

Division of Parks and Recreation Proposed Budget Cuts/Alternative Revenue Sources

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Alternative Operations/Park Closures Proposal

Background:

Legislative intent language in H.B. 3 required the Division of Parks and Recreation to seek budget savings equivalent to a \$500,000 reduction in general fund support through park closures, and to report to the Executive Appropriations Committee with recommended closures by December 1, 2002. This report was made on April 23, 2002.

Due to the expediency of making budget cuts prior to the beginning of the affected fiscal year, the Division and Board of Parks and Recreation held five public hearings in the communities wherein suggested park closures were anticipated in order to receive vital public input. Subsequently, the Board of Parks and Recreation, in compliance with H.B. 3 and under the authority vested in it under 63-11-17(1)(b) U.C.A., approved the following recommendations:

1. Seek alternative management for Jordan River State Park. If alternatives cannot be found within 60 days, the park, excluding the OHV area, will be closed.
2. Seek alternative management for Ft. Buenaventura from any interested entity. If no alternative is found within 60 days, the park will close.
3. Transfer Minersville State Park to Beaver County for future operation. Beaver County submitted a letter of agreement to take over the facility.
4. Motions to not seek alternative management or to close Millsite, Paiute, and Otter Creek State Parks were approved. This was due to no credible alternatives and the severity of local economic impacts.

The Executive Appropriations Committee rejected the recommendations and requested the Division return in May and present other alternatives.

Current Situation:

Several revenue enhancements have been researched and evaluated by the Division in the interim, most of which would not significantly affect the FY 2003 budget due to a need for legislation and time constraints in making fee adjustments and collecting revenue. These solutions would greatly benefit future Division budgets but have little or no effect for FY 2003.

Conclusions and Optional Courses of Action:

1. Accept the plan for alternative management or closure of Jordan River, Ft. Buenaventura and Minersville State Parks as recommended by the Board of Parks and Recreation, resulting in a savings of **\$403,300** for FY 2003. Other cuts would include the elimination of the boating ranger position at Pineview, **\$53,300**, and administrative reductions in the amount of **\$43,400**. This option has an immediate effect of reducing costs for FY 2003 without legislation.

Fee Increases

Background:

Utah State Parks started with a group of heritage parks created by 63-11-1 U.C.A., and 63-11-3 U.C.A. This included The Old state prison site in Sugarhouse, This is the Place Monument site, Camp Floyd and the Territorial Statehouse in Fillmore. These beginnings were subsidized by the state because of the inability of museums to generate sufficient revenue for their operation. As time passed, one museum was closed while six more were added. In addition, twenty-eight recreational and seven scenic parks were added to the system.

It was found through the years that recreational and scenic parks could, in some instances, collect sufficient fees to cover a substantial portion of the parks' operating budget. Since 1989 the amount of park operational costs funded through non-General Fund sources has increased from fifteen percent to fifty-two percent.

In accordance with directions received by the Legislature, the Division of Parks and Recreation has increased the amount of fees charged to visitors incrementally every other year. **Increases that took effect on January 1, 2002 are already 13 percent greater than the fees charged when fiscal year 2002 began on July 1, 2001.**

The Division staff recommends fee increases to the Parks Board. After public input the Board approves a new fee schedule. The changes take effect on the first day of January in the new year and avoids the problem of fee changes taking place in mid season.

A comparison of state park fees charged in other western states reveals that the Utah Division of Parks and Recreation fee structure is currently higher than other surrounding states.

Current Situation:

The Legislature reduced the General Fund budget for the Division by **\$500,000** with the intent to reduce costs of operation through park closures equal to that amount. The Division has subsequently been instructed by the Executive Appropriations Committee to identify fee increases that could replace the funding withheld by the Legislature in lieu of park closures.

Conclusion and Optional Courses of Action:

While a fee increase has been recommended to cover the \$500,000 withheld from the division budget for FY 2003 a substantial increase has already been put into place. The entire state is currently in a slump so far as revenue collection is concerned. That slump also affects the Division of Parks and Recreation. We have no idea how people will react to the recession.

Another factor in our revenue collections has to do with the current drought. Water levels at the state parks boating sites are low. This means that the number of boating opportunities decreases. We cannot collect revenue from boaters that are not using our facilities. This can affect our day use fee collections substantially. If that is the case, then the revenue estimates for day use could be much smaller than already indicated.

The following options assume reduced operating conditions. Decreasing levels of water at the reservoirs will greatly restrict the level of use by boaters. It is assumed that for FY 2003 Willard Bay and Jordanelle will operate close to normal levels of visitation but Deer Creek, Rockport, and East Canyon may be only 70 to 80 percent of last year's visitation. The marina at Utah Lake may be inaccessible by July 31, 2002. For this reason, fee increases may have only a negligible impact on revenue.

1. Increase day use fees at the Wasatch Front/Back boating parks, i.e., Utah Lake, Deer Creek, Jordanelle, Rockport, East Canyon, and Willard Bay. These parks accounted for 22 percent of all park visits in 2001. Survey research indicates that given user incomes, group sizes, use preferences and available opportunities, the Division could increase revenues by raising day use fees at boating parks on or near the Wasatch Front. Small increases in such fees would probably have negligible impact on visitor demand and would even be equitable given the level of use and services provided relative to other state parks. A **\$1.00** increase would generate about **\$126,700** in FY 2003, considering the reduced visitation due to lake levels. This is an increase of **32 percent** over the fee charged at the beginning of the current fiscal year.
- *2. Increase day use fees at the same parks identified in #1. A **\$2.00** increase would generate about **\$173,810** in FY 2003, considering the reduced visitation due to lake levels. This is an increase of **49 percent** over the fee charged at the beginning of the current fiscal year.
3. Increase camping fees statewide **\$1.00** per night. This would generate about \$100,000 in additional revenues and represents an increase in fees since July 1, 2001 of **20 percent**. However, since approximately 40 percent of camping reservations have already been made in advance for FY 2003, the net revenue is reduced to **\$60,000**.
- *4. Increase camping fees statewide **\$2.00** per night. This would generate about \$175,000 in additional revenue and represents an increase since July 1, 2001 of **28 percent**. As in option #3, 40 percent of camping reservations have already been made in advance and net revenue is reduced to **\$105,000**.
- *5. Increase golf fees at Wasatch Mountain state park. It is estimated that raising the fee for a 9-hole round of golf by **\$0.50** would generate an additional **\$50,000**. In Utah there is a strong correlation between demand for golf and the price paid in green fees for public courses. As the price increases a large number of golfers will look for other options, thus making fee increases subject to large drops in the

demand by the golfing public. The course is currently heavily bonded for earlier improvements and pays substantial debt service payments.

Note: * indicates Division preferred options. This is a combination of options 2, 4, and 5. These combined revenue increases equal approximately **\$328,810** for FY 2003.

Senior Citizen Fee Waiver (Special Fun Tag)

Background:

Since the beginning of the state park system in Utah there have been numerous attempts by various interest groups for special fee waiver privileges. In 1973 the Board of State Parks and Recreation approved a discount of 50 percent for citizens 62 years of age or older on park admission fees. In 1975 the State Legislature made a law granting free admission for these citizens [63-11-17(9) U.C.A.]. That law is still in effect today and the Division granted a free pass called the **Special Fun Tag**.

Since that time, the Division of Parks and Recreation, because of its ability to generate revenue, has been tasked by the Legislature to increase fees and revenues and make its parks more profitable or close them. In 1999, H.B. 1 included the following intent language:

"It is the intent of the Legislature that the Director of the Division of Parks and Recreation report to the Natural Resources, Agriculture and Environment Interim Committee on the planning process for closure of existing parks or incorporation of new parks into the state system."

Similar language was inserted in S.B. 1 in 2000 and H.B. 1 in 2001. At the same time that the Division is trying to cut costs and maximize revenues under legislative intent, many special interests, such as veterans organizations and people with disabilities have sought similar fee waivers either through the Board of Parks and Recreation or the Legislature.

Current Situation:

A survey was conducted of Special Fun Tag holders in September 2001. A sample of the 33,537 Special Fun Tag holders was contacted and 70 percent of the surveys were returned for a 95 percent confidence level.

Based on data received, the Division had an estimated loss of **\$526,300** in uncollected revenue from Special Fun Tag users in FY 2001. In order to recover this revenue loss, the Division has been forced to raise fees to the park visitors who don't qualify for this special waiver. Each year a larger share of the population will qualify for this benefit, as Utah's age 60+ population is projected to grow at rates double those of the overall population, and in five years the baby-boomers will qualify for the Special Fun Tag.

A comparison with other western states (Idaho, Colorado, Oregon and Nevada) indicates that Utah is more liberal with fee waivers. For example, Idaho provides a discount on camping based on limited income, and veterans with 100 percent disability are allowed free camping and free entrance to parks. In Colorado, seniors may purchase an annual pass for \$10 per year that is good for entrance to parks. Camping discounts are

also provided for about half price on week-nights. Oregon does not offer discounts.

Conclusion and Optional Courses of Action:

Note: Courses of action that require legislation will have little or no affect in FY 2003 for budget purposes but would significantly affect future budgets.

1. Amend 63-11-17(9) to eliminate the fee waiver for people 62 or older. This will create substantial political turmoil because of the number of people it will affect now (approximately 40,000 statewide) and future recipients. However, the increase in revenue generation, where everyone pays, will benefit the Division. Estimated revenue for 2003 is **\$60,800** (partial year) and 2004 is **\$172,600**.
2. Amend 63-11-17(9) to reduce the benefit to a 50 percent discount on Monday through Thursday only, excluding state holidays. This will provide a benefit and provide an incentive for retired people to use the parks at non-peak times. Camping could also be included in the benefit under the same terms of use. This would provide better use of our campgrounds at non-peak times and provide some revenue to the Division. In this case, everyone pays something for the services received. The inclusion of the camping fee reduction is greater than the \$2.00 discount now given and will help reduce resistance to the amendment. Estimated revenue for 2003 is **\$121,400** (partial year) and 2004 is **\$345,300**.
- * 3. Amend 63-11-17(9) to eliminate the fee waiver and instruct the Board of Parks and Recreation to permit annual passes to senior citizens at half price or pay an administrative fee of \$10 - \$25, similar to Colorado, through the administrative rule fee process. Estimated revenue for 2003 is **\$125,000** (partial year) and 2004 is **\$500,000**.
4. Make no changes and continue to subsidize lost revenue through higher fees charged to non-qualifying park users.

Note: * identifies the Division preferred option.

Summary and Division Priorities

1. **Alternative Operations/Park Closure Proposal** – This action provides for immediate budget adjustment effective July 1 at the beginning of the fiscal year. Since this is an actual reduction in operating expenses it is more consistent with the reduction in General Funds, and is more accurate than estimating potential revenue increases.
2. **Fee Increases** – The \$2.00 increase in entrance fees at the six Wasatch Front/Back boating parks, the \$2.00 per night camping fee adjustments statewide, and the \$.50 per nine holes of play at Wasatch Mountain golf course will give some increased revenue for 2003. The actual impact from these fee increases in the short run, however, is difficult to forecast.
3. **Senior Citizen Fee Waiver (Special Fun Tag)** – This option requires legislation and has no impact on FY 2003, unless it could be made effective immediately upon passage and signature by the Governor. However, this is a significant step forward to future financial support for state parks without impact to the General Fund.

EXHIBIT 1

Proposed Amendment to 63-11-17

11-17. Powers and duties of Board and Division of Parks and Recreation.

- (1) (a) The board may make rules:
 - (i) governing the use of the state park system;
 - (ii) to protect state parks and their natural and cultural resources from misuse or damage, including watersheds, plants, wildlife, and park amenities; and
 - (iii) to provide for public safety and preserve the peace within state parks.
- (b) To accomplish the purposes stated in Subsection (1)(a), the board may enact rules that:
 - (i) close or partially close state parks; or
 - (ii) establish use or access restrictions within state parks.
- (c) Rules made under Subsection (1) may not have the effect of preventing the transfer of livestock along a livestock highway established in accordance with Section 72-3-112.
- (2) The Division of Wildlife Resources shall retain the power and jurisdiction conferred upon it by law within state parks and on property controlled by the Division of Parks and Recreation with reference to fish and game.
- (3) The Division of Parks and Recreation shall permit multiple use of state parks and property controlled by it for purposes such as grazing, fishing and hunting, mining, and the development and utilization of water and other natural resources.
- (4) (a) The division may acquire real and personal property in the name of the state by all legal and proper means, including purchase, gift, devise, eminent domain, lease, exchange, or otherwise, subject to the approval of the executive director and the governor.
- (b) As used in this section, "real property" includes land under water, upland, and all other property commonly or legally defined as real property.
- (c) In acquiring any real or personal property, the credit of the state may not be pledged without the consent of the legislature.
- (5) (a) Before acquiring any real property, the division shall notify the county legislative body of the county where the property is situated of its intention to acquire the property.
- (b) If the county legislative body requests a hearing within ten days of receipt of the notice, the board shall hold a public hearing in the county concerning the matter.
- (6) Acceptance of gifts or devises of land or other property shall be at the discretion of the division, subject to the approval of the executive director of the Department of Natural Resources and the governor.
- (7) Acquisition of property by eminent domain shall be in the manner authorized by Title 78, Chapter 34.
- (8) (a) The Division of Parks and Recreation may make charges for special services and use of facilities, the income from which shall be available for park and recreation purposes.
- (b) The division may conduct and operate those services necessary for the comfort and convenience of the public.
- (c) The board shall adopt appropriate rules governing the collection of charges under this Subsection (8).
- ~~[(9) The director of the division shall establish procedures for the issuance of permits without charge to citizens of the state 62 years or older which shall be nontransferable, and shall entitle the permittee and any person accompanying the permittee in a single, private, noncommercial vehicle to general admission without charge to any state park.]~~
- ~~{(10)}~~ (9)(a) The division may lease or rent concessions of all lawful kinds and nature in state parks and property to persons, partnerships, and corporations for a valuable consideration upon the recommendation of the board.
- (b) The division shall comply with Title 63, Chapter 56, Utah Procurement Code, in selecting concessionaires.
- ~~{(11)}~~ (10) The division shall proceed without delay to negotiate with the federal government concerning the Weber Basin and other recreation and reclamation projects.

EXHIBIT 2

Senior Citizen Fee Waiver (Special Fun Tag): Trends

Projected Increase in Use

Special Fun holders will increase by approximately 60 percent by 2015 if current trends hold. By 2007, it is anticipated that population growth rates for Utahns aged 60 and older will be approximately double the overall rate of growth (see figure 1 below). As a result, an increasing number of seniors will qualify for free State Park access thus exacerbating the current revenue loss situation.

Figure 1: Utah Population Rates (Source: GOPB, 2001)

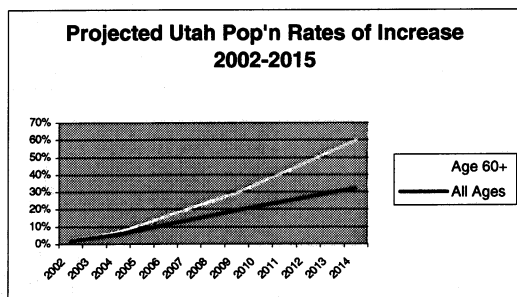
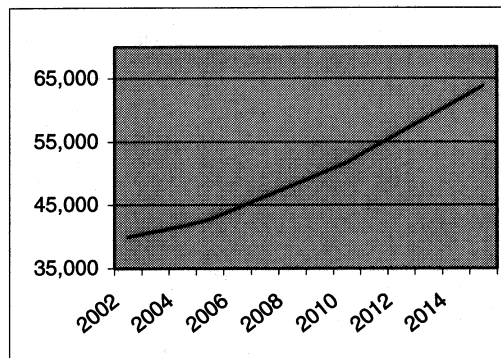


Figure 2: Projected Fun Tag Holders



As of May 2002, 39,915 Special Fun Tag holders were identified in State Parks databases. This represents approximately 15.8 percent of Utah's population age 60 and older. This number will increase to more than 46,000 over the next five years if current trends hold. By 2015, approximately 64,000 individuals – a 60 percent increase above current levels – will obtain Special Fun Tags given current policy (see figure 2).

Institution of an administrative fee may generate significant revenues. Assuming a \$25 annual administrative fee were charged for each Fun Tag, and also assuming that 50 percent of all current users opt out of the current program because of the new fee, State Parks may receive potential revenues as outlined in table 1, below.

Table 1: Projected Fun Tag Revenues from \$25 Administrative Fee

Year	Projected Fun Tags Issued	Projected Revenue @ \$25/tag
2003	20,384	\$125,000*
2004	20,811	\$520,282
2005	21,357	\$533,914
2006	22,255	\$556,374
2007	23,153	\$578,834
2008	24,052	\$601,295
2009	24,950	\$623,755
2010	25,849	\$646,215
2011	27,059	\$676,469
2012	28,269	\$706,722
2013	29,479	\$736,976
2014	30,689	\$767,229
2015	31,899	\$797,483

*Partial Year