a more efficient operation. The same principle would apply to the park maintenance staff, the heritage coordinator, and the accounting support. We recommend that the division examine the overlap of support staff positions at different levels in the organization and determine where consolidation should occur.

Other Non-park Costs Should Be Reviewed

Besides reviewing overhead costs, other non-park costs should be reviewed as well. As mentioned earlier and shown in Appendix B.1, other park units that are not included as state parks consumed $681,100 in General Fund support in fiscal year 2010. The two largest amounts were $327,100 for Lake Powell and $328,000 for the Antelope Island bison herd.

- The division patrols Lake Powell and enforces the State Boating Act. Even though some Boating Restricted Account funds were allocated to Lake Powell, a deficit of $327,100 remained. Ideally, the restricted funds would fully pay for this activity. The division should evaluate whether costs can be reduced or additional restricted funds can be allocated so the use of General Funds can be reduced or eliminated. The division reports that more boating and some OHV restricted funds are being allocated to Lake Powell in the current fiscal year. That will reduce the deficit there, but leave less restricted funds to be allocated for other uses.

- The division manages the bison herd on Antelope Island. Even though the division received revenue from the auction of some bison, the deficit shown of $328,000 remained. The division should evaluate whether costs can be reduced or revenue for bison herd management increased so the use of General Funds can be reduced or eliminated.

In summary, by reviewing and if possible reducing costs incurred outside state parks, the overhead burden assigned to parks may be decreased.

Downsizing Law Enforcement Would Reduce Unnecessary Costs

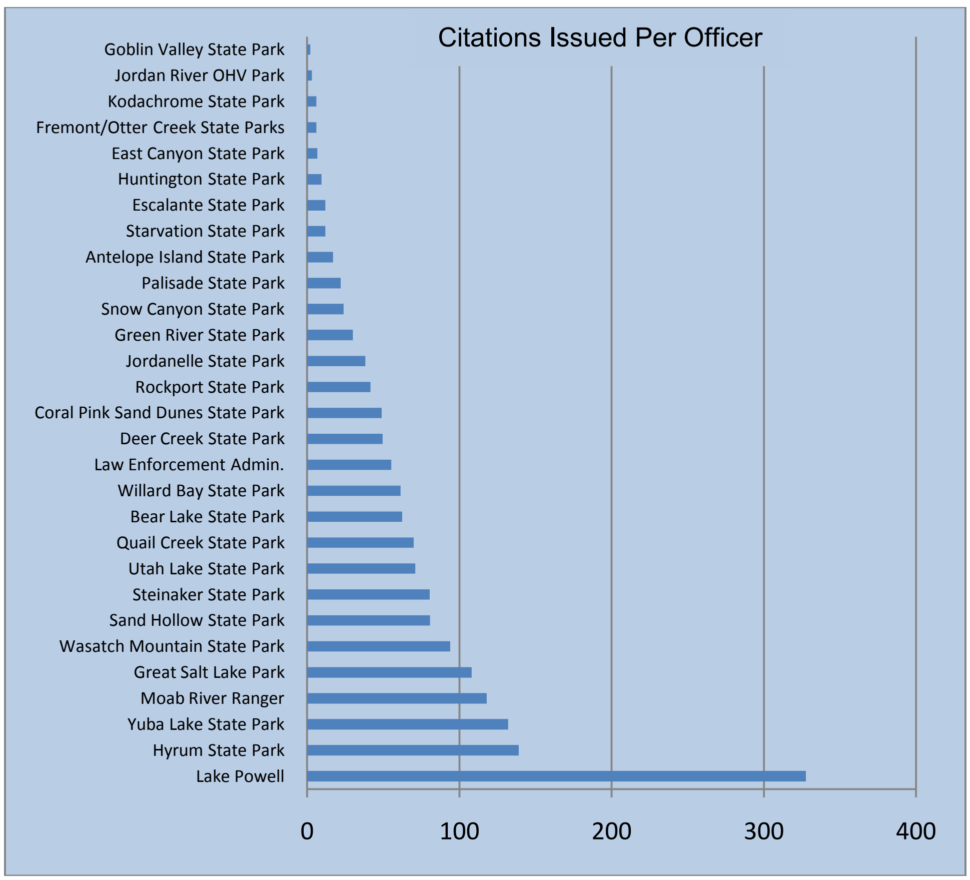
There appears to be little benefit to having a law enforcement presence at many of Utah's state parks. At some parks, very few citations are written, suggesting there is little need to assign a higher-cost law enforcement ranger to those parks. The division could achieve significant cost reductions by limiting the number of law enforcement officers deployed at its parks.

Some park rangers certified as law enforcement officers appear to do little actual police work.

Law Enforcement Presence Offers Few Benefits at Some State Parks

According to the police reports prepared by the division's park rangers, law enforcement personnel at many state parks issue very few citations. Arrests and criminal investigations are also extremely rare. For this reason, we question whether the added cost of assigning POST certified rangers to some state parks is justified. Figure 3.7 shows the number of citations issued per officer assigned to the state parks during fiscal year 2010.

Figure 3.7. Number of Citations Issued Per Officer Varies from Park to Park. During the year ending August 2010, some park rangers issued only a few citations.



The officers at half of the state parks issued less than 50 citations during the past year.

Figure 3.7 shows the 27 state parks which have a law enforcement presence. The officers at half of the parks issued less than 50 citations during the past year. For example, the park manager, assistant park manager, and park ranger assigned to Huntington State Park are all POST-certified and also provide law enforcement at Millsite and

Scofield state parks. From September 2009 through August 2010, they issued a total of 28 citations all together. Most of those citations dealt with minor infractions, such as failing to register OHVs and helmet violations. The officers made no arrests and conducted no investigations. We question whether the intensive investment in three law enforcement officers for that area is necessary.

On the other hand, the four park rangers assigned to Lake Powell are the most active in carrying out a policing function. Unlike officers at other state parks, those assigned to Lake Powell do not have regular park management responsibilities. Their major charge is to patrol the lake and ensure that boaters are complying with the state's boating regulations. We found that the officers at Lake Powell wrote many citations during this period and appear to perform an important public safety function at a busy facility. For this reason, the law enforcement presence at Lake Powell appears justified.

Some parks should be able to operate with park rangers who are not also law enforcement officers.

Some State Parks May Be Able to Operate Without a Law Enforcement Officer. The data in Figure 3.7 raises questions whether many parks truly need a policing function. One park missing from Figure 3.7 is the Dead Horse Point State Park because the park no longer has law enforcement officers. A decision was made to give up the two POST certified positions at the park after an analysis conducted by the Southeast Regional Manager showed that the added cost of law enforcement at Dead Horse Point was unnecessary. The majority of citations issues by those rangers were considered trivial. The park has since replaced the two positions with regular, non law enforcement personnel. The park manager reports that matters requiring a response from law enforcement are handled by the county sheriff.

Several Options Could Reduce Law Enforcement Costs

Because of the high cost of providing law enforcement services at the state parks, we believe the division needs to carefully consider whether the added cost of having a law enforcement presence at each state park is justified. The Division of Parks and Recreation spent approximately $3.7 million on law enforcement activities during fiscal year 2010. That year, the added cost of retirement benefits for its 75 law enforcement officers was $492,000 and the cost of equipment and vehicles add an additional $256,000 over the cost of employing non-certified park rangers. To reduce the cost of law enforcement, we believe the division should evaluate the feasibility of the following options:

1. **Reduce the Number of Law Enforcement Positions.** Some savings could be achieved by having non-POST-certified personnel conducting much of the operations of those parks with little need for a law enforcement presence. A comparison of salaries shows that the average non-POST-certified park manager costs $6,100 less per year than a POST-certified park manager. Also, replacing a POST certified Park Ranger II with a Park Naturalist II could save nearly $9,500 per year.

Other states have found a variety of strategies for reducing the cost of law enforcement in their state parks.

2. **Employ Limited-Status Officers with Compliance Authority Only.** Other states, such as Idaho and Oregon, use limited status officers at their state parks. These limited-status officers can issue tickets in parks for failure to pay fees, similar to the way port of entry officers issue citations. The cost savings for employing such limited status officers would be similar to the previous option of replacing officers with non-POST-certified personnel.

3. **Create a Separate Entity Responsible for Law Enforcement.** Estimates vary from park to park, but rangers can spend up to 40 percent of their time in non-policing duties in the course of a year. Because of the higher cost of POST-certified rangers, it makes sense for them to specialize more in pure policing duties, which means fewer officers would be needed. In order to use that POST training effectively, the Department of Natural Resources could centralize the law enforcement functions for all divisions in a single department level unit. This option was suggested in a 2003 Fiscal Analyst Report.

4. **Reduce Retirement Benefits for New Officers.** A 2003 Legislative Fiscal Analyst report found that few other states offer a 20-year retirement for their park rangers. Despite the more generous retirement benefit, our analysis shows that Utah's park rangers:

    - Can spend up to 40% of their time in areas other than law enforcement activity
    - Deal with a very small number of serious or violent offenses

Given these considerations, increasing the retirement years of service for new park rangers from 20 years to 25 or 30 years should be considered. Such a change would reduce the cost differences between POST-certified employees and non-POST-certified employees, keep more promotion opportunities open for POST-certified personnel, and allow the division to maintain a similar force of POST certified officers. We believe that the division should evaluate these options and report back to the Legislature with possible recommendations.

Division Could Consolidate Park Management

Another way to improve the efficiency of the division's staff resources would be to consolidate the oversight of multiple state parks under a single manager. In recent years, Utah and several other states have recognized that every park does not require its own manager. Assigning the oversight of multiple parks to a single park manager will organize the oversight of these parks more efficiently. We believe that the division should identify other opportunities for management consolidation throughout the state.

Utah Has More Park Managers to Oversee Staff Than Other States

We are concerned that Utah's park system may have more management positions than necessary. We found that Utah state parks have one management position to oversee an average of 2.77 full-time park staff. Other states have a more efficient distribution with Idaho at 3.33 and Arizona with 3.56 staff per park manager. These figures suggest that Utah has a larger portion of its staff in the park manager position compared to other states. In addition, Utah has three regional managers, while Idaho has two.

The division should consider consolidating some of its park manager positions.

We recommend that the division evaluate the management needs of each park and region to promote the consolidation of management positions where feasible. If Utah were to bring the number of park and regional managers in line with that of other states, it would result in additional reductions in staff costs.

Consolidating Park Management Appears to Be an Effective Cost-Cutting Strategy

The Division of Parks and Recreation has consolidated the local oversight of some state parks under a single park manager. Having one park manager oversee multiple parks allows for a more efficient use of a park manager's time and skills. Under this model, one manager can spend more time performing management-level tasks, while staff can be assigned to work at the individual parks the manager oversees.

Several state parks can be consolidated under the supervision of a single park manager.

Consolidating park management can reduce costs in two ways: (1) fewer administrators would be needed, and (2) park managers would be able to spend more time managing, rather than doing lower-level maintenance and operational tasks. We have been told that park managers assigned to a park with just one or two staff and a few seasonal workers will spend a significant amount of their time in day-to-day tasks. We are concerned that the division is not optimizing the skill set of their higher-cost park managers under the current staffing methodology.

Other States Have Assigned Multiple State Parks to One Park Manager. The state park systems in Arizona, Colorado and Idaho have begun to assign the oversight of multiple state parks to a single park manager. As part of a cost-cutting effort, Colorado has adopted the strategy of grouping several state parks into a single management area, thus reducing park staffing requirements. For example, the Rifle Complex in Colorado includes Rifle Gap State Park, Rifle Falls State Park, and Harvey Gap State Park. Other state parks that are grouped as a complex include: Eleven Mile and Spinney Mountain; Sweitzer, Crawford and Paonia; Lathrop and San Luis; Steamboat Lake and Pearl Lake; Elkhead Reservoir and Yampa River; Mancos and Lone Mesa. Staffing for these parks varies by season and is managed collectively by one regional group instead of with separate staff teams at individual parks. State parks officials in Arizona and Idaho also report that consolidation of park oversight has enabled them to more efficiently deploy park management and staff.

Additional Consolidation of Utah's Park Management Is Needed

Although consolidation of state park management has already started in Utah, more is needed. Currently the state has the following complexes:

- Sand Hollow Complex includes Sand Hollow State Park, Quail Creek State Park, and Gunlock State Park
- Fremont Complex includes Fremont Indian State Park, Piute State Park, and Otter Creek State Park

These management areas are under the supervision of a single park manager. Although they are not designated as complexes, the rangers at Goblin Valley, Red Fleet, Scofield and Millsite state parks are under the supervision of park managers in adjacent state parks.

In addition, just as the Sand Hollow Complex was created out of several adjacent reservoirs, the division could create complexes in other regions where it manages several closely located reservoirs. For example, the Jordenelle, Deer Creek, and Rockport are located in close proximity to one another. Similarly, the Starvation, Steinaker, and Red Fleet could all be managed as a single complex. Bear Lake, Hyrum, and possibly Willard Bay could also be operated under a single park manager and staff. We believe that there are additional parks in the state where management areas could be created, and would encourage the division to continue to seek out and determine the feasibility of such consolidation.

Recommendations

1. We recommend that the division consider using a lower-cost staffing methodology that encourages the use of seasonal employees.

2. We recommend that the division examine the overlap of support staff positions at different levels in the organization and determine whether some positions should be eliminated.

3. We recommend that the division evaluate the feasibility of the following options for reducing the cost of law enforcement personnel:
    a. Reduce the number of law enforcement positions
    b. Employ limited status officers with compliance authority only
    c. Create a separate entity responsible for law enforcement, perhaps at the department level
    d. Reduce retirement benefits for new officers

4. We recommend that the division evaluate the management needs of each park and region and consolidate management positions where feasible.

Chapter IV
Some Parks Should Reduce Services, While Others May Need to Close

Even after some of the changes to staffing mentioned in the previous chapter are adopted, some parks will continue to require a large draw from the General Fund to remain in operation. In order for the Division of Parks and Recreation (division) to reduce its reliance on General Fund appropriations, park operations will need to be adjusted to meet funding available. State parks may need to reduce staff and suspend services during the off-season or adjust park hours and days of operation. Some parks with low visitation and high deficits may need to close entirely.

Some parks may need to close while others should modify operations.

Modifying Operations Can Reduce Expenses

We identified two strategies that the division can use to reduce the taxpayer contribution to state parks. These strategies are being used in other states and the division has already begun to put some in place, but more will be needed. First, the division could do more to scale back services and staffing for some parks with low off-season visitation. Second, the division could reduce the hours and days of the week that some parks are open. Applying these strategies where they make the best business sense will reduce the cost of operating the park system as a whole.

Seasonal Reductions Can Save on Costs

Seasonal reductions are one way that state parks can modify operations to reduce reliance on General Fund support. Utah's state parks experience large swings in visitation, depending on the season. Recognizing that Utah's parks still see some visitation for a range of recreational uses in the winter, parks would need to remain accessible to the public year-round. However, park programs, facilities, campgrounds, staffing and other services could be suspended or significantly scaled back during these seasonal periods of lower visitation. While park managers use seasonal staff to adapt to staffing demands, we believe that additional flexibility is needed. Eliminating

Park operations need to be scaled back during periods of low visitation.

services and reducing staff presence at parks during periods of low visitation will help reduce costs.

Visitation at Utah's parks is lowest in the winter months.

Park Visitation Is Highly Seasonal. Utah's state parks are quite popular during the summer months. The parks that offer camping and water sports are particularly busy during July and August. Bear Lake State Park is perhaps the most extreme case. It has as many as 90,000 visitors in July, but typically less than a few hundred visitors during the winter months. Most of Utah's state parks experience a significant reduction in visitors during the winter months. This dramatic shift from the peak summer season to off-season in the winter months is evident in Figure 4.1 below, which depicts the variation in monthly park entrance fees for another park with highly seasonal visitation: Starvation State Park.

Figure 4.1 Park Entrance Fees at Starvation State Park Show Strong Seasonal Differences. The collection of entrance fees at Starvation State Park drops to nearly zero during the off-season.

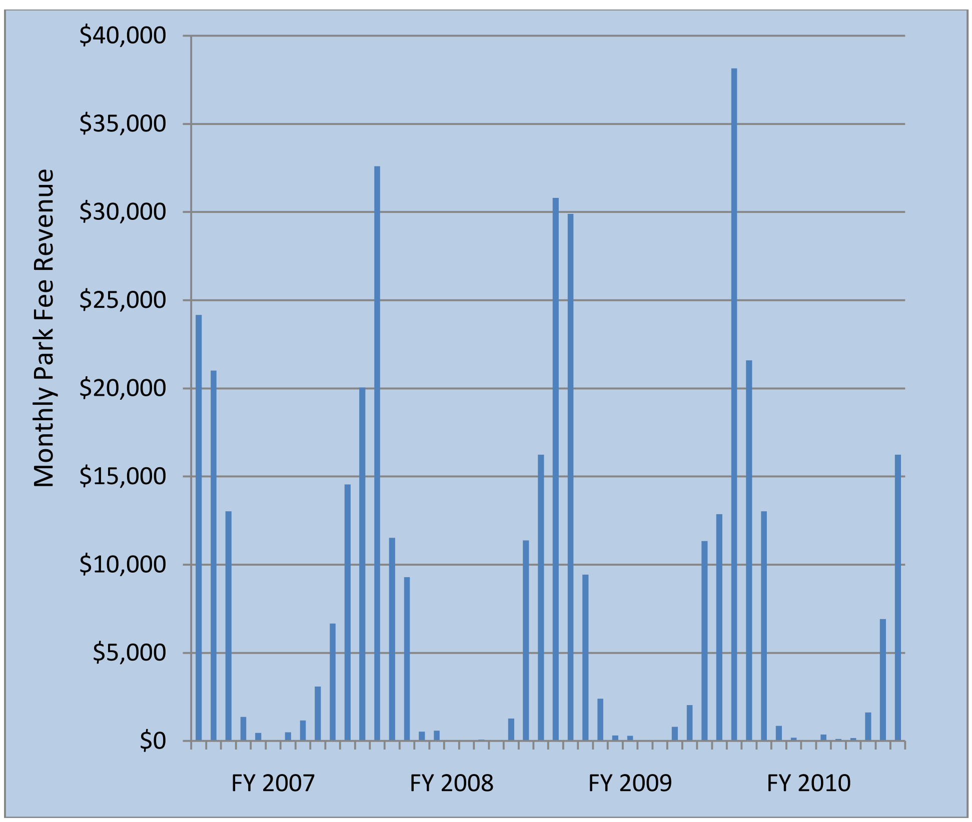


Figure 4.1 shows the monthly park revenue generated at Starvation State Park, which has consistently brought in at least $20,000 per month during the summer. We found that the park revenue is the most reliable measure of park visitation.

To illustrate the difference in activity during the summer and winter periods, we compared the summer expenses and summer revenues to the winter expenses and winter revenues at Starvation State Park. See Figure 4.2.

Starvation State Park brings in minimal revenue over 6 months of the year.

Figure 4.2 Park Revenues Vary Considerably by Season. This figure shows the average expenses and revenues at Starvation State Park for the summer and winter months in fiscal years 2007-2010.

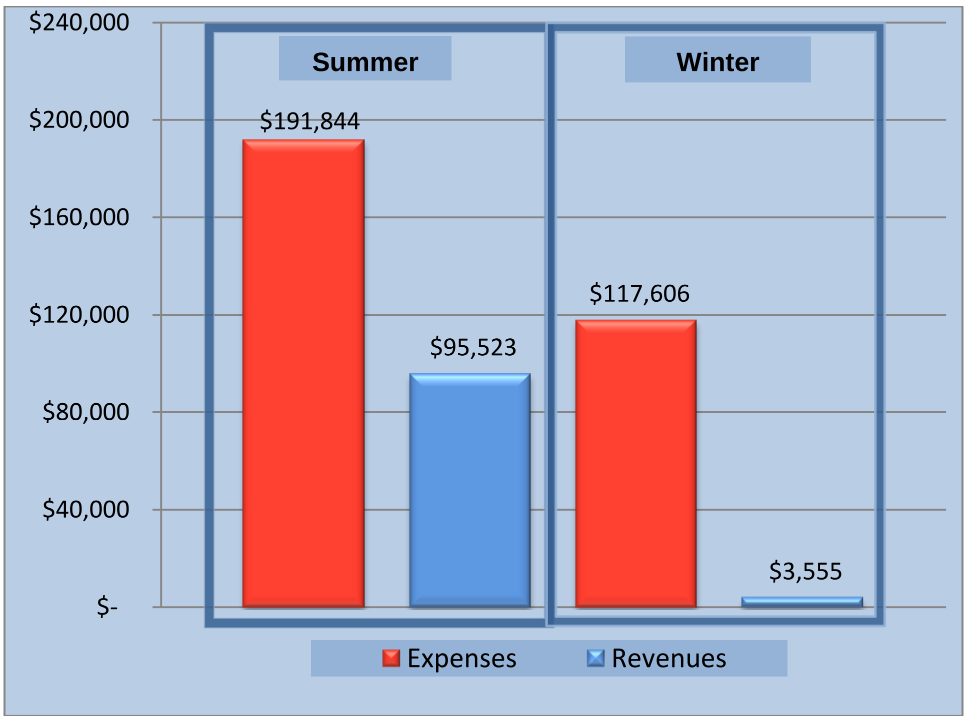


Figure 4.2 shows that the expenditures at Starvation State Park decline significantly during the six off-season months from October to March. However, the revenues generated during the same time period amount to only $3,555 or less than 4% of what is generated in the summer months. We question the need to keep some of Utah's parks open and staffed during the off-season months, given the minimal revenue that is generated. We recommend that the division consider examining where opportunities exist to scale back park operations during the winter.

Other states are closing parks in the winter to reduce expenses.

Peer States Are Moving Toward Seasonal Closures. We found that other peer states close some of their parks in the winter months to reduce costs. We believe that the division should better assess where seasonal reductions would result in the highest reduction in cost during those months that see the lowest visitation.

Modified Hours of Operation Should Reduce Some Expenses

We found that modifying park hours of operations and reducing the days of the week they are open is another approach to reduce the cost of some parks. The division should determine which parks would benefit from a reduction in operating hours or days of the week that would minimize the impact on visitation but reduce expenses.

Heritage parks are seeing cost savings from closing on Sundays.

Heritage Parks Are Already Utilizing This Practice. Utah's heritage parks and museums already close on Sundays in response to budget reductions in fiscal year 2010. We were told that the projected savings from this decision were approximately $67,700 per year. These savings came from reduced hours for seasonal staff. We believe that there are likely other parks in the system that could see a cost savings by closing during slow hours and days of the week where there is typically reduced visitation. We commend the division for their decision to close heritage parks and museums during the least visited day of the week when revenue was at its lowest. We encourage them to extend this policy to other parks throughout the state as a cost-saving measure. Although we believe that modifying park operations can reduce the cost of some parks, the Legislature may still want to consider permanent closure of some parks.

Legislature Should Consider Closing Some Parks

Utah's state park system is expensive to operate. Different types of parks face unique challenges in generating visitor revenue and many require a significant subsidy per visitor from the General Fund. We believe that the Legislature should consider parks with the highest costs and the lowest visitation as candidates for closure or consider turning the responsibility of managing these parks to the local municipality in which they reside.

Expensive Parks with Low Visitation Are a Financial Burden on the State

We identified five parks where revenues have historically have been unable to meet expenditures and, at the same time, have poor visitation. Of most concern are those parks that have a significant loss even when only direct costs are considered without any allocation of overhead. We believe that the Legislature may want to consider permanently closing some of these parks or contracting park operations out to a private business partner (as discussed in Chapter 5). Our analysis, seen in the figure below, shows the five parks with the highest loss per visitor.

Legislature may need to close expensive parks with low visitation.

Figure 4.3 Some Parks Require a Significant Taxpayer Subsidy of their Direct Costs. This table shows the five parks with the highest loss per visitor based on direct costs only (no overhead allocated).

Park	FY 2010 Loss Per Visitor	FY 2010 Contribution Margin
Green River Golf Course	$ 43	23 %
Edge of the Cedars	30	16
Territorial Statehouse	15	11
Frontier Homestead	14	9
Utah Field House Museum	8	37

As shown in the figure above, the average taxpayer subsidy per visitor for the most expensive parks ranges from $8 to $43 per visitor after revenues have been added. Compared to other parks, those listed in the figure require a substantially higher taxpayer subsidy for every visitor that came through the park system in fiscal year 2010. Figure 4.3 also shows contribution margin for each park (i.e., the percentage of direct park cost paid for by visitors). See Appendix B.2 for a list of each park's profit (loss) per visitor and contribution margin considering only direct costs. The parks with the most challenges are heritage parks and golf courses. We found that these categories of parks face unique challenges to being self-sustaining.

Golf Courses Have Mixed Success. We found that golf courses had the widest range of profit and loss per visitor. Green River Golf Course has low visitation, with only 5,500 nine-hole rounds played in fiscal year 2010. Based only on the costs incurred directly at the golf course, a subsidy of $235,000 or $43 per 9-hole round was required. If state and regional costs are allocated, the net cost of operating the Green River Golf Course increases to $66 round. Conversely,

Utah tax payers subsidize Green River golf course $43 for each 9-hold round of golf played.

Wasatch Mountain Golf Course has high visitation, slightly higher green fees, and is able to make a profit.

Utah's museums and historic sites require significant taxpayer subsidy.

Heritage Parks Require the Largest Subsidy. Utah's heritage parks and museums are among the most expensive parks to operate. In addition, persistently low visitation results in a high subsidy per visitor. On a per visitor basis, the Edge of the Cedars State Park is the most expensive to operate, with a state subsidy of $30 per visitor. As a result, state taxpayers are paying $371,000 each year to support that park. If state and regional costs are allocated, the net cost of operating the park increase to $554,000 or $45 per visitor.

Some Scenic and Recreation Parks Also Require a Large Subsidy. In addition to the golf courses and heritage parks, there are also some scenic and recreation parks that are costly on a per visitor basis considering only direct costs. Among those classified as scenic parks, the Kodachrome Basin State Park has the highest loss per visitor at $1.71 and Wasatch Mountain State Park has the lowest contribution margin at 39 percent. At recreation parks, Green River State Park has the highest loss per visitor at $4.47 and the lowest contribution margin at 56 percent.

The Legislature will need to address the policy question of whether or not the state should continue to subsidize these types of operations at such a high level. While having a local state park is important to Green River's community, legislators must decide whether they are willing to continue to pay a large subsidy for each round of golf played at the course. Unless the division is successful in reducing the costs of these parks by using the strategies suggested throughout this report, the Legislature may want to close some of the most highly subsidized parks or, as we discuss next, transfer the parks to local government control.

Municipalities Could Share in the Cost

Other states have successfully transferred the cost of select parks to municipalities.

We found that at least one other state, Arizona, has asked municipalities to help support the cost of parks located in their areas. Arizona, struggling to fund its park system, turned to local governments to shoulder some of that cost. Today, three parks in Arizona are at least partially financed by local municipalities.

In the past, park closure in Utah has sometimes meant turning parks over to local municipalities. For example, responsibility for Fort Buenaventura was transferred to Ogden City, and Beaver County took over Minersville Reservoir. We believe that closing parks or transferring the responsibility for managing them to local governments will help ensure that the state continues to fund parks effectively. One concern reported is that closing parks in some areas of the state will impact the local economy where parks reside. The effectiveness of this option is highly dependent on the needs and resources available by these local municipalities.

Recommendations

1. We recommend that the division continue to modify the hours and days of operation at parks to control costs.

2. We recommend that the division identify parks where seasonal reductions make good business sense for the state.

3. We recommend that the Legislature consider closing some of the state's high-cost parks with low visitation or transferring the oversight of those parks to county or local governments.

This Page Left Blank Intentionally

Chapter V
Legislature Could Consider Privatization of Some Utah State Parks

Privatization of state parks as an operational model is feasible but relatively untried. It has primarily been implemented in unique circumstances. While other states provide few examples of privatized park operations, the United States Forest Service (USFS) has had success with privatization of park operations. If the Legislature decides to increase the level of privatization in the state parks system, it would require careful planning and oversight. We recommend that if the Legislature decides to pursue privatization of state parks, a pilot program be implemented first to gauge success. Increased privatization of state parks could be helpful in making the state park system more efficient and less reliant on state General Funds.

We recommend that a pilot program be implemented first to gauge success of privatization efforts.

It is essential for the Utah Division of Parks and Recreation (division) to address recommendations made throughout this report in order to become more efficient and fully understand the costs and benefits associated with each park. For privatization to be appealing to the state, the keys are whether total expenses shifted to private partners are greater than privatized revenues to allow for savings while maintaining a quality operation.

It is important to note our discussion of park privatization does not include a transfer of property ownership. For purposes of this report, privatization entails the contracting of all operational aspects (except public safety) of a state park to private business partners/concessioners, with the state maintaining ownership of the resources or land. As the landlord, the state would likely retain some responsibility for alterations, repairs, and improvements of park facilities.

For purposes of this report, privatization entails the contracting of all operational aspects (except public safety) to private business partners, while maintaining ownership.

Park Privatization Efforts Have Been Limited, But Is Feasible with Careful Planning

While other western states do not provide sufficient privatization models for state parks, the United States Forest Service (USFS) has privatized almost all recreational activities such as camping and marina services on USFS lands. Privatization of state parks appears to be a rare occurrence. Instead of privatizing park operations, most states use concessions to varying degrees to augment state park operations with additional recreational services. This practice is similar to what the division currently does. Examples of Utah's current concessions include equipment rentals, general stores, food and other services. If privatization is chosen as an operational model for Utah state parks, careful planning and oversight are required to ensure the greatest possibility for success.

Other Western States Are Not Actively Pursuing Privatization of State Parks

Although still subsidized by the state, Utah's This Is The Place Heritage Park is an uncommon example of a fully privatized park.

Our review found no examples of other western states actively pursuing privatization efforts for state parks. We were able to find some isolated instances of the operations of entire parks being privatized, but overall we found no state seriously considering privatization as an alternative operational model to self-management. In Utah, the division has recognized the need to reduce reliance on General Fund revenues, but full privatization of state park operations has not been the primary choice for the division or other western states. It appears that Utah's This Is The Place Heritage Park is an uncommon example of fully privatized park management and operations, although the state still subsidizes the park by at least $800,000 per year.

This past year, Arizona has been facing the decision of how to keep unprofitable parks open with limited funds. Officials report that many parks on the closure list were able to remain open because city and community partners agreed to help with the cost of operations. At the time of our review, only two closed parks without community partners were being considered for full privatization. Arizona was awaiting response to one active request for proposals (RFP) and the second RFP would soon be issued. However, there was some question as to whether these parks would be appealing to private partners because of limited profitability potential and remote locations.

Oregon reported that their parks system includes two small, independent properties that house historic stagecoach inns. The management of these facilities has been contracted out to private businesses, but the state retains a great deal of control over management decisions and capital investments. Besides these two properties, no other traditional Oregon state park has been fully privatized.

Washington officials stated they have contracted out the full operation of three state park golf courses within larger park areas run by the state. The state is not pursuing any parks for full privatization because it is prohibited by labor management agreements. Likewise, Colorado park administrators reported they are not pursuing park privatization at this time, but indicated if they did, they might also encounter difficulties due to personnel rules. Idaho is currently not pursuing any privatization initiatives for its state parks.

Washington officials stated they have contracted out the full operation of three state park golf courses, but these courses are within larger park areas run by the state.

We spoke with the President of the National Association of State Park Directors who is also the previous director of Virginia's state parks. He is not aware of any state actively pursuing privatization of parks. While our review of other western states revealed that full privatization of park operations is not common, the USFS provides a model for the privatization of park operations.

Federal Land Owners in Utah Have Privatized Public Lands to Varying Degrees

Federal land owners in Utah have pursued some privatization initiatives. Of all federal land owners in Utah, the best example of full operational privatization is the USFS. Officials from the USFS report it is a common practice in federal forests to allow private businesses to manage forest campgrounds and marinas, as well as offer additional concession services through the issuance of permits. Yet officials also report that the operations of private area managers are highly regulated through agreement terms and oversight by a reduced federal staff. The USFS typically issues five-year concession permits with a possible five-year extension based on performance; however, they also consider a longer-term permit if concessioners will utilize their own capital goods on forestry land. Typically, the USFS retains responsibility for capital projects, unless special terms are negotiated, and retains the right to revoke a concession permit at any time. The local county sheriff typically provides law enforcement.

Officials from the USFS report it is a common practice in federal forests to allow private businesses to manage forest campgrounds and marinas as well as offer additional concession services.

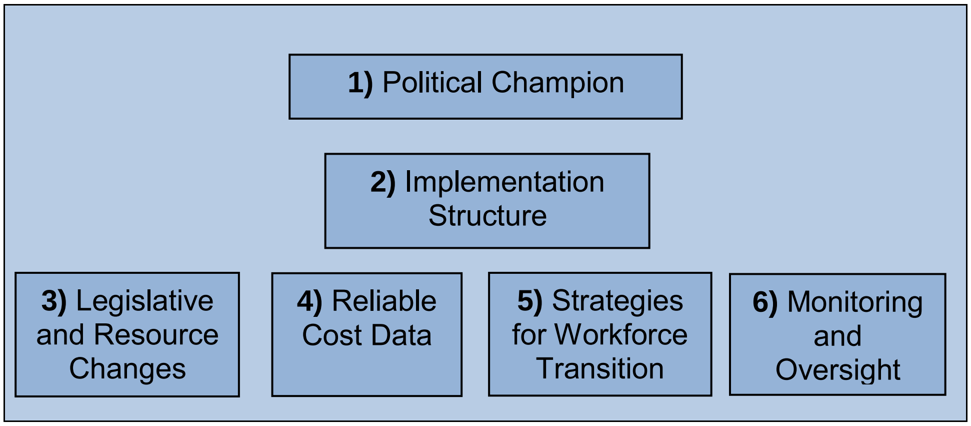
In contrast to the USFS, other federal land owners in Utah approach privatization differently. The National Park Service (NPS) reported it has not contracted out the full management of any parks. Instead, the NPS contracts out commercial activities within its parks which a visitor would expect to pay a fee to receive the service, but the NPS maintains collection of gate fees. The Bureau of Reclamation (BOR) partners with other federal and state entities for administration and operation of recreation areas at a 50/50 percent cost sharing for capital investments. For example, in Utah, the BOR has partnered with the division for the recreational operation of 11 reservoirs in the state. The Bureau of Land Management (BLM) traditionally manages, operates, and maintains its recreational areas. The BLM maintains a minimal staff presence at most recreation spots and fees are collected with the use of self-pay deposit boxes. While examples of park privatization efforts are limited, successful privatization of some state parks is possible with careful planning and oversight.

Successful Privatization of State Parks Requires Careful Planning and Oversight

In order for privatization efforts to be successful, it is essential to ensure careful planning and oversight. In 1997, the United States General Accounting Office (GAO) issued a report titled *Privatization: Lessons Learned by State and Local Governments* that is still pertinent today. Although not tailored to state parks, the concepts can be applied to the state park privatization issue. The six key points of successful privatization are given in Figure 5.1. The GAO derived these points after working with six different governments (five state governments and one city government) that made extensive use of privatization.

GAO reported six key lessons learned for successful privatization initiatives; these lessons are listed in Figure 5.1.

Figure 5.1 GAO Issued a Report Addressing Privatization Lessons Learned by State and Local Governments. The six lessons presented by GAO were generally common to all reviewed governments implementing privatization initiatives.



Source: 1997 GAO Report – Privatization: Lessons Learned by State and Local Governments

The following material describes the key points of each lesson as explained by GAO to help ensure understanding.

1) **Political Champion:** Political leaders should anticipate a need to develop and communicate a privatization philosophy and garner public, business, and political support.

2) **Implementation Structure:** Criteria for selecting activities to privatize, an inventory of privatization candidates, cost comparison and evaluation methods, and procedures for monitoring the performance of privatized activities should be determined prior to implementation of privatization.

3) **Legislative and Resource Changes:** Governments may need to enact legislative and/or resource changes to encourage or facilitate the use of privatization. These changes signal to managers and employees that the move to privatization is serious and not a passing fad.

4) **Reliable Cost Data:** Reliable and complete cost data on government activities is needed to ensure a sound competitive process and to assess overall performance. Reliable and complete data simplify privatization decisions

and make these decisions easier to implement and justify to potential critics.

5) **Strategies for Workforce Transition:** Strategies for workforce transition will vary, depending on local political factors and the relationship between the government's top leaders and employee groups.

6) **Monitoring and Oversight:** It is important to evaluate a private firm's compliance with the terms of the privatization agreement and performance in delivering services. Evaluation is necessary to help ensure that the government's interests are protected and that accountability of both the government and the private party is maintained.

If the Legislature decides to encourage privatization of Utah's state parks, it should consider incorporating these lessons learned as summarized by GAO. In particular, we believe requiring an implementation structure, reliable cost data, and monitoring and oversight are important in all circumstances.

In addition, many of Utah's state park lands were either acquired through federal partners or developed through federal funding programs. Due to federal involvement, most of Utah's state parks are restricted from ownership transfers or closure to the public. These federal encumbrances are not restrictions to increased privatization, but must be addressed before entering into any contract involving privatization of park operations. These federal encumbrances are discussed more fully in Appendix C of this report.

Utah State Parks Could Be Privatized

Although relatively untried in other states, privatization of state park functions is a feasible operational model.

Although relatively untried in other states, privatization of state park functions is a feasible operational model. There are potential benefits to the state from privatization, including cost savings. However, privatization also has potential pitfalls that must be addressed. If privatization is chosen as a policy option, it would be prudent to start with a pilot program to assess the feasibility of implementing privatization successfully on a larger scale.

State parks that charge user fees for recreational services such as access to campgrounds and marinas appear to be good candidates for privatization. Four golf courses at state parks also appear to be good candidates for privatization, as do two other state parks that provide specialty recreation services. It is important to note that all discussion of cost in this chapter does not include administrative overhead or park capital costs, but instead focuses on direct operating costs and revenues. However, as will be discussed later, overhead and capital costs may be addressed through privatization by negotiating cost-sharing terms with private business partners.

Privatization of State Parks Is a Feasible Policy Option. Currently, the division contracts with concessioners to provide supplemental recreation services at some of Utah's state parks, but has not contracted out any basic park functions such as entrance fee collection, camping, or marina services. There appears to be potential benefits to privatizing these basic functions, such as significant cost savings for the state and specialization of services, as will be discussed in the next section. However, potential pitfalls must also be considered.

Privatization appears to have the potential to result in reduced park services if not implemented carefully. For example, privatizing a park's staff could reduce public safety services and interpretive services if highly trained and knowledgeable park rangers would no longer be located on site. Also, private businesses have the incentive to cut costs to increase profits; therefore, they may have a tendency to reduce park operations. Because of the potential for negative consequences and because privatization has been relatively untried at the state park level, the Legislature may want to consider implementing a pilot program that would include the operations of only a few state parks.

The Legislature may want to consider implementing a pilot program that would include the operations of only a few state parks.

Parks with Camping and Marina Services Could Be Privatized

Private recreation businesses and current Utah state park concessioners have shown interest in assuming revenue collection, operations, and daily maintenance for camping and/or marina services at many Utah state parks. Camping and marina services include campgrounds, cabins, yurts, and boat slip rentals. Contracting for these basic services, as well as visitor centers where applicable, could essentially privatize the operations of 33 state parks. However, the

Private businesses have shown interest in taking over the revenue collection, operations, and daily maintenance for camping and/or marina services at many Utah state parks.

state may want to retain operation of the park reservation system that allows park visitors to reserve campsites and other services. This system could also be used as a monitoring tool over the visitation/collections at privatized parks. If privatization of camping and marina services were implemented, this operational model would most closely resemble the USFS model discussed earlier in this chapter.

We reviewed the operating costs and revenues at five Utah state parks that provide camping and/or marina recreational services and found that three out of the five parks operated at a deficit in fiscal year 2010. Figure 5.2 lists the operating profit or loss at select parks.

Figure 5.2 Operating Profit or Loss at Select State Parks. Three out of five Utah state parks reviewed were operating at a loss in fiscal year 2010.

FY 2010	Deer Creek	East Canyon	Rockport	Great Salt Lake Marina	Goblin Valley
Collections	$360,074	$211,301	$250,466	$341,111	$231,517
Operation Costs	$497,987	$364,162	$390,627	$328,919	$169,083
Profit/Loss	($137,913)	($152,861)	($140,161)	$12,192	$62,434
Collections as a Percent of Costs	72 %	58 %	64 %	104 %	137 %

Note: State boating and OHV registration revenues are not included in collections in this figure.

Not all parks are currently able to successfully operate within the amount of collections they receive.

Although these five parks have unique differences, one similarity is that each park generates revenue through the collection of user fees to help cover the cost of providing recreational services. This practice is common at Utah state parks. However, as is clear from Figure 5.2, not all parks are able to successfully operate within the amount of collections they receive. Collections include entrance, camping, and boating fees as well as retail sales where applicable. It appears that one major challenge for funding state parks is personnel costs. Our review of these five parks showed that personnel costs comprised anywhere from 70 to 79 percent of all operating costs.

Assuming current park collection levels, one private recreation business provided us with an estimate of the expected costs if the business managed all operations, including camping and marina services, for Deer Creek, East Canyon, and Rockport state parks. They estimated that personnel costs at the parks could be significantly reduced, allowing for private profit and payment to the state, as well as continuation of a quality operation. In addition to this estimate, the division has also been working on a method to gauge the potential benefits of privatization.

One private recreation business estimated that it could operate some parks with significantly reduced personnel costs.

The Division Has Drafted a Privatization Model Using One Park. This model reviews the potential savings of privatizing park operations at a park currently employing three full-time rangers. The model estimates the division's potential savings by shifting personnel and daily operating costs (current expenses) to private partners. These shifted costs are then compared with current park revenue that would be lost through privatization. One assumption of the model is that in addition to privatizing seasonal staff, one law enforcement FTE position could be eliminated at the park. The division states that the other two law enforcement personnel would remain to conduct park and off-park responsibilities. We agree that the responsibility for public safety services would be difficult to privatize and will likely continue to be a state function. However, as an additional reduction to the division's model, we believe that only one officer would be needed to provide public safety services.

Under the division's privatization model, three rangers at one park could be reduced to two, but we believe further reductions are possible.

Our assumption of retaining a ranger per park is one of many public safety alternatives the division could consider. Other possible arrangements include having one ranger responsible for patrolling multiple park areas or contracting with local municipalities to provide these services, which could provide additional efficiencies and savings.

Additional Full-Time Staff Reductions Could Increase the Savings Under Privatization. Our estimated additional reduction in full-time staff under privatization could further reduce the operating losses currently experienced at some parks, making privatization a more appealing option than the division's current model. For example, under privatization, assuming the state retained the cost for one law enforcement ranger, the fiscal year 2010 $138,000 loss at Deer Creek would potentially be reduced to somewhere between $54,000 and $90,000, depending on the percentage of collections paid to the state by private business partners. This loss reduction is estimated by shifting responsibility for all personnel (except the current highest paid law enforcement FTE) and current expenses to private partners, with the state receiving a 5 to 15 percent share of collections.

Under privatization, when boating registration fees are accounted for, the state could generate more profit from some recreational parks.

In addition, after privatization, the state would continue to receive revenues from the boating restricted account that could be used to cover the remaining park loss. Thus, if Deer Creek's fiscal year 2010 boating revenue allocation of about $151,000 was applied to the remaining loss following privatization, the overall effect of privatization would be a net park profit of about $61,000 to $97,000. In effect, boating revenues would pay for the cost of the remaining park ranger after most other operating costs are shifted to private business partners. The overall potential efficiencies and savings obtainable through privatization could reduce the division's dependence on state General Funds.

Some state parks may not be suitable candidates for privatization.

Regarding the other parks we reviewed, privatization of East Canyon and Rockport also appears to have the potential to minimize current operating losses and even turn a profit once boating registration fees are applied. However, under our assumptions, it appears that privatization of the Great Salt Lake Marina and Goblin Valley State Park could result in current operating profits being reduced to losses for the state, because potential operating cost reductions do not exceed revenues lost to private business partners. Therefore, these parks may not be good candidates for privatization.

Ultimately, for privatization to be appealing to the state, the key is whether the total expenses shifted to private partners are greater than the privatized revenues, thus allowing for savings to be realized. The state would benefit if the terms negotiated with a private partner made a profitable park more profitable or minimized current losses. For the state to fully benefit from privatization efforts, the division must understand each parks costs and benefits to determine if privatization is optimal.

Other Functions Would Likely Remain the State's Responsibility Under Privatization. In addition to public safety, there are other state responsibilities that may be more difficult to shift to private business partners and will therefore most likely continue to be a cost to the state. For example, with privatized parks, the state would likely need to fulfill landlord responsibilities, including most capital maintenance and investment, contract administration, park oversight, and environmental stewardship. Similar to the USFS, the state could implement a process to reinvest payments received from private business partners into the capital and facility structures of the parks.

However, many current concessioners and other private recreation businesses have suggested the possibility that they could take on increased capital maintenance and investment responsibilities if they were allowed to operate a park under a long-term contract. They claim that a longer-term contract would allow them adequate time to plan, execute, and receive compensation for costly and risky capital endeavors.

With privatization, the state would still have responsibilities, including capital investment, contract administration, park oversight, and environmental stewardship; but cost sharing could be negotiated with private partners.

Currently, the division's preference is to enter into a five-year concession contract term with a five-year renewal option. Division officials claim this shorter contract term provides the state more protection and flexibility to change private partners in the event of poor performance; it also encourages healthy competition among concessioners.

The responsibility for capital concerns does not need to be shifted to privative business partners immediately. If a pilot program implementing privatization at a few parks were to be pursued, the division could privatize operations first, and then later implement a process to negotiate the sharing of capital responsibility with private business partners.

However, any privatization of park operations would require increased contract management and direct oversight of park operations by the division. This increase in oversight would entail a cost to the state with greater resources being allocated to performance reviews. However, increased oversight would be vital to avoid or minimize the potential for negative or unintended consequences that could be associated with privatization. To minimize the costs associated with contract oversight, the remaining ranger patrolling a park who is already familiar with the layout and acceptable operation and park maintenance procedures could conduct the performance reviews. This could be particularly favorable because, as mentioned earlier, boating restricted account revenues could cover the costs for law enforcement officers remaining at privatized parks.

For successful privatization of state parks, operating costs shifted to private business partners need to exceed privatized revenues, while maintaining a quality operation.

Although we applied this privatization model to five parks, it is feasible that this model could be applied to other parks that generate revenue through camping and marina services. Overall, there are two main keys for successful privatization of state parks: (1) operating costs shifted to private business partners need to exceed privatized revenues, and (2) quality operations need to be maintained.

Four Golf Courses at Utah State Parks Could Be Privatized

In addition to privatizing parks with camping and marina services, four golf courses at Utah state parks are also good candidates for privatization.

In addition to implementing a pilot program to privatize parks with camping and marina services, four golf courses at Utah state parks are also good candidates for privatization. In fiscal year 2010, the revenues at only one course covered its operating expenses; the other three operated at losses. Figure 5.3 details the golf courses' operating costs and revenues.

Figure 5.3 Operating Profit or Loss at State Park Golf Courses. Only one of four Utah state park golf courses operated at a profit in fiscal year 2010.

FY 2010	Green River	Palisade	Soldier Hollow	Wasatch Mountain
Collections	$71,315	$314,834	$899,261	$1,703,131
Operating Costs	$306,705	$517,093	$969,814[1]	$1,099,131[2]
Profit/Loss	($235,390)	($202,259)	($70,553)	$604,000
Collections as a percent of costs	23 %	61 %	93 %	155 %

1 - Soldier Hollow Golf Course has a bond payment expense of $1,100,060 annually that was not included in the above chart.

2 - Wasatch Mountain Golf Course has a bond payment expense of $371,407 annually that was not included in the above chart.

The profitability at Utah's state park golf courses is mixed. On the high end, in fiscal year 2010, the golf course at Wasatch Mountain State Park was able to cover well over 100 percent of its operating costs. However, at the low end, the golf course at Green River State Park only covered 23 percent of its operating expenses in that same year. Low visitation/collections is a primary factor in Green River's operating loss.

Private golf management companies claim to be able to increase revenues at courses by increasing rounds of golf played through effective marketing and by providing a superior recreational experience. However, operation models can vary, depending on the potential profitability of the individual courses and their appeal to private business. For example, at less profitable parks, private firms could enter into a management agreement with the state in which the state pays the contractor to operate the course more efficiently and help minimize losses. Alternatively, private firms could operate with a lease contract at more profitable courses, such as Wasatch Mountain and Soldier Hollow golf courses, in which the state would be paid a lease payment and/or a percentage of gross revenue by the management company.

In addition, other municipalities have reported that culinary water utility costs can be a significant cost at golf courses, comprising about 12 to 14 percent of total expenses. The state owns water rights at all four state park golf courses, which could be charged to course management companies through water utility fees. Although the rate charged would have to be negotiated, the water would be used as it is now, but it could be used by the division to generate revenue.

Two Other Specialty Parks Could Be Privatized

In addition to a privatization pilot program, the Jordan River OHV and Flight Park state recreation areas appear to be good candidates for privatization. The Jordan River OHV State Recreation Area provides two- and four-wheeled off-road riding activities. The OHV Park could be privatized because the specialization of private motorsport professionals seems well suited for full privatization of park management and operations. Currently, a concessioner, who is also a motorsports equipment professional and enthusiast, has contracted with the division to provide a high quality, advanced motocross riding experience within a portion of the park's boundaries. State services and concessioner services have completely separate entrances and operations, but since they are similar, they could be seen as a duplication of functions.

In addition to a privatization pilot program, the Jordan River OHV and Flight Park State Recreation Areas appear to be good candidates for privatization.

In fiscal year 2010, this state park generated about $105,000 in collections and spent about $292,000 in operating costs, therefore covering only 36 percent of its own costs. However, OHV restricted account revenues helped fund the park with an allocation of about $247,000 in fiscal year 2010, resulting in an overall operating profit at the park.

Like the state park, the concessioner stated that his track entrance fees are not covering his operating costs; however, under his management, the track was only recently completed and opened to the public beginning in July 2010. He said he is working to market his business and has yet to experience the expected best riding season which is in the spring. The concessioner believes that with proper maintenance and investment, the park has the potential to be the best track in Utah, attracting large races and industry sponsorships. If the concessioner could manage the whole park and operate within collections, the state could benefit from cost reductions and reallocate OHV registration funds to other demands.

Similarly, the Flight Park State Recreation Area provides a specialized recreation experience. The Flight Park is a defined location for hang-gliding and paragliding activities as well as a location for radio control plane hobbyists. The Utah Hang-Gliding and Paragliding Association is contracted to administer and monitor flying activities. This park could be privatized because gliding activities are a niche activity already regulated by the gliding association, and users could be made responsible for the full costs of the activity instead of being subsidized from the General Fund.

Currently, state employees of the Great Salt Lake Marina clean and care for the minimal facilities on site at the Flight Park as well as respond to public safety concerns. Because of the response time from the Great Salt Lake to the park in Lehi City, we believe that local law enforcement may be better suited to respond to public safety issues and accidents at the Flight Park.

Currently, there is no fee to visit the park and annual costs are minimal (about $11,500 in fiscal year 2010). However, the cost of state employee activity at the park is absorbed into the Great Salt Lake Marina's budget, so the full cost is unknown. For fiscal year 2010, the park received an individual budget allocation of $11,800 from the General Fund to cover maintenance costs, but the park cannot be self-sufficient without a constant revenue source, such as a user fee.

If privatization were chosen as a policy option, we believe that the Legislature would need to take the initiative because, as illustrated in Figure 5.1, privatization efforts are likely to be more successful when there is a political champion for the initiative. Privatization as an operational model is feasible, but it has been relatively untried or has primarily been implemented under unique circumstances at the state park level. Therefore, implementing privatization through a pilot program for state parks that have camping and marina services may be the most appropriate action at this time. In addition to the pilot program, the Legislature could consider privatizing the four state golf courses and the two recreation areas. Privatization has the potential to provide the state with cost-saving opportunities, but potential pitfalls of privatization must be adequately addressed through effective contracting and increased oversight.

Recommendations

1. We recommend that if the Legislature decides to privatize some state parks, they direct the Division of Parks and Recreation to submit to them:

    - A privatization implementation structure, which would include a list of parks that could be successfully privatized along with recommendations for a pilot program

    - The current revenues and costs of the parks to be privatized and the expected savings to the state

    - Drafted request(s) for proposals for review

    - Plans for continued oversight to ensure that contract terms are met and the quality of parks maintained

This Page Left Blank Intentionally

Appendices

This Page Left Blank Intentionally

Appendix A
Map of Utah State Parks

Appendix B.1 Park Revenues and Expenditures Based on Fully Allocated Costs for FY2010

State Park	Total Cost (includes Allocations)	Total Park Revenues	Park Revenues Less Total Costs	Total Cost Contribution Margin	Reported FY2010 Visitors	Total Profit (Loss) per Visitor
Heritage Parks (1)						
Anasazi	$375,995	$141,003	($234,992)	38%	24,048	($9.77)
Camp Floyd/Stagecoach Inn	$186,571	$21,519	($165,052)	12%	16,890	($9.77)
Edge of the Cedars	$626,259	$71,792	($554,467)	11%	12,324	($44.99)
Fremont Indian	$438,543	$157,422	($281,121)	36%	93,030	($3.02)
Frontier Homestead	$354,599	$23,422	($331,177)	7%	16,383	($20.21)
Territorial Statehouse	$215,562	$17,434	($198,128)	8%	9,360	($21.17)
Utah Field House Museum	$603,171	$181,295	($421,876)	30%	37,309	($11.31)
Total Heritage Parks	**$2,800,701**	**$613,887**	**($2,186,814)**	22%	**209,344**	($10.45)
Scenic Parks						
Antelope Island	$1,292,901	$851,154	($441,747)	66%	279,497	($1.58)
Dead Horse Point	$528,920	$690,252	$161,332	131%	177,388	$0.91
Goblin Valley	$242,752	$249,096	$6,344	103%	46,769	$0.14
Kodachrome Basin	$361,155	$172,409	($188,746)	48%	52,506	($3.59)
Snow Canyon	$430,522	$400,760	($29,762)	93%	322,446	($0.09)
Wasatch Mountain (2)	$1,043,205	$327,706	($715,499)	31%	360,190	($1.99)
Total Scenic Parks	**$3,899,455**	**$2,691,377**	**($1,208,078)**	69%	**1,238,796**	($0.98)
Recreation Parks						
Bear Lake	$865,971	$1,155,460	$289,490	133%	183,716	$1.58
Coral Pink Sand Dunes	$387,863	$236,243	($151,620)	61%	56,297	($2.69)
Deer Creek	$629,060	$546,903	($82,157)	87%	314,259	($0.26)
East Canyon	$461,394	$347,923	($113,471)	75%	88,613	($1.28)
Escalante Petrified Forest	$245,114	$105,986	($139,128)	43%	42,390	($3.28)
Flight Park	$15,078	$0	($15,078)	0%		
Great Salt Lake Marina	$438,478	$482,453	$43,975	110%	228,464	$0.19
Green River	$326,190	$126,516	($199,674)	39%	22,147	($9.02)
Gunlock	$8,846	$16,053	$7,207	181%	46,150	$0.16
Huntington	$344,102	$135,971	($208,131)	40%	56,451	($3.69)
Hyrum	$311,706	$173,601	($138,105)	56%	63,278	($2.18)
Jordan River OHV	$386,814	$397,052	$10,239	103%	18,839	$0.54
Jordanelle	$1,069,784	$979,489	($90,295)	92%	271,549	($0.33)
Millsite	$45,186	$48,992	$3,806	108%	32,556	$0.12
Otter Creek	$221,217	$166,629	($54,588)	75%	64,752	($0.84)
Palisade	$450,253	$315,938	($134,315)	70%	228,902	($0.59)
Piute	$25,073	$17,603	($7,470)	70%	22,230	($0.34)
Quail Creek	$61,620	$118,229	$56,609	192%	99,492	$0.57
Red Fleet	$140,614	$76,279	($64,335)	54%	27,824	($2.31)
Rockport	$497,971	$426,097	($71,875)	86%	141,794	($0.51)
Sand Hollow	$1,207,410	$811,158	($396,252)	67%	160,212	($2.47)
Scofield	$404,297	$183,480	($220,818)	45%	79,076	($2.79)
Starvation	$428,451	$265,661	($162,790)	62%	62,258	($2.61)
Steinaker	$197,751	$164,035	($33,717)	83%	72,739	($0.46)
Utah Lake	$714,797	$530,295	($184,502)	74%	282,608	($0.65)
Willard Bay	$694,747	$798,307	$103,560	115%	315,617	$0.33
Yuba	$535,187	$404,243	($130,944)	76%	185,584	($0.71)
Total Recreation Parks	**$11,114,974**	**$9,030,599**	**($2,084,376)**	81%	**3,167,797**	($0.66)
Golf Courses						
Green River	$434,161	$71,315	($362,846)	16%	5,478	($66.24)
Palisade	$732,613	$314,834	($417,779)	43%	28,718	($14.55)
Soldier Hollow (3)	$1,208,494	$899,261	($309,233)	74%	58,392	($5.30)
Wasatch Mountain (4)	$1,365,603	$1,703,131	$337,528	125%	94,623	$3.57
Total Golf Courses	**$3,740,872**	**$2,988,541**	**($752,331)**	80%	**187,211**	($4.02)
Other Park Units						
Antelope Island Bison	$474,570	$146,607	($327,963)	31%		
Flaming Gorge	$29,014	$23,375	($5,640)	81%		
Gunnison Bend	$7,117	$4,303	($2,814)	60%		
Lake Powell	$488,000	$160,884	($327,116)	33%		
Monte Cristo	$74,344	$56,736	($17,608)	76%		
Total Other Park Units	**$1,073,046**	**$391,905**	**($681,141)**	37%		

(1) Excludes This Is The Place State Park (2) Includes Soldier Hollow Venue (3) Excludes Bond Payment of $1,100,060 in FY2010 (4) Excludes Bond Payment of $371,047 in FY2010

Appendix B.2 Park Revenues and Expenditures Based on Direct Costs for FY2010

State Park	Direct Park Expenditures	Total Park Revenues	Park Revenues Less Direct Expenditures	Direct Contribution Margin	Reported FY2010 Visitors	Direct Profit (Loss) per Visitor
Heritage Parks (1)						
Anasazi	$263,192	$141,003	($122,189)	54%	24,048	($5.08)
Camp Floyd/Stagecoach Inn	$142,146	$21,519	($120,627)	15%	16,890	($7.14)
Edge of the Cedars	$442,937	$71,792	($371,145)	16%	12,324	($30.12)
Fremont Indian	$321,994	$157,422	($164,572)	49%	93,030	($1.77)
Frontier Homestead	$260,628	$23,422	($237,206)	9%	16,383	($14.48)
Territorial Statehouse	$156,322	$17,434	($138,888)	11%	9,360	($14.84)
Utah Field House Museum	$484,473	$181,295	($303,178)	37%	37,309	($8.13)
Total Heritage Parks	**$2,071,691**	**$613,887**	**($1,457,805)**	30%	**209,344**	($6.96)
Scenic Parks						
Antelope Island	$965,702	$851,154	($114,548)	88%	279,497	($0.41)
Dead Horse Point	$372,964	$690,252	$317,288	185%	177,388	$1.79
Goblin Valley	$169,083	$249,096	$80,013	147%	46,769	$1.71
Kodachrome Basin	$262,346	$172,409	($89,937)	66%	52,506	($1.71)
Snow Canyon	$316,492	$400,760	$84,268	127%	322,446	$0.26
Wasatch Mountain (2)	$834,826	$327,706	($507,120)	39%	360,190	($1.41)
Total Scenic Parks	**$2,921,414**	**$2,691,377**	**($230,036)**	92%	**1,238,796**	($0.19)
Recreation Parks						
Bear Lake	$650,548	$1,155,460	$504,912	178%	183,716	$2.75
Coral Pink Sand Dunes	$280,844	$236,243	($44,601)	84%	56,297	($0.79)
Deer Creek	$497,987	$546,903	$48,917	110%	314,259	$0.16
East Canyon	$364,162	$347,923	($16,238)	96%	88,613	($0.18)
Escalante Petrified Forest	$179,185	$105,986	($73,199)	59%	42,390	($1.73)
Flight Park	$11,498	$0	($11,498)	0%		
Great Salt Lake Marina	$328,919	$482,453	$153,534	147%	228,464	$0.67
Green River	$225,478	$126,516	($98,962)	56%	22,147	($4.47)
Gunlock	$6,582	$16,053	$9,471	244%	46,150	$0.21
Huntington	$237,239	$135,971	($101,268)	57%	56,451	($1.79)
Hyrum	$232,700	$173,601	($59,099)	75%	63,278	($0.93)
Jordan River OHV	$291,979	$397,052	$105,074	136%	18,839	$5.58
Jordanelle	$845,884	$979,489	$133,605	116%	271,549	$0.49
Millsite	$31,490	$48,992	$17,502	156%	32,556	$0.54
Otter Creek	$163,744	$166,629	$2,885	102%	64,752	$0.04
Palisade	$310,016	$315,938	$5,922	102%	228,902	$0.03
Piute	$18,654	$17,603	($1,051)	94%	22,230	($0.05)
Quail Creek	$43,012	$118,229	$75,217	275%	99,492	$0.76
Red Fleet	$112,947	$76,279	($36,668)	68%	27,824	($1.32)
Rockport	$390,627	$426,097	$35,469	109%	141,794	$0.25
Sand Hollow	$883,382	$811,158	($72,225)	92%	160,212	($0.45)
Scofield	$283,293	$183,480	($99,813)	65%	79,076	($1.26)
Starvation	$336,938	$265,661	($71,276)	79%	62,258	($1.14)
Steinaker	$155,528	$164,035	$8,507	105%	72,739	$0.12
Utah Lake	$534,913	$530,295	($4,618)	99%	282,608	($0.02)
Willard Bay	$517,752	$798,307	$280,555	154%	315,617	$0.89
Yuba	$400,246	$404,243	$3,997	101%	185,584	$0.02
Total Recreation Parks	**$8,335,549**	**$9,030,599**	**$695,050**	108%	**3,167,797**	$0.22
Golf Courses						
Green River	$306,705	$71,315	($235,390)	23%	5,478	($42.97)
Palisade	$517,093	$314,834	($202,259)	61%	28,718	($7.04)
Soldier Hollow (3)	$969,814	$899,261	($70,553)	93%	58,392	($1.21)
Wasatch Mountain (4)	$1,099,130	$1,703,131	$604,001	155%	94,623	$6.38
Total Golf Courses	**$2,892,742**	**$2,988,541**	**$95,799**	103%	**187,211**	$0.51
Other Park Units						
Antelope Island Bison	$361,885	$146,607	($215,278)	41%		
Flaming Gorge	$23,375	$23,375	$0	100%		
Gunnison Bend	$5,427	$4,303	($1,124)	79%		
Lake Powell	$353,089	$160,884	($192,205)	46%		
Monte Cristo	$56,691	$56,736	$45	100%		
Total Other Park Units	**$800,467**	**$391,905**	**($408,562)**	49%		

(1) Excludes This Is The Place State Park (2) Includes Soldier Hollow Venue (3) Excludes Bond Payment of $1,100,060 in FY2010 (4) Excludes Bond Payment of $371,047 in FY2010

Appendix B.3 Park Expenditures Including Direct and Allocated Costs for FY2010

State Park	Direct Park Expenditures	Allocation of Statewide Overhead	Allocation of Regional Overhead	Total Cost (Includes Allocations)	Total Cost as Percent of Direct Cost
Heritage Parks (1)					
Anasazi	$263,192	$49,625	$63,178	$375,995	143%
Camp Floyd/Stagecoach Inn	$142,146	$25,053	$19,372	$186,571	131%
Edge of the Cedars	$442,937	$78,092	$105,230	$626,259	141%
Fremont Indian	$321,994	$61,451	$55,097	$438,543	136%
Frontier Homestead	$260,628	$49,421	$44,551	$354,599	136%
Territorial Statehouse	$156,322	$32,157	$27,083	$215,562	138%
Utah Field House Museum	$484,473	$86,604	$32,094	$603,171	125%
Total Heritage Parks	**$2,071,691**	**$382,403**	**$346,606**	**$2,800,701**	135%
Scenic Parks					
Antelope Island	$965,702	$192,953	$134,246	$1,292,901	134%
Dead Horse Point	$372,964	$67,082	$88,874	$528,920	142%
Goblin Valley	$169,083	$32,879	$40,789	$242,752	144%
Kodachrome Basin	$262,346	$53,434	$45,375	$361,155	138%
Snow Canyon	$316,492	$59,940	$54,090	$430,522	136%
Wasatch Mountain (2)	$834,826	$152,871	$55,508	$1,043,205	125%
Total Scenic Parks	**$2,921,414**	**$559,159**	**$418,882**	**$3,899,455**	133%
Recreation Parks					
Bear Lake	$650,548	$125,506	$89,916	$865,971	133%
Coral Pink Sand Dunes	$280,844	$58,289	$48,730	$387,863	138%
Deer Creek	$497,987	$97,601	$33,472	$629,060	126%
East Canyon	$364,162	$72,682	$24,550	$461,394	127%
Escalante Petrified Forest	$179,185	$35,133	$30,796	$245,114	137%
Flight Park	$11,498	$2,015	$1,566	$15,078	131%
Great Salt Lake Marina	$328,919	$64,031	$45,528	$438,478	133%
Green River	$225,478	$45,902	$54,810	$326,190	145%
Gunlock	$6,582	$1,153	$1,111	$8,846	134%
Huntington	$237,239	$49,044	$57,819	$344,102	145%
Hyrum	$232,700	$46,641	$32,365	$311,706	134%
Jordan River OHV	$291,979	$54,671	$40,164	$386,814	132%
Jordanelle	$845,884	$166,977	$56,922	$1,069,784	126%
Millsite	$31,490	$6,103	$7,593	$45,186	143%
Otter Creek	$163,744	$29,679	$27,793	$221,217	135%
Palisade	$310,016	$64,581	$75,656	$450,253	145%
Piute	$18,654	$3,269	$3,150	$25,073	134%
Quail Creek	$43,012	$10,866	$7,742	$61,620	143%
Red Fleet	$112,947	$20,184	$7,482	$140,614	124%
Rockport	$390,627	$80,847	$26,497	$497,971	127%
Sand Hollow	$883,382	$172,331	$151,696	$1,207,410	137%
Scofield	$283,293	$53,070	$67,934	$404,297	143%
Starvation	$336,938	$68,716	$22,797	$428,451	127%
Steinaker	$155,528	$31,701	$10,522	$197,751	127%
Utah Lake	$534,913	$105,664	$74,220	$714,797	134%
Willard Bay	$517,752	$104,858	$72,138	$694,747	134%
Yuba	$400,246	$79,371	$55,570	$535,187	134%
Total Recreation Parks	**$8,335,549**	**$1,650,885**	**$1,128,539**	**$11,114,974**	133%
Golf Courses					
Green River	$306,705	$54,504	$72,952	$434,161	142%
Palisade	$517,093	$92,419	$123,101	$732,613	142%
Soldier Hollow (3)	$969,814	$174,378	$64,303	$1,208,494	125%
Wasatch Mountain (4)	$1,099,130	$193,811	$72,662	$1,365,603	124%
Total Golf Courses	**$2,892,742**	**$515,112**	**$333,018**	**$3,740,872**	129%
Other Park Units					
Antelope Island Bison	$361,885	$63,410	$49,276	$474,570	131%
Flaming Gorge	$23,375	$4,096	$1,544	$29,014	124%
Gunnison Bend	$5,427	$951	$739	$7,117	131%
Lake Powell	$353,089	$73,600	$61,311	$488,000	138%
Monte Cristo	$56,691	$9,933	$7,719	$74,344	131%
Total Other Park Units	**$800,467**	**$151,989**	**$120,589**	**$1,073,046**	134%

(1) Excludes This Is The Place State Park (2) Includes Soldier Hollow Venue (3) Excludes Bond Payment of $1,100,060 in FY2010 (4) Excludes Bond Payment of $371,047 in FY2010

Appendix B.4 Park Revenues for FY2010

State Park	Park's Share of Restricted Boating Funds	Park's Share of Restricted OHV Funds	Direct Park Revenues	Total Park Revenues	Reported FY2010 Visitors	Total Revenue per Visitor
Heritage Parks (1)						
Anasazi			$141,003	$141,003	24,048	$5.86
Camp Floyd/Stagecoach Inn			$21,519	$21,519	16,890	$1.27
Edge of the Cedars			$71,792	$71,792	12,324	$5.83
Fremont Indian	$33,092	$37,846	$86,484	$157,422	93,030	$1.69
Frontier Homestead			$23,422	$23,422	16,383	$1.43
Territorial Statehouse		$2,503	$14,931	$17,434	9,360	$1.86
Utah Field House Museum			$181,295	$181,295	37,309	$4.86
Total Heritage Parks	**$33,092**	**$40,349**	$540,446	**$613,887**	209,344	$2.93
Scenic Parks						
Antelope Island	$137,142	$59,749	$654,263	$851,154	279,497	$3.05
Dead Horse Point		$35,280	$654,972	$690,252	177,388	$3.89
Goblin Valley		$17,579	$231,517	$249,096	46,769	$5.33
Kodachrome Basin		$4,051	$168,358	$172,409	52,506	$3.28
Snow Canyon			$400,760	$400,760	322,446	$1.24
Wasatch Mountain (2)		$49,397	$278,309	$327,706	360,190	$0.91
Total Scenic Parks	**$137,142**	**$166,056**	$2,388,179	**$2,691,377**	1,238,796	$2.17
Recreation Parks						
Bear Lake	$207,494	$164,658	$783,308	$1,155,460	183,716	$6.29
Coral Pink Sand Dunes		$93,590	$142,653	$236,243	56,297	$4.20
Deer Creek	$149,758	$37,072	$360,074	$546,903	314,259	$1.74
East Canyon	$109,513	$27,109	$211,301	$347,923	88,613	$3.93
Escalante Petrified Forest	$16,632	$2,717	$86,637	$105,986	42,390	$2.50
Flight Park				$0		n/a
Great Salt Lake Marina	$89,922	$51,420	$341,111	$482,453	228,464	$2.11
Green River	$20,687	$15,209	$90,620	$126,516	22,147	$5.71
Gunlock			$16,053	$16,053	46,150	$0.35
Huntington	$71,375	$22,969	$41,627	$135,971	56,451	$2.41
Hyrum	$53,014	$24,252	$96,335	$173,601	63,278	$2.74
Jordan River OHV		$291,979	$105,073	$397,052	18,839	$21.08
Jordanelle	$254,380	$31,485	$693,625	$979,489	271,549	$3.61
Millsite	$9,628	$7,865	$31,499	$48,992	32,556	$1.50
Otter Creek	$48,964	$39,999	$77,666	$166,629	64,752	$2.57
Palisade	$42,377	$34,618	$238,943	$315,938	228,902	$1.38
Piute	$5,610	$4,583	$7,410	$17,603	22,230	$0.79
Quail Creek			$118,229	$118,229	99,492	$1.19
Red Fleet	$25,732	$12,612	$37,935	$76,279	27,824	$2.74
Rockport	$117,472	$58,159	$250,466	$426,097	141,794	$3.01
Sand Hollow	$121,768	$86,209	$603,181	$811,158	160,212	$5.06
Scofield	$85,082	$29,486	$68,912	$183,480	79,076	$2.32
Starvation	$101,290	$62,684	$101,687	$265,661	62,258	$4.27
Steinaker	$47,355	$11,722	$104,957	$164,035	72,739	$2.26
Utah Lake	$194,985	$39,821	$295,489	$530,295	282,608	$1.88
Willard Bay	$155,702	$69,377	$573,228	$798,307	315,617	$2.53
Yuba	$136,754	$71,875	$195,614	$404,243	185,584	$2.18
Total Recreation Parks	**$2,065,494**	**$1,291,470**	$5,673,633	**$9,030,599**	3,167,797	$2.85
Golf Courses						
Green River			$71,315	$71,315	5,478	$13.02
Palisade			$314,834	$314,834	28,718	$10.96
Soldier Hollow (3)			$899,261	$899,261	58,392	$15.40
Wasatch Mountain (4)			$1,703,131	$1,703,131	94,623	$18.00
Total Golf Courses			$2,988,541	**$2,988,541**	187,211	$15.96
Other Park Units						
Antelope Island Bison			$146,607	$146,607		n/a
Flaming Gorge	$23,375			$23,375		n/a
Gunnison Bend	$4,303			$4,303		n/a
Lake Powell	$160,884			$160,884		n/a
Monte Cristo	$0	$56,691	$45	$56,736		n/a
Total Other Park Units	**$188,562**	**$56,691**	$146,652	**$391,905**		n/a

(1) Excludes This Is The Place State Park (2) Includes Soldier Hollow Venue (3) Excludes Bond Payment of $1,100,060 in FY2010 (4) Excludes Bond Payment of $371,047 in FY2010

Appendix C

In Utah, many state park lands have been acquired through federal partnerships or developed with the help of federal funding programs that place requirements on how those lands can be used. Figure C1 details the Utah state parks subject to federal encumbrances. While these encumbrances do not restrict the use of private partners, they need to be addressed in any privatization initiative that would involve any of these 33 state parks.

Figure C1 Number of Utah State Parks Affected by Federal Encumbrances. 33 of the 43 state parks in Utah are directly subject to federal use restrictions. There are three primary federal encumbrances associated with Utah's state parks.

State Park	Land and Water Conservation Fund	Recreation and Public Purposes Act	Bureau of Reclamation Memorandum of Agreement
1) Antelope Island	•		
2) Bear Lake	•	•	
3) Coral Pink Sand Dunes		•	
4) Dead Horse Point	•	•	
5) Deer Creek	•		•
6) East Canyon	•		•
7) Escalante Petrified Forest		•	
8) Flight Park	•		
9) Fremont Indian	•		
10) Goblin Valley		•	
11) Goosenecks		•	
12) Great Salt Lake Marina	•		
13) Green River	•		
14) Gunlock		•	
15) Huntington	•		•
16) Hyrum	•		•
17) Jordan River OHV	•		
18) Jordanelle			•
19) Kodachrome Basin		•	
20) Otter Creek	•	•	
21) Palisade	•		
22) Red Fleet			•
23) Rockport			•
24) Sand Hollow	•		
25) Scofield	•		•
26) Snow Canyon	•	•	
27) Starvation	•		•
28) Steinaker			•
29) This Is The Place		•	
30) Utah Lake	•		
31) Wasatch Mountain	•	•	
32) Willard Bay	•		•
33) Yuba	•		
Encumbrance Totals	**22**	**12**	**11**

Following are the main details for the three main federal encumbrances associated with Utah state parks.

1) **Land and Water Conservation Fund:**
    - Grant program administered by the National Parks Service (NPS)
    - Funded site must be protected forever as a public outdoor recreation area
    - Property cannot be converted to uses other than public outdoor recreation without federal approval

2) **Recreation and Public Purposes Act:**
    - Administered by the Bureau of Land Management (BLM)
    - Allows the sale or lease of public lands for public purposes to governments and qualified nonprofits
    - Under a reverter issuance, title will revert back to federal ownership if land is not used for the purposes that it was acquired
    - Title may be transferred only with the consent of the BLM

3) **Memorandum of Agreement:**
    - Contract with the Bureau of Reclamation (BOR) for administration, operation, and maintenance of reservoir recreational areas
    - Contracts with 3rd parties allocating state responsibilities for periods greater than one year require prior federal approval

Besides these federal restrictions, there are a number of other encumbrances or interested land owners (local governments, state division of natural resources, water conservancy districts, etc.) that must also be considered when planning park privatization. Overall, no encumbrances or restrictions appear to strictly prohibit the transfer of park management to private business partners; however, careful navigation of state obligations to other interested parties is essential to the successful implementation of privatization.

This Page Left Blank Intentionally

Agency Response

This Page Left Blank Intentionally

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of State Parks and Recreation

MARY L. TULLIUS
Division Director

January 13, 2011

Mr. John M. Schaff, CIA
Auditor General
W315 Utah State Capitol Complex
PO Box 145315
Salt Lake City, UT 84114-5315

Dear Mr. Schaff:

This letter contains our response to the Performance Audit of the Division of State Parks and Recreation (Report No. 2011-03).

I would like to thank your staff for the professional manner in which they conducted this comprehensive review of the state parks and programs. The auditors have visited with staff at most of the state parks, region offices, and within the Salt Lake office. They were willing to learn about the state park system and the unique role and responsibilities within the Division.

The report generated several recommendations where the Division can improve and we appreciate this assistance. Many of these ideas are in the process of being implemented. We have been committed to change and the audit has given us additional opportunity to further our efforts.

I will address the recommendations made in Chapters II - V of the audit report.

Chapter II

1. The Utah state park system was created to provide recreation and educational opportunities for citizens of Utah and to stimulate local economies. This was done using a public service funding model that relied on general funds to provide support for these affordable public services. The Division recognizes the model is changing.

A reduction in General Fund appropriation of $1.5 million per year for 2012 through 2014 to $4 million would come with significant impacts. Any reduction in general funds at this point, as noted by the auditors, will result in seasonal and full closures of parks, reduced services and access to state lands, diminished public safety, and limited resource protection. The Division recognizes efficiencies can certainly be made and business planning elements implemented to enable a reduction. There must be strategic planning to make this significant reduction in a way that accounts for the varied park visitor profiles, resources, facilities, and community involvement.

1594 West North Temple, Suite 116, PO Box 146001, Salt Lake City, UT 84114-6001
telephone (801) 538-7220 • facsimile (801) 538-7378 • TTY (801) 538-7458 • *www.stateparks.utah.gov*

If it is the legislature's desire to decrease general funds, the Division's recommendation is to reduce the general fund appropriation to no less than $6 million and spread the amount over fiscal years 2012 through 2015. This approach can be accomplished with fewer park closures, more efficient staffing, better business planning, and legislative supported fee increases to boat and OHV registrations. It also allows the agency and Legislators to work together in selecting parks for closure.

2. The Division agrees that revenues and expenditures for each park should be monitored and reported. A detailed and in-depth revenue and expenditure report is published and distributed each month to Department staff as well as the Fiscal Analyst. The Division carefully monitors the contribution margin (the percentage of expenditures covered by fees and merchandise sales) which is a primary performance measure.

The Division further agrees with the audit that the "full cost" of each park should be identified, reported, and monitored. Full costing refers to the application of overhead (primarily administrative and region maintenance costs) to the direct operating costs of each park and to identifying "off-park duty" costs related to OHV or boating activities. Full cost accounting is a good management tool for decision making and is a good business practice.

The Division has developed a full costing model which was used by the auditors as a basis to develop the numbers used in this report. The Division is further refining this model, in conjunction with the Department, to find ways to more accurately identify and record costs by activity (e.g., OHV, boating, recreation, federal, etc.), and apply the appropriate funding to those costs. A "full-cost" report is being developed and will be published to DNR staff as well as the Fiscal Analyst.

3. The Division agrees and will continue rewarding park managers for their financial performance using a system implemented several years ago that provides funding for requested projects based on a number of criteria including: first and foremost the project must be of benefit to the park and visitors, it must have a positive return on the investment, be part of the park's business plan, be doable within the time frame available, and the park must have exceeded the revenue target and stayed within budget that fiscal year. The Division will also continue using the staff-driven employee incentive award process where employees nominate each other to receive financial awards in several categories that recognize them for superior work. As the creation and implementation of business plans improve and expand, they will play a larger role in recognizing employees for improving their financial performance. The Division believes that all employees, not just park managers, can be rewarded for making their parks more profitable and will work to find ways to reward all employees who contribute in this effort.

4. The Division agrees. The Division's business plans focus on increasing visitation and revenues, reducing costs, and meeting the park's mission. Business planning started in 2006 at Starvation State Park when the Division joined with the Bureau of Reclamation to develop a template for all federal BOR areas. Being the first of its kind, this joint effort took 18 months to complete and the Division was recognized for its participation by President Bush's administration.

Efforts to get business plans developed for the highest revenue parks began in 2008 but were slowed by staff shortages due to budget reductions. In late 2009, business planning became a major initiative and several plans were completed in 2010. The majority of the remaining plans are in process, and all parks will have a business plan in place by July 1, 2011. The Division will pay close attention to those parks that have the capacity to significantly impact revenue and expenditures.

5. The Division agrees and believes that a careful analysis is important when evaluating capital projects. The Division does use financial and analytical methods such as Internal Rates of Return and Net Present Value to evaluate projects but believes it can improve the forecasting methods. New capital budgeting guidelines and processes are currently being developed in order to further improve and refine capital development decision making methods.

Chapter III

1. The Division agrees efficiencies can be made. The Division's current staffing model already depends heavily on seasonal employees to augment the full-time staff during the busy visitor season. In fact, as pointed out in the audit report, the Division's staffing more than doubles during the visitor season. Those full time, year-round employees that remain following the summer season have significant responsibilities in the repair and maintenance of facilities, hosting visitors who enjoy coming to the parks when they are less crowded, and providing snowmobile trail grooming and patrols. Whenever a vacancy occurs in full time staff, whether in the field operations or in an administrative office, the Division critically evaluates that position to see whether or not the position is critical and whether or not the position could be filled by a seasonal employee. The Division will continue to evaluate park operations in order to reduce full-time employees and replace them with seasonal (part-time) employees in work units. In some of the rural park areas, however, quality seasonal employees that are able to provide the level of service our citizens have come to expect at their State parks are difficult to find and retain.

2. The Division agrees. While a 19% overhead cost, as reported by the auditors, is a reasonable cost by for-profit standards, the agency is taking steps to reduce costs in the Salt Lake office and has already reduced costs at the region level by eliminating a region office. In FY2010, 13 positions were eliminated in the Salt Lake office. By closing one region office, three positions were eliminated. Every position is analyzed and reconfigured, if necessary, before being filled and that practice will continue. Duties are being shifted among employees and most staff in these support positions have seen their responsibilities increased.

Position titles don't fully reflect the breadth of duties performed, especially in the Salt Lake and region offices. Program coordinators and assistant region managers serve beyond their subject matter specialties to serve agency wide needs such as, coordinating the writing and review of guidelines and rules, involvement in legislative affairs, and fund raising. What might appear as a duplication of efforts when reviewing job titles, isn't as apparent when reviewing lists of tasks.

As the Division continues examining and reorganizing staffing in the Salt Lake office, regions and the law enforcement program, overlap of duties will receive on-going attention.

3. The Division agrees and has been actively looking at these options for providing appropriate public safety services for several years. The Division will continue actively evaluating these varied proposals for feasibility as conditions surrounding each individual component change to allow for such a move. The Division will evaluate every law enforcement position to identify those positions where a non-law enforcement individual would be more appropriate. The Division will maximize efficiency by working with the Division of Wildlife Resources to assist one another in fulfilling statutory responsibilities.

4. The Division agrees with this approach to management and has been complexing park units under consolidated management for the past 20 years. Currently, this practice is employed at the Sand Hollow/Quail Creek Complex, the Huntington/Millsite/Scofield Complex, the Fremont/Otter Creek/Piute Complex, and the Steinaker/Red Fleet Complex. In other areas, park staff at a developed state park will provide management oversight to an undeveloped area. Such is the case with Territorial Statehouse State Park managing the historic Fort Deseret site, Frontier Homestead State Park managing the Old Iron Town site and Great Salt Lake State Park managing the Danger Cave site. In most instances, the Division has found that complexing parks has been a wise management strategy. However, some instances have not worked out as well, and separate management has been the more effective protocol. Geographical separation, park purpose, and the individual complexities of the associated park units are all factors that will ultimately determine the success of the complex. The Division, however, believes that complexing parks where appropriate is a valuable management tool and will continue looking for opportunities to complex parks. It should be noted, however, that it becomes increasingly difficult to fully account for costs at individual park units as management, staff, equipment, and supplies are shared among the complexed parks.

Chapter IV

1. The Division initiated a one day per week closure for Heritage Parks in fiscal year 2010. This one day closure is projected to save approximately $67,000 by reducing the need for additional seasonal staff. Because our museums, historic sites, and cultural sites generally do not have campgrounds associated with them (Fremont Indian State Park being the exception), this closure has been effective. At recreation and scenic parks, where camping is among the provided opportunities, a one day closure may not be feasible; especially during the summer season. However, utilizing the same evaluation tool the Division can build on that and identify appropriate closure days for other park units.

2. The Division will begin an analysis of parks to identify those where a seasonal closure is appropriate. Visitation, cost of winter operations, additional off-peak duties (including winter snowmobile operations and facility maintenance), resource and facility protection, and other operational factors will be considered in the analysis.

Chapter V

The Division is confident that it can meet the recommendations to increase public-private partnerships at the parks and can, as a result, help the parks operate more efficiently. Strategies have been developed to do this while maintaining the level of service that visitors have come to expect. Staff recognizes that private businesses have the capacity to effectively offer valuable services and opportunities in a manner that is beneficial to the state and currently operate with 39 private business contracts.

The audit defines privatization as the contracting of the operational aspects (except for public safety responsibilities) of state park(s) to private business partners/concessionaires. Under this definition, the state maintains ownership of lands and associated resources, and would likely be responsible for all facilities and infrastructure maintenance, development, and improvement (see p. 43). To a large degree, the current Division practices are in harmony with this definition through public-private partnerships. For instance, at Wasatch Mountain State Park there are six private concessionaires operating at the park, one of whom (Soldier Hollow Legacy Foundation) is operating at Wasatch in virtual lock step with the audit's definition.

This past year, Yuba State Park contracted with a private partner to provide boat and personal watercraft services to park visitors. Several other parks are engaged in successful partnerships with private entities. These examples showcase the "comparative advantages" of a strong public-private relationship; the private entities use their skills and expertise to provide commercial-oriented opportunities and services, while Division staff ensure there is a safe, well-maintained experience for visitors.

This model is the same as the U.S. Forest Service model. The Forest Service does not privatize the forest, they contract with a concession operator to provide camping. In much the same fashion, the Division does not privatize our natural resources, but manages concession contracts for park functions and could examine opportunities to create concession contracts for operations at some campgrounds. That could, however, come with some loss in revenue so a detailed cost/benefit analysis would need to be examined.

The Division believes this model works and can be expanded. Enhancing private opportunities at Utah State Parks has become a top priority. This past year, the Division launched an in-depth effort to expand public-private partnerships through enhanced concession operations at Utah's state parks. Five primary objectives were identified to operate more efficiently through expanded private opportunities within the parks. These are listed as follows:

1.) Help parks become more financially self-sufficient;
2.) Establish standards and procedures to help park staff develop mutually beneficial relationships and to enhance concession services with private partners;
3.) Ensure that all park managers understand that private partners provide valuable, specialized services that are demanded by the recreating public; and
4.) Help stimulate the local economy through enhanced private partnerships at its parks.
5.) Provide additional opportunities to attract more visitors, more often.

Through 2010, staff identified improvements that needed to be made to ensure that its relationships with its private partners result in mutually beneficial outcomes. Policies and procedures were developed to meet the five goals and a formal training program was designed to ensure that all park managers clearly understand the Division's policies and priorities in expanding private partnerships, and enhancing relationships with its existing partners.

The Division believes that this approach is a reasonable solution for the recommendations listed within Chapter V. The audit clearly points out several pitfalls with wholesale privatization of Utah's State Parks. As noted above, the audit recommends that functions such as public safety and facilities maintenance, improvement, and development functions probably should remain with the state to help ensure that private partnerships are viable.

The Division is confident that it can expand public-private opportunities in the parks in accordance with this definition. This is being accomplished by the development of a new public-private framework with new policies, practices, and training which will: 1.) help the parks reduce reliance on general funds; 2.) enhance public-private opportunities at the parks; and 3.) ensure that the recreating public enjoys a safe and satisfying recreational experience.

Conclusion

In FY2010 during an economic recession, the Division increased revenue $449,907, (3.4%) while reducing expenses by $727,582, (2.3%) and served over 4.6 million visitors. In 2009, Utah State Parks was named as one of the top three state park systems in the country by the National Recreation and Parks Association. This Gold Medal Award for Excellence in Park and Recreation Management recognized the agency for its excellence in long-range planning, fiscal management, and citizen support systems.

The Division believes it can implement most of the suggestions in the audit to some degree throughout the system over the next several years in order to decrease general fund appropriations. The audit recognizes the impacts in doing so, including the full and seasonal closures of parks, reduced services and access to state lands, diminished public safety, and limited resource protection. Further impacts may also include reduced economic benefit to local communities, diminished state revenues, reduced restricted funds, higher local unemployment rates, and fewer tourism opportunities.

The Division appreciates the opportunity to respond to the audit and will continue to implement strategies in the recommended areas.

Sincerely,

Mary L. Tullius

Mary L. Tullius
Director

cc: Mike Styler, DNR Director