

Oregon Parks and Recreation Commission

June 25, 2014

Agenda Item: 9a

Information

Topic: 2013-15 Budget Update

Presented by: Tanya Crane

The June 2014 Lottery forecast was released May 28, 2014. It reflects an increase in Lottery Fund revenue for the Department of \$145,437. Since the close of session, the Lottery Fund revenue forecast has decreased by \$336,167. The Department's budget was built on a Lottery Fund revenue forecast of \$79.1 million and the June 2014 forecast is \$78.7 million. The table below reflects the change in the Lottery revenue forecast for the 2013-15 biennium.

Lottery Forecast History		
2013-15		
Forecast Date	Forecast	Change from Prior Forecast
May 2013	\$79,093,735	
September 2013	\$79,300,124	\$206,389
December 2013	\$79,012,828	(\$287,296)
March 2014	\$78,612,131	(\$400,698)
June 2014	\$78,757,568	\$145,437
Total Cumulative Change		(\$336,167)

The Legislative Emergency Board met May 28-30, 2014. OPRD had three requests before the E-Board:

1. Grant application to the US Fish and Wildlife Service, National Coastal Wetlands Conservation Program for \$970,000. The grant application is due June 28, 2014. This grant is to purchase 357 acres in Tillamook County from a willing seller.
2. Grant application to the US Department of Transportation, Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grants Program for \$9.5M. This was retroactive permission to apply; the grant application was due April 28, 2014. This grant is for a partnership with Oregon Department of Transportation to construct 2.5 miles of the Historic Columbia River Highway State Trail.
3. Grant application to the National Parks Service, Historic Preservation Fund for \$25,000. The grant application is due June 30, 2014. This grant is to document and designate historic places associated with African Americans in Oregon; this will be done in partnership with the Oregon Black Pioneers.

All the grant applications were approved.

Prior Action by Commission: Initial information on the Legislatively Adopted Budget (LAB) was provided at the July 2013 meeting. Details of the 2013-15 LAB were provided at the September 2013 meeting. Updates have been provided at the February and April 2014 meetings.

Action Requested: None.

Attachments: None.

Prepared by: Tanya Crane

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Agenda Item: 9b

Information

Topic: Day Use Program

Presented by: Richard Walkoski

Background

In 2002 OPRD conducted a review of our Day Use Fee program. The goals of adding parks to the program were: to offset future revenue shortfalls; to make day use affordable by spreading the program over more properties thereby keeping the cost low; and to make sure the application of fees to day use parks was equitable in its application to properties offering the same services across the system. A proposal to expand the system was moved forward to the Commission but it was decided that given the fact that lottery funding was in place and increasing above projections the time was not right to expand the Day Use Fee program.

Today OPRD is once again reviewing the program with the same goals in mind. At the April Commission meeting the following timeline was presented:

- Meet with field staff to scope the project **(complete)**
- Provide information briefing to Commission and get input - April 2014 **(complete)**
- Develop criteria - April/May 2014 **(complete)**
- Propose alternatives with revenue estimates for Commission review - June 2014
- Rulemaking - Summer/Fall 2014
- Approve rules - Winter 2014
- Implement changes - 2015

Many of the same criteria used in 2002 are valid today. Field staff reviewed the criteria and made recommendations on refinements, which are listed below. By applying the criteria to day use parks that are not part of the fee program we can estimate the potential revenue that would be generated by a program expansion. It should be noted that using the current collection methods, selling daily passes at the park, visitation needs to be high and there must be staff available to manage the program for it to be profitable. Because of this, in addition to some other limiting factors that are listed below, the number of potential additions to the system is limited to a small percentage of day use properties.

Criteria

Visitation - This is perhaps the easiest factor to measure, but sheer numbers do not necessarily make a good prospect for addition to the fee program. The reason people are coming to the park in addition to knowledge about traffic patterns and traffic that will not pay a fee, such as vehicles with a valid camping receipt, must all be considered.

Facilities - Visitors who pay a fee expect to have services provided. In addition to restrooms, additional recreational facilities such as trails, picnic sites, interpretive facilities and access to scenic/natural areas create a sense of value.

Recreational Uses - A parking lot with a beach access does not necessarily make a good candidate for inclusion in the program. While the beach certainly provides ample recreational opportunities, it's the activities available in the park itself that should be considered. Parks that serve as rest stops are poor candidates while parks with diverse opportunities, generating stays of an hour or more, are the type of sites that make good fee parks.

Cost of Collection - Many factors must be considered in calculating the cost of collection: capital investment, staff time, maintenance of fee machines and vandalism. In general day use parks near crew locations and campgrounds work out better than remote parks. The safety of employees must also be considered, factors like the risk involved in collecting fees at remote locations make a park a weaker candidate.

Legal Restrictions - There are a number of limiting factors that can eliminate a park that would otherwise be a good candidate considering the criteria above. Some park properties have deed restrictions that prohibit charging a fee for recreational activities on the property. Parks that serve as ODOT Safety Rest Areas cannot have a day use fee associated with them by agreement with ODOT. Parks that have a concession contract in place would have to renegotiate the contract if a fee was placed on the park.

Political and Community Concerns - Parks satisfy a wide range of needs across the system. In some cases local communities have connections to the parks that would be disrupted by a fee. In most cases the park manager is aware of these issues, but the public rule making process that is followed to add a park to the fee program can also uncover local concerns.

Revenue Projection Methodology

Once a park is identified as a possible addition to the system the potential revenue can be calculated. This calculation starts with a day use vehicle count, which we record for over 150 day use properties. The count comes from a traffic counter placed somewhere on the entry to the day use area. It is far from a count of the number of people who would pay the fee, so a model has been developed to estimate revenue based on the counter data.

A reduction factor must first be applied to the count. This adjusts for vehicles that make multiple trips over the counter and those that would not pay the fee because they are either exempt (park vehicles, volunteers, concessionaires, emergency vehicles) or they have already paid in some way (purchased a daily pass, have an annual pass, have a valid camping receipt). The reduction factor we developed 2002 estimated that only 30% of the vehicle count would pay fees. Since we have been collecting fees at 26 parks we reviewed that percentage based on actual data and found it is closer to 23%, so that is the number we applied in the revenue model.

After the reduction factor is applied we adjust for compliance. Not everyone that is required to pay a fee actually pays. We have a high compliance rate across the system (92% the last time we surveyed it), but in order to make sure we do not overstate revenue potential we used a factor of 80% compliance for the model. Using a conservative figure for compliance also helps account

for the reduction in visitation that occurs when a fee is instituted at a park. Once the reductions are applied to the traffic count gross revenue can then be estimated.

Cost of collection is then calculated. In 2002 we identified staffing costs which take into account both the time needed to collect and process fees as well as maintain the fee machines and enforce the program. We are using those cost estimates in the model although they have been adjusted for inflation. Other costs that reduce net revenue are the capital costs for equipment and any installation costs. Capital costs are amortized over the life of the fee machine and come in at approximately \$1k per year.

Projected Revenue

As we prepare the 2015-17 budget, additional day use revenue could be used to offset losses of funding. We reviewed parks that currently serve about 2 million day-use vehicles a year. We then reduced this total by passing it through several filters; some sites don't lend themselves to day use parking fees for practical or equity reasons. That left us with a rough number of vehicles to run through a revenue model—not all vehicles need to buy a day-use parking permit, not everyone complies with the requirement—and the potential net revenue was calculated. Some parks have the potential to generate several hundred thousand dollars while others actually lose money once the cost of collection is factored in.

In order to come up with a figure to use for budget purposes we established a breakpoint for net revenue. Considering the negative public impact of applying day use fees to a park and the realignment of staff necessary to administer the program we drew the line at net revenue equaling 50% or more of gross revenue. We also looked at drawing the line at 75% and in reality the additional parks that would eliminate made a relatively small difference in overall revenue. Once all the calculations were done we estimate the revenue generated by expanding the Day Use Fee program will range from \$1M to \$1.5M biennially.

Next Steps

More work will be necessary to refine the list of parks to include in the expansion of the program if we move forward. Since adding parks to the program is done in rule, the Commission will need to authorize rulemaking and we will need to hold public hearings. The next step would be an action item at the September Commission meeting to begin the rule making process. At that point we would present a list of parks that have high potential, although that list could still be adjusted as a result of public comments received in rulemaking.

Prior Action by Commission: N/A

Action Requested: N/A

Attachments: none

Prepared by: Richard Walkoski

Oregon Parks and Recreation Commission

June 25, 2014

Agenda Item: 9c

Action

Topic: 2015-17 Agency Request Budget

Presented by: Tanya Crane

In order to meet budget development deadlines, the 2015-17 Agency Request Budget needs to be approved at this meeting. All position actions must be in the Position Inventory Control System (PICS) by June 30, 2014. All policy packages must be in the Oregon Budget Tracking Information System (ORBITS) by July 31, 2014. The agency's budget narrative must be completed, combined with audited ORBITS and PICS reports, signed by the Commission Chair and submitted to DAS by August 29, 2014.

Information on revenues, expenditures, policy packages and reduction options are being finalized. A final recommendation will be reviewed in work session on Tuesday June 24th with approval during the business meeting on Wednesday June 25th.

Handouts for the work session and meeting will include the following information:

- A. Revenues
 - a. Lottery Fund
 - b. Other Fund
 - c. Federal Fund
- B. Expenditures
 - a. Base Budget
 - b. Personal Services
 - c. Phase In and Out
 - d. Standard Inflation, Exceptions
 - e. Current Service Level
 - f. Reductions to available funding
 - g. Policy Packages
- C. Ending Balance
 - a. Appropriate Reserves (Cash Flow, Salary/Benefits)
 - b. Unobligated Balances
- D. Next Steps
 - a. Input to Budget System
 - b. Reduction Options (10% by fund type required by law)

Prior Action by Commission: A budget workshop on the process was provided at the February 2014 meeting. A budget development preview and update was provided at the April 2014 meeting. Key Performance Measure changes were approved at the April 2014 meeting.

Action Requested: Approve the 2015-17 Agency Request Budget.

Attachments: None.

Prepared by: Tanya Crane