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Department of Parks and Recreation: LAO Alternative to Governor's Budget-Balancing Proposal

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 3 on Resources

Hon. Ira Ruskin, Chair





State Parks Budget



Governor's Budget-Balancing Proposal

- **\$13.3 Million General Fund Reduction.** The Governor's budget proposes to reduce the department's General Fund budget by \$13.3 million—\$8.9 million from park operations and \$4.4 million from administration.
- **Closing 48 State Parks and Beaches.** Under the proposal, the department would "close" 48 parks across the state and reduce or eliminate seasonal lifeguards at beaches in Southern California. The department has no plans to dispose of closed parks.
- **\$3.7 Million in Lost Fee Revenues.** Because parks would close under the proposal, the department would lose the fee revenues generated at those parks.



Maintenance Issues at State Parks

- **Ongoing Maintenance Deficit of About \$120 Million.** Based on its facility management program, the department estimates that there is a \$120 million annual gap between maintenance requirements and the current maintenance budget of \$67 million.
- **Deferred Maintenance Backlog of \$1.2 Billion.** Because of the gap between maintenance requirements and resources, many projects have been shifted from ongoing maintenance to deferred maintenance, resulting in a growing backlog of deferred maintenance projects—currently estimated at around \$1.2 billion.



State Parks Fees



Current State Park Fee Structure

- **Existing Fee Structure.** The fee structure and amount vary by park unit and time of year.
 - **Type of Fees Vary by Park.** At most parks, fees are imposed as a parking charge on vehicles entering the park. Some parks, such as State Historic Parks, charge an individual entrance fee or a fee for tours. The department also charges fees for the use of overnight campsites.
 - **Fee Levels Also Vary by Park.** The department varies its fees by park location, demand for visitation, the level of service provided, and the time of year. Generally, park superintendents have the flexibility to change fee levels to match demand. In addition, many parks charge no entrance fees.
 - **Average Fee Revenues Are \$2.83 Per Paid Visitor.** Because fee levels vary by time and place, we use the average fees paid per paid visitor as a way to compare fee levels over time. The 2006-07 average fee per paid visitor—\$2.83—is about the same as the fees collected in 1996-97.



LAO Recommendation



LAO Recommendation—Increase Park Fees to Avoid Park Closures

- ***Recommend Increasing Fees to Adjust for Inflation.*** Fees revenues per visitor are currently about the same as they were a decade ago. However, if fees per visitor are adjusted for inflation over this time, the department would collect about \$25 million more per year than it is currently collecting. We recommend increasing the department's expenditure authority from the fee-based State Parks and Recreation Fund by \$25 million, giving the department the administrative discretion to determine the appropriate individual fee changes necessary to raise these additional revenues.
- ***Use \$13.3 Million in Increased Fee Revenues to Offset Park Closures.*** Our recommendation would allow the department to avoid closing any parks or reduce lifeguard staffing levels.
- ***Use Remaining \$11.7 Million in Increased Revenues to Address Ongoing Maintenance.*** We recommend the Legislature direct the department to use the remaining increased fee revenues to *partially* offset the department's ongoing maintenance deficit.



Fee Levels and Attendance



Impacts of Fee Increases on Attendance Levels

- ***Modest Impact of Fee Changes on Paid Attendance Levels.*** Based on the department's data, we find that changes in fee levels have had modest impacts on the level of paid attendance to state parks. We find that the department can increase fees without having a significant, negative impact on attendance levels.
- ***State Parks Provide a Relatively Low Cost Entertainment Option.*** Relative to other entertainment options, attending a state park is an inexpensive option for California residents. For example, while the cost per visitor of attending a state park is about \$2.80, the average cost of a movie ticket in the United States is \$6.55.
- ***Department Should Target Fee Increases to Parks With High Demand.*** In order to minimize the impact on overall attendance levels, the department should target fee increases to parks where demand is particularly strong.
- ***Department Has Existing Programs to Provide Discounts to Certain Low Income Groups.*** The department has programs that provide free or discounted entrance to state parks for school children, senior citizens, disabled veterans, and certain low-income families. These programs should work to limit the impact of fee increases on low-income groups.
- ***Historical Data on Attendance and Fee Levels.*** As shown in the figure on the following page, changes in fee levels do not have a significant impact on paid attendance levels.



Department of Parks and Recreation, Attendance and Fee Revenues

(For All Data, Off-Highway Vehicle Use Is Excluded)

Fiscal Year	Free Attendance	Paid Attendance	Change in Paid Attendance	Fee Revenues	Fee Revenues Per Paid Visitor	Major Operations Budget Changes
1996-97	42,485,138	18,659,194	1%	\$53,200,000	\$2.85	No major fee changes
1997-98	38,695,792	17,366,215	-7	47,000,000	2.71	No major fee changes
1998-99	42,541,223	20,467,127	18	52,398,000	2.56	No major fee changes
1999-00	48,601,750	23,197,479	13	54,068,000	2.33	No major fee changes
2000-01	50,837,162	25,654,109	11	43,069,000	1.68	\$26M fee reduction, backfilled with GF, plus \$13M GF augmentation
2001-02	57,968,377	25,294,216	-1	29,576,000	1.17	No major fee changes
2002-03	56,921,652	25,499,374	1	36,901,000	1.45	\$4.5M fee increase to offset GF cut, \$3M GF augmentation
2003-04	53,521,772	25,204,241	-1	50,255,000	1.99	\$20M fee increase, to offset \$35M GF cut
2004-05	50,071,570	23,901,320	-5	69,349,000	2.90	\$15M fee increase to offset GF cut
2005-06	48,496,980	24,047,034	1	67,429,000	2.80	\$6M fee increase for WQ projects
2006-07	49,187,587	25,482,360	6	72,042,975	2.83	No major fee changes, \$15M GF augmentation for maintenance

GF = General Fund
WQ = Water quality