

California State Parks Baseline Financial Assessment

November 30, 2013





Limitations and Scope

Limitations of Report

The information contained herein has been prepared based upon financial and other data provided to FTI Consulting, Inc. (“FTI”) from the management and staff of the Department of Parks and Recreation of the State of California (“DPR”), its contract staff and advisors, or from public sources. There is no assurance by anyone that this information is accurate or complete.

FTI has not subjected the information contained herein to an audit in accordance with generally accepted auditing or attestation standards or the Statement on Standards for Prospective Financial Information issued by the AICPA. Further, the work involved did not include a detailed review of any transactions, and cannot be expected to identify errors, irregularities or illegal acts, including fraud or defalcations that may exist. Accordingly, FTI cannot express an opinion or any other form of assurance on, and assumes no responsibility for, the accuracy or correctness of the historical information or the completeness and achievability of the projected financial data, information and assessments upon which the enclosed report (the “Report”) is presented.

Use and Purpose of Advice and Reports

Any advice given or report issued by FTI is provided solely in connection with the scope of services described in the engagement letter (the “Engagement Letter”), dated August 28, 2013 between FTI and the Resources Legacy Fund (“RLF”). In no event shall FTI assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

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Executive Summary

Executive Summary

Overall Observations and Recommendations

Introduction

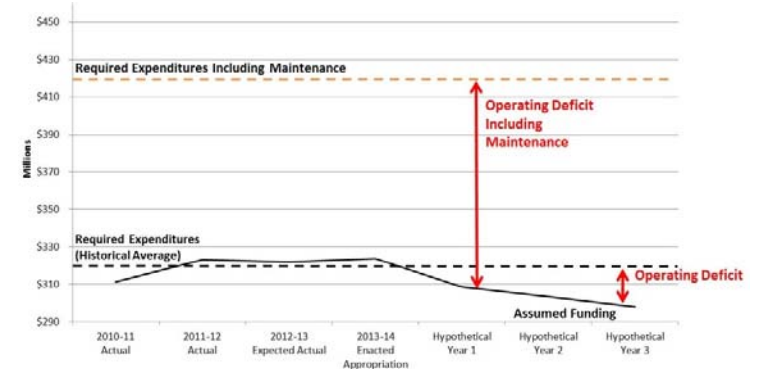
- California State Parks is indeed at a crossroads. As the custodian of one of the country's largest and most diverse state park systems, the DPR is presented with considerable opportunity as it faces critical financial challenges. The challenges are significant: funding from voter-authorized bond measures is ending, sustained support from the state's General Fund remains uncertain, amounts needed for deferred maintenance are staggering, and the DPR struggles with antiquated information and financial reporting systems all while it continues to work to restore public confidence and credibility.

Based on our analysis, and under the direction of its new leadership, we see substantial opportunities for enhancing financial sustainability by continuing to increase revenue, better managing (and possibly reducing) costs and partnering on a broader basis with stakeholders and supportive outside private and public organizations.

- To provide a framework for understanding the financial challenges facing the DPR, and potential solutions, we offer the chart shown to the right.
- Primary support for the DPR comes from the State Parks and Recreation Fund, or "SPRF", and the General Fund, which in total has averaged \$239 million over the last four years. Other funds from voter-approved bond measures, special state funds and federal funds provide monies for specific projects in the state park system, and have averaged \$76 million over the same time period.¹ Importantly, most of the current bond funding (excluding infrastructure), which has averaged approximately \$28 million per year over the past four years, will be depleted within the decade, and these funds will no longer be available to support the DPR.

Introduction

- The depletion of bond funds alone potentially creates a major funding gap for operations in the next decade. As an illustrative example, if one assumes the following conditions, the near-term funding gap is estimated at approximately \$22 million.
 - The General Fund, SPRF, and other continuing funding sources remain at their enacted appropriation amounts for FY 2013/14.
 - Bond funding declines to 25% of current levels (by Hypothetical Year 3).
 - Expenditures remain constant at recent average levels of \$320 million.¹
- Layer on top of this needed monies for annual and deferred maintenance, amounts which the DPR has estimated at \$350 million per year and \$1.1 billion, respectively, and the funding gap skyrockets. If one assumes even \$40 million more for annual maintenance (in addition to current annual budgeted amounts of \$10 million) and half of the estimated amount for deferred maintenance amortized over ten years, the annual funding gap, at well over \$100 million, is truly alarming. This illustrative doesn't even take into account monies needed for capital projects.



[1] Excludes Off-Highway Vehicle ("OHV") Trust Fund and Harbors and Watercraft Revolving Fund.

Executive Summary

Overall Observations and Recommendations

Introduction

- FTI was engaged by the Parks Forward Commission to provide a baseline financial assessment to assist the DPR in addressing these financial challenges. Our views are based on our work over the last 12 weeks, most of it conducted on-site working directly with DPR personnel from many different divisions. Our areas of analysis, described in subsequent sections of our Report include:
 - Funding sources;
 - Expenditures (uses);
 - Park revenue and operating performance;
 - Infrastructure and maintenance spending;
 - Partnerships; and
 - Asset prioritization
- Based on our analysis, we believe that successfully meeting the financial challenges faced by California State Parks requires three key strategic areas of focus.
 - 1) Continue to grow revenue (and accelerate its growth).
 - 2) Understand and proactively manage costs, particularly park unit operating costs, and obtain an accurate assessment of and prioritize funding needs for deferred and annual maintenance and capital projects.
 - 3) Expand the use of partners who can work with DPR to help absorb costs/grow revenue at specific park units, and identify additional/replacement funding sources, including new bond funding and other sources of state and other public funding.
- The remainder of this Executive Summary describes our recommendations with respect to the three key strategic areas of focus and summarizes our analysis and understanding of the DPR.

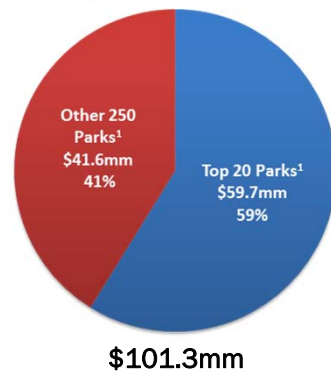
Executive Summary

Overall Observations and Recommendations

Strategic Areas of Focus

- **Strategic Focus Area 1: Continue to Grow DPR Revenue**
 - The DPR has an opportunity to continue to grow its revenue, potentially at higher rates than it has achieved in the past. Important steps in this process are to create an electronic database of the portfolio, mine the significant data that exist to identify and understand attributes of parks with high revenue generating potential and develop initiatives to grow revenue at those parks with the greatest potential.
 - A large share of park revenue is generated by a relatively small number of parks. The top 20 parks, primarily state beaches, contribute almost 60% of park revenue and fewer than 15% of parks generate 75% of all park revenue. Initial attention could be focused on growing revenue in these parks.
 - At the other end of the spectrum, about 39% of parks contribute no revenue to the DPR.¹

FY 2012/13 Park Unit Revenue²



Strategic Areas of Focus

- Virtually all park revenue is associated with one or more of four attributes: water features, camping, a location in a major metropolitan area or Hearst Castle.
 - Parks with water features (particularly state beaches) generate 76% of revenue (171 parks).
 - Parks with camping account for 68% of park revenue (111 parks).
 - Parks in major metropolitan areas account for 62% of park revenue (153 parks).
 - Parks with water features and/or with camping and/or located in a major metropolitan area, together with Hearst Castle (which, alone, generates 11% of revenue) account for 99% of all park unit revenue (246 parks).
- Although some parks generate a significant amount of revenue (e.g., Hearst Castle), most are able to cover only a portion of their direct estimated direct park operating expenses and none of their costs for special projects, headquarters or deferred maintenance. State beaches with camping represents the only group of parks which generates revenue that meaningfully exceeds estimated park operating costs.
- Opportunities exist to promote a culture within the DPR more focused on cost recovery. DPR staff has expressed concerns about park-generated revenues reducing future General Fund appropriations. Legislative changes to ensure some threshold level of funding from the General Fund (or other sources) should be considered which would help foster a more entrepreneurial environment by delinking revenue generation from General Fund appropriations levels. Revenue generating measures should be explored while being mindful of possible tradeoffs associated with providing wide-spread access to parks.

[1] This group of parks also includes those subject to third-party operating agreements whereby the operator generates and retains park revenue.

[2] Figures exclude Off-Highway Motor Vehicle Recreation ("OHMVR") parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park. Additionally, park revenue generated and retained by DPR partners is excluded. Park revenue of \$101.3 million is primarily generated by user fees and concessions from park units, 78% of which is comprised of camping and day use fees.

Executive Summary

Overall Observations and Recommendations

Strategic Areas of Focus

■ **Strategic Focus Area 2: Understand and proactively manage costs**

- **Opportunity exists to improve cost tracking and reporting** and to make data accessible to divisions in electronic formats with consistent information. We encountered significant challenges in extracting basic expenditure data in an electronic format, by function and program area, and in reconciling it to the Governor's Budget. (We understand from the DPR that other state organizations face similar challenges.)
- **The DPR should expand its process for tracking park unit expenditures by developing true baseline measures and benchmarking tools. This will enable the DPR to determine actual costs to operate a park and assess what *should* be spent to operate a park, at defined service levels.** These tools also are critical for attracting partners and restoring credibility. Metrics for managing park unit costs could take into consideration factors such as:
 - Purpose (conserve natural resources, provide recreation, preserve cultural assets)
 - Activities which support purpose (maintain biological diversity, hiking, restore historic structure)
 - Location (major population center v. remote area)
 - Size (acres, building s.f.)
- **The DPR should regularly develop reports, with supporting detail, that show which of its costs are discretionary and those over which flexibility is limited and why.** This will necessarily serve as a starting point for any discussion of the practical aspects of cost reduction, particularly in the short-term. From the data we were able to compile, we found that almost 80% of "Homebase" expenditures (i.e., those for day-to-day operations of the DPR), are for wages and salaries, a significant share of which is subject to collective bargaining agreements. "Non-Homebase" expenditures (used for special projects) are from bond and other funds and are largely restricted in their use.

Strategic Areas of Focus

- **The DPR should adopt a zero-based approach to its infrastructure and maintenance databases.** Our testing of the amounts reported for deferred maintenance in the DPR's database (its Maximo system), currently estimated at \$1.1 billion, revealed considerable deficiencies and we encountered significant internal and external debate as to whether the amounts in the system were "understated" or "overstated". We also found data integrity issues with the annual maintenance and capital outlay databases. The DPR should also develop and prioritize a list of key projects based on a systematic application of asset prioritization criteria.
- **Strategic Focus Area 3: Fully embrace partnership opportunities**
 - **FTI recommends further expansion of partnership agreements.** Success stories like Valley of the Moon Natural History Association at Jack London State Historic Park **where revenue tripled and the operating deficit was cut in half** are compelling and merit consideration as models for the future.
 - **Various types of organizations continue to be appropriate as partners,** including nonprofits, public entities (e.g., regional districts, National Park Service) and for-profit entities. Expanded use of agreements with a variety of partners should be explored based on characteristics of particular parks, the strengths and interests of candidate organizations and the needs of the DPR.
 - DPR would benefit from the development of a centralized database of partner contracts and more expertise in managing partnership relationships both at headquarters and locally.

Given the magnitude of the current and emerging funding gap (conservatively well in excess of \$100 million annually, including unfunded maintenance), a variety of solutions is required to address the needs of the DPR that necessarily will need to include some form of public financial support if the DPR is to continue to fulfill its mission.

Executive Summary

Overall Observations and Recommendations

High-Priority Areas

■ Five High-Priority Areas for Immediate Focus of the DPR

- 1) **Complete and refine analysis of park unit costs**, including developing electronic reporting and access to underlying data; formulating appropriate metrics to facilitate benchmarking; and refining ongoing data collection to incorporate these metrics. Such efforts are necessary in order to understand actual costs of operating each park and then to assess what should be spent to operate each at defined levels of service.
- 2) **Zero-base budget the infrastructure and maintenance databases** and create a revised process for entering and maintaining projects and estimated costs; external subject matter experts should be part of the process for developing new cost estimates.
- 3) **Develop an electronic database of park unit attributes** with linkages to other financial and departmental reporting systems which will facilitate data mining for purposes of formulating revenue enhancement strategies.
- 4) **Develop and maintain a repository of agreements with outside parties and proactively identify candidate organizations for potential partnering arrangements.** The DPR also should establish coordinated management of such agreements.
- 5) **Address data integrity and continuity issues across divisions** with more robust accounting and financial reporting including developing better reporting of and monthly reconciliation of cash, reconciling with the Governor's Budget, pushing down accruals to appropriate reporting units (such as park units), improving availability and accessibility of electronic reports and historical data and other measures identified in the following pages. Improvements in data integrity are critical to implementing all the points discussed above and to restoring the credibility of and confidence in the DPR.

Executive Summary

Summary of Analysis and Understanding of DPR

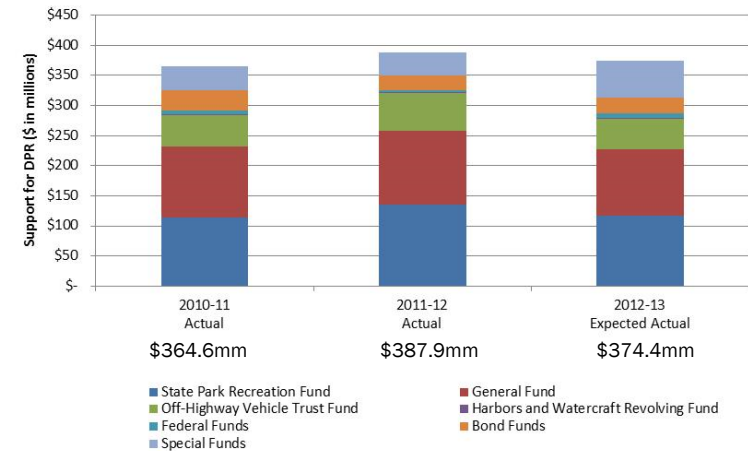
Funding Sources

- Major funding sources for the DPR are used to support the operations of the state park system. These include:
 - **State Parks and Recreation Fund (“SPRF”).** The primary sources of revenue are park revenue and transfers from the Highway Users Tax Account and Motor Vehicle Fuel Account. Park revenue generated in a given fiscal year is transferred to the SPRF and available for DPR support funding.
 - **General Fund.** The major revenue sources for the General Fund are state taxes, including personal income tax, sales and use tax, and corporate income tax. Funding available from the General Fund declined sharply in the early 2000s, but has been somewhat more stable in recent years.
 - **Bonds.** In recent years, bond proceeds related to Propositions 84, 40, and 12 were used to fund special projects of the DPR and other state and local uses. These funding sources are limited and are expected to end once funds are exhausted, which is expected to occur within the next decade.
 - **Donations.** Donations from benefactors to the state park system are typically used for purposes specified by donors.
 - **Off-Highway Vehicle Trust Fund.** The Off-Highway Vehicle Trust Fund (“OHV Trust Fund”) provides funding for programs related to trails and areas for use of off-highway motor vehicles.
 - **Other Funds.** The DPR also receives support from various special funds, including revenues from the state boating gas tax, federal highway dollars for trails, and various state revenue sources earmarked for natural resource habitat protection.

Funding Sources

- Support for the DPR (excluding infrastructure and local assistance) for FY 2010/11 – FY 2012/13.

DPR Support – Funding Sources (\$ in millions):



Note: Infrastructure and local assistance are not included in the chart above.

Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor’s Budgets. For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Services, Budget Section.

■ Governor’s Budget Cycle

- The California budget cycle is iterative and quite long. The DPR typically needs to prepare its financial plan and submit budget proposals one year in advance to the Legislature and Governor.

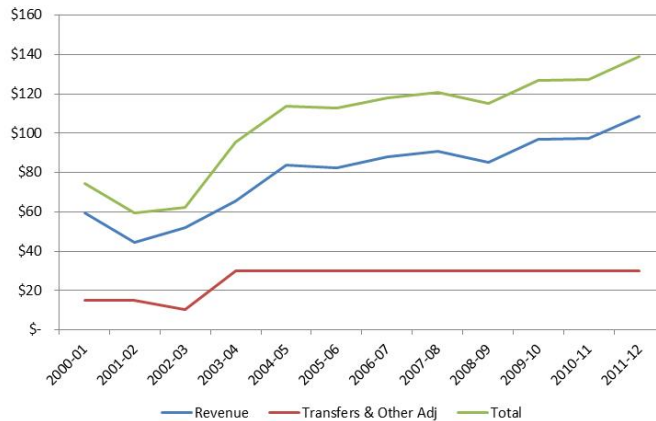
Executive Summary

Summary of Analysis and Understanding of DPR

Funding Sources

- The primary funding sources that provide support for general operations in the state park system are the SPRF and the General Fund.
- Historical expenditures from the SPRF appear to be directly correlated with the increase in park revenues over the past decade.

SPRF Revenue and Transfers/Other Adjustments: (\$ in millions):

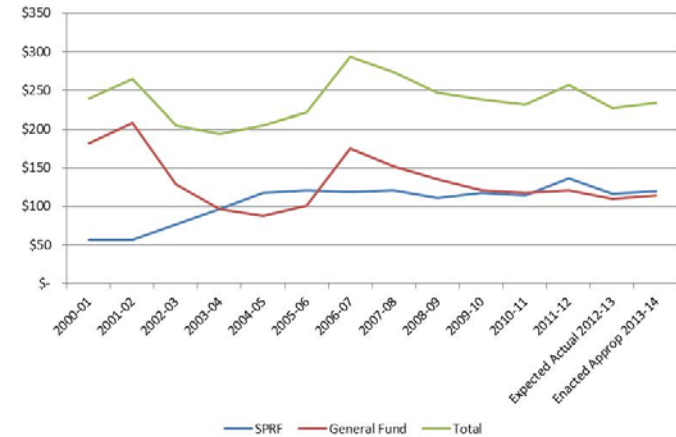


Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets. For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section..

Funding Sources

- Although actual funding from the General Fund decreased over the past 11 years from \$182.0 million in FY 2000/01 to \$121.2 million in FY 2011/12, it has been relatively flat since FY 2009/10.

SPRF and General Fund Allocation (\$ in millions):



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets. For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section.

- The spike in the General Fund in FY 2006/07 was related to one-time funding of deferred maintenance. This increased funding was subsequent to a low funding year.

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Summary of Analysis and Understanding of DPR

Funding Sources

- **OHV Trust Fund.** The OHV Trust Fund is a well-funded, restricted-use fund, the revenue sources for which primarily consist of transfers from the Motor Vehicle Fuel Account (fuel taxes) and off-highway vehicle fees.
 - Fuel taxes transferred to the OHV Trust Fund are greater than those to the SPRF. In FY 2013/14, estimated transfers to the OHV Trust Fund were \$61.2 million versus \$26.7 million transferred to the SPRF. Historically, the amounts transferred to the OHV Trust Fund are based on a defined level of contribution from the Motor Vehicle Fuel Account subject to adjustment every five years, starting in FY 2013/14.
 - In recent years, the surplus within the OHV Trust Fund has been a source of funding for the General Fund, which has borrowed over \$130 million since FY 2008/09. The expected fund balance at FY 2012/13 is approximately \$59.1 million based on the FY 2013/14 Governor's Budget.

Funding Sources

- **Bond Funds**
 - Three major propositions (Propositions 84, 40, and 12) have provided special project and other funding for the DPR over the past several years. The original allocations available to the DPR under these propositions have largely been exhausted and amounts that remain have largely been committed for specific uses.

Proposition Funding Available for Future Appropriations (as of July 1, 2013)

(\$ in thousands)	Proposition		
	84	40	12
Original Allocation	\$ 400,000	\$ 225,000	\$ 400,000
Expenditures	(315,634)	(222,114)	(366,688)
Available Funds	\$ 84,366	\$ 2,886	\$ 33,312
Available Funds Committed	\$ 65,729	\$ 1,455	\$ 33,312
Available Funds Not Committed	18,637	1,431	-
Total Available Funds	\$ 84,366	\$ 2,886	\$ 33,312

Source: Proposition Reports dated as of July 1, 2013 provided by DPR Administrative Services, Budget Section. Figures include proposition funds to support the DPR and do not include local assistance.

- New funding sources would need to be identified to fill this pending funding shortfall to the extent such bond funds currently are used for personal services and operations.

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Summary of Analysis and Understanding of DPR

Funding Sources

- **Donations.** AB 1478 was signed by Governor Brown on September 25, 2012. It established a two-year moratorium on closing state parks and allocated \$20.5 million of “found-money” from the SPRF towards preventing park closures.
 - Of the total, \$10.0 million is available for matching contributions by donors for the 2012/13 and 2013/14 state fiscal years. These are one-time funds intended to help bridge the gap between the contributions of donors and partners and the amount of funding necessary to keep the parks open. This amount is reported in the Governor’s Budget within the State Park Contingent Fund.
 - According to the DPR, the entire matching fund balance of \$10.0 million has been committed as of November 2013.
 - Regarding the donors who have participated, there are no current commitments for state matching or donor funds beyond the current fiscal year.

Funding Sources

# Donors	Unit	Match	% of Total
1	Friends of China Camp China Camp SP, Tomales Bay SP, Olompali SP	\$1,424,361	14%
2	County of Sonoma Annadel SP	594,940	6%
3	Napa Co. Regional Parks & Open Space Bothe-Napa & Bale Grist Mill SHP	537,870	5%
4	Buena Vista Water District Tule Elk State Natural Preserve	525,000	5%
5	California State Railroad Museum Foundation Railtown SHP	490,887	5%
6	Golden Gate National Park Conservancy Taylor SP, Angel Island, Mt Tamalpais SP	475,000	5%
7	Beebe Neutzman Trust Antelope Valley Indian Museum	425,000	4%
8	City of Colusa Colusa-Sacramento River SRA	389,552	4%
9	Cuyamaca Rancho Interpretive Assn. Palomar Mountain SP	384,002	4%
10	Mendocino Area Parks Assn. Standish Hickey SRA	321,826	3%
11	South Yuba River Park Assn. South Yuba River SP	297,624	3%
12	Coe Park Preservation Fund Henry Coe SP	279,000	3%
13	Stewards of Coast & Redwoods Austin Creek	256,446	3%
14	Sempervirens Fund Castle Rock SP	250,000	3%
15	California State Parks Foundation Los Encinos and Santa Susana Pass SP	171,000	2%
16	Ventura County, City of Oxnard, Peter Mullin McGrath SB	150,000	1%
17	Governor's Mansion Foundation Governor's Mansion SHP	135,750	1%
18	Point Cabrillo Lightkeepers Assn. Point Cabrillo Light Station	115,294	1%
19	Weaverville Joss House Assn Weaverville Joss House	112,648	1%
20	Ide Adobe Interpretive Association William B. Ide Adobe SHP	110,180	1%
Top 20 Donors		\$7,446,380	74%
Other Donors / Matching Funds		2,553,620	26%
Total Matching Donations		\$10,000,000	100%

Source: AB 1478 Match Status provided by DPR Park Operations as of November 20, 2013.

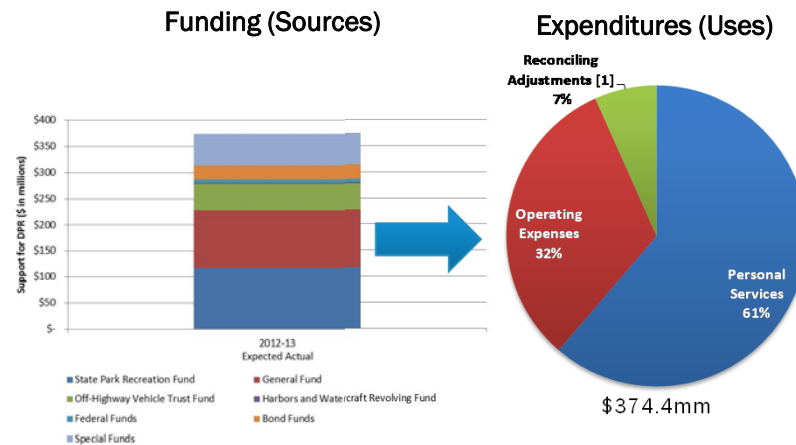
Executive Summary

Summary of Analysis and Understanding of DPR

Expenditures (Uses)

Funding and expenditures for DPR Support in FY 2012/13

- Funding sources are primarily used for what the DPR terms “personal services” (which includes salaries, wages, and benefits) and operating expenses and equipment. Personal services is the most significant expense of the DPR, totaling 61% of expenditures in FY 2012/13.



[1] These are adjustments made by FTI to agree DPR Budget Section reports to the Governor’s Budget. In FY 2012/13, the adjustment was \$25.5 million, or 7%, of total expenditures.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2009/10 – FY 2012/13).

Expenditures (Uses)

- FTI encountered significant difficulty in obtaining very basic expenditure information from the DPR which no doubt hampers the ability of management to effectively manage the performance of the organization.
 - Data integrity issues must be addressed so that data can be mined for useful management information going forward.
- Systems within the DPR are also in a state of transition, contributing to the uncertain environment.
 - The current accounting system (CALSTARS) has significant limitations and is being phased out and replaced with a new statewide accounting system, FI\$CaI.
 - In the meantime, DPR has developed an in-house tool (FTS) to track expenditures at a more granular level than tracked real-time within CALSTARS and to develop park unit level data tracking.
 - It is unclear if FTS or other ad-hoc reporting tools will continue to be used or continue to be needed post-implementation of FI\$CaI (slated for 2016).

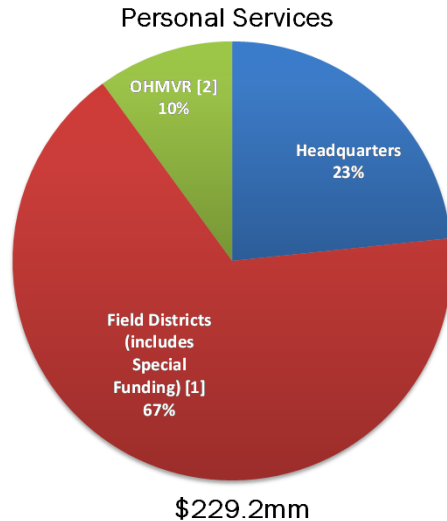
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Summary of Analysis and Understanding of DPR

Expenditures

DPR Support FY 2012/13 (Personal Services)

- A significant portion of the DPR's full and part-time employees are part of collective bargaining units. As a result, the DPR may have limited flexibility to adjust near-term staffing and compensation levels.



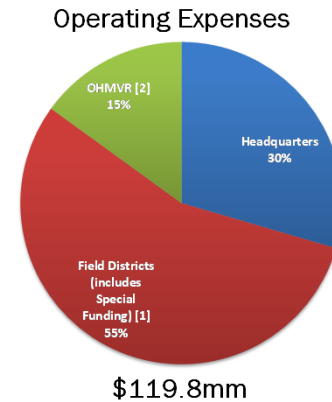
[1] Special funding includes one-time expenditures at the district level for AB 1478 matching funds and other special projects. For presentation purposes, FTI included special funding as part of field district expenditures.

[2] OHMVR includes expenditures of \$5.5 million for OHMVR Division Headquarters.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2012/13).

Expenditures

DPR Support FY 2012/13 (Operating Expenses and Equipment)



[1] Special funding includes one-time expenditures at the district level for AB 1478 matching funds and other special projects. For presentation purposes, FTI included special funding as part of field district expenditures.

[2] OHMVR includes expenditures of \$7.5 million for OHMVR Division Headquarters.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2012/13).

Executive Summary

Summary of Analysis and Understanding of DPR

Expenditures

■ Headcount and Vacant Positions in FY 2011/12

Organizational Unit	2011-12	% of Total
Headquarters (DPR) [2]	469	22%
Acquisition & Development Division [3]	124	6%
Off-Highway Motor Vehicle Division Headquarters [4]	29	1%
Office of Historic Preservation [5]	23	1%
Total Headquarters	645	30%
Field Divisions [6]	1,496	70%
Total Headquarters and Field	2,141	100%
Vacant Positions	407	
Total	2,548	

[1] Field includes regular/ongoing staff at the district level for both the Off-Highway Motor Vehicle Division and the Northern/Southern Field Divisions.

Source: Governor's Budgets - Salaries and Wages Supplement for FY 2007/08 - FY 2013/14. Vacancy Analysis and Authorized Position reconciliation 9-14-12.xlsx provided by Administrative Services, Budget Section.

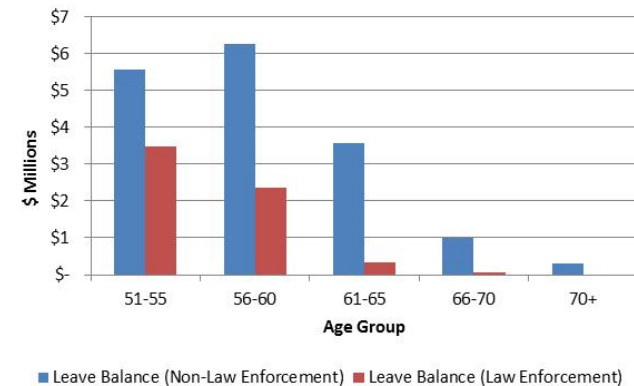
- The DPR had 407 vacant positions as of FY 2011/12. According to the DPR, approximately 10% of vacant positions were funded, and the budget dollars tied to the vacant positions may have been used to fund operations.
 - Further investigation would be required to understand the extent to which these positions were actually funded, how monies were used to otherwise fund operations, and implications for future funding/budgeting decisions.
- Based on benchmarking data collected by FTI, the headcount % for headquarters (30% in FY 2011/12) appears high relative to other state park systems. However, we do not view this as conclusive and further research is required to confirm comparability of data and to adjust for California's uniqueness, size and diversity. The DPR also may want to consider benchmarking, with appropriate adjustments, to the National Park Service.

Expenditures

■ Leave Benefits.

- A large portion of the DPR workforce is at or near retirement age. This has important implications for future staffing requirements and increases cash needs as employees may cash out significant accrued vacation, holiday and leave balances upon retirement.
- As of October 2013, the leave benefit liability for **non-law enforcement** employees over the age of 50 is \$16.7 million and **law enforcement** employees over the age of 50 is \$6.2 million.

\$ Leave Balance Liability by Age Group Near Retirement



Source: MIRS Reports (October 2013) provided by Administrative Services (Personnel Services Section) on October 16, 2013.

Executive Summary

Summary of Analysis and Understanding of DPR

Park Operating Performance

■ **Organization:** The 280 parks in the state park system are administered through an organizational structure that includes 25 districts and 67 sectors. There is a great deal of variation within districts (e.g., park size, type, urban vs. remote location, etc.)

District	# of Parks	# of Sectors	Acreage [1]
Santa Cruz District	29	3	63,415
Monterey District	23	4	108,255
North Coast Redwoods District	22	2	130,374
Angeles District	21	3	42,768
Diablo Vista District	19	2	49,679
Mendocino District	17	1	25,765
Sierra District	17	3	86,224
Central Valley District	14	3	54,806
Northern Buttes District	15	4	45,399
Channel Coast District	12	4	8,981
San Diego Coast District	12	3	11,251
Tehachapi District	11	3	45,021
Capital District	9	4	326
San Luis Obispo Coast District	10	2	17,052
Gold Fields District	8	4	67,965
Marin District	7	2	14,425
Orange Coast District	7	3	6,104
Colorado Desert District	6	3	642,195
Inland Empire District	6	3	37,014
Russian River District	6	1	26,092
Twin Cities District	3	3	8,081
Oceano Dunes District	2	2	4,458
Ocotillo Wells District	2	3	71,458
Hollister Hills District	1	1	6,624
Hungry Valley District	1	1	18,533
Total	280	67	1,592,265

[1] Includes 272,918 acres of non-DPR owned land.

Source: FY 2011/12 Statistical Reports including updates from the DPR.

Notes: For the period FY 2009/10 – FY 2011/12, revenue for Folsom Lake State Recreation Area (“SRA”) was reported in user fees. However, starting in FY 2012/13, revenue for Folsom Lake SRA is retained locally at the park unit, and not reported as park unit revenue, to offset the cost of operating and maintaining the park unit pursuant to an agreement with the Bureau of Reclamation dated January 24, 2012. Reported user fees for Folsom Lake SRA were approximately \$2.6 million, \$2.8 million and \$3.4 million in FY 2009/10, FY 2010/11, and FY 2011/12, respectively.

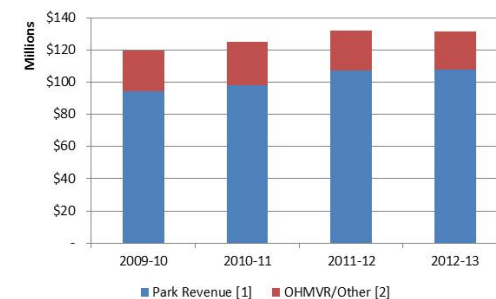
In FY 2012/13, the DPR reported actual park revenue of \$110.3 million compared to \$107.9 million in this report. The park revenue reported by the DPR includes certain components, such as revenue generated at Pismo State Beach, investment income earned on SPRF balances, and other miscellaneous income which is excluded from the park revenue total in this report. Pismo State Beach revenue is reported in OHMVR park revenue and investment and miscellaneous income are reported in other income in the Park Unit Operating Performance section of this report.

Park Operating Performance

Revenue

- Park revenue primarily consists of user fees, concessions and miscellaneous revenue. Total park revenue in FY 2012/13 totaled \$107.9 million (see Notes below), which consisted of \$91.8 million in user fees, \$13.0 million in concessions, and \$3.1 million in miscellaneous fees. Total park revenue grew at a CAGR of 3.5% from FY 2009/10 – FY 2012/13.
- Other revenue sources in the state park system include OHMVR park revenue and registration fees. Revenues generated are transferred into the Off-Highway Vehicle Trust Fund and are solely used to fund off-highway parks and related projects. OHMVR annual park revenue (including Pismo SB) has ranged between \$5.3 million to \$7.5 million from FY 2009/10 – FY 2012/13. OHMVR registration fees were approximately \$18.0 million per year during FY 2009/10 – FY 2012/13.

Park Revenue and OHMVR/ Other



[1] Includes user fees, concessions and miscellaneous revenue.

[2] Includes OHMVR park revenue, OHMVR registration fees, investment income and other fees.

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

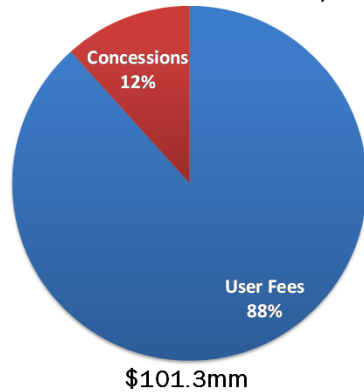
Executive Summary

Summary of Analysis and Understanding of DPR

Park Operating Performance

- Using FY 2012/13 data, FTI reviewed park unit revenue and cost data to assess characteristics of high revenue parks (and high cost recovery parks) to identify potential opportunities for revenue/performance enhancement across the park system.
- FY 2012/13 park unit revenue was \$101.3 million (excluding approximately \$6.6 million of park revenue not explicitly attributed to a specific park in that year).

Park Unit Revenue - FY 2012/13



Source: Revenue reports for FY 2012/13 reports provided by DPR Park Operations.

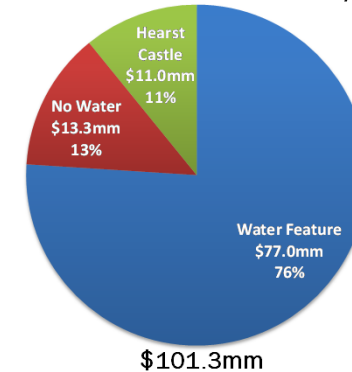
- Key revenue components include:
 - User fees. Largest park revenue category (88% of park unit revenue), includes (i) day use fees (e.g., parking, museum entry fees/tours, Hearst Castle reservations), (ii) camping fees, (iii) pass sales, (iv) boating fees and (v) pay showers.
 - Concessions. Second largest park revenue category (12% of park unit revenue) and is mostly made up of rent collected from concessionaires, such as restaurants, lodging facilities, retail stores and snack bars.

Park Operating Performance

■ Park Attributes

- FTI's analysis suggests that a handful of park attributes account for significant percentages of park revenue. For example, parks with water features generated significantly more revenue than parks without a water feature. An exception to this is the sole State Historical Monument, Hearst Castle, which generates approximately 11% of total park unit revenue from user fees and concessions.

Park Unit Revenue Water Feature/
No Water Feature - FY 2012/13



Source: Revenue reports for FY 2012/13 reports provided by DPR Park Operations.

Notes: For purposes of this analysis, FTI defined parks with water features to be any park with waterfront feet (lake, ocean, or river). Revenue figures include user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park.

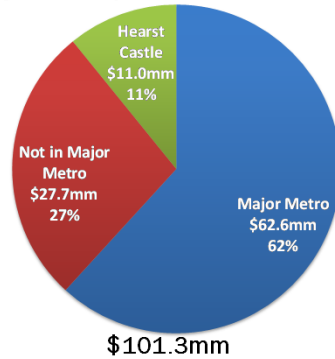
Executive Summary

Summary of Analysis and Understanding of DPR

Park Operating Performance

- Parks in major metropolitan areas accounted for a disproportionate share of revenue compared to parks in non-major metropolitan areas. Of the total \$101.3 million in revenue, \$62.6 million was earned by major metropolitan area parks while parks not in major metropolitan areas comprised \$27.7 million (excluding Hearst Castle).

**Park Unit Revenue Major Metropolitan Area/
Non-Major Metropolitan Area- FY 2012/13**



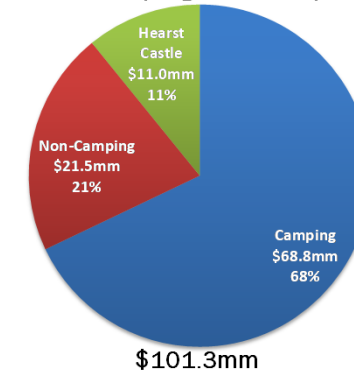
Source: Revenue reports for FY 2012/13 reports provided by DPR Park Operations.

Notes: For purposes of this analysis, FTI defined parks in major metropolitan areas as parks in counties that comprise Consolidated Statistical Areas (“CSAs”), or MSAs with more than one million in population, as designated by the U.S. Office of Management and Budget. Of the 270 non-OHMVR parks, 153 were in major metropolitan areas (excluding Folsom Lake State Recreation Area). Revenue figures include user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park.

Park Operating Performance

- Parks with camping generated a disproportionate share of revenue compared to parks without camping. In FY 2012/13, parks with camping had \$68.8 million in revenue compared to \$32.5 million for non-camping parks (including Hearst Castle).

**Park Unit Revenue Camping/
Non-Camping - FY 2012/13**



Source: Revenue reports for FY 2012/13 reports provided by DPR Park Operations.

Note: Revenue figures include user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park.

Executive Summary

Summary of Analysis and Understanding of DPR

Park Operating Performance

- Additional analysis should be completed with respect to park attributes to identify additional revenue generation opportunities.
 - Of the 171 parks with water features, 98 of them currently do not have concession agreements.¹ Further analyses and investigation of existing (and potential) services, as well as pricing, may offer revenue expansion opportunities.
 - The DPR has recognized the revenue-generating capabilities of parks with campsites. Improving existing campsites (e.g., installation of utility hookups, repair or restoration, etc.) and increasing capacity with various formats for overnight lodging, and specifically at supply-constrained parks, could not only increase revenue but provide visitors with a higher level of service.
- Although some parks generate a significant amount of revenue (e.g., Hearst Castle), most are able to cover only a portion of their direct park operating expenses and none of their costs for special projects, headquarters or deferred maintenance. State Beaches with camping represents the only group of parks which generates revenue that meaningfully exceeds estimated park operating costs.

[1] Excludes Folsom Lake State Recreation Area.

Executive Summary

Summary of Analysis and Understanding of DPR

Infrastructure and Maintenance

■ Infrastructure and Maintenance

- In addition to the often cited deferred maintenance backlog, other categories of infrastructure spending include annual maintenance and capital outlay projects (including a subset of projects that are expected to facilitate revenue generation).
- Aggregate amounts by category (recognizing that these amounts can shift depending on the point-in-time reports are run) are:
 - Annual maintenance – approximately \$350 million
 - Capital outlay – in excess of \$1.8 billion
 - Deferred maintenance – in excess of \$1.1 billion
- FTI’s analysis of annual and deferred maintenance categories revealed several data integrity issues that hamper confidence in the database. Specific examples include:
 - Multiple extracts from the deferred maintenance database contained incorrectly linked projects and project descriptions. A similar error was found in a sub-component of the database, which included cultural and interpretation projects.
 - The annual maintenance data for the North Coast Redwoods district were determined by DPR staff to be unreliable and were not used by FTI.
- Further, while the current DPR facilities manager has taken steps to standardize the process for adding new projects to the database, there historically had been no meaningful oversight of this process. As a result, there is inconsistency in rigor applied to project cost estimation and the likelihood is high that project estimates were not updated when new managers took over responsibility for park units.
- Finally, it appears to FTI that the field is not effectively using the current database as a tool for assessing spending priorities.

Infrastructure and Maintenance

■ Annual Maintenance

(\$ in Thousands)

Facility	Total	% of Total
Buildings (includes historic structures and ships)	\$ 205,597	58.9%
Roads and Parking	33,742	9.7%
Grounds	27,473	7.9%
Structures (other than buildings and bridges)	25,406	7.3%
Systems (fuel, utility, etc.)	25,259	7.2%
Riding and Hiking Trails	22,809	6.5%
Natural Resources	8,481	2.4%
Interpretive Objects / Displays / Artifacts (Collections)	502	0.1%
Total	\$ 349,269	100.0%

Note: The initial data provided indicated that annual maintenance totaled \$675.6 million, which included annual maintenance for the North Coast Redwoods District of \$326.3 million. Facilities indicated that the data for the North Coast Redwoods District were not available. Appropriate estimates for annual maintenance for the North Coast Redwoods District could not be easily quantified and have been excluded. The DPR currently spends approximately \$10 million per year on annual maintenance versus the needs identified above.

Source: Annual Maintenance Reports from Maximo received on 9/17/13 provided by DPR Facilities Division.

Executive Summary

Summary of Analysis and Understanding of DPR

Infrastructure and Maintenance

Capital Outlay

- Capital outlay consists of costs associated with the acquisition of land, the cost of planning and construction of new buildings or infrastructure, or modifications of existing buildings or infrastructure. In recent Governor's Budgets, Capital Outlay is referred to as Infrastructure.
- Capital outlay projects of \$1.8 billion include facilities (\$1.5 billion), preservation/restoration associated with natural resources (\$201.9 million), interpretation (\$86.6 million), cultural (\$20.9 million) and other programs (\$27.5 million).
- The top five districts with the highest capital outlay projects make up 45% of the total capital outlay balance.

(\$ in thousands)

District	Capital Outlay
San Diego Coast District	\$ 286,857
Colorado Desert District	159,235
Sierra District	127,282
North Coast Redwoods District	127,236
Channel Coast District	122,864
Top 5 Districts	823,474
Remaining Northern Field Divisions	623,955
Remaining Southern Field Divisions	347,004
OHMVR	27,559
Other	21,326
Total	\$ 1,843,318

Source: Capital Outlay Reports from Maximo received on 9/25/13 provided by the DPR Facilities Division.

Infrastructure and Maintenance

Deferred Maintenance

- Deferred maintenance of \$1.1 billion includes facilities (\$734.7 million), natural (\$235.5 million), cultural (\$134.9 million), and interpretation (\$11.3 million) programs.
- The top five districts with the highest deferred maintenance make up 45% of the deferred maintenance balance.

(\$ in thousands)

District	Deferred Maintenance
North Coast Redwoods District	\$ 208,095
San Luis Obispo Coast District	89,203
Diablo Vista District	73,964
Central Valley District	69,845
Santa Cruz District	59,617
Top 5 Districts	500,724
Remaining Northern Field Divisions	317,261
Remaining Southern Field Divisions	259,330
OHMVR	2,610
Other	36,491
Total	\$ 1,116,416

Source: Deferred Maintenance Reports from Maximo received on 9/27/13 provided by the DPR Facilities Division.

Executive Summary

Summary of Analysis and Understanding of DPR

Infrastructure and Maintenance

■ Assessment of Data Accuracy

- To sample the accuracy of the data currently entered into the deferred maintenance database, FTI performed analysis on the most significant cost component of the database (Facilities).
- FTI reviewed the top 50 projects (in terms of estimated cost) and from this group, FTI Construction Solution experts selected five projects for review across several categories, including road repair, wastewater replacement and general construction.
 - FTI requested the specifications and documentation that supported the estimates for these five projects from DPR staff. See list of deferred maintenance sample selections to the right.
 - DPR staff could not locate support for two out of five projects (Bolsa Chica State Beach and Calaveras Big Trees State Park).
 - For the remaining three projects, the total initial estimated cost by DPR staff was \$15.6 million, but the adjusted cost based on actual or current estimates is \$6.2 million or **only 40% of the estimated cost currently entered into the database.**
- FTI's view is that the most effective way to remove uncertainty and gain both internal and external credibility around the true infrastructure and maintenance costs is to **adopt a zero-based approach across all three databases (annual, deferred and capital outlay).**
 - This database re-population effort in and of itself will expose the field's capital priorities as projects should not be approved for implementation if not entered in the new system.
 - External subject matter experts (e.g., engineering firms for facilities projects) should be part of the review/approval process for populating the database.

Infrastructure and Maintenance

Deferred Maintenance Sample Selection:

#	PID#	Unit	Estimated Cost	Adjusted Cost	Variance	% Variance
1	83600	HEARST SAN SIMEON STATE HISTORICAL MONUMENT	\$ 8,500,000	\$ 4,000,000	\$ 4,500,000	113%
2	135730	PORTOLA REDWOODS STATE PARK	\$ 4,055,920	\$ 400,000	\$ 3,655,920	914%
3	65700	HUMBOLDT REDWOODS STATE PARK	\$ 3,000,000	\$ 1,816,433	\$ 1,183,567	65%
Subtotal			\$ 15,555,920	\$ 6,216,433	\$ 9,339,487	150%
4	159820	BOLSA CHICA STATE BEACH	\$ 5,000,000	N/A	N/A	N/A
5	170170	CALAVERAS BIG TREES STATE PARK	\$ 2,670,496	N/A	N/A	N/A

Source: Deferred Maintenance Reports from Maximo received on 9/27/13 received from Karl Knapp (DPR).

Executive Summary

Summary of Analysis and Understanding of DPR

Partnerships

- FTI evaluated five different partnership agreements, as well as one parking lot concessionaire agreement, with the goal of evaluating positive attributes, negative attributes and, where possible, the financial impact of these agreements. The partnerships selected involve a variety of relationships and park types and are summarized below.

Partnership	Organization	DPR Agreement	Park	Responsibilities	Comment
Valley of the Moon Natural History Association (VMNHA)	Nonprofit	Operating	Jack London State Historic Park	Operate park with exception of water system and cultural/natural program services	Dramatic revenue and attendance growth; higher level of service; successful fundraising; challenging relationship at the outset.
Anza-Borrego Foundation	Nonprofit	Cooperating Association	Anza-Borrego Desert State Park	Operate museum and visitor center; fund seasonal positions.	DPR retains control of park; foundation underwrites higher level of service.
East Bay Regional Park District	Special District	Operating	Robert W. Crown Memorial State Beach Lake Del Valle State Recreation Area McLaughlin Eastshore State Park Mount Diablo State Park	Operate and maintain park units. Operate and maintain Mamm property and Old Moraga Ranch Trail.	Partner operates the parks; seems good steward of the land; consider transfer to partner where possible. DPR operates park with assistance.
National Park Service (NPS)	Federal Agency	Interagency	Del Norte Coast Redwoods State Park Jedediah Smith Redwoods State Park Prairie Creek Redwoods State Park Redwood National Park	Cooperatively manage the state park lands within RNSP, including resource management.	Joint control with NPS; but NPS bears costs at 10/1 ratio; consider transfer to NPS if feasible.
American Land and Leisure	For Profit	Concession	Brannan Island State Recreation Area Turlock Lake State Recreation Area Woodson Bridge State Recreation Area	Operate parks with exception of water system and cultural/natural program services.	Partner expertise in camping vs. whole park management; park maintenance has been an issue at times; Partner cites difficulty working with DPR approval process; agreement requires additional "seasoning" to evaluate success.

- FTI recommends further expansion of partnership agreements by the DPR. Success stories like Valley of the Moon Natural History Association (“VMNHA”) at Jack London State Historic Park, **where revenue tripled and the operating deficit was cut in half**, are compelling and warrant consideration as models for future agreements despite initial relationship challenges.
- Various types of organizations continue to be appropriate as partners, including nonprofits, public entities (e.g., regional districts, National Park Service) and for-profits entities.
 - Nonprofits benefit from greater cultural similarities to the DPR (vs. for-profits), the ability to fundraise and the ability to rally community support for a park. Additionally, nonprofit agreements require revenue generated at a park to be re-invested in that park.
 - For-profits must be materially more efficient in revenue generation and/or cost reduction vs. nonprofit partners to offset the income they necessarily capture via their operating agreements. The DPR should consider larger, for-profit partners who potentially have greater buying power, management flexibility and access to capital to drive these efficiencies.
 - Expanded use of agreements with a variety of partners should be explored based on characteristics of particular parks, strengths and interests of candidate organizations and the needs of the DPR.

Executive Summary

Summary of Analysis and Understanding of DPR

Partnerships

■ Partnerships

- Historically, the DPR entered into agreements with a variety of partners to enhance services at the parks. These included agreements with cooperating associations that primarily provided interpretative and education services in the parks, largely for-profit concessionaires which primarily provided food services and various types of rentals, and nonprofits who donated capital for specific park improvements.
- After the 2010 park financial crisis, DPR management reached out to current partners, as well as new ones, to assume additional services and/or manage park operations.
- There is no central database of contracts or key partner relationships, making it very difficult to identify all partners. Concession Contracts, Cooperating Association Agreements, Operating Agreements, Donor Operating Agreements, Donor Agreements, etc. are managed by multiple groups within the DPR.
- Further, within the DPR and park constituents, there are differences in naming conventions for types of contracts (e.g., what some will call a cooperating association agreement, others will call an operating agreement).

Partnerships

- As no central database existed, FTI compiled a list of DPR partnership agreements by working with various divisions and sections within the DPR. As of October 2013, the DPR had approximately 443 agreements characterized internally in the following categories:

Agreement Type	# of		Management Oversight
	Agreements	% Total	
Concession	227	51%	Concessions, Reservations and Fees Division
Cooperating Association	87	20%	Interpretation and Education Division
Operating	59	13%	Park Operations Division
CSP Support Organization	9	2%	Administrative Services Division [1]
Interagency	6	2%	Administrative Services Division [1]
Other [2]	55	12%	Park Operations Division
Total	443	100%	

[1] Business Management Services Section.

[2] Other includes the following agreements: 46 Donor/Matching Fund, 5 Operating/Matching Fund, 3 Donor and 1 Joint Development.

Source: Reports from the Concessions, Reservations and Fees Division, Park Operations, and Interpretation and Education Division.

Executive Summary

Summary of Analysis and Understanding of DPR

Asset Prioritization

- In a resource-constrained environment, decisions ultimately must be made about spending on capital items and operations. Understanding the relative value of the units with respect to achieving the goals of the DPR is appropriate and can aid in ensuring that critical, high value assets are getting the attention needed.
- FTI has reviewed the work recently completed by the DPR Park Significance Criteria Team (“PSCT”) to develop criteria for evaluating whether a unit should (continue to) be included in the system. Our objective was to review the criteria developed by DPR as a potential tool for guiding resource allocation decisions among park units.
 - The “Park Significance Criteria” proposed by the PSCT include four primary criteria for evaluating whether a park (either proposed or existing) has qualities that merit inclusion in the state park system and a set of secondary criteria that may be selected as additional measures to evaluate a park.
 - The primary criteria were developed based on the DPR’s mission statement and include natural, cultural, recreational and educational values.
 - Secondary criteria were deemed to be optional. Examples of potential secondary criteria included geographic availability of parks, opportunities for partnerships and local economy benefits.
 - The PSCT suggested rating each park as “High”, “Medium”, “Low” or “Negligible” with respect to achieving each of the primary criteria and any selected secondary criteria. It also suggested that once a park was deemed to be significant and therefore appropriately included in the system, that its comparative degree of significance was immaterial.

Asset Prioritization

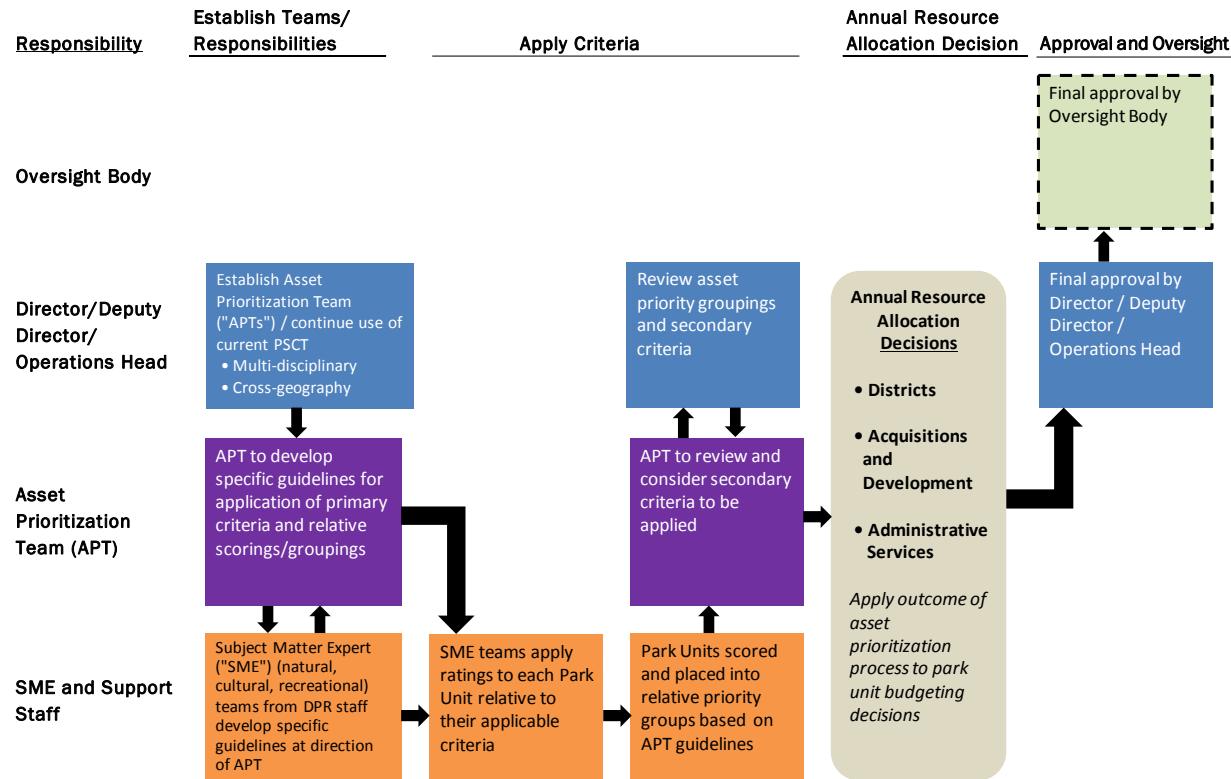
- FTI concurs with the PSCT that any primary “significance”, or for our purposes “allocation”, criteria be based on the DPR’s mission statement.
- In addition to the primary criteria, the DPR should have some discretion in making decisions about resource allocation based on potential secondary criteria. Potential secondary criteria include:

Higher Priority	Lower Priority
Public health or safety concerns	Monies or in-kind resources available from outside source
Threat of irreparable harm or a significant increase in required future expenditures absent corrective action	Significant uncertainties about whether the DPR or another organization will have primary custodial responsibilities (i.e., with respect to Native American artifacts)
High revenue generated or potential for incremental revenue generation	
High cost-benefit (based on traditional investment decision measures such as IRR, net present value or “payback”)	
Located in large population center	
Other appropriate social or environmental factors not addressed by primary criteria	

Executive Summary

Summary of Analysis and Understanding of DPR

Asset Prioritization



- Once each unit has been evaluated with respect to each primary criteria, an overall or total score or rating will need to be developed
 - Approaches: Could be subjective based on the ratings with respect to each criterion. Alternatively, can assign a score to each rating—say, 3 points for High, 2 points for Medium, 1 point for Low and 0 points for Negligible. Total “score” to be determined for each unit.
- Each unit can then be ranked, based on its overall (total) score and divided into groups based on relative rankings.
- An Illustrative process framework is provided to the left. Other process considerations include:
 - How often are Asset Prioritization Criteria and Rankings updated? (*Recommend no less frequently than once every five years.*)
 - What information is disseminated and to whom? (*Individual scores likely to be sensitive*)
 - At what point does oversight body have input/approval?

Funding Sources

Funding Sources

Key Takeaways and Potential Opportunities

Key Takeaway	Opportunity
<p>General Fund. The General Fund portion of the overall budget declined from 91% of DPR's overall budget in FY 1979/80 to 28% in FY 2013/14.¹ However, over the last several years, the amount of funding from the General Fund has been somewhat more stable.</p>	<p>The DPR should focus on developing and lobbying for a threshold level of base line funding needed to run the state park system. With baseline funding in place, donations and revenue generation products can be used to fund remaining operations, special projects and incentivize management to create additional revenue generation opportunities. Additionally, this will create a supporting culture within the DPR for revenue enhancement that is delinked from concerns about future funding sources from the General Fund.</p>
<p>SPRF. The SPRF support increased 19% (\$21.7 million) in FY 2011/12, largely due to increases in revenue and focus on revenue generating activities initiated after the 2010 financial crisis.</p>	<p>In recent years, an increased focus on revenue generation has led to greater park revenue and higher SPRF balances. Assuming baseline funding from the General Fund can be established, a continued focus on revenue generation should lead to a more entrepreneurial environment and decrease exposure to the volatility of state funding.</p>

[1] Source: DPR presentation to California Parks and Recreation "Budget Briefing – Overview for State Parks" dated November 8, 2013

Funding Sources

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>Cash Management/ Encumbrances. Currently, the DPR is narrowly focused on tracking expenditures for the current enactment year to ensure divisions have not exceeded their appropriations. After an enactment year has passed, the DPR does not continue to track prior year encumbrances even though they have an impact on available cash balance. This makes it difficult to determine whether current and prior year appropriations are being used to support operations of the DPR in a timely and efficient manner.</p>	<p>FTI recognizes the various departments within California may not be compelled to closely monitor cash since the State Controller’s Office administers disbursements on their behalf, but it would be beneficial for the DPR to be more cash focused in an effort to improve the budgeting process for park operations. By closely monitoring current and prior year encumbrances, the DPR can proactively manage expenditures to ensure that all funds available are being expended timely, as needed, in the state park system.</p>
<p>Bond Funding. Bond funding for support of the DPR and infrastructure has averaged approximately \$43.0 million per year from FY 2009/10 – FY 2011/12. Significant funding sources include Propositions 84, 40, and 12 which will largely be extinguished in the next decade. The loss of this funding will reduce overall funding sources.</p>	<p>Work with constituents and explore potential for new bond issuances or other mechanisms to provide funding within the decade. Identify and prioritize capital outlay projects with the greatest benefit to the state park system that are aligned with the missions set forth in both current and proposed propositions.</p>

Funding Sources

Key Takeaways and Potential Opportunities (continued)

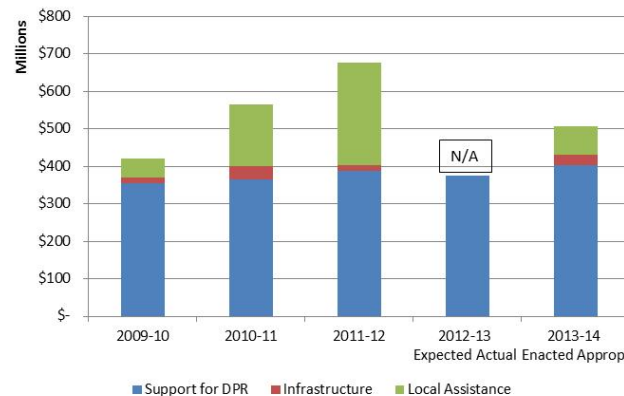
Key Takeaway	Opportunity
<p>Park Closure/Matching Funds. When 70 parks were threatened with closure in 2010, many private sector nonprofit organizations stepped up to keep specific parks open and operating. The inclusion of “matching funds” appears to have incentivized organizations to give more generously.</p>	<p>Despite potential challenges in scalability, this experience suggests potential opportunities to partner with private sector nonprofit organizations on an ongoing and broader basis to support the DPR’s funding and park operations. Alternative mechanisms may provide sources for matching funds, including conditional incremental appropriation from the SPRF, funding from donors or other organizations, or other funding sources within the state.</p>
<p>Financial Information. Financial information was difficult to obtain and was not automated. FTI was often supplied information in PDF format or referred to electronic web links for information. Once received, information was often inconsistent across divisions in the department and/or with outside sources such as the Governor’s Budget.</p>	<p>Create a greater capacity to identify and track basic financial information and reports that will be useful across the department. Develop department-wide initiatives to ensure that funding, park revenue, and other financial data are consistent across all divisions as well as with the Governor’s Budget. Reconcile reports monthly to address any discrepancies.</p>

Funding Sources Overview

Overview

Major Funding Sources

- Funding sources for the DPR are used to support operation, maintenance, and infrastructure in the state park system. They also fund local assistance programs to support local government activities.



- The primary funding sources that provide support for general operations in the state park system are the State Parks and Recreation Fund (“SPRF”) and the General Fund.
 - SPRF.** The SPRF is a significant funding source for the DPR. The primary source of revenue for this fund is park revenue, which includes user fees, concessions, and other fees. The revenue in this fund also includes transfers from the Highway Users Tax Account and Motor Vehicle Fuel Account. The amount of SPRF support for the park system has increased over time as revenues have increased, and has coincided with a decline in support from the General Fund. Based on the enacted budget for FY 2013/14, \$120.3 million was appropriated from this fund to support the DPR.

Overview

Major Funding Sources (continued)

- General Fund.** The state park system is partly funded from the state General Fund. The major revenue source for this fund is state taxes. Although General Fund support for the park system declined significantly from \$182.0 million in FY 2000/01 to \$110.3 million in FY 2012/13, it has been somewhat more stable in recent years. In the enacted budget for FY 2013/14, \$114.1 million was appropriated from this fund to support the DPR.
- Other funding sources that provide support for specific projects and programs within the state park system, as well as capital outlay and local assistance programs, include:
 - Bonds.** In recent years, bond proceeds related to Propositions 84, 40, and 12 were used to fund special projects of the DPR and other state and local uses. These funding sources are limited and are expected to end once funds are exhausted, which is expected to occur within the next decade. In the enacted budget for FY 2013/14, \$20.9 million was appropriated for the support of the DPR from all bond funds.
 - Proposition 84** – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006. DPR staff noted the remaining balance available for appropriation in future years is \$84.4 million, of which \$65.7 million has been committed for specific projects mandated by the enacting statute.
 - Proposition 40** – California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act. DPR noted the remaining balance available for appropriation is \$2.9 million, of which \$1.5 million has been committed for special projects mandated by the enacting statute.

Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor’s Budgets FY 2009/10 – FY 2013/14, Expenditures. Certain figures, requested from but not provided by the DPR as of the date of this report, were denoted as “N/A”.

Funding Sources Overview (continued)

Overview

Major Funding Sources (continued)

- Proposition 12 – Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act. DPR staff noted the remaining balance available for appropriation in future years is \$33.3 million. The entire amount has been committed for specific Americans with Disabilities Act (“ADA”) related projects mandated by the enacting statute.
- **Donations.** Donations from benefactors to the state park system are typically used for purposes specified by donors. Historically, donations were not included in the Governor’s Budget. In FY 2012/13 and 2013/14, the Governor’s Budget includes an appropriation of \$10.0 million in each year. The appropriation is an estimate only and actual expenditures from this fund may exceed the estimate.
- **Off-Highway Vehicle Trust Fund.** The Off-Highway Vehicle Trust Fund provides funding for programs related to trails and areas for use of off-highway motor vehicles. In the enacted budget for FY 2013/14, \$59.1 million was appropriated from this fund.
- **Other Funds.** The DPR also receives support from various special funds, including revenues from the state boating gas tax, federal highway dollars for trails, and various state revenue sources earmarked for natural resource habitat protection.

Support For Department of Parks and Recreation

- The enacted Governor’s Budget for FY 2013/14 includes \$403.9 million in appropriations to support the state park system. The FY 2013/14 appropriation represents a \$29.5 million increase compared to expected expenditures in FY 2012/13. The increase is primarily related to funding for activities of the Department of Boating and Waterways, which was merged into the DPR this year.

Overview

Support For Department of Parks and Recreation (continued)

- Over 50% of funding sources that support the operation and maintenance of the state park system are provided by the SPRF and the General Fund. FY 2013/14 appropriations from the SPRF and General Fund to support general operations in the state park system was \$234.3 million, which is inline with historical funding over the past four years that ranged between \$227.4 million though \$257.2 million.
- FY 2013/14 appropriations to support special projects and programs in the state park system were \$169.6 million, which was \$22.6 million higher than prior year primarily due to the merger of the Department of Boating and Waterways.

Infrastructure

- The enacted budget for FY 2013/14 includes \$26.8 million in appropriations for infrastructure, excluding appropriations that have been carried forward from prior years. Infrastructure, as displayed in the Governor’s Budget, pertains to capital outlay to acquire land or pay the cost of planning and construction of new buildings, or modifications of existing buildings. Proposition 84 is the primary source of infrastructure funding in FY 2013/14.

Local Assistance Grants

- As reflected in the Governor’s Budget, certain funds appropriated to the DPR support activities of local government. Although these local assistance programs are administered by the DPR, the funds are passed through to local agencies and not used within the state park system. Appropriations for local assistance support significantly decreased in the FY 2013/14 enacted budget to \$76.0 million compared to \$272.7 million in FY 2011/12. The decrease is primarily due to a reduction in appropriations from Proposition 84.

Funding Sources Overview (continued)

Overview

Future Funding Sources and Appropriations

- Governor's Budget Cycle
 - California Fiscal Year ("FY") begins July 1.
 - Funding sources and appropriations available to the DPR in future years is subject to the approval of the Legislature and the Governor.
 - The budget cycle includes time required to prepare and enact the Governor's Budget. Significant events include:
 - Preparation of the Governor's proposed budget (usually prepared between July 1 and January 10 for the following fiscal year)
 - Submission of the Governor's Budget and Budget Bill to the Legislature (by January 10)
 - Submission to the Legislature of proposed adjustments to the Governor's Budget
 - April 1 - adjustments other than capital outlay and the "May Revision"
 - May 1 - capital outlay appropriation adjustments
 - May 14 - May Revision adjusts for changes in General Fund revenues and necessary expenditure reductions to reflect updated revenue and funding
 - Review and revision of the Governor's Budget by the Legislature
 - Return of the revised budget to the Governor by June 15, as required by the California constitution, for signature after any line-item vetoes by the Governor
 - Signing of the budget by the Governor
 - The DPR typically needs to prepare its financial plan and submit budget proposals one year in advance to the Legislature and Governor. Thus, the DPR's financial plan for FY 2014/15 needs to be submitted to Legislature by January 10, 2014.

Overview

Future Funding Sources and Appropriations (continued)

- Fiscal Management Entities Associated with the DPR
 - Department of Finance ("DOF")
 - The DOF serves as the Governor's chief budget advisory entity.
 - The DOF plays the lead role in helping the DPR to develop the Governor's Budget each year and administers various elements of the state budget in accordance with the annual budget act enacted by the Legislature.
 - State Controller's Office ("SCO")
 - The SCO plays a key accounting role and manages/monitors the state's cash flow.
 - The SCO will play a key role in monitoring and administering all disbursements of the DPR and other state departments.
 - Under the State constitution, money may be drawn from the state treasury "only through an appropriation made by law and upon a Controller's duly drawn warrant." Thus, the SCO must determine the legality and accuracy of every claim against the state.
 - State Treasurer's Office ("STO")
 - The STO is responsible for banking, treasury and credit management for the state.
 - The STO manages the money of the state, as well as certain local entities, in the Pooled Money Investment Account, a large investment pool with a portfolio that totaled \$59 billion as of the end of February 2013.

Funding Sources Overview (continued)

Overview

Future Funding Sources and Appropriations (continued)

■ Current and Future Appropriations (continued)

- In the Governor's Budget, funds are appropriated to the Department so it can make expenditures for general and specific uses. Appropriations are typically available for encumbrance for one year.
- The majority of appropriations for the various funds is subject to annual review by the Legislature and the Governor.
- There are a few funds that have continuous appropriations, which are available each year without further legislative action. These funds include donations from the State Park Contingent Fund which is generally used for donations, certain transfers from the Habitat Conservation Fund, and revenue from revenue generation projects in the State Park Revenue Incentive Subaccount.
- DPR Administrative Budget Staff indicated the Department projects future funding sources for the following budget year based only on historical funding levels. The Department recently completed its budget allocations for FY 2013/14 and has not prepared FY 2014/15 projections.

Overview

Consistency of Funding Data

■ Expenditures and Encumbrances

- Expenditures, as reported, indicate the amount of an appropriation that may be used for goods or services whether paid current or accrued. The expenditures reported in the Governor's Budget may include encumbrances (an expense that has been accrued) that may be paid years after it was recorded. For example, a capital outlay project may be encumbered (accrued for) in a given year, but paid several years later. As a result, the expenditures shown in the Governor's Budget includes accruals and does not reflect actual cash that was expended in each year.

■ Monitoring Expenditures and Liquidity

- The DPR Administrative Budget Section indicated that it does not monitor expenditures on a cash disbursement basis. Since the DPR only monitors expenditures by enactment year, it is difficult to anticipate and plan the cash need to operate the DPR during the year. **Once an enactment year has passed, any expenditures, paid or accrued, are not monitored by the Budget Section.** As a result, actual cash payments can be significantly higher or lower than reported in the Governor's Budget due to timing of when accrued expenses are paid.
 - Actual cash payments will be higher than reported expenditures if a greater amount of prior year encumbrances are paid in the current year versus accrued unpaid encumbrances recorded in that year.
 - Actual cash payments will be lower than reported expenditures if a lower amount of prior year encumbrances are paid in the current year versus accrued unpaid encumbrances recorded in that year.

Funding Sources Overview (continued)

Overview

Consistency of Funding Data (continued)

■ Monitoring Expenditures and Liquidity

- On a monthly basis, cash disbursements and expenditures should be reconciled at a division level to determine what funds are available to run the DPR. Currently, the Accounting Section reconciles cash disbursements at the fund level for month-end fund financial statement preparation, but does not track by division or expenditure type. This is especially important when the amount of the DPR's funding sources and uses can fluctuate year-to-year due to funding received for specific projects. In addition, encumbrances should be evaluated to determine what is available and when they will be used. This is an important step to understand the cash requirements to operate the state park system.

Overview

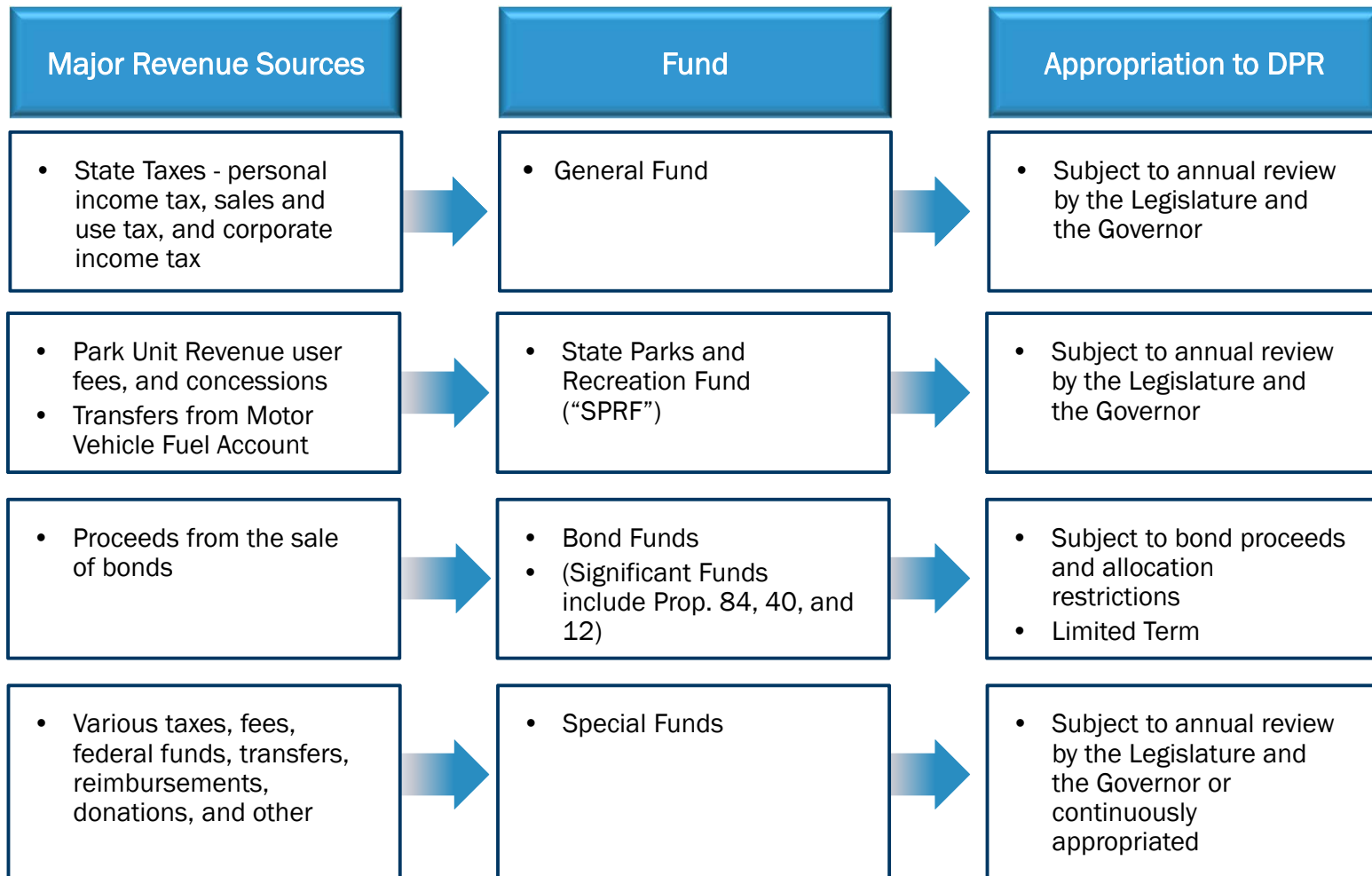
Consistency of Funding Data (continued)

■ Consistency of Data between the Governor's Budget and Reports Provided by the Department

- FTI analyzed the Governor's Budget and prepared schedules to show the historical actual, estimated prior year, and enacted appropriation for the current year. As discussed in the Budget Cycle section of this report, during each budget year, there are various revisions to the budget, including the initial proposed, revised, and enacted budget.
- The estimated actual FY 2012/13 data reported in the Governor's Budget was significantly higher than expected actual expenditures reported by the DPR (\$486.2 million and \$374.4 million, respectively). DPR staff indicated that the expenditures in the Governor's Budget was based on preliminary estimates and did not reflect year-end actual expenditures.
- In addition, DPR staff reported enacted FY 2013/14 appropriations for support of the DPR, local assistance and infrastructure of \$506.8 million but the Governor's Budget reported \$624.3 million. DPR staff reported that the primary difference between the two numbers were appropriations that were carry forwards in the Governor's Budget, which were not expected to be expended by the DPR. **There is no schedule maintained by the DPR staff that explicitly reconciles DPR numbers to the Governor's Budget.**
- FTI relied on the figures provided by the DPR staff for FY 2012/13 and FY 2013/14 since it was the best information available to determine the expected expenditures and appropriations of the DPR.

Funding Sources

Major Revenue Sources and Appropriations



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets FY 2009/10 - FY 2013/14.

Funding Sources

Support of the DPR, Infrastructure, and Local Assistance

[2] [2]

(\$ in thousands)

Code	Rev Source	Fund Sources	Expenditures				Appropriation
			2009-10	2010-11	2011-12	2012-13	2013-14
			Actual	Actual	Actual	Expected Actual	Enacted
0392	Park Revenue	State Parks and Recreation Fund	\$ 118,080	\$ 114,339	\$ 136,014	\$ 117,140	\$ 120,263 [A]
0001	Taxes	General Fund	120,720	117,458	121,219	110,295	114,052 [A]
Primary Support for General Operations in the State Park System			238,800	231,797	257,233	227,435	234,315
0263	Fees	Off-Highway Vehicle Trust Fund	49,071	51,530	62,674	50,863	59,068 [C]
0995	Reimbursements	Reimbursement	19,217	24,172	22,592	27,950	25,015 [B]
0516	Taxes	Harbors and Watercraft Revolving Fund	1,166	1,761	2,101	1,683	21,291 [C]
Multiple	Bonds	Bond Funds	28,067	34,462	23,574	27,149	20,862 [C]
Multiple	Federal Funds	Federal Fund	6,083	6,276	3,883	6,394	15,737 [B]
3238	Park Revenue	State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund	-	-	-	11,835	15,340 [A]
0235	Taxes	Public Resources Account, Cigarette and Tobacco Products Surtax Fund	7,818	10,980	9,122	9,870	8,269 [A]
Multiple	Taxes and Fees	Special Funds	4,378	3,570	3,517	11,231	4,032 [C]
0952	Donations	State Park Contingent Fund	-	-	3,156	-	- [C]
Other Support for Specific Projects in the State Park System			115,800	132,751	130,619	146,975	169,614
Total Support of DPR [1]			354,600	364,548	387,852	374,410	403,929
Infrastructure Funding			14,687	36,593	15,895	N/A	26,806 [C]
Adjusted Support of DPR			369,287	401,141	403,747	374,410	430,735
Local Assistance Funding			52,028	163,805	272,713	N/A	76,018 [C]
Total Funding			\$421,315	\$564,946	\$676,460	\$374,410	\$ 506,753

Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets FY 2009/10 – FY 2013/14, Expenditures. Certain figures, requested from but not provided by the DPR as of the date of this report, were denoted as "N/A".

[A] Funding sources appropriated in FY 2013/14 are primarily available for unrestricted uses by the DPR. A portion of the SPRF and General Fund is required to be spent on restricted purposes.

[B] Funding sources appropriated in FY 2013/14 are only available if secured by the DPR.

[C] Funding sources appropriated in FY 2013/14 are only available for restricted purposes.

[1] Includes funding for Division of Boating and Waterways in FY 2013/14. The Division of Boating and Waterways was merged in FY 2013/14 and was not included in Support for the DPR prior to the merger. In FY 2009/10 – 2011/12, the State Park Contingent Fund excludes donations expended by the Department.

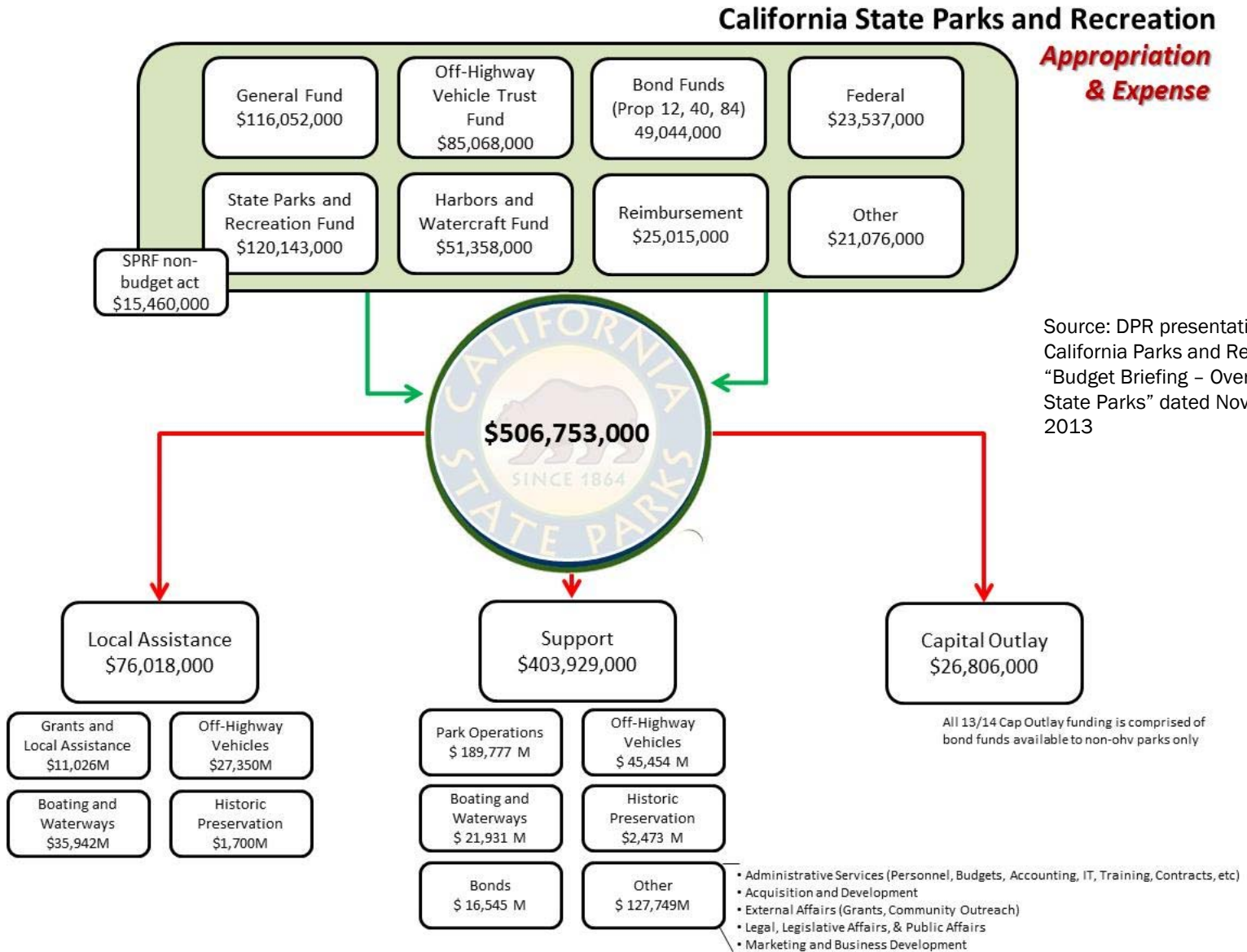
[2] For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 does not tie out to the Governor's Budget of \$624.3 million because it does not include a carry forward of prior year appropriations and contingent fund appropriations. FTI adjusted the number to be consistent with the presentation in FY 2009/10.

Expenditures and Appropriations

- The Governor's Budget classifies expenditures and appropriations for the Department of Parks and Recreation ("DPR") in three categories. The categories include support for the DPR, infrastructure, and local assistance. Expenditures that support the state park system include support for the DPR and infrastructure (or capital outlay). Local assistance expenditures provide support for local governments and do not support the state park system.
- The Governor's Budget for FY 2012/13 shows actual expenditures, which is the amount of appropriation used for goods and services. The Governor's Budget also shows the FY 2013/14 appropriations, which is the "authorization" to make expenditures and incur obligations.
- Support of the DPR in FY 2012/13 of \$374.4 million appears to be in line with historical expenditures ranging between \$354.6 million and \$387.9 million. The appropriations in FY 2013/14 provides the DPR the authority to spend \$403.9 million to support of the DPR, but expenditures will depend on actual spending activity during the year.

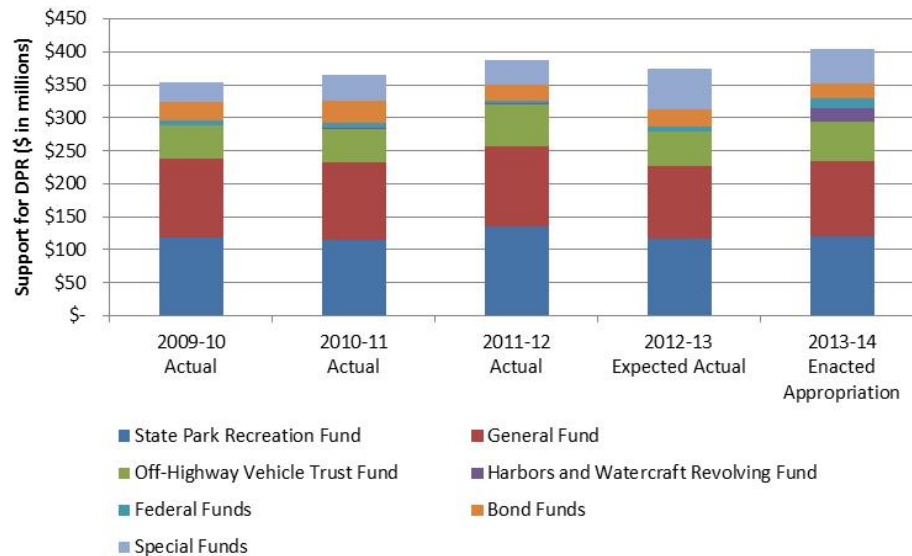
Funding Sources

Funding Flow Chart for Support of the DPR, Infrastructure, and Local Assistance (Enacted FY 2013/14 Budget)



Funding Sources

Support of the DPR



- The DPR is supported by seven major types of state funds (as shown). By far the largest contributors are the SPRF and the General Fund, which together account for 58% of DPR funding (exclusive of infrastructure and local assistance funding).
- Historical funding sources that supported the DPR increased from FY 2009/10 – FY 2011/12 primarily due to an increase in SPRF. *The increase in SPRF spending included one-time support for remediation and modernization projects.*
- The estimated actual funding in FY 2012/13 totaled \$374.4 million, which was in line with historical levels ranging between \$354.6 million in FY 2009/10 to \$387.9 million in FY 2011/12.

Fund	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Expected Actual	2013-14 Enacted Approp
State Park Recreation Fund	33.3%	31.4%	35.1%	31.3%	29.8%
General Fund	34.1%	32.2%	31.2%	29.5%	28.2%
Off-Highway Vehicle Trust Fund	13.8%	14.1%	16.2%	13.6%	14.6%
Harbors and Watercraft Revolving Fund	0.3%	0.5%	0.5%	0.4%	5.3%
Federal Funds	1.7%	1.7%	1.0%	1.7%	3.9%
Bond Funds	7.9%	9.5%	6.1%	7.2%	5.2%
Special Funds	8.9%	10.6%	9.9%	16.3%	13.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor’s Budgets FY 2009/10 – FY 2013/14, Expenditures.

For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section.

Funding Sources Support of the DPR

(\$ in thousands)			[2]				[2]	
			Expenditures (Actual and Estimated)				Appropriation	
Code	Rev Source	Fund	2009-10	2010-11	2011-12	2012-13 Expected Actual	2013-14 Enacted	%
0392	Park Revenue	State Parks and Recreation Fund	\$ 118,080	\$ 114,339	\$ 136,014	\$ 117,140	\$ 120,263	30%
0001	Taxes	General Fund	120,720	117,458	121,219	110,295	114,052	28%
0263	Fees	Off-Highway Vehicle Trust Fund	49,071	51,530	62,674	50,863	59,068	15%
0995	Reimbursements	Reimbursements	19,217	24,172	22,592	27,950	25,015	6%
0516	Taxes	Harbors and Watercraft Revolving Fund	1,166	1,761	2,101	1,683	21,291	5%
0890	Federal Funds	Federal Trust Funds	5,889	6,092	3,700	6,127	15,737	4%
3238	Park Revenue	State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund	-	-	-	11,835	15,340	4%
6051	Bonds	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Prop. 84)	22,611	22,420	16,305	19,992	14,856	4%
0235	Taxes	Public Resources Account, Cigarette and Tobacco Products Surtax Fund	7,818	10,980	9,122	9,870	8,269	2%
0005	Bonds	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Prop. 12)	2,633	6,462	6,308	1,467	3,731	1%
0140	Taxes	California Environmental License Plate Fund	2,875	3,157	3,131	3,268	3,185	1%
6029	Bonds	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Prop. 40)	2,550	5,275	635	5,362	1,782	0%
0952	Donation	State Park Contingent Fund	-	-	3,156	-	-	0%
	Fees and Taxes	Other Funds	1,970	902	895	8,558	1,340	0%
Total Support of DPR [1]			\$354,600	\$364,548	\$387,852	\$374,410	\$ 403,929	100%

Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets FY 2009/10 – FY 2013/14, Expenditures.

[1] Includes funding for Division of Boating and Waterways in FY 2013/14. The Division of Boating and Waterways was merged in FY 2013/14 and was not included in Support for the DPR prior to the merger. In FY 2009/10 – 2011/12, the State Park Contingent Fund excludes donations expended by the Department.

[2] For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 does not tie out to the Governor's Budget because it does not include a carry forward of prior year appropriations and contingent fund appropriations. FTI adjusted the number to be consistent with the presentation in FY 2009/10.

State Parks and Recreation Fund ("SPRF")

- SPRF provides funding for operations and other activities of the DPR. In the enacted budget for FY 2013/14, the SPRF is expected to be the primary funding source (30%) for the state park system with appropriations totaling \$120.3 million.

Revenue

- SPRF receives a majority of its revenue from state beach and park service fees, which include revenue collected at state parks for camping, day use, pay showers, reservations, and seasonal passes. The SPRF also receives miscellaneous revenues from concessions, merchandise sales, and lease or rent payments, among other revenues received at state parks. In FY 2012/13, revenue collected from these sources totaled approximately \$110.3 million.
- The SPRF also receives transfers from Motor Vehicle Fuel Account and Highway Users Tax Account. In FY 2011/12, transfers totaled \$30.1 million and are expected to continue in the near future pursuant to various budget acts.

Expenditures/ Appropriations

- SPRF appropriation to the DPR each year is subject to spending authority provided by the Legislature and the Governor.
- SPRF expenditures in FY 2012/13 – 2013/14 included funding for programs to keep parks open to the public under AB 1478.

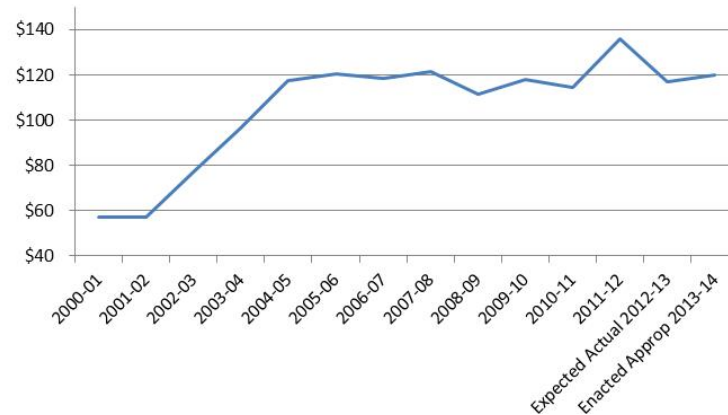
Funding Sources

Support of the DPR (continued)

■ Expenditures/ Appropriations (continued)

- In the enacted budget for FY 2013/14, the SPRF is expected to be the largest funding source (30%) for DPR support, with an enacted appropriation of \$120.3 million.
- Historical expenditures from the SPRF account increased (in nominal dollars) over the past 11 years from \$57.1 million in FY 2000/01 to \$136.0 million in FY 2011/12, reflecting a CAGR of 8.2%. However, during the past ten years, the SPRF has generally been flat.
- The increase in appropriations in FY 2011/12 - 2012/13 was due to one-time funding from AB 1478, which was used to offset a decrease in funding from the General Fund.

SPRF Allocation:(\$ in millions):

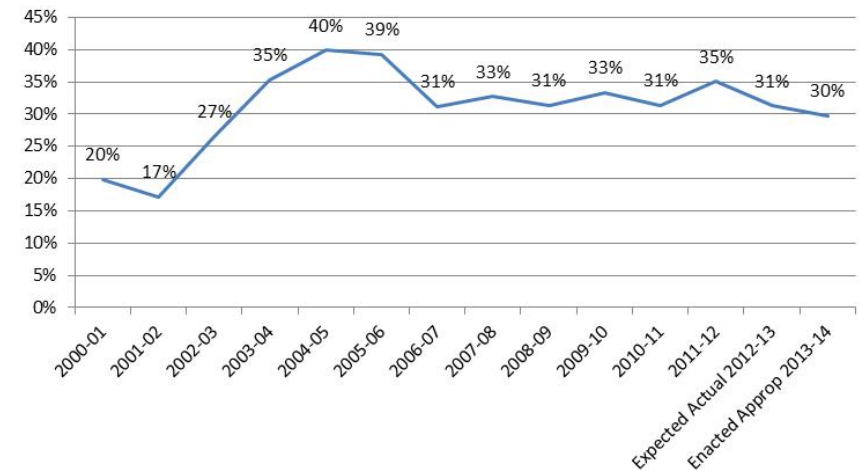


Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets.

For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section.

- The share of DPR support funding provided by the SPRF has been in the 30% to 35% range since FY 2006/07.

SPRF Share of Support for DPR (%):



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets.

For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section.

Funding Sources

Support of the DPR (continued)

■ Expenditures/ Appropriations (continued)

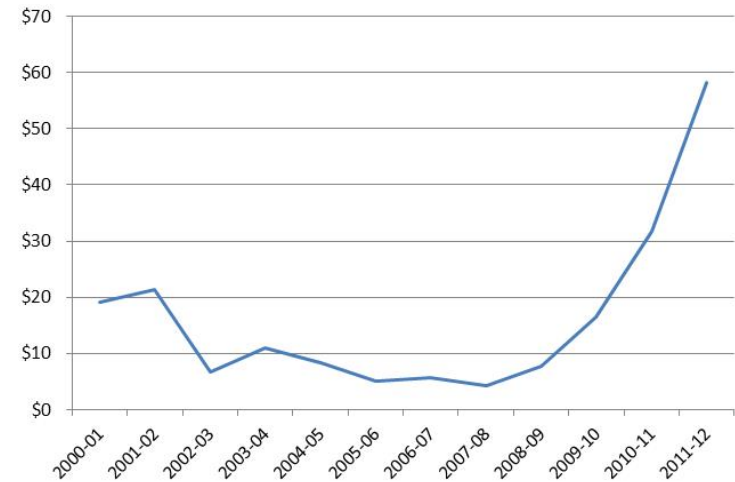
- Park revenues have generally increased year-over-year since FY 2001/02 while transfers into the SPRF (namely, from the Motor Vehicle Fuel Account and Highway Users Tax Account) were generally flat over the same period.
- Historical expenditures from the SPRF appear to be directly correlated with the increase in park revenues over the past decade.
- In recent years, the SPRF ending fund balance increased significantly as revenues outpaced appropriations and an adjustment was made to reflect the “found” monies in FY 2010/11.

SPRF Revenue and Transfers/Other Adj: (\$ in millions):



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor’s Budgets.

SPRF Ending Fund Balances (\$ in millions):



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor’s Budgets.

Funding Sources

Support of the DPR (continued)

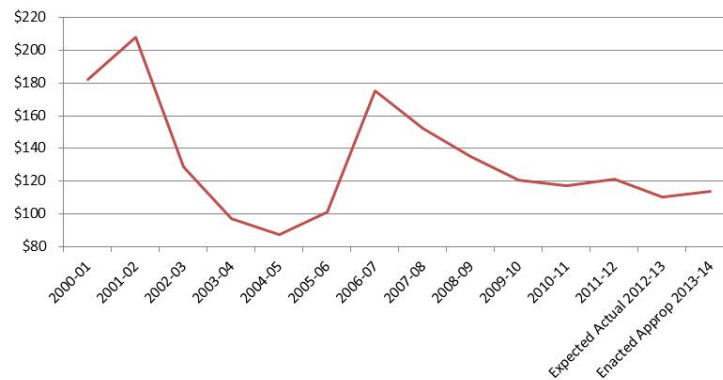
Funding Sources that Support the DPR (continued)

■ General Fund

■ Expenditures/ Appropriations

- The General Fund provides funding for operations and other activities of the DPR. The major revenue sources for the General Fund are state taxes, including personal income tax, sales and use tax, and corporate income tax.
- In the enacted budget for FY 2013/14, the General Fund is expected to be the second largest funding source (28%) for the state park system with enacted appropriations totaling \$114.1 million.

General Fund Allocation (\$ in millions):

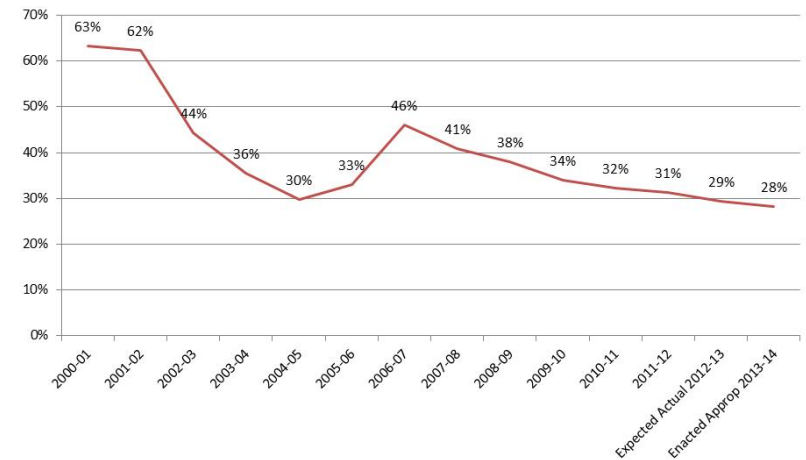


Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets.

For comparison purposes, expected actual FY 2012/13 expenditures reported here are based on estimates provided by the DPR Administrative Service, Budget Section. FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section.

- The General Fund appropriation to the DPR each year is subject to annual review by the legislature and the Governor. General Fund support declined significantly from \$182.0 million in FY 2000/01 to \$121.2 million in FY 2011/12. The actual and expected dollars appropriated have been somewhat more stable in recent years although the General Fund share of DPR support during the same time period has declined somewhat.

General Fund Share of DPR Support (%):



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets.

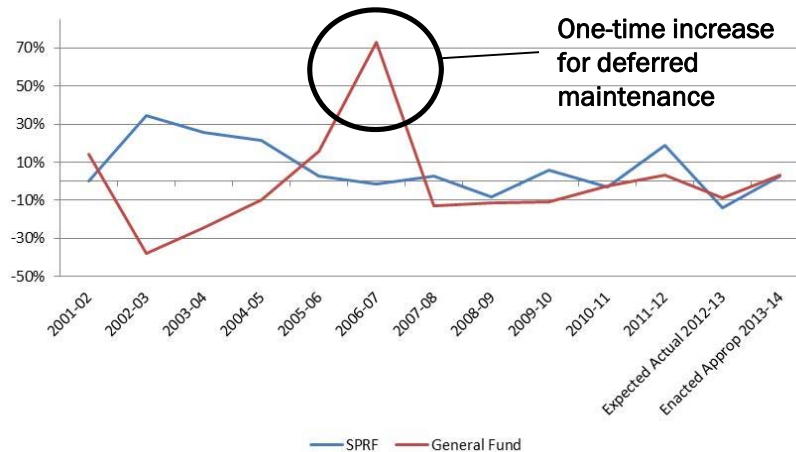
Funding Sources

Support of the DPR (continued)

■ Expenditure/ Appropriation (continued)

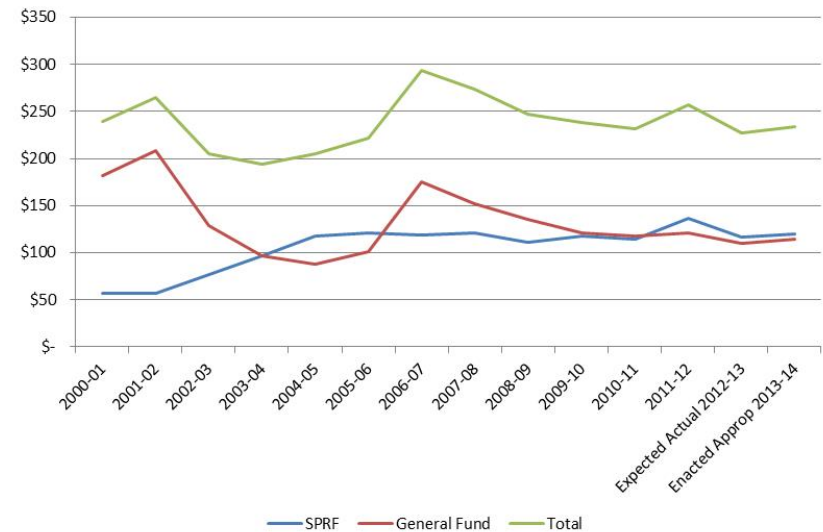
- Year-over-year there has generally been an inverse relationship between appropriations from the SPRF and General Fund. The General Fund spike in FY 2006/07 was attributed to a one-time increase for deferred maintenance projects.
- If this relationship is simply the result of current appropriation and budgeting processes (i.e., reaching appropriation thresholds no matter the funding source), processes and/or mechanisms should be put in place to delink this relationship and incentivize the DPR to continue to grow the SPRF.

SPRF and General Fund Year-Over-Year Change (%):



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets.

SPRF and General Fund Allocation (\$ in millions):



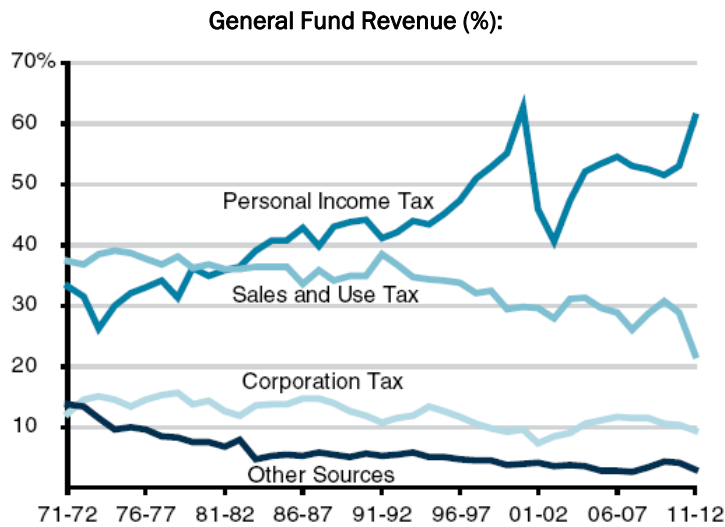
Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets.

Funding Sources

Support of the DPR (continued)

■ Expenditure/ Appropriation (continued)

- The volatility in General Fund support appears to be correlated to revenue raised from the personal income tax. The volatility of capital gains and business income causes these levels to rise and fall. See composition of General Fund revenues below.



Source: Legislative Analyst Office (“LAO”) report “Cal Facts 2013” dated January 2013.

- The reduction in General Fund support of the DPR has put additional pressure on the park system to generate revenue.

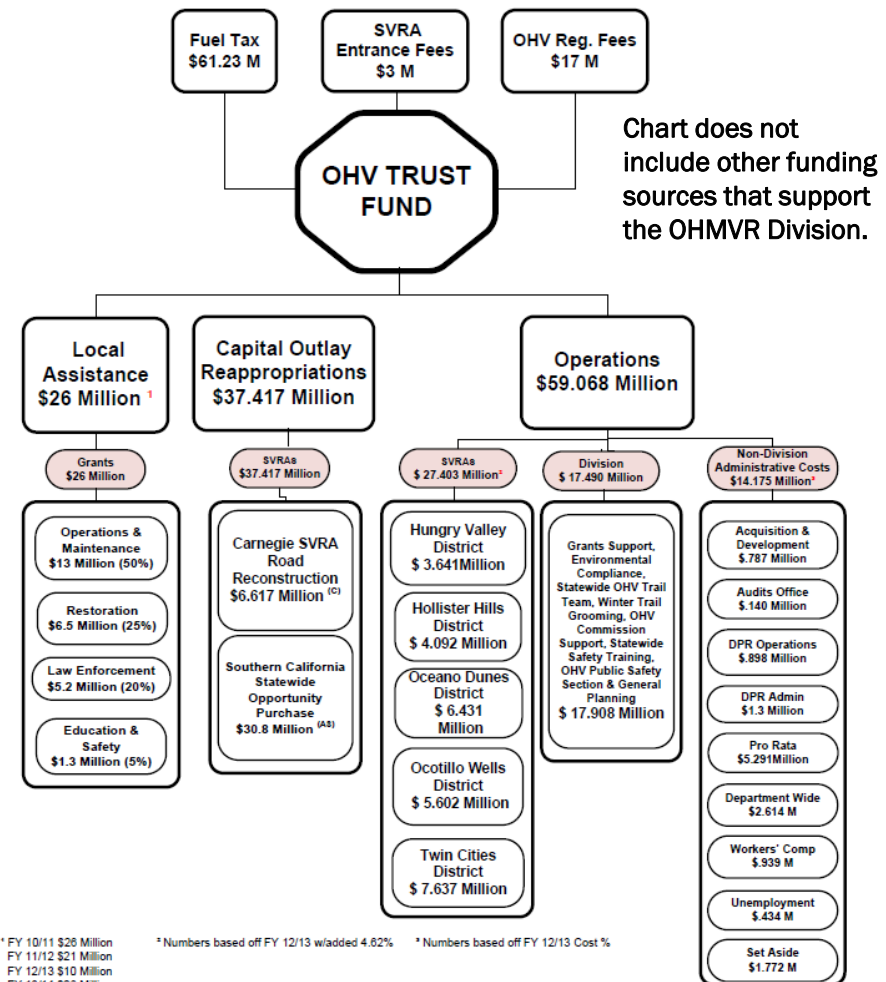
Funding Sources

Support of the DPR (continued)

Off-Highway Vehicle Trust Fund (“OHV Trust Fund”)

- The Off-Highway Vehicle Trust Fund provides funding for programs related to trails and areas for the use of off-highway motor vehicles.
- Revenue.
 - The OHV Trust Fund receives revenues from four primary sources, including 1) transfers from the Motor Vehicle Fuel Account (fuel taxes); 2) off-highway vehicle fees, which are service fees collected by the Department of Motor Vehicles for the issuance and renewal of identification plates or devices for off-highway motor vehicles and delinquency penalties related to those fees; 3) state beach and park service fees from OHMVR park units; and 4) miscellaneous revenue. Total revenue from all sources is expected to be approximately \$81 million in FY 2013/14.
 - Fuel taxes transferred to the OHV Trust Fund are greater than those to the SPRF. In FY 2013/14, estimated transfers to the OHV Trust Fund were \$61.2 million versus \$26.7 million transferred to the SPRF. The transfers to the OHV Trust Fund are expected to continue in the near future under Revenue and Taxation Code section 8352.6, which states that transfers will occur on the first day of every month without defining an expiration. As such, these transfers are assumed to be indefinite until such legislative authority changes it.
 - Historically, the amounts transferred to the OHV Trust Fund is based on a defined level of contributions from the Motor Vehicle Fuel Account subject to adjustment every five years, starting in FY 2013-14.

Flow Chart for OHV Trust Fund for FY 2013/14



Source: OHMVR memorandum “OHMVR Commission Meeting, Costa Mesa, CA” dated September 20, 2013. The deficit between receipts and appropriation is partly due to capital outlay reappropriations.

Funding Sources

Support of the DPR (continued)

■ OHV Trust Fund (continued)

■ Expenditure/ Appropriation

- The OHV Trust Fund may be only used for planning, acquiring, developing, constructing, maintaining, administering, and conserving trails and areas used by off-highway vehicles, including dirt bikes, all-terrain vehicles, recreational utility vehicles, jeeps, and snowmobiles. OHV Trust Fund appropriation are used by the OHMVR divisions and is subject to the spending authority provided by the Legislature and the Governor.
- In the enacted budget for FY 2013/14, \$59.1 million (15% of support of DPR) was appropriated from this fund for support and \$26.0 million for local assistance.
- Based on the FY 2013/14 enacted budget, the amount of funding appropriated to OHMVR parks is \$6.6 million per park as compared to \$1.2 million per park for non-OHMVR parks (excluding amounts from the Harbors and Watercraft Revolving Fund).
- In FY 2011/12, the OHV Trust Fund had a fund balance of \$202.0 million.

■ Loans

- Loans were made from the OHV Trust Fund to the General Fund. Loans were structured to ensure that the programs supported by the OHV Trust Fund were not adversely affected by the loan.
- Loans to the General Fund included the following:
 - FY 2008/09 – approximately \$90 million (initial repayment date of June 30, 2013 was extended to June 30, 2015)
 - FY 2009/10 - approximately \$22 million (initial repayment date of June 30, 2012 was extended to June 30, 2016)
 - FY 2010/11 - approximately \$21 million to the General Fund (initial repayment date of June 30, 2014 was extended to June 30, 2015).

■ Loans (continued)

- The OHMVR Administrative Chief provided an update in a memorandum titled OHMVR Commission Meeting dated September 20, 2013, which stated that “it remains to be seen if the loans and transfers from the OHV Trust Fund to the General Fund of \$132 million will be repaid”.

■ Reimbursements

- Reimbursements are used for budgetary purposes to capture reimbursed expenditures from third parties. In the enacted budget for FY 2013/14, \$25.0 million (6% of support of DPR) was appropriated from this fund.
- The DPR may advance monies to fund special projects or programs that will be reimbursed by third parties. For example, a third party may want to hold a special event at a park which will require the use of park staff and resources. These types of reimbursements benefit the DPR because it allows resources that are reimbursed by third parties to be utilized in other areas in the state park system. Reimbursements are excluded from the state appropriation limit.

Funding Sources

Support of the DPR (continued)

■ Harbors and Watercraft Revolving Fund

- Harbors and Watercraft Revolving Fund provides funding for operation and maintenance of units of the state park system that have boating-related activities
- **Revenue.** The major revenue sources for the Harbors and Watercraft Revolving Fund are transfers from the Motor Vehicle Fuel Account from taxes imposed on distribution of fuel to propel vessels. A portion of revenue comes from vessel registration fees and boating licenses.
- **Expenditure/ Appropriation.** Harbors and Watercraft Revolving Fund appropriation to the DPR is subject to annual review by the Legislature and the Governor. In the enacted budget for FY 2013/14, \$21.3 million (5% of support of DPR) was appropriated from this fund.

■ Federal Trust Fund

- The Federal Trust Fund provides funding for operating and other activities for the DPR, infrastructure and local assistance.
- **Revenue.** The major revenue source are receipts from the federal government (taxes).
- **Expenditure/ Appropriation.** Federal Trust Fund appropriation to the DPR is subject to annual review by the Legislature and the Governor. In the enacted budget for FY 2013/14, \$15.7 million (4% of support of DPR) was appropriated from this fund.

■ State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund

- State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund provides funding for programs that create incentives for projects that generate revenue or on projects consistent with administration development of the state park system.

■ State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund (continued)

- **Revenue.** The source of funding for the State Park Revenue Incentive Subaccount are transfers from the SPRF. Transfers are expected to end FY 2013/14. The subaccount will continue to be funded from revenues generated from revenue generating projects.
- **Expenditure/ Appropriation.** In FY 2012/13 and 2013/14, the Governor's budget appropriated approximately \$15 million (4% of support of DPR) in each year; however, the DPR spent \$11.8 million in FY 2012/13.

■ State Park Contingent Fund

- State Park Contingent Fund is a depository for donations received for the improvement or administration of state parks or acquisition of properties for the state park system. Donations from benefactors are typically used for specified purposes in the state park system.
- **Revenue.** The major revenue sources are gifts, bequests, and donations.
- **Expenditure/ Appropriation.** Historically, donations were not included in the Governor's Budget. In FY 2012/13 and 2013/14, the Governor's Budget includes an estimated appropriation of approximately \$10 million in each year. This fund is continuously appropriated and subject to the amount of donations received. As such, these appropriations have been excluded in the charts discussed earlier in this report.

■ Public Resources Account, Cigarette and Tobacco Products Surtax Fund

- Public Resources Account, Cigarette and Tobacco Products Surtax Fund provides funding for programs to enhance state park and recreation resources.
- **Revenue.** The major revenue source is from the cigarette and tobacco surtaxes.

Funding Sources

Support of the DPR (continued)

■ Public Resources Account, Cigarette and Tobacco Products Surtax Fund (continued)

■ **Expenditure/ Appropriation.** Appropriations from this fund are subject to annual review by the Legislature and the Governor. In the enacted budget for FY 2013/14, the appropriation for this fund was \$8.3 million (2% of support of DPR). According to DPR staff, funding is expected to decrease going forward as collections from cigarette surtaxes decline.

■ California Environmental License Plate Fund

■ California Environmental License Plate Fund provides funding for programs pertaining to the preservation and protection of the environment within the state park system.

■ **Revenue.** The major revenue source is from the sale of personalized license plates by the Department of Motor Vehicles, including renewal and transfer fees.

■ **Expenditure/ Appropriation.** Appropriations from this fund are subject to annual review by the Legislature and the Governor. In the enacted budget for FY 2013/14, the appropriation for this fund was \$3.2 million (1% of support of DPR). According to DPR staff, funding is expected to decrease going forward since revenues from the sale of personalized license plates are expected to decline.

■ Bond Funds

■ Major bond funds that provide support for the DPR include Proposition 84, 40 and 12 (approximately 5% of support for the DPR in FY 2013/14). These propositions provided major one-time infusion of state funds for natural resource protection and park improvements. Other minor propositions include Proposition 50 for the protection and restoration of coastal wetlands and Proposition 12 for flood control.

– Proposition 84 - Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Fund 6051)

- Proposition 84 was passed in November 2006 and authorized \$5.4 billion (for the entire state, including fund appropriated to the DPR) in general obligation bonds to fund safe drinking water, water quality and supply, flood control, waterway and natural resource protection, water pollution and contamination control, state and local park improvements, public access to natural resources, and water conservation efforts.
- Approximately \$400 million of Proposition 84 funds were allocated to support the DPR and the state park system. DPR staff noted that the remaining balance available to be appropriated in future years total \$84.4 million as of July 1, 2013.
- Out of the \$84.4 million available for appropriation, approximately \$65.7 million has been committed for specific projects to complete projects in the next decade and \$18.6 million has not been committed. DPR staff noted that the full \$84.4 million is expected to be appropriated within the next decade.

– Proposition 40 - California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act (Fund 6029)

- Proposition 40 was passed in March 2002 and authorized \$2.6 billion (for the entire state, including funds appropriated to the DPR) to fund the development, restoration, and acquisition of state and local parks, recreation areas and historical resources, and for land, air, and water conservation programs.
- Approximately \$225 million of Proposition 40 funds were allocated to support the DPR and the state park system.

Funding Sources

Support of the DPR (continued)

■ Bond Funds (continued)

- Proposition 40 (continued)
 - DPR staff noted that the remaining balance available to be appropriated in future years is minimal and totals \$2.9 million (as of July 1, 2013), of which \$1.5 million has been committed for specific uses and the remaining \$1.4 million has not been committed and is available for appropriation in the next few years.
- Proposition 12 - Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act (Fund 0005).
 - Proposition 12 was passed in March 2000 and authorized \$2.1 billion (for the entire state, including funds appropriated to the DPR) to fund activities to protect land around lakes, rivers, and streams and the coast to improve water quality and ensure clean drinking water; to protect forests and plant trees to improve air quality; to preserve open space and farmland threatened by unplanned development; to protect wildlife habitats; and to repair and improve the safety of state and neighborhood parks.
 - Approximately \$400 million of Proposition 12 funds were allocated to support the DPR and the state park system.
 - DPR staff noted that the remaining balance available to be appropriated in future years is \$33.3 million (as of July 1, 2013) and the entire amount has been committed for specific projects to make facilities accessible pursuant to the American with Disabilities Act, which are expected to be completed within the next decade.

Proposition Funding Available for Future Appropriations (as of July 1, 2013)

(\$ in thousands)	Proposition		
	84	40	12
Original Allocation	\$ 400,000	\$ 225,000	\$ 400,000
Expenditures	(315,634)	(222,114)	(366,688)
Available Funds	\$ 84,366	\$ 2,886	\$ 33,312
Available Funds Committed	\$ 65,729	\$ 1,455	\$ 33,312
Available Funds Not Committed	18,637	1,431	-
Total Available Funds	\$ 84,366	\$ 2,886	\$ 33,312

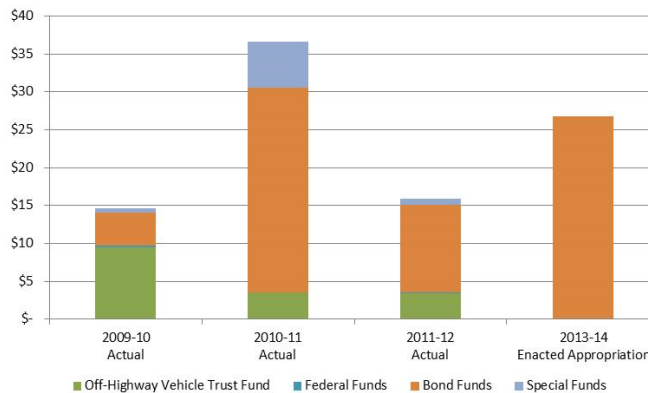
Source: Proposition Reports dated as of July 1, 2013 provided by DPR Administrative Services, Budget Section.

Funding Sources

Infrastructure and Local Assistance

- Funding sources for Infrastructure are primarily comprised of bond funds. The majority of Infrastructure spending is related to facilities on existing properties owned by the DPR.
- Historical funding for Infrastructure increased in FY 2010/11 over the prior year primarily due to expenditures to fund Proposition 84 related projects.

Funding for Infrastructure (\$ in millions):



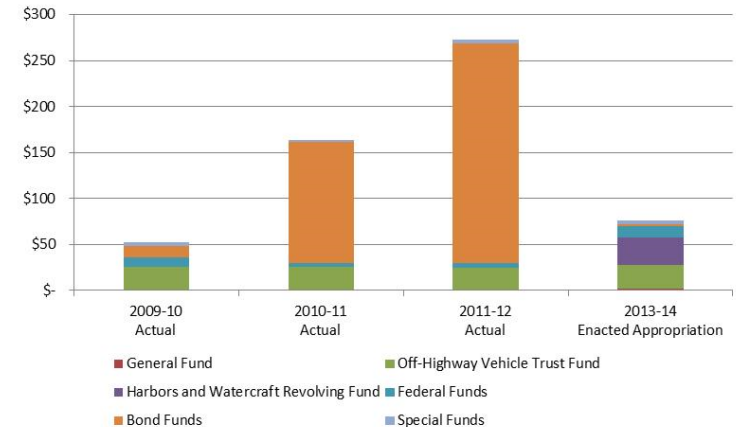
Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets FY 2009/10 - FY 2013/14, Expenditures. FY 2012/13 (Expected Actual) figures were requested from but not provided by the DPR as of the date of this report.

FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section.

- The enacted appropriation for infrastructure for FY 2013/14 is \$26.8 million. The appropriation is primarily funded by bond funds (Proposition 84).

- Funding for Local Assistance are primarily comprised of bond funds.
- Historical funding for Local Assistance increased in FY 2010/11 and FY 2011/12 over FY 2009/10 primarily due to expenditures to fund Proposition 84 related programs.

Funding for Local Assistance (\$ in millions):



Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets FY 2009/10 - FY 2013/14, Expenditures. FY 2012/13 (Expected Actual) figures were requested from but not provided by the DPR as of the date of this report.

FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section.

- The enacted appropriation in FY 2013/14 is \$76.0 million. The primary reason for the decrease is due to lower appropriations from the bond funds. Any appropriations that were not spent in FY 2012/13 could be carried over to future years.

Funding Sources

Infrastructure and Local Assistance

Funding Sources For Infrastructure (Capital Outlay)

(\$ in thousands)

			Expenditures			Appropriation
			2009-10	2010-11	2011-12	2013-14
Code	Rev Source	Fund	Actual	Actual	Actual	Enacted
6051	Bonds	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Prop. 84)	\$ 3,000	\$ 9,888	\$ 2,395	\$ 25,606
6029	Bonds	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Prop. 40)	730	13,422	7,769	1,200
0263	Fees	Off-Highway Vehicle Trust Fund	9,490	3,494	3,432	-
0995	Reimbursements	Reimbursements	-	5,084	768	-
0890	Federal Funds	Federal Trust Funds	211	-	100	-
0005	Bonds	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Prop. 12)	337	3,539	1,221	-
0262	Taxes	Habitat Conservation Fund	630	995	37	-
0742	Bonds	State, Urban, and Coastal Park Fund	289	171	173	-
Total Funding of Infrastructure Projects			\$ 14,687	\$ 36,593	\$ 15,895	\$ 26,806

Funding Sources For Local Assistance

(\$ in thousands)

			Expenditures			Appropriation
			2009-10	2010-11	2011-12	2013-14
Code	Rev Source	Fund	Actual	Actual	Actual	Enacted
0516	Taxes	Harbors and Watercraft Revolving Fund	\$ -	\$ -	\$ -	\$ 30,067
0263	Fees	Off-Highway Vehicle Trust Fund	26,169	26,004	25,069	26,000
0890	Federal Funds	Federal Trust Funds	3,635	1,177	3,291	7,800
0858	Federal Funds	Recreational Trails Fund	6,256	2,335	1,844	4,500
0262	Taxes	Habitat Conservation Fund	3,493	2,508	4,466	3,500
0001	Taxes	General Fund	-	-	-	2,000
6051	Bonds	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Prop. 84)	-	117,331	175,868	1,210
0577	Taxes	Abandoned Watercraft Abatement Fund	-	-	-	775
6029	Bonds	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Prop. 40)	-	12,493	62,175	166
0995	Reimbursements	Reimbursements	-	-	-	-
0005	Bonds	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Prop. 12)	12,475	1,957	-	-
0786	Bonds	California Wildlife, Coastal and Park Land Conservation Fund of 1988	-	-	-	-
Total Funding of Local Assistance			\$ 52,028	\$ 163,805	\$ 272,713	\$ 76,018

Source: Funding Reports provided by DPR Administrative Services, Budget Section and Governor's Budgets FY 2009/10 – FY 2013/14, Expenditures. FY 2012/13 (Expected Actual) figures were requested but were not available from the DPR as of the date of this report.

[1] FY 2013/14 enacted appropriations are based on estimates provided by the DPR Administrative Service, Budget Section and do not include a carry forward of prior year appropriations included in the Governor's Budget.

Funding Sources for Infrastructure

- Infrastructure (or capital outlay) is related to the expenditure of funds to acquire land, construct new buildings, and modify existing buildings.
- As previously noted, the FY 2013/14 appropriations in the Governor's Budget include continuing projects with appropriations that were carried forward from prior budget acts. For comparison purposes, they have been excluded from the infrastructure chart.
- Per the DPR, the enacted appropriation in FY 2013/14 includes two projects – a restoration of Immigration Hospital at Angel Island State park for approximately \$5 million and site development/ planning and phase 1 at Los Angeles State Historic Park for approximately \$20 million.

Funding Sources for Local Assistance

- Local assistance pertains to expenditures made for the support of local government activities.
- Enacted appropriations for local assistance FY 2013/14 is expected to be lower than historical years.
- Funding from the Harbors and Watercraft Revolving Fund is related to transfers to the DPR to implement the merger of boating and waterways into the department.
- Funding for local assistance has increased from FY 2009/10 – 2011/12 primarily due to Proposition 84 (Fund 6051), which was approved by the Legislature.

Funding Sources

Assembly Bill (AB) 1478 Match Status (November 20, 2013)

- AB 1478 was signed by Governor Brown on September 25, 2012. It established a two-year moratorium on closing state parks and allocated \$20.5 million of “found-money” from the SPRF towards preventing park closures.
- Of the total, \$10.0 million is available for matching contributions by donors for the 2012/13 and 2013/14 state fiscal years. These are one-time funds intended to help bridge the gap between the contributions of donors and partners and the amount of funding necessary to keep the parks open. This amount is reported in the Governor’s Budget within the State Park Contingent Fund.
- According to the DPR, the entire matching fund balance of \$10.0 million has been committed as of November 2013.
- Regarding donors who have participated, there are no current commitments for state matching or donor funds beyond the current fiscal year.
- Matching contributions could be a useful mechanism to improve funding at state parks for the following reasons:
 - Transfers park costs away from the department to partners;
 - Promotes community involvement (which can have positive spillover effects, including enhanced visitation, program offerings and revenue); and
 - Fosters enduring partnerships that can lead to greater contributions in the future.
- The scalability of matching contributions maybe limited due to the following factors:
 - A near-certain closure of parks appears to have been required to prompt action;
 - The relative wealth of local communities;
 - The availability of state funding sources to dedicate to matching programs, which we understand was an important factor in generating donations;
 - The potential misalignment of donor and DPR goals (e.g., a specific project that does not provide the maximum park benefit); and
 - The sheer magnitude of donations required to make a meaningful contribution towards defraying costs.

# Donors	Unit	Match	% of Total
1	Friends of China Camp China Camp SP, Tomales Bay SP, Olompali SP	\$1,424,361	14%
2	County of Sonoma Annadel SP	594,940	6%
3	Napa Co. Regional Parks & Open Space Bothe-Napa & Bale Grist Mill SHP	537,870	5%
4	Buena Vista Water District Tule Elk State Natural Preserve	525,000	5%
5	California State Railroad Museum Foundation Railtown SHP	490,887	5%
6	Golden Gate National Park Conservancy Taylor SP, Angel Island, Mt Tamalpais SP	475,000	5%
7	Beebe Neutzman Trust Antelope Valley Indian Museum	425,000	4%
8	City of Colusa Colusa-Sacramento River SRA	389,552	4%
9	Cuyamaca Rancho Interpretive Assn. Palomar Mountain SP	384,002	4%
10	Mendocino Area Parks Assn. Standish Hickey SRA	321,826	3%
11	South Yuba River Park Assn. South Yuba River SP	297,624	3%
12	Coe Park Preservation Fund Henry Coe SP	279,000	3%
13	Stewards of Coast & Redwoods Austin Creek	256,446	3%
14	Sempervirens Fund Castle Rock SP	250,000	3%
15	California State Parks Foundation Los Encinos and Santa Susana Pass SP	171,000	2%
16	Ventura County, City of Oxnard, Peter Mullin McGrath SB	150,000	1%
17	Governor's Mansion Foundation Governor's Mansion SHP	135,750	1%
18	Point Cabrillo Lightkeepers Assn. Point Cabrillo Light Station	115,294	1%
19	Weaverville Joss House Assn Weaverville Joss House	112,648	1%
20	Ide Adobe Interpretive Association William B. Ide Adobe SHP	110,180	1%
Top 20 Donors		\$7,446,380	74%
Other Donors / Matching Funds		2,553,620	26%
Total Matching Donations		\$10,000,000	100%

Source: AB 1478 Match Status provided by DPR Park Operations as of November 20, 2013.

Expenditures (Uses)

Expenditures

Key Takeaways and Potential Opportunities

Key Takeaway

Limited Discretion over Uses of Funds.

Expenditures for day-to-day operations are called “Homebase” and they account for about 65% of the DPR’s support budget. They are primarily funded by the General Fund and SPRF.

Expenditures for restricted purposes and special projects are called “Non-Homebase” and they account for about 35% of the DPR’s support budget. They are primarily funded by bond, federal and other special funds.

Almost 80% of homebase expenditures are used for salaries and benefits (called “personal services”). These funds are effectively restricted because the majority are subject to collective bargaining agreements. The remaining 20% of homebase expenditures are for operating expenses and equipment and were less than 15% of total expenditures that support the DPR.¹

Opportunity

The DPR should focus on developing an understanding of what portion of expenditures truly are discretionary, to better assess the extent to which opportunities exist for cost savings. It needs to understand and address the implications of terminating bond funding (and other special funds), which is currently a major source for non-homebase expenditures (more than \$100 million, of which approximately \$44 million is for personal services and approximately \$67 million is for operating expenses and equipment).

[1] Excluding infrastructure.

Expenditures

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>Park Unit Expenditures. The DPR has not historically tracked expenditures to the park level (with few exceptions) but is currently in the process of implementing procedures to do so. It is FTI's understanding that the park unit cost analysis is expected to be completed and submitted to the Legislature on December 1, 2013.</p>	<p>The lack of park unit expenditure data hampers the ability of the DPR to make prudent budgeting and allocation decisions. Such data are required to benchmark costs against units of the same class with similar activities, locations and size as well as to other park systems. The data will enable the DPR to develop a true baseline for assessing what <i>should</i> be spent at each park and where opportunities exist for cost savings. This information also is critical for potential partners.</p>
<p>Excess Vacancies. Vacancies increased over the period FY 2007/08 to FY 2011/12 from 268 to 407, a 52% increase. According to the DPR, approximately 10% of vacant positions were funded and the budget dollars tied to the vacant positions may have been used to fund operations.</p>	<p>To achieve greater clarity with FTE budget dollars, the DPR should (and will) remove unfunded vacant positions from its go-forward budget. Funding for DPR operations should not hinge on the unpredictability of vacancy dollars. The DPR should determine appropriate levels of staffing and request appropriations that are representative of baseline personal service and operating expense requirements, a challenge which we understand other state agencies likely also face.</p>

Expenditures

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>Proportion of Headquarters and Field Positions. Approximately 30% of the DPR’s FTE positions are considered “headquarters” (including all divisions operating in Sacramento) and 70% are “field” positions, in the Northern and Southern Divisions. The ratio of headquarters positions to total positions appears to be on the high side of the range when compared with other large state park systems.</p>	<p>While further research is required to confirm comparability of data, the DPR should consider benchmarking the relative ratios of headquarters and field personnel to peer group state parks (with appropriate adjustments for California’s uniqueness, size and diversity) and the National Park Service. Once appropriate peer group parks are identified, other key operational characteristics can also be considered for benchmarking.</p>
<p>Consequences of Aging Work Force. Approximately 46% of the DPR work force is 50 years old or older (as of October 2012). Consequently, a very large proportion of the current employees will be retiring in the next ten years. In addition to the transition/continuity issues posed, approximately \$22.9 million in leave pay for these individuals has accrued that will need to be funded in this time horizon.</p>	<p>The DPR should seek to bring in new workers while those whose retirements are pending are still available to mentor and transition institutional knowledge. DPR should work to proactively anticipate additional funding that will be required for paying accrued leave time and consider policies that will limit the magnitude of such accruals on a go-forward basis.</p>

Expenditures

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>Data Integrity/Deficiency. The DPR was unable to extract basic expenditure data from the DPR's financial system in electronic format that reconciles to the actual expenditures reported in the Governor's Budget. Reports also did not provide detail by expenditure type and were not available in electronic form.</p>	<p>The DPR should focus on developing accounting and business information systems that allow for flexibility in terms of its ability to pull expenditure and cost reports. Further, best practices and processes should be implemented to ensure that district-provided expenditure data are reconciled with the DPR and the state financial systems.</p>
<p>Information Accessibility. Members of the DPR may be hampered by their inability to access key financial information such as expenditures. Certain departments rely on others (e.g., IT) to pull reports from DPR financial systems. Also, many reports are prepared by a single individual and there often are no back-ups to ensure continuity when that individual is unavailable or has left the department.</p>	<p>The DPR could benefit from more training programs that instruct individuals in the different departments on how to use financial systems as well as understand the information contained in them. Such programs could improve efficiency and communication within the department. The distribution of responsibilities for certain reports should also be assessed to shed light on centralized duties that could benefit from further sharing.</p>

Expenditures Overview

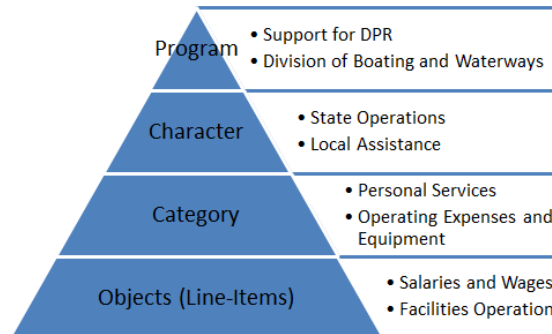
Overview

Expenditures

- Expenditures are appropriations used for goods and services, whether paid or accrued. An unpaid expenditure, or encumbrance, is an obligation placed on an appropriation to pay for goods or services that have been ordered by means of contracts, but not yet received or paid.

Expenditures = Actual Expenses Paid + Encumbrances

- Departmental expenditures are captured in the various classification categories presented below (note that the examples listed below are for illustrative purposes and do not represent a complete list):

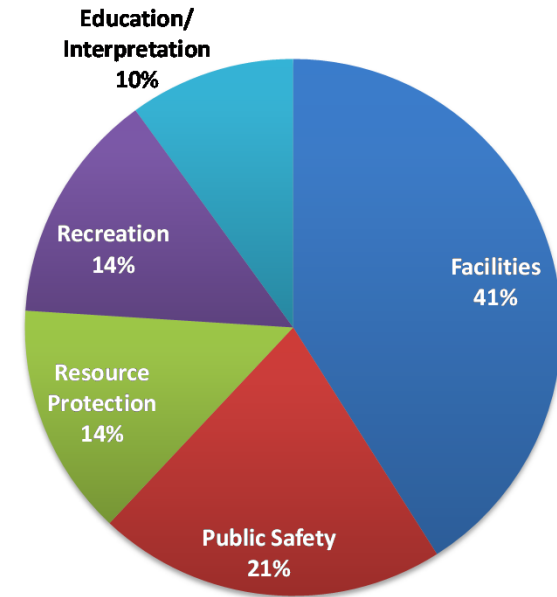


- For purposes of this section, FTI focused on expenditures related to operational support for the DPR, specifically state operations, because these amounts represent expenditures for the operation of the state park. Local Assistance and Infrastructure is not included in the expenditure analysis.

Overview

- The proposed FY 2012/13 Governor's Budget provides a breakdown of expenditures (supporting the DPR) into various core program elements (facilities, public safety, resource protection, recreation and education/interpretation) and generally reflects the mission of the DPR. The reporting of these core program elements has been discontinued and is not reported in the recent Governor's Budget and we are unaware of any reports which track expenditures in this fashion. It would be useful to continue tracking core and other program elements to develop appropriate metrics and benchmarks to determine baseline funding needs to run the DPR.

FY 2012/13 (Proposed Governor's Budget)
Core Program Elements



Expenditures

Overview (continued)

Overview

■ Personal Services and Operating Expenses

- Expenditures related to state operations are primarily comprised of Personal Services and Operating Expenses and Equipment.
- Personal Services include objects of expenditure such as:
 - Salaries and Wages of permanent and temporary state employees (including overtime).
 - Employee Benefits such as contributions to the public employees' retirement fund, insurance premiums for workers' compensation and employee health insurance.
- Operating Expenses and Equipment include objects of expenditure such as:
 - General Expenses – employee relocation, dues and membership, office supplies, freight and shipping, advertising, minor equipment, rental, maintenance/repair of office equipment and subscriptions.
 - Communications – cell phones, PDAs, pager monthly charges, fax monthly charges, messenger services, courier, radio maintenance, telephone monthly charges and other.
 - Travel – per diem, car rental, air transportation, mileage, taxi, rail, bus and meals.
 - Training – tuition and registration fees, rental of training films, facility rental and purchases related to training, interagency agreements and other.
 - Facilities Operation – rent of State-owned buildings, rent/lease of buildings and grounds, commercial contract or interagency agreement for janitorial and security services, recurring maintenance of buildings, ground & structures, roads, trails, cultural and natural resource management, waste removal, equipment and facility expenses.

Overview

- Utilities – electric, natural gas, liquid petroleum, propane, heating oil, water and sewer/septic.
- Consulting / Professional Services – internal accounting, administrative, architectural, auditing, collection services, compliance inspection and investigation, information technology, engineering and attorney fees.
- Equipment – office equipment replacement, passenger motor vehicle replacement, household equipment and furnishing replacement and additional, machinery implements & major tools, maps files and paintings replacement.
- Information Technology (IT) – interagency agreement IT service, IT supplies, IT hardware, data lines and internet service provider.

Expenditures

Overview (continued)

Overview

■ Expenditure Reporting Systems

- **California State Accounting & Reporting System (CALSTARS)**
 - CALSTARS is the DPR's official accounting system (will eventually be replaced by FI\$Cal).
 - Currently being used by most accounting offices at state agencies, departments, institutions, boards and commissions.
 - The Department of Finance supports the system's daily operation, maintenance and development.
- **Fiscal Tracking System (FTS)**
 - The Fiscal Tracking System is an internally developed, web-based tool used by the DPR to track expenditures.
 - Since CALSTARS is not available to field staff, data is downloaded from CALSTARS daily and provided via FTS.
 - Data such as expenditures and receipts that are recorded in FTS can then be uploaded to CALSTARS.

Overview

▪ Financial Information System for California (FI\$Cal)

- The state currently is in the process of updating its financial reporting and accounting system. The new system, FI\$Cal, is an information technology that will enable the state to integrate into a single system its budgeting, accounting, procurement and cash management operations, which currently does not exist.
- "All state departments and agencies shall use the FI\$Cal system. The FI\$Cal system shall replace existing central or departmental systems duplicative of the functionality of the FI\$Cal system" (California Government Code Section 15849.22).
 - Note that CALSTARS will be phased out but not until all departments are using FI\$Cal.
- Accenture was contracted by the state for the design, development and implementation of FI\$Cal.
 - The development is expected to span five years (ending July 2016)
- The FI\$Cal system will be flexible in its accounting and reporting capabilities (e.g., modified accrual, cash, budgetary/legal, full accrual) and budgeting capabilities (e.g., zero based, performance based).

Expenditures

Overview (continued)

Overview

■ Expenditure Tracking

- Expenditures are currently tracked to the district and sector level and have not historically been tracked at the park unit level (with few exceptions). This is largely due to the fact that departmental allocations are made to districts (not park units), which leads to a top-down budgeting approach.
 - Park Unit and Function (PUF) reporting allows for districts to input their expenditures down to the park unit. Historically, most districts lumped their expenditures into sector pots. More recently, the districts began tracking costs at the park unit level. However, some allocations such as those for workers' compensation and unemployment are still recorded at the Administrative Services Division level.
- The department is currently developing park unit expenditure tracking capabilities through FTS (outside of CALSTARS).
- Although both districts and headquarters use FTS, many districts also track expenditures separately to manage their operations due to the time it takes for accounting services to make payments and key in the information into CALSTARS.
 - FTS does not provide real-time expenditures due to a timing difference that exists between when expenditures are incurred at the district level and entered into the system.
 - DPR staff has indicated that district superintendents often have a better sense of expenditures than the budget office. Improving the real-time information flow and communication between districts and headquarters could improve budgeting decisions.

Overview

■ Homebase vs. Non-Homebase Expenditures

- The department tracks expenditures in what are termed “homebase” and “non-homebase” categories.
- Homebase expenditures include funding that is primarily used for day-to-day operations within the state park system. They are principally funded by the General Fund and SPRF.
- Non-homebase expenditures include funding for special projects or programs generally not part of day-to-day operations and staffing. There are specifically identified funds for particular activities (e.g., water facilities, habitat restoration, etc.). They are mostly funded by a combination of bond, federal and other special funds.
- Non-homebase expenditures generally fluctuate more than homebase expenditures due to such factors as:
 - Limited availability and access to funding for special projects.
 - Difficulty anticipating when deferred maintenance projects outside of day-to-day operations will be required (e.g., roof repair).

Expenditures

Overview (continued)

Overview

■ Accuracy and Reliability of Expenditure Data

- FTI encountered significant difficulty in obtaining very basic expenditure information from the DPR. Examples include:
 - 1) DPR homebase and non-homebase reports were prepared to only track certain programs and did not include all expenditures of the department. For historical years, the variance between the expenditure reports and the Governor's Budget was between \$14.6 - \$38.0 million (4% to 12%). In addition, the funding sources coded to the PCA expenditure did not reconcile to the Governor's Budget. These reports were used by the DPR to track certain Program Cost Accounts (PCA) by division and district to monitor budget to actual activity.
 - 2) DPR Administrative Services could not provide electronic copies of the homebase and non-homebase report. FTI had to manually collect this information.
 - 3) The key DPR IT contact responsible for preparing the expenditure reports was on leave and expected to retire. Remaining personnel could not replicate the report within the time frame necessitated by our analysis, underscoring the over-reliance on individuals and lack of successor planning/ training.
 - 4) DPR administrative staff did not have other detailed expenditure reports that reconciled to the Governor's Budget for current or historical years.
 - 5) Existing reports showing total expenditures that were used in fund financial statements were available, but expenditures were provided in aggregate (not by division or district) and did not provide detail by expenditure type.

Overview

■ Accuracy and Reliability of Expenditure Data (continued)

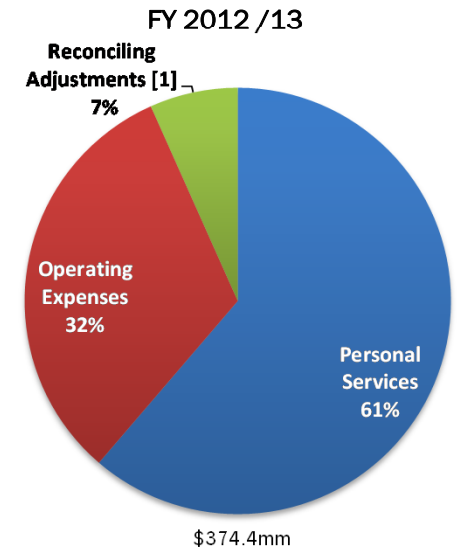
- 6) At FTI's request, DPR administrative staff worked with other IT staff to create and develop reports to obtain expenditure information from raw source data in the FTS by pulling data by PCA. However, the information pulled by DPR administrative and IT staff did not reconcile to the Governor's Budget or the DPR homebase and non-homebase reports.
 - Despite these variances, FTI used the expenditure reports provided by the DPR because it was the best source of information for detail by division and district by homebase and non-homebase expenditures that was available from the DPR, and we believe it is useful for understanding major trends in expenditures.

Expenditures

Total by Source (Support for DPR)

Personal Services (wages, salaries and benefits) comprise 61% of DPR expenditures, operating expenses account for 32% and the balance (7%) reflects a reconciling adjustment.

Expenditure	Fiscal Year							
	2009-10	% Total	2010-11	% Total	2011-12	% Total	2012-13	% Total
Personal Services								
Homebase	\$ 173,531	49%	\$ 186,311	51%	\$ 189,158	49%	184,931	49%
Non-Homebase	37,485	11%	42,068	12%	40,373	10%	44,231	12%
Total Personal Services	211,016	60%	228,379	63%	229,531	59%	229,162	61%
Operating Expenses and Equipment								
Homebase	61,955	17%	69,164	19%	65,361	17%	52,715	14%
Non-Homebase	43,616	12%	52,372	14%	71,998	19%	67,037	18%
Total Operating Expenses and Equipment	105,571	29%	121,536	33%	137,359	36%	119,752	32%
Total Homebase Expenditures	235,486	66%	255,475	70%	254,519	66%	237,646	63%
Total Non-Homebase Expenditures	81,101	23%	94,440	26%	112,371	29%	111,268	30%
Total Expenditures	316,587	89%	349,915	96%	366,890	95%	348,914	93%
Reconciling Adjustments [1]	38,013	11%	14,633	4%	20,962	5%	25,496	7%
Total (Adjusted)	\$ 354,600	100%	\$ 364,548	100%	\$ 387,852	100%	\$ 374,410	100%



Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2009/10 – FY 2012/13).

[1] These are adjustments made by FTI to agree DPR Budget Section reports to the Governor's Budget. Annual variances for FY 2009/10 – FY 2012/13 range from \$14.6 million to \$38.0 million, or 4% to 12% of total expenditures.

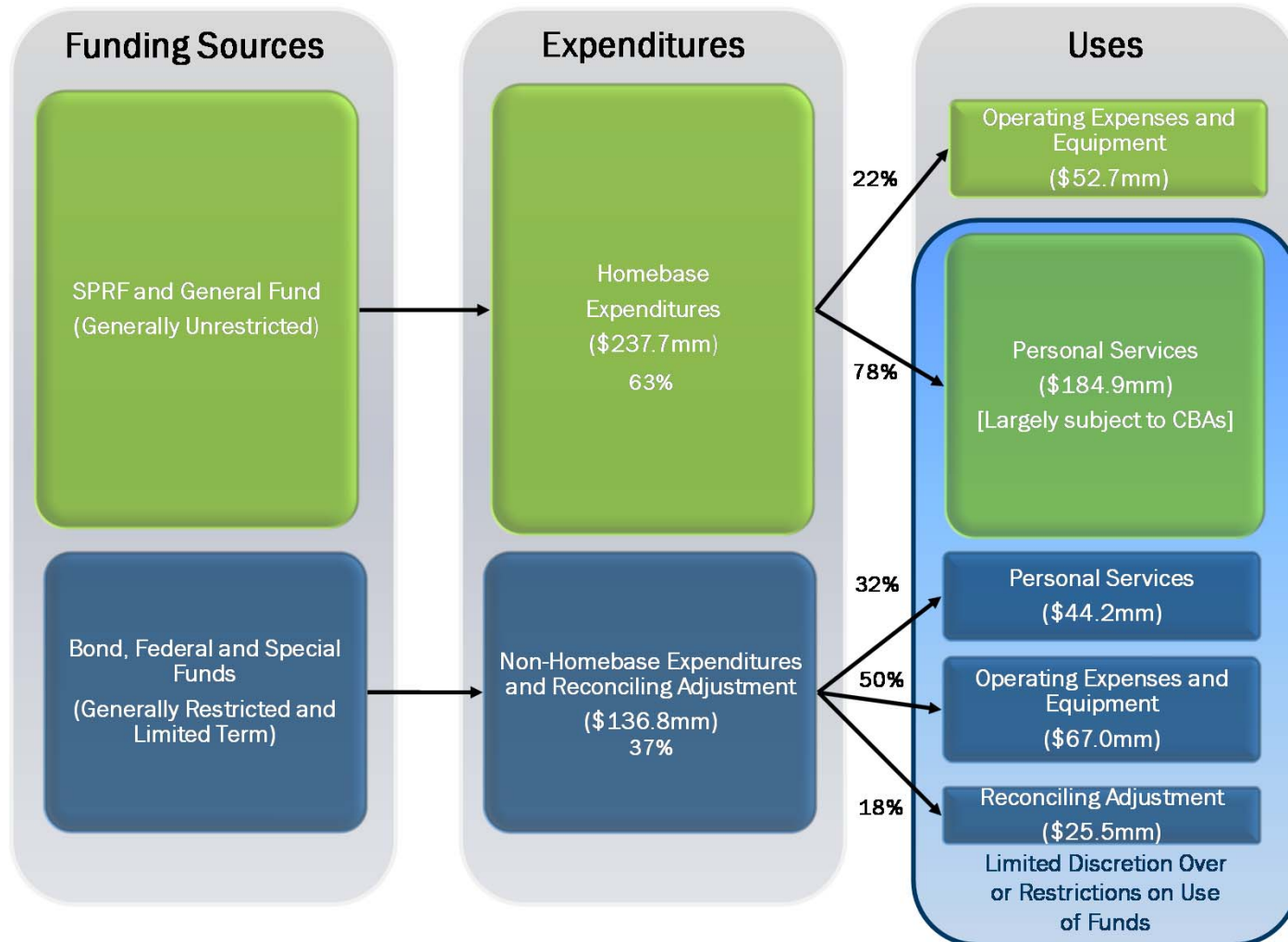
Personal Services and Operating Expenses

- DPR Support expenditures consist of both personal services and operating expenses and equipment. Personal services include salary and wages as well as benefits. Operating expenses and equipment expenditures are primarily comprised of facilities operations, consulting and professional services and other items.
- In FY 2012/13, personal services and operating expenses have made up approximately 61% and 32% of expenditures, respectively (excluding reconciling adjustments).
- Homebase expenditures are mainly used for ordinary course operations. These types of expenditures are primarily funded from the General Fund and SPRF.
- Non-homebase expenditures are costs for special projects or programs. These types of expenditures are primarily funded from bond and other special funds.
- Reconciling Adjustments were made by FTI and represent expenditure amounts shown in the Governor's Budget that were not included on the internal Budget Section reports.

Expenditures

Major Support for the DPR for FY 2012/13

The DPR has limited discretion over a significant portion of its expenditures (about 86%), including non-homebase expenditures that are funded by bond, federal and other special funds and homebase expenditures for personal services that are largely subject to collective bargaining agreements.

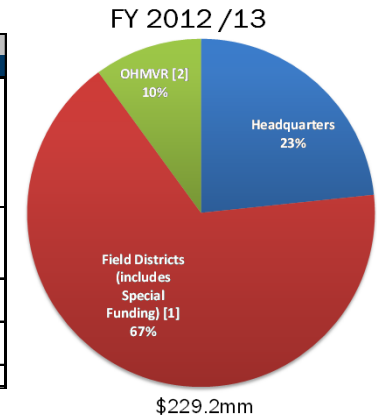


Expenditures

Personal Services by Division (Support for DPR)

In FY 2012/13, headquarters had personal expenses of \$53.5 million compared to \$152.7 million for the Northern and Southern Field Districts (including special funding). Headquarters and Field Districts (including special funding) made up approximately 23% and 67%, respectively, of total expenditures for personal services, proportions which have been relatively constant over the past few years. OHMVR (which includes nine parks) made up 10% of Personal Services spending.

Personal Services (\$ in thousands)	Homebase				Non-Homebase				Total				%
	2009-10	2010-11	2011-12	2012-13	2009-10	2010-11	2011-12	2012-13	2009-10	2010-11	2011-12	2012-13	
Acquisition & Development	\$ 5,951	\$ 5,544	\$ 5,803	\$ 5,147	\$ 3,942	\$ 3,888	\$ 2,683	\$ 3,390	\$ 9,893	\$ 9,432	\$ 8,486	\$ 8,537	4%
Administrative Services	13,988	16,411	16,865	16,525	13,330	12,059	12,638	3,450	27,318	28,470	29,503	19,975	9%
Executive Staff	4,236	4,359	4,779	4,201	793	1,236	954	680	5,029	5,595	5,733	4,881	2%
External Affairs	4,229	4,386	3,539	2,977	37	122	153	56	4,266	4,508	3,692	3,033	1%
Historic Preservation	1,609	696	385	548	227	1,756	1,795	1,773	1,836	2,452	2,180	2,321	1%
Park Operations	9,090	10,757	11,430	10,607	4,507	5,475	4,487	4,143	13,597	16,232	15,917	14,750	6%
Total Headquarters	\$ 39,103	\$ 42,153	\$ 42,801	\$ 40,005	\$ 22,836	\$ 24,536	\$ 22,710	\$ 13,492	\$ 61,939	\$ 66,689	\$ 65,511	\$ 53,497	23%
Northern Districts	61,859	63,811	64,765	62,777	8,309	10,490	10,778	12,574	70,168	74,301	75,543	75,351	33%
Southern Districts	54,256	59,028	59,814	61,232	4,514	4,895	5,051	5,359	58,770	63,923	64,865	66,591	29%
Total Field Districts	\$ 116,115	\$ 122,839	\$ 124,579	\$ 124,009	\$ 12,823	\$ 15,385	\$ 15,829	\$ 17,933	\$ 128,938	\$ 138,224	\$ 140,408	\$ 141,942	62%
Special Funding [1]	-	-	-	-	-	-	-	10,725	-	-	-	10,725	5%
Field Districts and Special Funding	\$ 116,115	\$ 122,839	\$ 124,579	\$ 124,009	\$ 12,823	\$ 15,385	\$ 15,829	\$ 28,658	\$ 128,938	\$ 138,224	\$ 140,408	\$ 152,667	67%
OHMVR [2]	18,313	21,319	21,778	20,917	1,826	2,147	1,834	2,081	20,139	23,466	23,612	22,998	10%
Total Personal Services	\$ 173,531	\$ 186,311	\$ 189,158	\$ 184,931	\$ 37,485	\$ 42,068	\$ 40,373	\$ 44,231	\$ 211,016	\$ 228,379	\$ 229,531	\$ 229,162	100%
<i>% of Homebase and Non-Homebase</i>	82%	82%	82%	81%	18%	18%	18%	19%	100%	100%	100%	100%	



[1] Special funding includes one-time expenditures at the district level for AB 1478 matching funds and other special projects. For presentation purposes, FTI included special funding as part of field district expenditures.

[2] OHMVR includes expenditures for OHMVR Division Headquarters, which ranged from \$3.9 million - \$5.5 million.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2009/10 - FY 2012/13). There were expenditures in the Governor's Budget that were not included in the source reports provided by the Budget Section. Annual variances for FY 2009/10 - FY 2012/13 range from \$14.6 million to \$38.0 million, or 4% to 12%, of total expenditures.

Personal Services

- Total expenditures for personal services have increased from \$211.0 million in FY 2009/10 to \$229.2 million in FY 2012/13, a CAGR of 2.1%.
- In FY 2012/13, total expenditures for personal services were consistent with the prior year, but non-homebase personal expenses increased while homebase personal expenses decreased.
- Park operations includes various divisions that directly benefit the Northern and Southern Field Districts. The divisions in Park Operations include the archaeology history and museum; communication centers; concessions; facilities management; interpretation; law enforcement; natural resources; and telecommunications.
- Administrative Services includes certain department-wide (field and headquarters) staff benefits (e.g. unemployment and workers' compensation).
- Based on the FY 2013/14 Governor's Budget - Salaries and Wages Supplement, safety positions account for approximately 28% of total authorized positions for FY 2012/13. For directional purposes, applying this percentage to FY 2012/13 data suggests that approximately \$64.2 million of personal services is related to safety positions.

Expenditures

Personal Services by District – Excluding Special Funding (Support for DPR)

(in thousands, except for # of parks and acreage)

District	# of FTE		FTE		Total Attend (in 000s) [2]	Homebase and Non-Homebase Expenditures				%	Statistics (Dollars in Actuals)							
	Parks	Positions [1]	Positions	Acreage		2009-10	2010-11	2011-12	2012-13		2012-13	2012-13	2012-13	2012-13	2012-13			
Northern Field Districts																		
Capital District	9	79	8.8	326	1,330	\$ 6,527	\$ 7,352	\$ 7,315	\$ 7,002	4%	1.8%	\$ 778,000	\$ 88,633	\$ 21,479	\$ 5.26			
Central Valley District	14	75	5.4	54,806	1,591	6,239	6,250	7,416	7,010	4%	3.0%	500,714	93,467	128	4.41			
Diablo Vista District	19	55	2.9	49,679	1,432	4,944	5,024	4,928	3,977	3%	-5.3%	209,316	72,309	80	2.78			
Gold Fields District	8	53	6.6	67,965	2,490	6,229	6,608	6,506	6,758	4%	2.1%	844,750	127,509	99	2.71			
Marin District	7	41	5.9	14,425	1,250	3,252	4,016	3,773	3,622	2%	2.7%	517,429	88,341	251	2.90			
Mendocino District	17	23	1.4	25,765	3,077	2,375	2,479	2,245	2,879	2%	4.9%	169,353	125,174	112	0.94			
Monterey District	23	82	3.6	108,255	4,130	7,240	7,761	7,995	7,827	5%	2.0%	340,304	95,451	72	1.90			
North Coast Redwoods District	22	58	2.6	130,374	1,256	6,469	6,549	6,652	7,439	5%	3.6%	338,136	128,259	57	5.92			
Northern Buttes District	15	58	3.9	45,399	1,188	6,336	6,060	6,223	6,909	4%	2.2%	460,600	119,121	152	5.82			
Northern Division Chief	N/A	3	N/A	N/A	N/A	154	213	364	266	0%	14.6%	N/A	88,667	N/A	N/A			
Russian River District	6	38	6.3	26,092	4,687	3,407	3,913	3,699	3,974	2%	3.9%	662,333	104,579	152	0.85			
Santa Cruz District	29	114	3.9	63,415	6,898	10,434	11,482	12,000	11,245	7%	1.9%	387,759	98,640	177	1.63			
Sierra District	17	62	3.6	86,224	1,978	6,562	6,594	6,427	6,443	4%	-0.5%	379,000	103,919	75	3.26			
Total Northern Field Districts	186	741	4.0	672,725	31,307	\$ 70,168	\$ 74,301	\$ 75,543	\$ 75,351	46%	1.8%	\$ 405,113	\$ 101,688	\$ 112	\$ 2.41			
Southern Field Districts																		
Angeles District	21	77	3.7	42,768	3,041	\$ 7,488	\$ 8,111	\$ 8,114	\$ 8,240	5%	2.4%	\$ 392,381	\$ 107,013	\$ 193	\$ 2.71			
Channel Coast District	12	54	4.5	8,981	2,572	5,403	5,578	5,956	6,091	4%	3.0%	507,583	112,796	678	2.37			
Colorado Desert District	6	54	9.0	642,195	1,206	4,651	4,941	4,953	5,087	3%	2.3%	847,833	94,204	8	4.22			
Inland Empire District	6	77	12.8	37,014	1,301	5,659	6,630	6,562	6,590	4%	3.9%	1,098,333	85,584	178	5.07			
Orange Coast District	7	106	15.1	6,104	8,611	11,585	12,335	13,098	13,778	8%	4.4%	1,968,286	129,981	2,257	1.60			
San Diego Coast District	12	65	5.4	11,251	14,824	8,096	8,459	8,778	9,101	6%	3.0%	758,417	140,015	809	0.61			
San Luis Obispo Coast District	10	117	11.7	17,052	3,014	12,446	13,993	13,782	13,948	8%	2.9%	1,394,800	119,214	818	4.63			
Southern Division Chief	N/A	1	N/A	N/A	N/A	55	180	186	190	0%	36.3%	N/A	N/A	N/A	N/A			
Tehachapi District	11	40	3.6	45,021	435	3,387	3,696	3,436	3,566	2%	1.3%	324,182	89,150	79	8.20			
Total Southern Field Districts	85	591	7.0	810,386	35,004	\$ 58,770	\$ 63,923	\$ 64,865	\$ 66,591	40%	3.2%	\$ 783,424	\$ 112,675	\$ 82	\$ 1.90			
Subtotal	271	1,332	4.9	1,483,111	66,311	\$ 128,938	\$ 138,224	\$ 140,408	\$ 141,942	86%	2.4%	\$ 523,771	\$ 106,563	\$ 96	\$ 2.14			
OHMVR [4]	9	199	22.1	109,154	3,276	\$ 20,139	\$ 23,466	\$ 23,612	\$ 22,998	14%	3.4%	\$ 2,555,333	\$ 115,859	\$ 211	\$ 7.02			
Total Personal Services	280	1,531	5.5	1,592,265	69,587	\$ 149,077	\$ 161,690	\$ 164,020	\$ 164,940	100%	2.6%	\$ 589,071	\$ 107,769	\$ 104	\$ 2.37			

Metrics for managing park unit costs could take into consideration factors such as:

- Purpose (conserve natural resources, provide recreation, preserve cultural assets);
- Activities which support purpose (maintain biological diversity, hiking, restore historic structure)
- Location (major population center v. remote area)
- Size (acres, building s.f.)

Need to continuously capture unit level costs and benchmark to model performers in CSP and other systems

Develop baseline/normative measures—what should be spent?

Personal Services

- Personal service expenditures are spread across the districts. The top five districts (Santa Cruz District, Orange Coast District, San Luis Obispo Coast District, Angeles District and San Diego District), made up just 34% of the total.
- Overall personal service expenditures have stayed level over the past three years, ranging from \$161.7 - \$164.9 million.
- Three districts spent in excess of \$1 million per park – Inland Empire District, Orange Coast District and San Luis Obispo Coast District. By comparison, the average for all districts (excluding OHMVR) was about \$524,000. Orange Coast and San Luis Obispo are large revenue generators.
- DPR should develop and track appropriate metrics for understanding and managing park unit and district costs.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2009/10 – FY 2012/13).

[1] Based on actual FTE positions for FY 2011/12 (excluding temporary staff) disclosed in the Governor's Budget - Salaries and Wage Supplement for FY 2013/14. Actual FTE positions for FY 2012/13 were not available by district.

[2] Total attendance includes visitors at parks managed by third party operators.

[3] CAGR was calculated for the period FY 2009/10 – FY 2012/13.

[4] OHMVR includes expenditures for OHMVR Division Headquarters, which ranged from \$3.9 million - \$5.5 million.

There were expenditures in the Governor's Budget that were not included in the source reports provided by the Budget Section. Annual variances for FY 2009/10 – FY 2012/13 range from \$14.6 million to \$38.0 million, or 4% to 12%, of total expenditures.

Preliminary analysis of parks with operating agreements and certain concession contracts with partners that manage some day-to-day operations (American Land and Leisure, Park Recreation Management, and Aramark) indicates that expenditures for personal services would be lower on a per park and per acre basis than for those parks without such agreements.

Expenditures

Personal Services - Regular/Ongoing FTE Positions ^[1]

Regular/ongoing FTE positions have declined from FY 2009/10 to FY 2011/12, primarily due to decreases in field positions. Total field positions dropped from 1,625 to 1,496 during this period. ^[7]

Organizational Unit	FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12	
	#	%	#	%	#	%	#	%	#	%
Headquarters (DPR) [2]	482	22%	482	22%	472	21%	471	21%	469	22%
Acquisition & Development Division [3]	143	6%	142	6%	136	6%	130	6%	124	6%
Off-Highway Motor Vehicle Division Headquarters [4]	19	1%	19	1%	31	1%	31	1%	29	1%
Office of Historic Preservation [5]	25	1%	25	1%	26	1%	25	1%	23	1%
Total Headquarters	669	30%	668	30%	665	29%	657	29%	645	30%
Field Divisions [6]	1,533	70%	1,592	70%	1,625	71%	1,571	71%	1,496	70%
Total Headquarters and Field	2,202	100%	2,260	100%	2,290	100%	2,228	100%	2,141	100%
Vacant Positions	268		299		315		317		407	
Total	2,470		2,559		2,605		2,545		2,548	

Source: Governor's Budgets - Salaries and Wages Supplement for FY 2007/08 – FY 2013/14.

[1] Actual FTE positions and excludes Temporary Workers.

[2] Headquarters consists of regular/ongoing staff located in Sacramento at 1416 9th St (Resources Building) and includes the Executive Office, External Affairs, Administrative Services, Natural Resources Division, Concessions, Reservations & Fees, Interpretation and Education Division, Facilities Management Division, and Northern/Southern Field Division Chiefs' Offices.

[3] Acquisition & Development Division consists of regular/ongoing staff located in Sacramento at One Capitol Mall.

[4] Off-Highway Motor Vehicle Division Headquarters consists of regular/ongoing staff located in Sacramento at 1725 23rd St, Suite 200.

[5] Office of Historic Preservation consists of regular/ongoing staff located in Sacramento at 1725 23rd St.

[6] Field includes regular/ongoing staff at the district level for both the Off-Highway Motor Vehicle Division and the Northern/Southern Field Divisions.

[7] FY 2012/13 figures were based on estimates and have not been included here.

Regular and Ongoing Positions

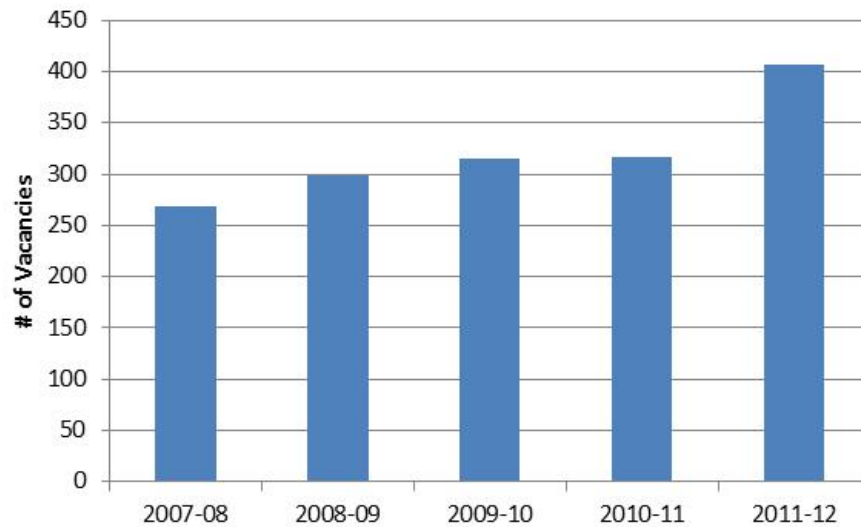
- In FY 2011/12, total headquarters had 645 employees, while total field had 1,496 staff.
- Headquarters positions as a share of total positions have remained stable at between 29% - 30% of the total (includes all divisions located in Sacramento).

Expenditures

Personal Services - Excess Vacancies

Vacancies increased over the period FY 2007/08 to FY 2011/12 from 268 to 407, a 52% increase. According to the DPR, approximately 10% of vacant positions were funded and the budget dollars tied to the vacant positions may have been used to fund operations.

Number of Vacancies in FY 2007/08 – FY 2011/12



Vacancies

- DPR estimates that there are 407 vacant positions in FY 2011/12.
- According to the DPR, approximately 10% of vacant positions were funded. Further investigation is required to understand how monies were used to fund operations.
- Funding for DPR operations should not hinge on the unpredictability of vacancy dollars. The DPR should determine appropriate levels of staffing and request appropriations that are representative of baseline personal service and operating expense requirements.

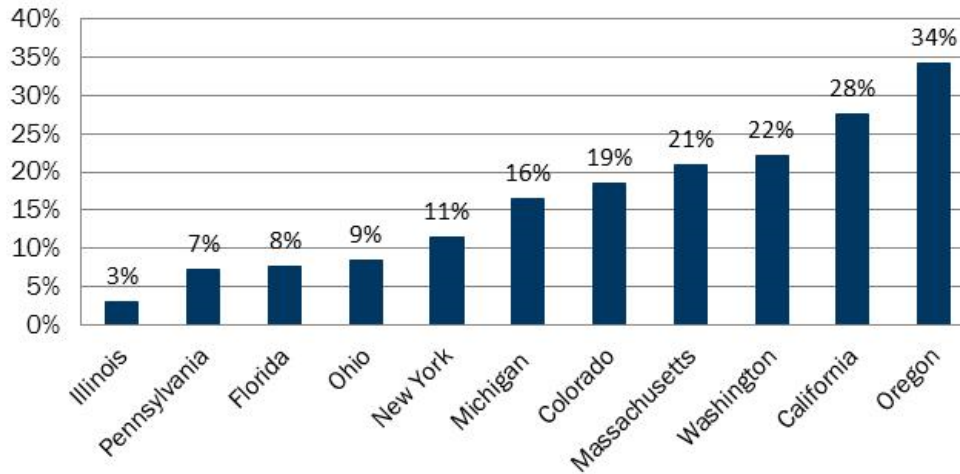
Source: California State Parks, Budget Section. Vacancy Analysis and Authorized Position reconciliation 9-14-12.xlsx.

Expenditures

Personal Services - Headquarter Personnel as % of total Full-time Employees

DPR had the second highest percentage of total headquarter full-time employees (28%) compared to other relatively large, densely populated states.

HQ Personnel - % Total Full-time Employees



Source: Statistical Report of State Park Operations (2010-2011) prepared by the National Association of State Park Directors.

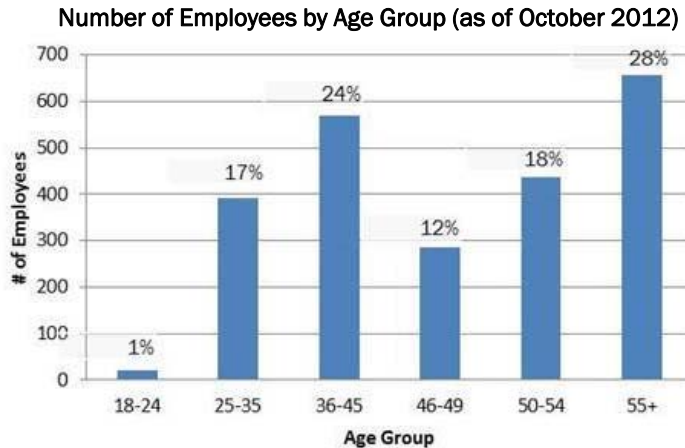
Positions for Regular and Ongoing Positions

- FTI compared the DPR headquarter personnel as a % of total full-time employees to certain other states based on information obtained from the Statistical Report of State Park Operations (2010-2011) prepared by the National Association of State Park Directors.
- The states included are relatively large, densely populated, or have similar geographic locations.
- The total number of full-time employees consists of park professionals (those employees engaged primarily in work specialized to the needs of state parks), field positions, and other staff, not including any part-time or seasonal employees.
- California had the second highest percentage of total full-time headquarter employees in the comparison set. Oregon had the highest and Illinois had the lowest percentages.
- Data should be reviewed further for comparability. We do not view this as conclusive and further research is required to confirm comparability of data and to adjust for California's uniqueness, size and diversity. The DPR also may want to consider benchmarking, with appropriate adjustments, to the National Park Service.

Expenditures

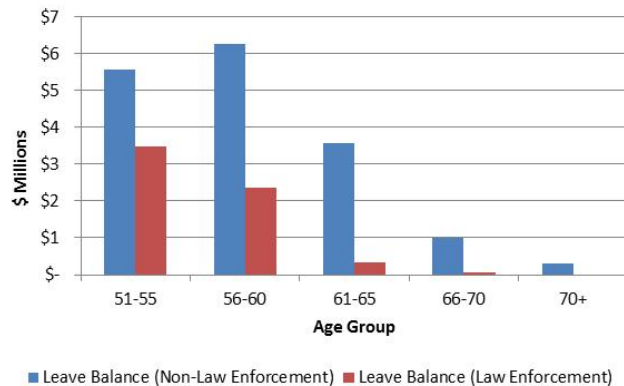
Personal Services - Leave Benefit Balances

A large portion of the DPR workforce is at or near retirement age. This has important implications to future staffing and increases cash needs as employees may cash out significant accrued vacation, holiday and leave balances upon retirement.



Source: Workforce Planning Reports (October 2012) provided by Administrative Services.

\$ Leave Balance Liability by Age Group Near Retirement



Source: MIRS Reports (October 2013) provided by Administrative Services (Personnel Services Section) on October 16, 2013.

Leave Benefit Balances

- As of October 2013, the leave benefit liability for **non-law enforcement** employees over the age of 50 is \$16.7 million and **law enforcement** employees over the age of 50 is \$6.2 million.
- Employees may cash out leave that is considered “compensable” – primarily, vacation, annual leave and holiday credit.
- When an employee separates from state service, he or she receives a separation payment for any unused compensable leave. Separation payments are calculated by multiplying the number of unused compensable leave hours by the separating employee’s final salary at an hourly rate.
- Sick leave is considered “non-compensable”. When an employee separates from state service, he or she does not receive compensation for unused non-compensable days. However, an employee retiring from state service can apply unused sick leave toward service credit when calculating pension benefits.
- As of October 2012, the total percentage of DPR’s employees over age 50 is 46% of its full-time workforce.
- DPR staff indicated that most law enforcement employees generally retire between the age of 50-55 and non-law enforcement employees generally retire between the age of 60-65.

Expenditures

Personal Services - Bargaining Unit Summary

A significant portion of the DPR's full and part-time employees are part of collective bargaining units. As a result, the DPR may have limited flexibility to adjust near-term staffing and compensation levels.

- With the passage of Dills Act in 1977, the Legislature authorized collective bargaining between rank and file state employees organized into bargaining units and the administration.
- About 180,000 full-time equivalent positions are represented by the state's 21 bargaining units in the collective bargaining process.
- In collective bargaining, the bargaining units are represented by unions and the administration is represented by the California Department of Human Resources (CalHR).
- The product of the collective bargaining process is a Memorandum of Understanding ("MOU") that establishes the terms and conditions of employment for the rank and file state employees.
- In order to take effect, the Legislature and employees must ratify the MOUs.
- The DPR has approximately 3,500 full-time and part-time employees in collective bargaining agreements with 14 different units.
- The majority of the DPR employees are in Unit 7 Protective Services and Public Safety and Unit 12 Craft and Maintenance. The majority of employees in each of these unions are part-time employees.
- A total of 10 out of the 14 units are under tentative agreements until both the Legislature and employees ratify them.

Unit #	Unit Description	Agreement	Term	Full-Time	Part-Time	Total
Unit 1	Administrative, Financial, and Staff Services	Tentative Agreement	7/2/2013 - 7/1/2016	435	163	598
Unit 2	Attorneys and Hearing Officers	Memorandum of Understanding	4/1/2011 - 7/1/2013	9	-	9
Unit 4	Office and Allied	Tentative Agreement	7/2/2013 - 7/1/2016	94	67	161
Unit 7	Protective Services and Public Safety	Tentative Agreement	7/2/2013 - 7/1/2016	407	837	1,244
Unit 8	Firefighter	Memorandum of Understanding	7/1/2010 - 7/1/2013	1	4	5
Unit 9	Professional Engineers	Tentative Agreement	7/2/2013 - 7/1/2015	64	8	72
Unit 10	Professional Scientific	Memorandum of Understanding	4/1/2011 - 7/1/2013	62	44	106
Unit 11	Engineering and Scientific Technicians	Tentative Agreement	7/2/2013 - 7/1/2016	25	8	33
Unit 12	Craft and Maintenance	Tentative Agreement	7/2/2013 - 7/1/2015	367	860	1,227
Unit 13	Stationary Engineer	Memorandum of Understanding	4/1/2011 - 7/1/2013	22	2	24
Unit 14	Printing and Allied Trades	Tentative Agreement	7/2/2013 - 7/1/2016	10	1	11
Unit 15	Allied Services	Tentative Agreement	7/2/2013 - 7/1/2016	5	6	11
Unit 16	Physicians, Dentists and Podiatrists	Tentative Agreement	7/1/2013 - 7/1/2016	-	1	1
Unit 21	Educational Consultants and Library	Tentative Agreement	7/2/2013 - 7/1/2016	3	-	3
Total				1,504	2,001	3,505

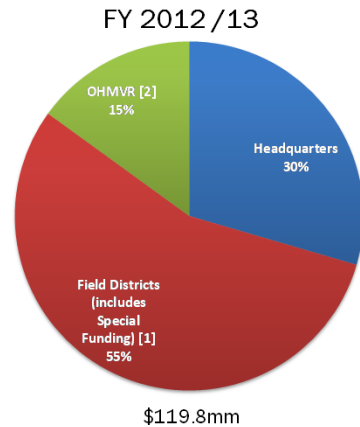
Source: Employees by Bargaining Unit dated 9/10/13 provided by DPR Administrative Services. Unit description, agreement and term obtained from California Department of Human Resources website (Bargaining Contracts).

Expenditures

Operating Expenses and Equipment by Division (Support for DPR)

In FY 2012/13, headquarters had operating expenses of \$35.4 million compared to \$66.4 million for the Northern and Southern Field Districts (including special funding). Headquarters and Field Districts (including special funding) made up 30% and 55%, respectively, of total operating expenses, proportions which have been relatively constant over the past few years. OHMVR (which includes nine parks) made up 15% of operating expenses.

Division	Homebase				Non-Homebase				Total				%
	2009-10	2010-11	2011-12	2012-13	2009-10	2010-11	2011-12	2012-13	2009-10	2010-11	2011-12	2012-13	
Acquisition & Development	\$ 2,545	\$ 2,844	\$ 3,232	\$ 2,468	\$ 11,574	\$ 10,177	\$ 10,291	\$ 11,657	\$ 14,119	\$ 13,021	\$ 13,523	\$ 14,125	12%
Administrative Services	3,981	19,529	3,448	2,714	11,431	7,840	16,727	1,920	15,412	27,369	20,175	4,634	4%
Executive Staff	311	366	218	204	227	251	272	204	538	617	490	408	0%
External Affairs	768	350	92	341	1	20	-	1	769	370	92	342	0%
Historic Preservation	651	-	362	338	-	313	271	309	651	313	633	647	1%
Park Operations	5,837	1,722	2,893	1,492	6,160	13,431	24,278	13,702	11,997	15,153	27,171	15,194	13%
Total Headquarters	\$ 14,093	\$ 24,811	\$ 10,245	\$ 7,557	\$ 29,393	\$ 32,032	\$ 51,839	\$ 27,793	\$ 43,486	\$ 56,843	\$ 62,084	\$ 35,350	30%
Northern Districts	14,583	14,731	15,359	14,267	8,086	12,700	12,055	10,491	22,669	27,431	27,414	24,758	20%
Southern Districts	13,913	13,006	13,816	14,034	5,655	6,964	7,489	8,346	19,568	19,970	21,305	22,380	19%
Total Field Districts	\$ 28,496	\$ 27,737	\$ 29,175	\$ 28,301	\$ 13,741	\$ 19,664	\$ 19,544	\$ 18,837	\$ 42,237	\$ 47,401	\$ 48,719	\$ 47,138	39%
Special Funding [1]	-	-	-	-	-	-	-	-	-	-	-	19,273	16%
Field Districts and Special Funding	\$ 28,496	\$ 27,737	\$ 29,175	\$ 28,301	\$ 13,741	\$ 19,664	\$ 19,544	\$ 18,837	\$ 42,237	\$ 47,401	\$ 48,719	\$ 66,411	55%
OHMVR [2]	19,366	16,616	25,941	16,857	482	676	615	1,134	19,848	17,292	26,556	17,991	15%
Total Operating Expenses & Equipment	\$ 61,955	\$ 69,164	\$ 65,361	\$ 52,715	\$ 43,616	\$ 52,372	\$ 71,998	\$ 67,037	\$ 105,571	\$ 121,536	\$ 137,359	\$ 119,752	100%
<i>% of Homebase and Non-Homebase</i>	<i>59%</i>	<i>57%</i>	<i>48%</i>	<i>44%</i>	<i>41%</i>	<i>43%</i>	<i>52%</i>	<i>56%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	



[1] Special funding includes one-time expenditures at the district level for AB 1478 matching funds and other special projects. For presentation purposes, FTI included special funding as part of field district expenditures.

[2] OHMVR includes expenditures for OHMVR Division Headquarters, which ranged from \$7.0 million - \$18.0 million.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2009/10 - FY 2012/13). There were expenditures in the Governor's Budget that were not included in the source reports provided by the Budget Section. Annual variances for FY 2009/10 - FY 2012/13 range from \$14.6 million to \$38.0 million, or 4% to 12%, of total expenditures.

Operating Expenses and Equipment

- Total operating expenses and equipment have increased from \$105.6 million in FY 2009/10 to \$119.8 million in FY 2012/13, a CAGR of 3.2%.
- In FY 2012/13, operating expenses for headquarters were \$35.4 million, or 30% of the total operating expenses (excluding personal services). Of this amount, \$7.6 million was related to homebase and \$27.8 million to non-homebase.
- In FY 2012/13, total operating expenses decreased compared to prior year, primarily due to lower expenditures at headquarters.
- Administrative Services includes Budgets, Accounting Services, Information Technology, Training, Personnel Services (Human Resources), Labor Relations and Business Management Services.
- Park operations includes various divisions that directly benefit the Northern and Southern Field Districts. The divisions in Park Operation include archaeology history and museums; communication centers; concessions; facilities management; interpretation; law enforcement; natural resources; and telecommunications

Expenditures

Operating Expenses and Equipment by District – Excluding Special Funding (Support for DPR)

(in thousands, except for # of parks, full-time positions and acreage)

District	# of FTE Positions				Total Attend (in 000s) [2]	Homebase and Non-Homebase Expenditures				%	Statistics (Dollars in Actuals)				
	# of Parks	[1]	Per Park [1]	Acreage		2009-10	2010-11	2011-12	2012-13		2012-13	CAGR [3]	2012-13 \$ Per Park	2012-13 \$ Per FTE Position [1]	2012-13 \$ Per Acre
Northern Field Districts															
Capital District	9	79	8.8	326	1,330	\$ 2,057	\$ 1,852	\$ 2,041	\$ 2,121	3%	0.8%	\$ 235,667	\$ 26,848	\$ 6,506	\$ 1.59
Central Valley District	14	75	5.4	54,806	1,591	1,582	2,081	2,676	2,521	4%	12.4%	180,071	33,613	46	1.58
Diablo Vista District	19	55	2.9	49,679	1,432	1,283	1,538	1,921	995	2%	-6.2%	52,368	18,091	20	0.69
Gold Fields District	8	53	6.6	67,965	2,490	1,730	2,105	2,411	2,597	4%	10.7%	324,625	49,000	38	1.04
Marin District	7	41	5.9	14,425	1,250	1,492	1,656	2,004	1,336	2%	-2.7%	190,857	32,585	93	1.07
Mendocino District	17	23	1.4	25,765	3,077	828	1,060	1,562	1,353	2%	13.1%	79,588	58,826	53	0.44
Monterey District	23	82	3.6	108,255	4,130	1,836	2,732	2,097	2,171	3%	4.3%	94,391	26,476	20	0.53
North Coast Redwoods District	22	58	2.6	130,374	1,256	4,429	5,742	3,663	2,991	5%	-9.3%	135,955	51,569	23	2.38
Northern Buttes District	15	58	3.9	45,399	1,188	1,926	2,282	2,404	2,150	3%	2.8%	143,333	37,069	47	1.81
Northern Division Chief	N/A	3	N/A	N/A	N/A	12	16	23	16	0%	7.5%	N/A	5,333	N/A	N/A
Russian River District	6	38	6.3	26,092	4,687	695	907	1,086	1,289	2%	16.7%	214,833	33,921	49	0.28
Santa Cruz District	29	114	3.9	63,415	6,898	3,191	3,177	3,123	3,052	5%	-1.1%	105,241	26,772	48	0.44
Sierra District	17	62	3.6	86,224	1,978	1,608	2,283	2,403	2,166	3%	7.7%	127,412	34,935	25	1.10
Total Northern Field Districts	186	741	4.0	672,725	31,307	\$ 22,669	\$ 27,431	\$ 27,414	\$ 24,758	38%	2.2%	\$ 133,108	\$ 33,412	\$ 37	\$ 0.79
Southern Field Districts															
Angeles District	21	77	3.7	42,768	3,041	\$ 1,951	\$ 2,123	\$ 2,180	\$ 3,146	5%	12.7%	\$ 149,810	\$ 40,857	\$ 74	\$ 1.03
Channel Coast District	12	54	4.5	8,981	2,572	1,625	1,708	2,304	1,999	3%	5.3%	166,583	37,019	223	0.78
Colorado Desert District	6	54	9.0	642,195	1,206	1,210	1,545	1,377	1,240	2%	0.6%	206,667	22,963	2	1.03
Inland Empire District	6	77	12.8	37,014	1,301	1,560	1,399	1,400	1,651	3%	1.4%	275,167	21,442	45	1.27
Orange Coast District	7	106	15.1	6,104	8,611	3,820	3,889	4,287	4,144	6%	2.1%	592,000	39,094	679	0.48
San Diego Coast District	12	65	5.4	11,251	14,824	3,338	2,424	2,649	3,998	6%	4.6%	333,167	61,508	355	0.27
San Luis Obispo Coast District	10	117	11.7	17,052	3,014	4,956	5,200	5,451	4,789	7%	-0.9%	478,900	40,932	281	1.59
Southern Division Chief	N/A	1	N/A	N/A	N/A	19	36	97	18	0%	-1.3%	N/A	N/A	N/A	N/A
Tehachapi District	11	40	3.6	45,021	435	1,089	1,646	1,560	1,395	2%	6.4%	126,818	34,875	31	3.21
Total Southern Field Districts	85	591	7.0	810,386	35,004	\$ 19,568	\$ 19,970	\$ 21,305	\$ 22,380	34%	3.4%	\$ 263,294	\$ 37,868	\$ 28	\$ 0.64
Subtotal	271	1,332	4.9	1,483,111	66,311	\$ 42,237	\$ 47,401	\$ 48,719	\$ 47,138	72%	2.8%	\$ 173,941	\$ 35,389	\$ 32	\$ 0.71
OHMVR [4]	9	199	22.1	109,154	3,276	\$ 19,848	\$ 17,292	\$ 26,556	\$ 17,991	28%	-2.4%	\$ 1,999,000	\$ 90,407	\$ 165	\$ 5.49
Total Operating Expenses and Equip	280	1,531	5.5	1,592,265	69,587	\$ 62,085	\$ 64,693	\$ 75,275	\$ 65,129	100%	1.2%	\$ 232,604	\$ 42,540	\$ 41	\$ 0.94

Operating Expenses

- Five districts had double-digit CAGRs from FY 2009/10 to FY 2012/13. These include Central Valley District, Gold Fields District, Mendocino District, Russian River District and Angeles District.
- In FY 2012/13, Orange Coast District had the highest operating expenses per park (\$592,000) and the second highest operating expenses per acre (\$679). This is expected since it is one of the districts that generates the most revenue.
- DPR should develop and track appropriate metrics for understanding and managing park unit and district costs.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2009/10 – FY 2012/13).

[1] Based on actual FTE positions for FY 2011/12 (excluding temporary staff) disclosed in the Governor's Budget - Salaries and Wage Supplement for FY 2013/14. Actual FTE positions for FY 2012/13 were not available by district.

[2] Total attendance includes visitors at parks managed by third party operators.

[3] CAGR was calculated for the period FY 2009/10 – FY 2012/13.

[4] OHMVR includes expenditures for OHMVR Division Headquarters, which ranged from \$7.0 million - \$18.0 million.

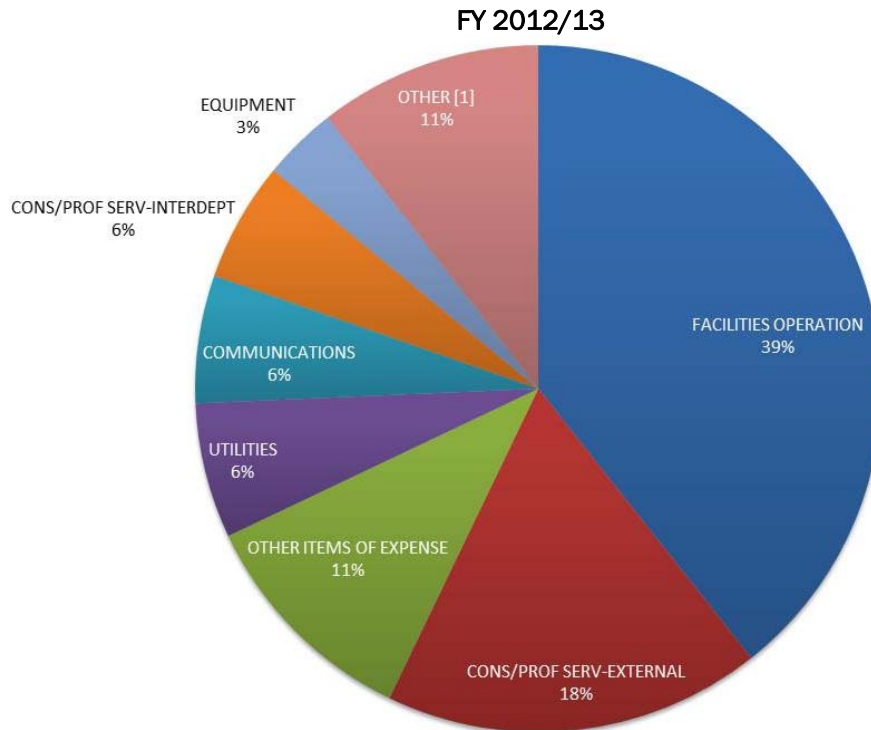
There were expenditures in the Governor's Budget that were not included in the source reports provided by the Budget Section. Annual variances for FY 2009/10 – FY 2012/13 range from \$14.6 million to \$38.0 million, or 4% to 12%, of total expenditures.

Preliminary analysis of parks with operating agreements and certain concession contracts with partners that manage some day-to-day operations (American Land and Leisure, Park Recreation Management, and Aramark) indicates that expenditures for Operating Expenses and Equipment would be lower on a per park and per acre basis than those for parks without such agreements.

Expenditures

Operating Expenses and Equipment (Support for DPR)

In FY 2012/13, operating expenses and equipment primarily consisted of expenditures related to facilities operations (39%), consulting services (18%), and other items of expense (11%).



[1] Other includes general expense (3%), information technology (3%), travel (2%), and other miscellaneous expenses (3%).

Source: California State Parks, Budget Section. Expenditure Reports by PCA (FY 2009/10 – FY 2012/13).

Note: There were variances of 1% to 14%, or \$1.8 million to \$17.4 million, between the Expenditure Reports by PCA and the Homebase/Non-Homebase Expenditure Reports.

Operating Expenses and Equipment

- The largest expense category is Facilities Operation, which accounts for 39% of the total over the last four fiscal years. This category includes expenses for maintenance, rent of state-owned buildings, janitorial and security services, cultural and natural resource management waste removal and other equipment and facility expenses.
- The second largest categorical expense is related to external consultants and professional services. These expenses are related to various types of services including banking, architectural, auditing, maintenance, engineering, legal, and telecommunications. These expenses were approximately 18% of the total in FY 2012/13.
- The third largest categorical expense is related to other items of expense. This category primarily includes supplies for law enforcement, structures and maintenance, education, and housekeeping. These expenses were approximately 11% in FY 2012/13.

Park Unit Operating Performance

Park Unit Operating Performance

Key Takeaways and Potential Opportunities

Key Takeaway

Opportunity

Park Revenue Concentration¹. The top 20 parks contribute almost 60% of park revenue and fewer than 15% of parks generate 75% of all park revenue. At the other end of the spectrum, about 39% of parks contribute no revenue to the DPR.²

The DPR could potentially increase revenue by focusing on a few select, high revenue generating parks, as opposed to all parks within the system.

However, the data also suggest that there may be opportunities to enhance revenue on a system-wide basis. For instance, the DPR could potentially increase revenue by implementing entrance fees for those parks that have high usage but where a large portion is comprised of unpaid attendance. Consideration will need to be given to potential trade-offs with goals to maximize access.

User Fees¹. User fees, which include camping, day use parking and pass fees, are the most significant source of park revenue generated in the state park system. In FY 2012/13, over 80% of all park revenue sources came from this category.

Opportunities to increase revenue generated from user fees should be evaluated as these fees are a primary source of funding for the SPRF. For example, an increase in user fees which amounted to a \$1 increase in average fees per paid visitor (which was \$4.14³ in FY 2012/13 and would be a 24% increase) would potentially generate \$22 million in additional revenue. Any increase would need to be vetted by a market study that ensured reasonable rates for all.

[1] Excludes OHMVR parks.

[2] This group of parks also includes those subject to third-party operating agreements whereby the operator generates and retains park revenue.

[3] FY 2012/13 user fees of \$91.8 million divided by paid visitor attendance of 22.2 million (excluding OHMVR parks and Folsom Lake SRA).

Park Unit Operating Performance

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>Parks with Water Features¹. Excluding Hearst Castle, parks with water features have higher attendance, revenue and cost recovery compared to parks with no water features. In FY 2012/13, 76% of revenue came from these parks which overall have a cost recovery of 76%.³ Those parks that had water features and were near major metropolitan areas² fared even better, with a cost recovery of 81%.</p>	<p>The concentration of high performing parks near water and major metropolitan areas² indicates that there may be additional revenue generation opportunities at these locations. Currently, 48 out of 88 parks in this segment do not have concession agreements. Further analyses and investigation of existing services, as well as pricing, may identify more opportunities to drive revenue.</p>
<p>Camping¹. State beaches with camping are the best performing park units with an operating cost recovery of over 100%.³</p>	<p>DPR executive staff have already recognized that adding campsites represents an opportunity to increase revenue and the current year's revenue generation plan allocates a portion of funds to do so. Management should continue to address this park class with a particular focus on beach campsites.</p>

[1] Excludes OHMVR parks.

[2] For purposes of this analysis, FTI defined parks in major metropolitan areas as parks located in counties that comprise CSAs, or MSAs with more than one million in population, as designated by the U.S. Office of Management and Budget.

[3] All cost recovery figures are estimates and are before special projects, deferred maintenance or allocation of headquarters expense.

Park Unit Operating Performance

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>Districts¹. Districts with the highest cost recovery and operating income including Orange Coast District, San Diego Coast District and Channel Coast District. All these districts have paid attendance figures exceeding one million. ²</p>	<p>Analysis of districts with operating losses and attendance figures exceeding one million could reveal opportunities for improving cost recovery.</p>

[1] Excludes OHMVR parks.

[2] All cost recovery figures are estimates and are before special projects, deferred maintenance or allocation of headquarters expense.

Park Unit Operating Performance Overview

Park Unit Structure

■ Park Class

- The state park system includes 280 units, of which 263 are classified and 17 are unclassified. Park classes are intended to characterize common features of the parks and include:
 - State park (SP) is the largest park class and accounts for 88 units, or 32% of the total. This park class encompasses a diverse range of parks (e.g., location, attributes, level of development, service offerings). Due to the variety amongst the units, it is difficult to draw overarching conclusions about the group as a whole.
 - State beach (SB) is the second largest park class, comprising 62 units, or 22% of the total. As its name suggests, these are units that generally are beach property, but there are also some inland lakes.
 - State historic park (SHP) is the third largest park class, making up 52 units, or 19% of the total. These parks have land or buildings that have historical significance, which could be due to their age or cultural importance.
 - State recreation area (SRA) is the fourth largest park class, comprising 33 units, or 12% of the total. A general theme is that these units offer recreation opportunities to visitors (e.g., boating, fishing, waterskiing).
 - State natural reserve (SNR) is the fifth largest park class with 16 units and 6% of the total. These units generally have specific aesthetic features that make them unique such as rare plants and wildlife.
 - State vehicular recreation area (SVRA) is the sixth largest park class with eight units, or 3% of the total. This park class is for OHV park units that offer off-highway driving activities (e.g., ATV riding). Revenue from these units flows into the OHV Trust Fund.

Park Unit Structure

- State historical monument (SHM) has just one park unit, Hearst Castle; however, it generates a significant amount of revenue.
- There are a total of three other classified units (one each for state seashore, state marine park and wayside campground) and 17 major unclassified units. These park units generate minimal revenue.

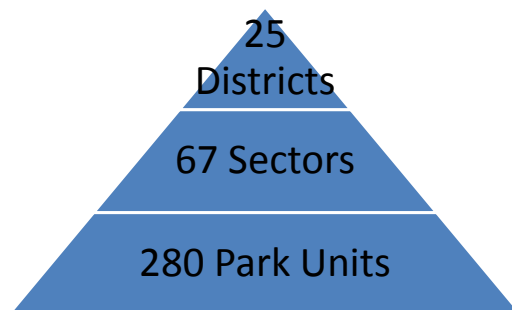
Park Class	#	%
Classified Units		
State Park	88	32%
State Beach	62	22%
State Historic Park	52	19%
State Recreation Area	33	12%
State Natural Reserve	16	6%
State Vehicular Recreation Area	8	3%
State Historical Monument	1	0%
State Seashore	1	0%
State Marine Park	1	0%
Wayside Campground	1	0%
Total Classified Units	263	94%
Major Unclassified Properties	17	6%
Total	280	100%

Park Unit Operating Performance Overview (continued)

Park Unit Structure

DPR Unit Structure

- The 280 parks in the state park system are administered through districts which group parks primarily based on their geographic proximity. There are a total of 25 districts, including five OHVMR districts. For management purposes, districts have been further segmented into sectors. There are a total of 67 sectors within the state park system. The organizational structure is depicted below.



- There is much variation from district-to-district (and even within districts). For example, districts range in the number of parks that they comprise from just one in certain OHMVR districts to as many as 29 in the Santa Cruz District. Further, there are substantial differences in the acreage covered by the districts. For instance the Capital District encompasses a mere 326 acres, while the Colorado Desert District makes up in excess of 640,000 acres.
- The variety of parks within districts is exemplified by the fact that several districts have no less than four different park types (e.g., Angeles District, Diablo Vista District, North Coast Redwoods District, etc.).

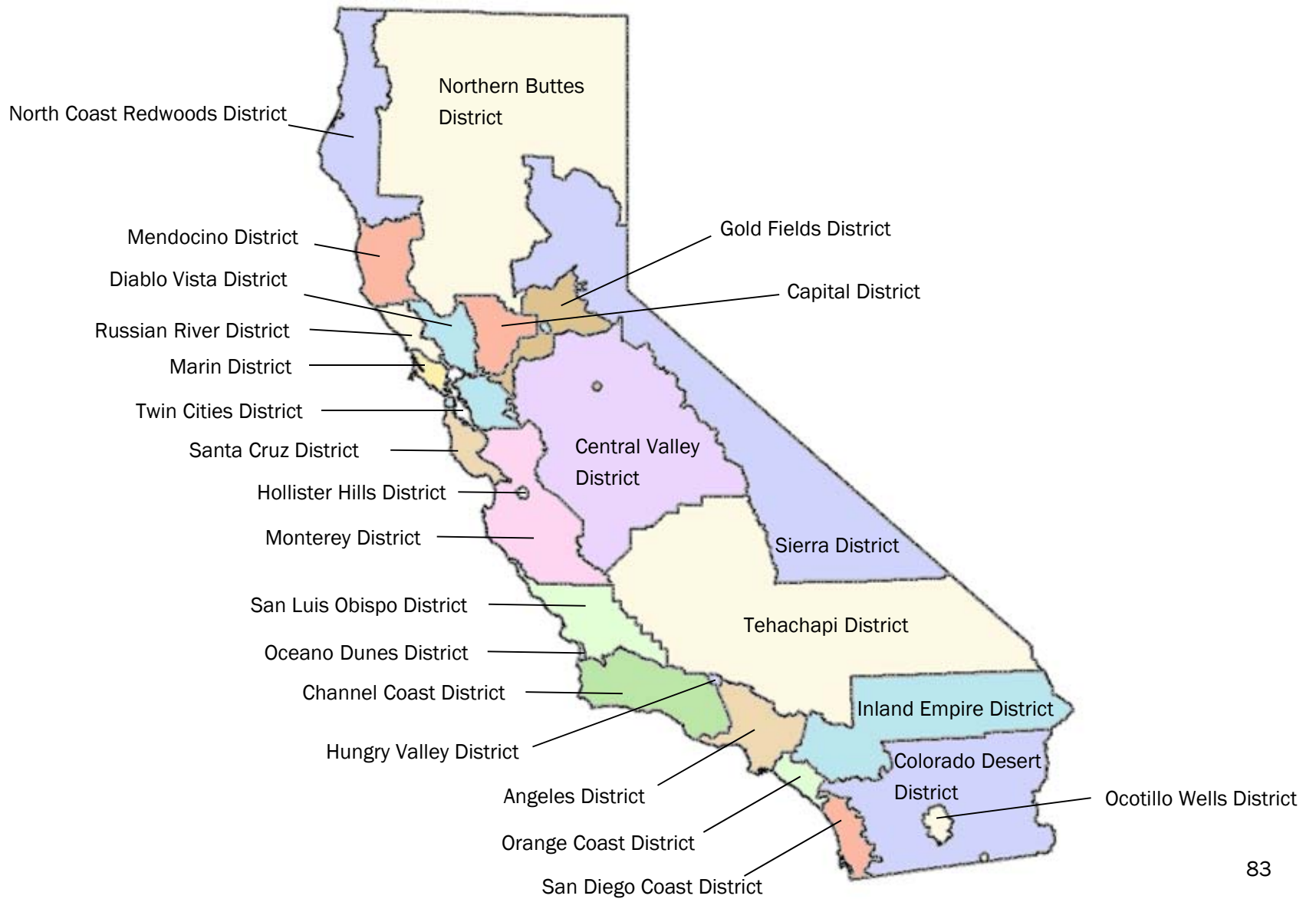
Park Unit Structure

District	# of Parks	# of Sectors	Acreage [1]
Santa Cruz District	29	3	63,415
Monterey District	23	4	108,255
North Coast Redwoods District	22	2	130,374
Angeles District	21	3	42,768
Diablo Vista District	19	2	49,679
Mendocino District	17	1	25,765
Sierra District	17	3	86,224
Central Valley District	14	3	54,806
Northern Buttes District	15	4	45,399
Channel Coast District	12	4	8,981
San Diego Coast District	12	3	11,251
Tehachapi District	11	3	45,021
Capital District	9	4	326
San Luis Obispo Coast District	10	2	17,052
Gold Fields District	8	4	67,965
Marin District	7	2	14,425
Orange Coast District	7	3	6,104
Colorado Desert District	6	3	642,195
Inland Empire District	6	3	37,014
Russian River District	6	1	26,092
Twin Cities District	3	3	8,081
Oceano Dunes District	2	2	4,458
Ocotillo Wells District	2	3	71,458
Hollister Hills District	1	1	6,624
Hungry Valley District	1	1	18,533
Total	280	67	1,592,265

[1] Includes 272,918 acres of non-DPR owned land.

Park Unit Operating Performance

District Map

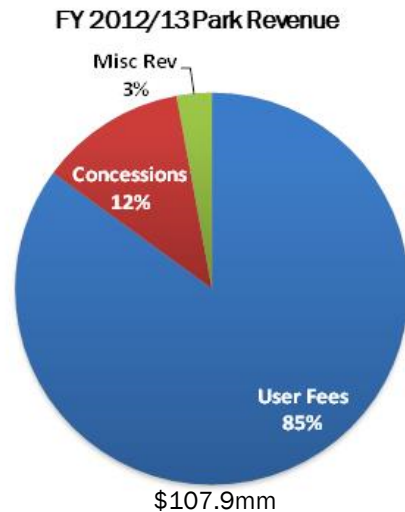


Park Unit Operating Performance Overview (continued)

Overview

■ Park Revenue

- Park revenue primarily consists of user fees, concessions and miscellaneous revenue.
- Total park revenue in FY 2012/13 totaled \$107.9 million, which consisted of \$91.8 million in user fees, \$13.0 million in concessions, and \$3.1 million in miscellaneous fees. This has grown at a CAGR of 3.5% since FY 2009/10.
- Over the same period of time attendance has grown at a CAGR of 1.2%.



Overview

■ User Fees

- Park revenue is primarily generated from user fees paid by visitors to many of the state parks. User fees primarily consist of (i) day use / parking fees, (ii) entrance fees and tours, (iii) camping, and (iv) other specific recreation activities. Actual fee levels can vary based on park location, demand for visitation, level of service provided and the time of year. Typical state park fees for FY 2012/13 were the following:

• Day use / parking (per car)	\$ 5 - \$ 15
• Camping (per site per night)	\$ 15 - \$ 45
• Boat launching (per launch)	\$ 5 - \$ 10
• Museums/ historic sites (per person)	\$ 2 - \$ 10
• Annual DPR passes	\$125 - \$195
- In FY 2012/13, revenue from user fees totaled \$91.8 million and included the following:
 - Camping revenue accounted for \$41.6 million/45% of total user fees).
 - Day use / parking revenue accounted for \$37.2 million /41% of total user fees. DPR staff estimates parking revenue is approximately 30% of total day use/ parking revenue.
 - Annual passes accounted for \$9.5 million (or 10% of total user fees).

Notes: In FY 2012/13, the DPR reported actual park revenue of \$110.3 million compared to \$107.9 million in this report. The park revenue reported by the DPR includes certain components, such as revenue generated at Pismo State Beach, investment income earned on SPRF balances, and other miscellaneous income, that are excluded from the park revenue total in this report. Pismo State Beach revenue is reported in OHMVR park revenue and investment and miscellaneous income are reported in other income in the Park Unit Operating Performance section of this report.

All references to park revenue include revenue available to the DPR. Revenue generated and retained by third-party operators are not included.

Park Unit Operating Performance Overview (continued)

Overview

■ User Fees (continued)

- User fee revenue has increased year-over-year at a CAGR of 3.6% from \$79.6 million in FY 2009/10 to \$91.8 million in FY 2012/13 primarily due to an increase in fees. In FY 2012/13, the \$91.8 million of user fee revenue was primarily comprised of:
 - \$35.1 million from state beaches
 - \$29.7 million from state parks
 - \$9.8 million from one state historical monument (Hearst San Simeon SHM)
 - \$8.2 million from state recreation areas
 - \$4.3 million from state historic parks
 - \$2.4 million from state natural reserves.
- The largest share of user fee revenue is generated from the state beaches, with one notable exception being Hearst San Simeon State Historical Monument. This park generated approximately 11% of total user fee park unit revenue (or \$9.8 million) in FY 2012/13. The user fees were primarily related to museum entry fees/tours.
- The top four districts accounted for approximately 50% of park revenue (excluding OHMVR) and include the Orange Coast District, San Luis Obispo Coast District, San Diego Coast District and Channel Coast District. The vast majority of parks generating revenue within these districts are state beaches.

Overview

■ Concessions

- Revenue in the state park system also includes rent from concessionaires, which is typically for-profit and nonprofit enterprises, for certain visitor services that the DPR generally does not provide.
- Concessionaires operate food services, recreation gear rentals, retail, golf courses, marinas, tours and lodging facilities. Concessionaires typically pay the State rent based on a certain percentage of gross receipts.
- The DPR received concession revenue of \$13.0 million in FY 2012/13, or 12% of total park revenue. Concession revenue has remained relatively flat at approximately \$13 million per year since FY 2009/10 – FY 2012/13.

■ Miscellaneous Revenue

- Miscellaneous revenue includes income collected from parking violations, settlements/judgments, and miscellaneous merchandise sales.
- Miscellaneous revenue is minimal and has recently ranged from approximately \$2 – \$3 million, or 2% – 3% of total park revenue.

■ OHMVR and Other Revenue Sources

- Other revenue sources in the state park system include Off-Highway Motor Vehicle Recreation (OHMVR) park revenue and registration fees. Revenues generated are transferred into the Off-Highway Vehicle Trust Fund and are solely used to fund off-highway parks and related projects. This amounted to approximately \$20 million in FY 2012/13 (excluding Pismo SB which is deposited into the SPRF).
- Other revenue sources include small amounts generated from interest-bearing accounts and regulatory fees.

Park Unit Operating Performance Overview (continued)

Overview

■ Park Unit Financial Operating Performance

- FTI performed a preliminary analysis to identify parks (excluding OHMVR) that may generate sufficient revenue to recover a significant portion or all of their park unit operating costs. The revenue and expenditure data used in this analysis were based on figures for FY 2012/13.
- **Revenue Assumptions**
 - The park revenue for FY 2012/13 is based on reports provided from DPR Park Operations.^{1 2}
- **Expenditure Assumptions**
 - The DPR is in the process of establishing processes for tracking district and park unit expenditures.
 - The DPR currently is implementing a process for tracking expenditures at the park level to comply with the provisions of state law. State law requires that if the DPR sustains a required budget reduction after June 30, 2014, it must conduct a specific analysis prior to closing, partially closing, or reducing services at its parks.
 - The DPR park unit cost methodology includes calculating expenditures by park unit for FY 2010/11, defining a process to track expenditures by park unit for FY 2013/14, and developing individual park unit budgets to determine what each park costs to operate.
 - The costs calculated by the DPR consist of those funded from *all sources* including multi-year allocations, reimbursements, Capital Outlay, Local Assistance, and other types of funding. Costs include homebase, non-homebase, headquarters and other expenditures.

Overview

- The FY 2012/13 expenditure information, provided by the DPR Administrative Services, Budget Section, was based on the “Homebase Budget and Expenditure Projections with Non-Homebase Budget and YTD Expenditure Report”.
- The expenditure information provided for each district included homebase expenditures, which are costs for ordinary operations, and non-homebase expenditures, which are costs for special projects and programs.
- FTI allocated homebase expenditures of each district to individual park units based on the same % allocation calculated by the DPR in its park unit expenditure study. ***Because FTI allocated homebase expenditures only, and excluded non-homebase expenditures and any allocation of headquarters expense, park unit operating expenses will differ from those that will be reported by the DPR to the Legislature.***
- For directional purposes only, FTI estimated the cost recovery on a park unit basis by taking the revenue generated at each park and dividing it by allocated homebase expenditures for that park (before allocation of non-homebase and headquarters expense and any deferred maintenance).

[1] The amounts reported may differ from revenue reported in the fund financial statements due to timing of estimated year-end accruals. FTI relied on reports provided by DPR Park Operations because year-end revenue accruals were trueed up for actuals and allocated to individual park units, whereas the fund financial statements included certain estimated year-end accruals booked at the division level (and not park unit level).

[2] Donations have also been excluded from this analysis as information from the DPR was not available.

Park Unit Operating Performance Overview (continued)

Overview

■ Observations

- A large share of park revenue is generated by a relatively small number of parks. The top 20 parks, primarily state beaches, contribute almost 60% of park revenue. In FY 2012/13, the top 20 parks accounted for \$59.7 million compared to \$41.6 million for the other 250 parks (excluding OHMVR parks and Folsom Lake SRA).
- Parks in major metropolitan areas accounted for a disproportionate share of revenue compared to parks in non-major metropolitan areas (excluding Hearst Castle). In FY 2012/13, parks in major metropolitan areas had \$62.6 million (153 parks) compared to \$27.7 million for parks in non-major metropolitan areas (116 parks).
- Parks with camping accounted for a disproportionate share of revenue than parks without camping (excluding Hearst Castle). In FY 2012/13, parks with camping had \$68.8 million in revenue (111 parks) compared to \$21.5 million for non-camping parks (158 parks).
- Although some parks generate a significant amount of revenue (e.g., Hearst Castle), most are unable to cover direct park operating expenses before taking into account costs for special projects, headquarters or deferred maintenance. State Beaches with camping represents the only group of parks which generates revenue that meaningfully exceeds estimated park operating costs.

Overview

- Opportunities exist to promote a culture within the DPR more focused on cost recovery. DPR staff has expressed concerns about park-generated revenues reducing future General Fund appropriations. Legislative changes to ensure some threshold level of funding from the General Fund (or other sources) should be considered which would help foster a more entrepreneurial environment by delinking revenue generation from General Fund appropriations levels. Such measures should be explored while being mindful of possible tradeoffs between generating higher revenues and continuing to provide wide-spread access to parks.

■ Revenue Generating Projects

- The State Parks Revenue Incentive Subaccount was created in mid-2012 through Senate Bill 1018 to fund revenue generating projects that may increase the number of paying visitors or projects consistent with administration development of the state park system.
- In FY 2012/13 and FY 2013/14, approximately \$15 million was appropriated to the DPR.
- The source of funding for the State Park Revenue Incentive Subaccount are transfers from the SPRF. Transfers are expected to end in FY 2013/14.
- The subaccount will continue to be funded from revenues generated by revenue generating projects.
- Revenues generated in excess of targets will be split 50/50 between the DPR district generating the revenue and the subaccount.
- Current revenue generating projects are primarily related to campground conversion projects for six state parks and three state beaches. The projects are expected to cost \$2.5 million.

[1] Excludes OHMVR parks and Folsom Lake State Recreation Area.

Park Unit Operating Performance Overview (continued)

Overview

■ Potential Strategies to Increase Park Revenues

- The Department could potentially increase park revenues by changing the type and amount of user fees charged, expanding concession agreements, and expanding revenue generation projects at the parks that already generate the most revenue. These parks, which generally have the highest attendance, offer the greatest opportunity for growth. However, those parks where revenue has been limited should also be reviewed to ascertain the potential for increased revenues.
 - The majority of user fees is generated from camping, day use, and parking passes. As cited by the Legislative Analyst Office (“LAO”) report “Strategies to Maintain California’s Park System” dated May 2, 2012, the Legislature could increase user fees, switch from parking fees to entrance fees, and impose a per visitor charge at more parks.
 - An increase in user fees which amounted to a \$1 increase in average fees per paid visitor (which was \$4.14¹ in FY 2012/13 and would be a 24% increase) would potentially generate \$22 million in additional revenue. Any increase would need to be vetted by a market study that ensured reasonable rates for all.
 - There may be opportunities to increase revenue by focusing on the experience of first-time users with the goal of increasing usage and potentially converting them to season pass holders.
 - Revenue generation projects at parks that generate the most revenue should be expanded. DPR District staff noted that there are capacity constraints which could be eased with limited investment. For example, there is a significant demand for camping. Camping revenue can be significantly increased by adding additional hookups at camping sites to increase capacity. Revenue generating projects currently include campsite conversions for nine parks at a total cost of \$2.5 million.

Overview

- The Department can also continue to expand the use of concessionaire agreements. Although concession revenue is not as significant as user fees (approximately 12% of total park revenues), concessionaires will increase the level of service provided at the parks which may increase attendance and user fee revenues.
- **Consistency and Reliability of Revenue Data**
 - While the integrity of revenue data appears to generally be much better than that of the expenditure data, there are still inconsistencies between various reports prepared by the DPR.
 - The park revenue data in the DPR published Statistical Reports (available on its website) do not agree to the fund financial statements reported to the State Controller’s Office or Department of Finance. **Although they are available to the public, Statistical Reports are prepared by the Planning Division and are not reviewed by the Budget or Accounting Services section or reconciled with its financial statements.**
 - According to the DPR, the difference between the revenue reported in the Statistical Reports and the fund financial statements (or Q26 Reports) is related to timing of revenue collection dates (i.e., timing of when receipts are recorded at the district versus accounting).
 - The source revenue data provided by DPR staff that reconciles to the fund financial statements included certain year-end revenue accruals that were not recorded to the district park level that generated the revenue. As such, total revenue recorded in the fund financial statements could not be reported by division or district, and, as a result, division and district level reported revenue is understated.
 - FTI relied on the source data used provided by personnel in Park Operations and noted variances to the fund financial statements.

[1] FY 2012/13 user fees of \$91.8 million divided by paid visitor attendance of 22.2 million (excluding OHMVR parks and Folsom Lake SRA).

Park Unit Operating Performance

Summary of All Revenue Sources

Source	FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13	
	Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
Park Revenue (Excluding OHMVR):								
User Fees	\$ 79,635	85%	\$ 83,300	85%	\$ 91,156	85%	\$ 91,783	85%
Concessions	12,623	13%	13,200	13%	14,144	13%	13,020	12%
Misc Rev	1,964	2%	1,659	2%	2,055	2%	3,115	3%
Total Park Revenue	\$ 94,222	100%	\$ 98,159	100%	\$ 107,355	100%	\$ 107,918	100%
OHMVR and Other:								
OHMVR Registration Fees	\$ 18,046		\$ 18,086		\$ 18,031		\$ 17,393	
OHMVR Park Revenue	5,753		7,466		5,483		5,317	
Investment Income	1,408		1,033		1,072		725	
Other Income	301		243		113		214	
Total Revenue	\$ 119,730		\$ 124,987		\$ 132,054		\$ 131,567	

Park Revenue

■ Park revenue consists of user fees, concessions and miscellaneous revenue.

■ User Fees

- User fee revenue is the largest park revenue category (85% of total park revenue, excluding OHMVR, in each of the last four years). User fees include the following: (i) day use fees (e.g., parking, museum entry fees/tours, Hearst Castle reservations), (ii) camping fees, (iii) pass sales, (iv) boating fees and (v) pay showers.
- Camping and day use fees are the primary drivers, making up 45% and 41% of user fees in FY 2012/13, respectively. Pass sales were 10% of the FY 2012/13 total and the balance is made up of revenues from boating fees and pay showers.
- Based on review of revenue by district and park type, park units with water features and located within major metropolitan areas tend to generate more revenue.

■ There has been an upward trend in year-over-year revenue that has largely been driven by increases in user fees, specifically, increases to campsite and day use/parking fees. User fee revenue has increased year-over-year at a CAGR of 3.6% from \$79.6 million in FY 2009/10 to \$91.8 million in FY 2012/13 primarily due to an increase in fees.

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

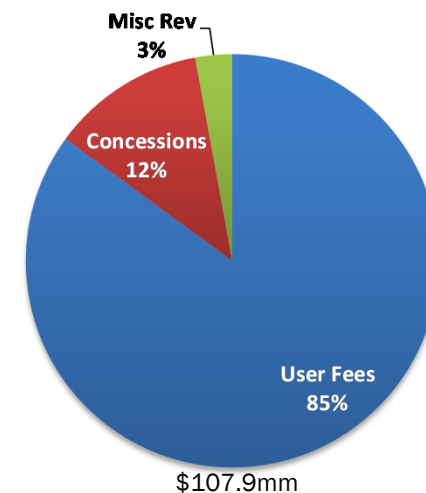
Notes: For the period FY 2009/10 – FY 2011/12, revenue for Folsom Lake State Recreation Area (“SRA”) was reported in user fees. However, starting in FY 2012/13, revenue for Folsom Lake SRA is retained locally at the park unit, and not reported as park unit revenue, to offset the cost of operating and maintaining the park unit pursuant to an agreement with the Bureau of Reclamation dated January 24, 2012. Reported user fees for Folsom Lake SRA were approximately \$2.6 million, \$2.8 million and \$3.4 million in FY 2009/10, FY 2010/11, and FY 2011/12, respectively.

In FY 2012/13, the DPR reported actual park revenue of \$110.3 million compared to \$107.9 million in this report. The park revenue reported by the DPR includes certain components, such as revenue generated at Pismo State Beach, investment income earned on SPRF balances, and other miscellaneous income, that are excluded from the park revenue total in this report. Pismo State Beach revenue is reported in OHMVR park revenue and investment and miscellaneous income are reported in other income above.

Reconciliation:

Revenue recorded by:		
Park Units	\$ 101,341	94%
Division/District/Sector	6,577	6%
Total Park Revenue	\$ 107,918	100%

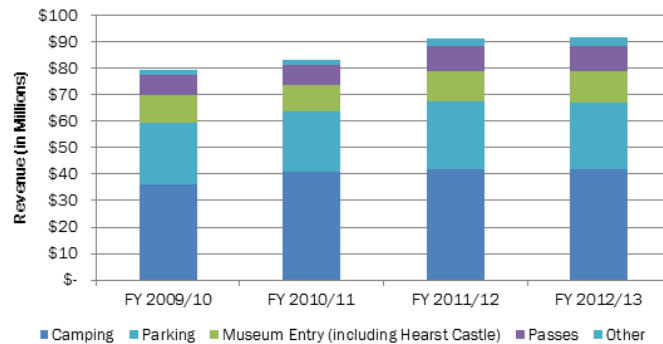
FY 2012/13 Park Revenue



Park Unit Operating Performance

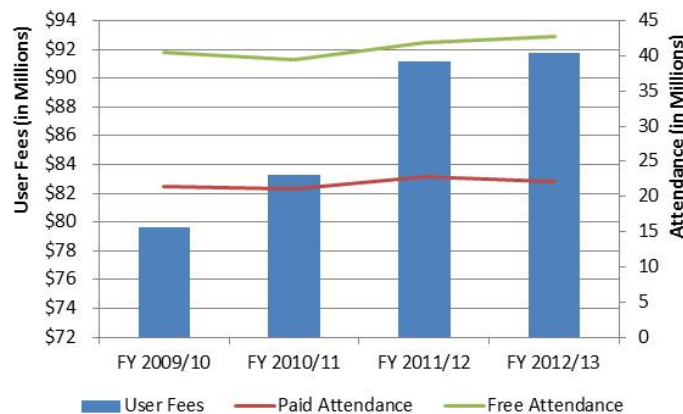
Summary of All Revenue Sources (continued)

Park Revenue by User Fees (Camping, Parking, Museum Entry Fees, Passes and Other)



Note: User fees are segmented into (i) Camping, (ii) Parking, (iii) Museum Entry (including Hearst Castle), (iv) Passes and (v) Other. The relative portion of Parking to Museum Entry fees is an estimate based on guidance from the DPR.

User Fees and Attendance (Paid and Free)



Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Note: For the period FY 2009/10 – FY 2011/12, revenue for Folsom Lake State Recreation Area (“SRA”) was reported in user fees. However, starting in FY 2012/13, revenue for Folsom Lake SRA is retained locally at the park unit, and not reported as park unit revenue, to offset the cost of operating and maintaining the park unit pursuant to an agreement with the Bureau of Reclamation dated January 24, 2012. Reported user fees for Folsom Lake SRA were approximately \$2.6 million, \$2.8 million and \$3.4 million in FY 2009/10, FY 2010/11, and FY 2011/12, respectively.

Concessions.

- Concession revenue is the second largest park revenue category (12% of total in FY 2012/13, excluding OHMVR) and is mostly made up of rent collected from concessionaires and is managed by the Concessions, Reservations and Fees Division.
- Concessions are private businesses that conduct commercial activity under contract in state parks. Examples include restaurants, lodging facilities, retail stores and snack bars. In addition, approximately \$1.5 million is generated from land leases (e.g., grazing, cell tower, utility) that are produced and managed by the park Acquisition and Development Division.
- Concession revenue has remained relatively flat at approximately \$13 million per year during the period FY 2009/10 – FY 2012/13. Concession contracts generally include a fixed component and a variable portion based on revenue.

Miscellaneous Revenue.

- Miscellaneous revenue accounts for a minor portion of park revenue (3% of total in FY 2012/13, excluding OHMVR) and includes the following: (i) miscellaneous revenue from parking violations, (ii) settlements / judgments and (iii) map and merchandise sales.
- In recent years, miscellaneous revenue has accounted for just 2% – 3% of park revenue, with about one-third coming from parking violations and the rest from a combination of map and merchandise sales and settlements/judgments.

Park Unit Operating Performance

Summary of All Revenue Sources (continued)

OHMVR and Other Revenue Sources

■ Other revenue sources to the state park system include OHMVR park revenue, OHMVR registration fees, investment income, and other fees.

■ OHMVR Park Revenue.

- This revenue category includes entrance fees and miscellaneous income generated at nine OHMVR district parks, as well as the OHMVR Division Headquarters.
- Note that OHMVR district parks are primarily comprised of State Vehicular Recreation Area (SVRA) park units and one state beach, Pismo State Beach.
- Revenues generated from OHMVR are transferred into the Off-Highway Vehicle Trust Fund except for those from Pismo State Beach (approximately \$1.2 million in FY 2012/13), which are deposited into the SPRF.
- OHMVR annual park revenue (including Pismo SB) has ranged between \$5.3 million to \$7.5 million from FY 2009/10 – FY 2012/13.

■ OHMVR Registration Fees.

- This revenue category includes amounts generated from the sale of OHMVR vehicle registration fees (“green stickers”) that are issued by the Department of Motor Vehicles (DMV). These revenues are transferred directly to the Off-Highway Vehicle Trust Fund.
- Revenues were approximately \$18.0 million per year during FY 2009/10 – FY 2012/13.

■ Investment Income.

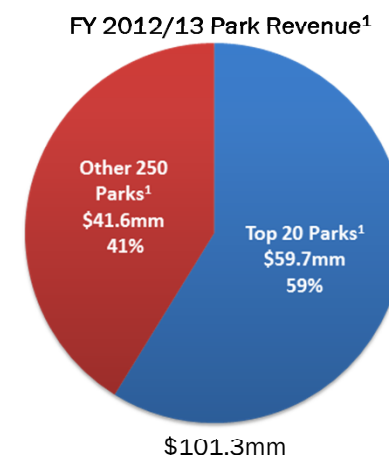
- This revenue category includes monies generated from interest-bearing cash accounts. In FY 2012/13, approximately 73% of the income was related to the Off-Highway Vehicle Trust Fund and 27% was related to the SPRF cash accounts.
- Investment Income also dramatically declined due to lower interest rates earned on cash balances.
- This revenue category includes other regulatory fees and miscellaneous revenue from local agents that are deposited into the Winter Recreation Fund.

Park Unit Operating Performance

Revenue – Top 20 Parks (Excluding OHMVR)

(\$ in thousands)

Park Unit	District	FY 2012/13	
		Amount	% Total
Hearst San Simeon State Historical Monument	San Luis Obispo Coast District	\$ 11,044	11%
Huntington State Beach	Orange Coast District	4,268	4%
Bolsa Chica State Beach	Orange Coast District	4,036	4%
Crystal Cove State Park	Orange Coast District	3,773	4%
San Onofre State Beach	Orange Coast District	3,316	3%
Old Town San Diego State Historic Park	San Diego Coast District	3,117	3%
South Carlsbad State Beach	San Diego Coast District	2,992	3%
Doheny State Beach	Orange Coast District	2,984	3%
San Elijo State Beach	San Diego Coast District	2,900	3%
Carpinteria State Beach	Channel Coast District	2,729	3%
Pfeiffer Big Sur State Park	Monterey District	2,520	3%
Lake Perris State Recreation Area	Inland Empire District	2,297	2%
San Clemente State Beach	Orange Coast District	2,087	2%
Asilomar State Beach	Monterey District	2,015	2%
Leo Carrillo State Park	Angeles District	1,942	2%
Lake Oroville State Recreation Area	Northern Buttes District	1,866	2%
Silverwood Lake State Recreation Area	Tehachapi District	1,603	2%
Torrey Pines State Natural Reserve	San Diego Coast District	1,459	1%
Old Sacramento State Historic Park	Capital District	1,406	1%
Point Mugu State Park	Angeles District	1,378	1%
Total (Top 20 Parks)		\$ 59,732	59%
Other Parks (250)	Various	41,609	41%
Total Park Unit Revenue		\$ 101,341	100%



- The top 20 parks, contributed almost 60% of revenue in FY 2012/13, which demonstrates a high degree of revenue concentration.
- The top revenue generating park in FY 2012/13 was Hearst Castle. It earned over \$11 million, or 11%, of total park unit revenue.
- About 39% of parks contribute no revenue to the DPR.²
- While revenue generating efforts likely are best focused on parks which currently generate the most revenue, the data suggest potential opportunities, where appropriate, for generating additional revenue system-wide.

[1] Figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park.

[2] This group of parks also includes those subject to third-party operating agreements whereby the operator generates and retains park revenue.

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

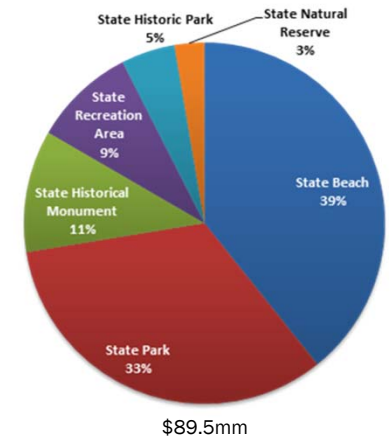
Park Unit Operating Performance

Revenue - User Fee Detail by Park Class (Excluding OHMVR)

(\$ in thousands)

Park Class	Total # of Parks	Parks w/ Rev to DPR	FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13	
			Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
State Beach	61	31	\$ 30,526	40%	\$ 31,634	39%	\$ 33,051	37%	\$ 35,102	39%
State Park	88	68	23,720	31%	25,648	31%	28,307	32%	29,653	33%
State Historical Monument	1	1	8,457	11%	8,413	10%	9,695	11%	9,782	11%
State Recreation Area [1]	32	21	9,686	12%	10,014	12%	11,532	13%	8,185	9%
State Historic Park	52	33	2,468	3%	3,667	5%	3,824	4%	4,313	5%
State Natural Reserve	16	6	2,368	3%	2,220	3%	2,130	3%	2,395	3%
Other	20	1	-	0%	11	0%	20	0%	17	0%
Total Park Unit Revenue	270	161	\$ 77,225	100%	\$ 81,607	100%	\$ 88,559	100%	\$ 89,447	100%
Other Non-Park Unit Revenue [2]			\$ 2,410		\$ 1,693		\$ 2,597		\$ 2,336	
Total User Fees			\$ 79,635		\$ 83,300		\$ 91,156		\$ 91,783	

FY 2012/13 User Fees



[1] For the period FY 2009/10 – FY 2011/12, revenue for Folsom Lake State Recreation Area (“SRA”) was reported in user fees. However, starting in FY 2012/13, revenue for Folsom Lake SRA is retained locally at the park unit, and not reported as park unit revenue, to offset the cost of operating and maintaining the park unit pursuant to an agreement with the Bureau of Reclamation dated January 24, 2012. Reported user fees for Folsom Lake SRA were approximately \$2.6 million, \$2.8 million and \$3.4 million in FY 2009/10, FY 2010/11, and FY 2011/12, respectively.

[2] Includes revenue from parking violations, pass and merchandise sales and other fees.

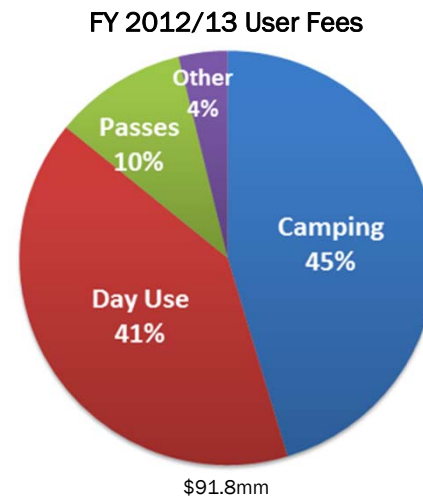
- State beaches make up the greatest portion of park user fees (approximately 39% in FY 2012/13, excluding OHMVR). In FY 2012/13, 31 state beaches generated \$35.1 million in revenue.
- State beaches are popular due to their geographic proximity to large metropolitan areas and water features.
- In FY 2012/13, 68 state parks generated 33% of user fee revenue. The state park class is a generic category of parks that do not have specific attributes that qualify them for other park classes.
- There is one state historical monument, Hearst Castle, which generates approximately 11% of total park unit revenue from user fees and concessions.
- In FY 2012/13, state historic parks and state natural reserves generated \$4.3 million (5% of total park unit user fee revenue) and \$2.4 million (3% of total park unit user fee revenue), respectively.

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Park Unit Operating Performance

Revenue - User Fees Detail by Fee Type (Excluding OHMVR)

Source	FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13	
	Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
User Fees (\$ in thousands)								
Camping	\$ 36,249	46%	\$ 41,113	50%	\$ 41,942	46%	\$ 41,629	45%
Day Use	33,754	42%	32,744	39%	37,095	41%	37,176	41%
Passes	7,290	9%	7,578	9%	9,283	10%	9,495	10%
Other	2,342	3%	1,865	2%	2,836	3%	3,483	4%
Total User Fees	\$ 79,635	100%	\$ 83,300	100%	\$ 91,156	100%	\$ 91,783	100%
Visitor Attendance (# in thousands) [1]								
Paid Camping Attendance	5,242	8%	5,300	9%	5,262	8%	5,293	8%
Paid Day Use Attendance	16,106	26%	15,721	26%	17,579	27%	16,870	26%
Free Attendance	40,553	66%	39,384	65%	41,967	65%	42,757	66%
Total Attendance	61,901	100%	60,405	100%	64,808	100%	64,920	100%
Fees Per Visitor (\$ nominal)								
Camping	\$ 6.91		\$ 7.76		\$ 7.97		\$ 7.86	
Day Use / Pass Sales / Other	\$ 2.69		\$ 2.68		\$ 2.80		\$ 2.97	



Visitor Attendance

- Data on visitor attendance reflects an estimate of the number of individual visits to the state park system.

Camping

- Income generated from camping fees is the largest revenue source (45% of total in FY 2012/13). Camping reservations include a non-refundable \$8 reservation fee. ReserveAmerica is a company that contracts with the DPR to operate the reservation system of approximately 100 parks. The contract generates about \$6 million per year in gross fees to ReserveAmerica. All fees collected by ReserveAmerica are deposited to the DPR's account less reservation fees. The camping fee information displayed is the net share received by the DPR.
- Camping fee per visitor ranged from \$7.76 - \$7.97 during FY 2010/11 - FY 2012/13, exceeding the \$6.91 average for FY 2009/10.

Day Use/ Passes/ Other

- These categories collectively comprise the second largest revenue source (41% of total in FY 2012/13) and include fees for (i) parking (ii) museum entry / tours and (iii) Hearst Castle Reservations. Parking is the largest contributor with approximately 69% of the total in FY 2012/13.
- Revenue from the sale of park passes accounts for approximately 10% of revenue in FY 2012/13.
- The "Other" revenue category makes up a small portion of the total (4% in FY 2012/13) and is primarily comprised of income from boat fees and pay showers. Boat launching typically costs \$5 - 10 per launch.
- Day use/ Pass sales/ Other fees per visitor has generally ranged from \$2.80 - \$2.97 during FY 2011/12 - FY 2012/13, which compares favorably with \$2.68 - \$2.69 in FY 2009/10 - FY 2010/11.

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 - FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

[1] For the period FY 2009/10 - FY 2011/12, revenue for Folsom Lake State Recreation Area ("SRA") was reported in user fees. However, starting in FY 2012/13, revenue for Folsom Lake SRA is retained locally at the park unit, and not reported as park unit revenue, to offset the cost of operating and maintaining the park unit pursuant to an agreement with the Bureau of Reclamation dated January 24, 2012. Reported user fees for Folsom Lake SRA were approximately \$2.6 million, \$2.8 million and \$3.4 million in FY 2009/10, FY 2010/11, and FY 2011/12, respectively.

Park Unit Operating Performance (FY 2012/13)

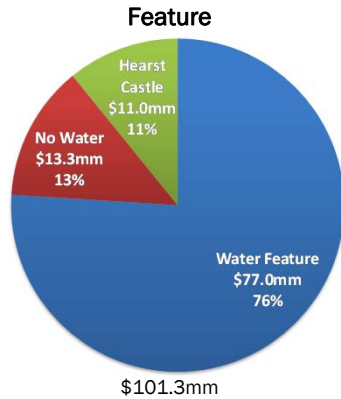
Park Unit Financial Operating Results by Water Feature and Metropolitan Area (Excluding OHMVR)

Parks in major metropolitan areas accounted for a disproportionate share of revenue compared to parks in non-major metropolitan areas (excluding Hearst Castle). In FY 2012/13, parks in major metropolitan areas generated revenue of \$62.6 million, while parks in non-major metropolitan areas had revenue of \$27.7 million.

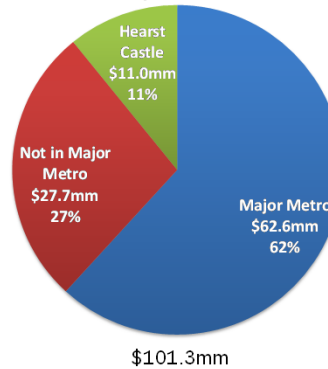
■ FTI allocated homebase expenditures to each park unit based on the results of the park unit cost analysis prepared by the DPR for FY 2010/11. Specifically, FTI allocated FY 2012/13 homebase district costs to each park unit based on park level operating costs allocations used in the DPR's internal study of the FY 2010/11 year.

■ For directional purposes only, FTI estimated the cost recovery on a park unit basis by taking the revenue generated at each park and dividing it by allocated district homebase expenditures for that park before non-homebase expenses and any allocation of headquarters expense.

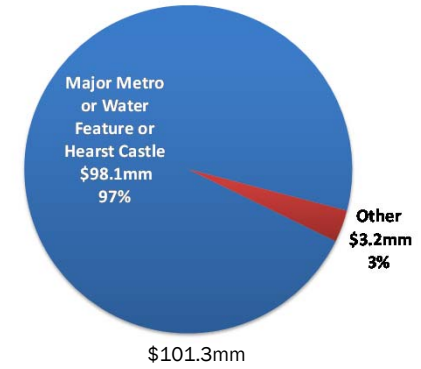
Revenue for Parks with Water/No Water Feature



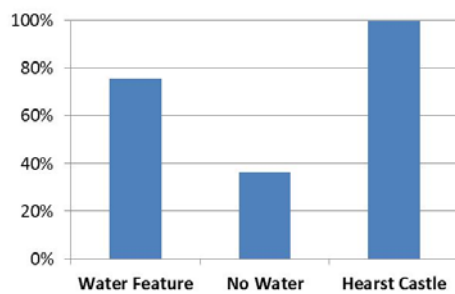
Revenue for Parks in Major/Non-Major Metropolitan Areas



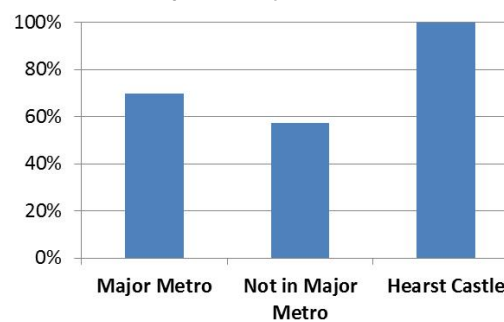
Revenue for Parks in Major Metropolitan Areas or with Water Features or Hearst Castle and Other



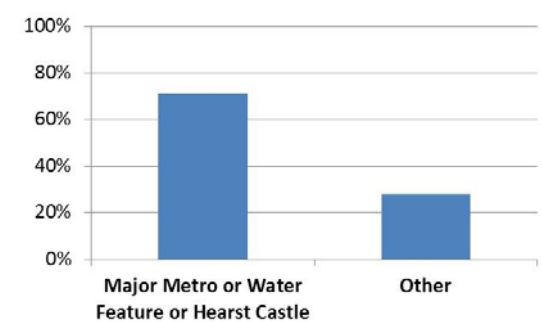
Cost Recovery % for Parks with Water/ No Water Feature



Cost Recovery % for Parks in Major/ Non-Major Metropolitan Areas



Cost Recovery % for Parks in Major Metropolitan Areas or with Water Features or Hearst Castle and Other



Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively; FY 2010/11 Park Unit Expenditures report; FY 2011/12 Statistical Report.

Notes: For purposes of this analysis, FTI defined parks in major metropolitan areas as parks in counties that comprise CSAs, or MSAs with more than one million in population, as designated by the U.S. Office of Management and Budget. FTI defined parks with water features to be any park with waterfront feet (lake, ocean, or river).

Revenue figures include user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park.

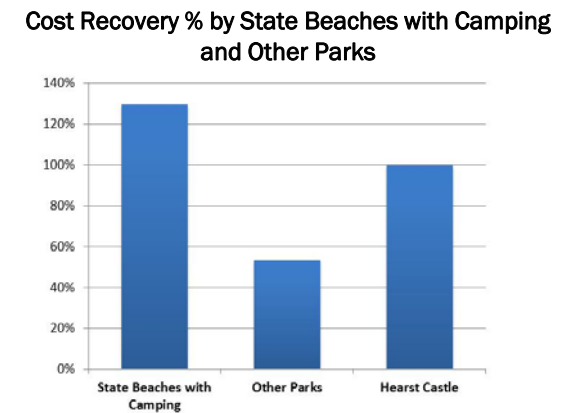
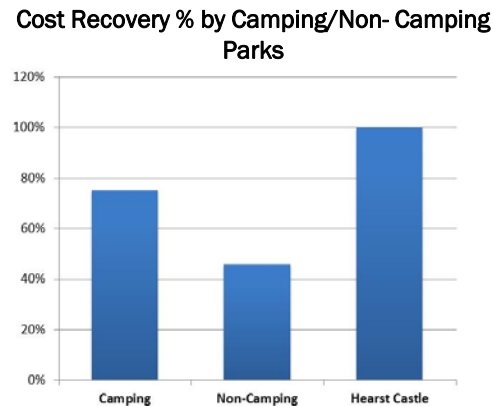
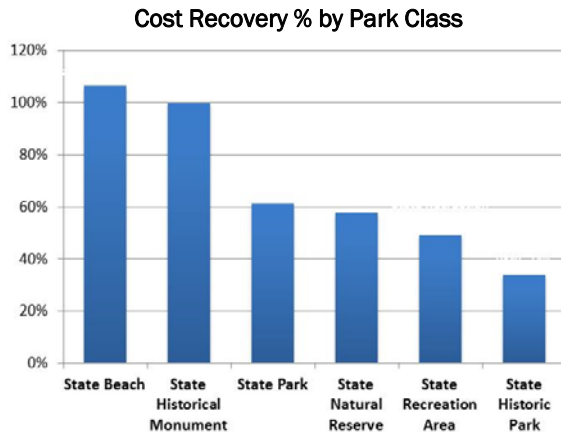
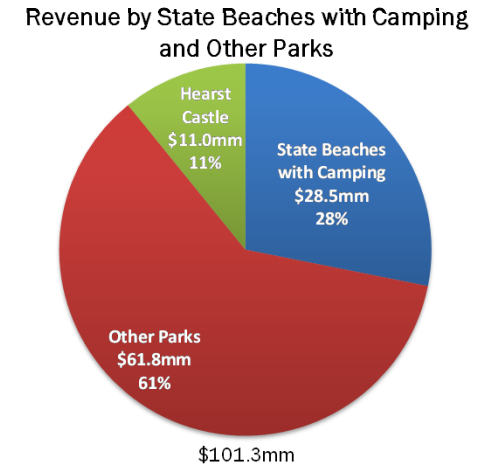
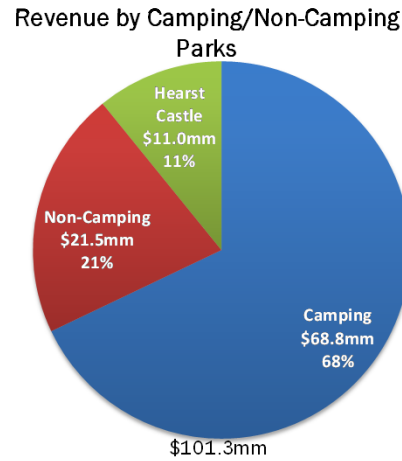
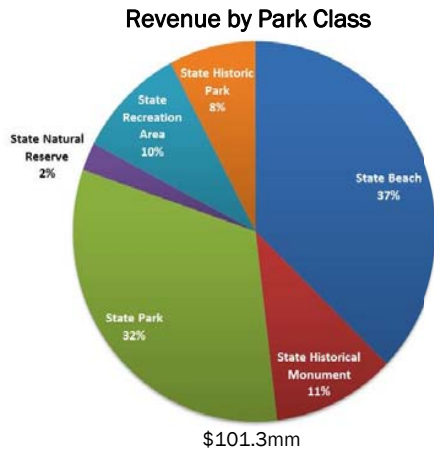
Park Unit Operating Performance

Park Unit Operating Results by Park Class (Excluding OHMVR) – FY 2012/13

State beaches with camping are the only park units with meaningful positive operating income. All park classes other than State Beaches and State Historical Monument (Hearst Castle) have cost recoveries at or below about 60%.

FTI allocated homebase expenditures to each park unit based on the results of the park unit cost analysis prepared by the DPR for FY 2010/11. Specifically, FTI allocated FY 2012/13 homebase district costs to each park unit based on park level operating costs identified in the DPR's internal study of the FY 2010/11 year.

For directional purposes only, FTI estimated the cost recovery on a park unit basis by taking the revenue generated at each park and dividing it by allocated district homebase expenditures for that park before non-homebase expenditures and any allocation of headquarters expense.



Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively; FY 2010/11 Park Unit Expenditures report; FY 2011/12 Statistical Report.

Note: Revenue figures include user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park.

Note: Expenditures only include Homebase field level expenses. DPR unit cost analysis includes all expenditures (see Overview of this section for more detail).

Park Unit Operating Performance

Park Unit Financial Results by District (Excluding OHMVR) – FY 2012/13

In FY 2012/13 only three districts, Orange Coast, San Diego, and Channel Coast Districts, have positive operating income.

(in thousands except for # of parks)

District	Total # of Parks	# of Parks without Concessions	FY 2012-13 Revenue	FY 2012-13 Homebase Exp	Operating Income/ (Loss)	Cost Recovery %
Orange Coast District	7	1	\$ 20,468	\$ 15,620	\$ 4,848	131%
San Diego Coast District	12	5	12,300	10,939	1,361	112%
Channel Coast District	12	7	6,953	6,732	222	103%
Mendocino District	17	13	1,764	3,515	(1,751)	50%
Monterey District	23	15	6,175	8,250	(2,075)	75%
Marin District	7	5	2,262	4,079	(1,817)	55%
Gold Fields District	7	4	399	2,487	(2,088)	16%
Diablo Vista District	19	16	2,135	4,277	(2,142)	50%
San Luis Obispo Coast District	10	5	13,552	15,553	(2,001)	87%
Sierra District	17	10	4,233	6,796	(2,563)	62%
Tehachapi District	11	10	1,742	4,313	(2,571)	40%
Angeles District	21	14	5,488	8,508	(3,020)	65%
Russian River District	6	5	1,299	4,459	(3,160)	29%
Northern Buttes District	15	10	3,296	6,635	(3,339)	50%
Central Valley District	14	10	3,347	7,525	(4,178)	44%
Colorado Desert District	6	4	1,547	5,753	(4,206)	27%
North Coast Redwoods District	22	15	3,161	7,458	(4,297)	42%
Inland Empire District	6	5	2,963	7,361	(4,398)	40%
Capital District	9	8	1,711	6,722	(5,011)	25%
Santa Cruz District	29	21	6,546	12,333	(5,787)	53%
Total (Excluding OHMVR)	270	183	\$ 101,341	\$ 149,315	\$(47,974)	68%

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively; FY 2010/11 Park Unit Expenditures report; FY 2011/12 Statistical Report.

Note: Revenue figures include user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park. Operating income is before deferred maintenance and any allocation of headquarters expense.

- This summary shows the revenue, homebase expenses, operating income and loss, and cost recovery % by district.
- The districts that have the highest cost recovery % and operating income included the Orange Coast, San Diego and Channel Coast Districts.
- Although San Luis Obispo Coast District includes Hearst Castle, which is the park that generates the most revenue out of all state parks, the homebase expenses for the park (as well as the district) exceed its revenue from a cost recovery standpoint.
- Other districts with revenue exceeding five million and operating losses include the Monterey, Angeles, and Santa Cruz Districts. These districts have a significant amount of parks (over 50%) that do not have concession operations.
- There are eight districts that have cost recovery % lower than 50%. The Gold Fields District has the lowest cost recovery % out of all districts.

■ FTI allocated homebase expenditures to each park unit based on the results of the park unit cost analysis prepared by the DPR for FY 2010/11. Specifically, FTI allocated FY 2012/13 homebase district costs to each park unit based on park level operating costs identified in the DPR's internal study of the FY 2010/11 year.

■ For directional purposes only, FTI estimated the cost recovery on a park unit basis by taking the revenue generated at each park and dividing it by allocated district homebase expenditures for that park before non-homebase expenses and any allocation of headquarters expense.

Infrastructure and Maintenance

Infrastructure and Maintenance

Key Takeaways and Potential Opportunities

Key Takeaway

Data Integrity/Deficiency. The uncertainty surrounding the infrastructure and maintenance databases (particularly the deferred maintenance backlog) has created a dynamic that is counter-productive to achieving progress. Arguments can be made that the numbers in the deferred maintenance database are overstated (based on data integrity concerns, inconsistency in cost estimation processes, lack of historical database management, etc.) Arguments can also be made that the deferred maintenance numbers are understated (given the aggregate amount of catalogued requests vs. budget realities, DPR field staff have not consistently and/or accurately entered new projects).

Prioritization. FTI noted that the deferred maintenance database may not be used effectively as a management tool by the field – when capital is made available, the field often enters new projects into the database and prioritizes those projects for capital spending.

Opportunity

The DPR should adopt a zero-based approach to the infrastructure and maintenance databases coupled with a revised process for entering projects and estimated costs.

- This database re-population effort in and of itself will expose the field's capital priorities as projects should not be approved for implementation if not entered in the new system.
- External subject matter experts (e.g., engineering firms for facilities projects) should be part of the review/approval process for populating the database.
- Additionally, opportunities for outside funding should be evaluated as current funding sources are inadequate to meet this need regardless of the specific amount.

The revised database noted above should be the management tool for assessing capital priorities – when dollars are spent on capital projects for a given park unit, the field should be required to document the impact on catalogued projects for the unit to maintain database integrity. DPR should develop a master list of key projects prioritized based on application of systematic allocation criteria (see Asset Prioritization Section).

Infrastructure and Maintenance

Key Takeaways and Potential Opportunities (continued)

Key Takeaway

Unfunded Annual Maintenance. The DPR expects day-to-day maintenance required to support the state park system to be approximately \$350 million on an annual basis. The DPR reported that approximately \$10 million of annual maintenance is funded each year. As a result, the deferred maintenance backlog will likely grow as park assets continue to deteriorate.

Opportunity

Similar to the deferred maintenance database, the annual maintenance database should be thoroughly reviewed and vetted to determine high priority assets that need attention to avoid costly repairs in the future. Opportunities for outside funding to support day-to-day maintenance should be evaluated.

Infrastructure and Maintenance Overview & Analytical Approach

Overview

■ Infrastructure and Maintenance Database

- The Department manages its infrastructure and maintenance projects in a facilities management program called Maximo, which is a platform developed by IBM.
- The Department utilizes a function within Maximo called the Parks Infrastructure Database (PID) to add, remove, modify and prioritize projects.

■ Categories of Infrastructure and Maintenance Spending

- In addition to the often cited deferred maintenance backlog, other categories of infrastructure spending include annual maintenance and capital outlay projects (including a subset of projects that are expected to facilitate revenue generation).
- Aggregate amounts by category (recognizing that these amounts can shift depending on when the point-in-time reports are run) are:
 - Annual maintenance – approximately \$350 million
 - Capital outlay – in excess of \$1.8 billion
 - Deferred maintenance – in excess of \$1.1 billion
- There has been minimal spending for annual and deferred maintenance due to funding constraints. According to DPR staff, the DPR annually budgets approximately \$10 million for annual maintenance and minimal amounts for deferred maintenance.

Overview

■ Capital Outlay Approval Process

- The process to develop a new capital outlay project includes the following:
 - 1) District staff identifies the need for the project, including scope, cost estimate, and priority and enters them into CSP's Park Infrastructure Database (PID). A designated District representative enters project information in the PID.
 - 2) Once funding is received (e.g. bond funds), the process to select capital projects will begin. Capital outlay requests (from the PID and other sources) will be approved by the Planning Policy and Programming Committee ("Committee") and the Director.
 - 3) Once the project is selected and approved, the Acquisition and Development ("A&D") division starts planning the construction phases. The A&D uses a project management database and other tools to estimate the cost of the project. Approved projects require funding, a program cost account (PCA), identified staffing needs, environmental documents and applicable regulatory approvals/ permits, plan documents and bid documents.
 - 4) The DPR will request approved capital outlay projects be appropriated by the Legislature and Governor.
 - 5) Once the appropriation is enacted, A&D will request bid proposals for the project. Once a contract is approved, A&D will encumber the appropriation. Depending on timing and scope of the project, the DPR may only encumber a portion of the appropriation and request separate appropriations for future phases of the project. Once funds are encumbered, the DPR will have limited time (e.g. three years) to liquidate the encumbrance. If there are cost overruns, the DPR may request additional appropriations to complete the project.

Infrastructure and Maintenance Overview & Analytical Approach

Overview

Data Integrity

- FTI found DPR facilities staff to be extremely helpful and engaged regarding our data requests and analyses.
- However, FTI encountered several data integrity issues that hamper confidence in the accuracy of the database. Specific examples of issues include:
 - Multiple extracts from the deferred maintenance database contained incorrectly linked projects and project descriptions. This issue was not corrected for a sub-component of the database, which included cultural and interpretation projects.
 - The annual maintenance data for the North Coast Redwoods district were determined by DPR staff to be corrupt and was not used by FTI.

Consistency of Data Input /Cost Estimate approach

- With respect to the deferred maintenance backlog in particular, FTI heard speculation by various parties that the reported aggregate backlog amount could be:
 - (i) materially understated – due to the enormity of the already catalogued backlog, some field operators have ceased routinely updating the database with new line items (projects) for frustration that projects will “never be funded”; or
 - (ii) materially overstated – with respect to the line items that are presently in the database, estimates could be inaccurate due to duplicate or overlapping entries, outdated technology initially considered in developing the estimated, etc.

Analytical Approach

- These differing points of view can contribute to a cycle of uncertainty with respect to what the ‘real’ backlog number is – for example, if the aggregate number with respect to projects currently entered into the system is in fact overstated and therefore a more manageable number than currently cited, then the field would not be so disillusioned as to not enter the ongoing capital needs of the system – **breaking this cycle is critical to give both internal and external (e.g., state authorities, potential partners, general public) confidence that the overall capital needs of the DPR are accurately captured.**
- **Management Processes**
 - Database management – based on our review of the sample deferred maintenance database detail, FTI observed that:
 - There historically had been no meaningful oversight of the process for entering projects into the database. As a result, there is inconsistency in rigor applied to project cost estimation and a likelihood that project estimates were not updated when new managers took over responsibility for park units.
 - The current DPR facilities manager has taken steps to standardize the process for adding new projects to the database, but this does not address potential concerns with respect to previously entered data.
 - **Capital Spending Prioritization** – it appears to FTI that the field is not effectively using the current database as a tool for assessing spending priorities. When capital is made available, the field often enters *new projects* into the database and prioritizes those projects for capital spending (vs. those already entered into the system).

Infrastructure and Maintenance Overview & Analytical Approach (continued)

Analytical Approach

- **Analytical Approach to assess cost estimates of current entries**
 - FTI's approach to assess whether projects entered in the database have historically be understated or overstated was two-fold:
 - 1) Estimated vs. Actual. Compare a universe of projects that were selected to be performed vs. the actual incurred cost of completion; and
 - 2) Evaluate Estimates. Select a sample of projects in the database across several categories, including road repair, wastewater replacement and general construction.
 - FTI recognizes that nether desktop analysis is fully dispositive – for example, the estimate vs. actual analysis results may simply imply that actual scope expanded from estimated scope to consume or exceed budgeted dollars. Further, the evaluation of the sample project estimates is not representative of the universe of currently catalogued projects.
 - However, the above analyses and well as the various classifications of infrastructure spending (e.g., by district, by type of facility, by program) can provide useful insight to the DPR as it seeks to prioritize capital spending.

Infrastructure and Maintenance

Annual Maintenance by District and Facility

Required Annual Maintenance by Facility

(\$ in Thousands)

Facility	Total	% of Total
Buildings (includes historic structures and ships)	\$ 205,597	58.9%
Roads and Parking	33,742	9.7%
Grounds	27,473	7.9%
Structures (other than buildings and bridges)	25,406	7.3%
Systems (fuel, utility, etc.)	25,259	7.2%
Riding and Hiking Trails	22,809	6.5%
Natural Resources	8,481	2.4%
Interpretive Objects / Displays / Artifacts (Collections)	502	0.1%
Total	\$ 349,269	100.0%

Note: The initial data provided indicated that annual maintenance totaled \$675.6 million, which included annual maintenance for the North Coast Redwoods District of \$326.3 million. Facilities indicated that the data for the North Coast Redwoods District were not available. Appropriate estimates for annual maintenance for the North Coast Redwoods District could not be easily quantified and have been excluded. The DPR spends approximately \$10 million per year on annual maintenance.

Source: Annual Maintenance Reports from Maximo received on 9/17/13 provided by the DPR Facilities Division.

Required Annual Maintenance by District:

(\$ in Thousands)

District	Total	% of Total
Northern Buttes District	\$ 49,207	14.1%
Santa Cruz District	46,470	13.3%
Sierra District	37,909	10.9%
Marin District	30,509	8.7%
Russian River District	30,147	8.6%
Colorado Desert District	19,808	5.7%
Channel Coast District	15,134	4.3%
Diablo Vista District	14,974	4.3%
Central Valley District	14,888	4.3%
Capital District	12,507	3.6%
Angeles District	10,961	3.1%
Orange Coast District	9,822	2.8%
Tehachapi District	9,681	2.8%
San Luis Obispo District	9,593	2.7%
Monterey District	8,954	2.6%
Inland Empire District	8,789	2.5%
Mendocino District	7,666	2.2%
Gold Fields District	6,495	1.9%
San Diego Coast District	5,755	1.6%
North Coast Redwoods District	N/A	N/A
Subtotal	\$ 349,269 [1]	100.0%

[1] Does not include North Coast Redwoods District.

Infrastructure and Maintenance Capital Outlay by District by Program

(\$ in Thousands)

District	Facilities	Natural	Interpretation	Revenue			Total	% of Total
				Generation	Cultural	Planning		
San Diego Coast District	\$ 111,931	\$ 158,106	\$ 16,708	\$ -	\$ 112	\$ -	\$ 286,857	15.6%
Colorado Desert District	156,670	1,000	440	-	1,125	-	159,235	8.6%
Sierra District	91,256	14,050	19,903	-	2,073	-	127,282	6.9%
North Coast Redwoods District	125,705	-	781	-	750	-	127,236	6.9%
Channel Coast District	95,270	300	667	25,000	1,627	-	122,864	6.7%
Angeles District	109,516	-	400	-	5,500	-	115,416	6.3%
Central Valley District	95,886	-	1,216	-	-	-	97,102	5.3%
Marin District	83,184	-	7,594	-	482	-	91,260	5.0%
San Luis Obispo Coast District	86,801	-	-	-	-	-	86,801	4.7%
Capital District	72,128	-	950	-	2,675	-	75,753	4.1%
Monterey District	72,101	-	1,015	-	300	-	73,416	4.0%
Orange Coast District	68,020	-	3,055	-	-	-	71,075	3.9%
Diablo Vista District	29,598	22,500	8,692	-	2,065	-	62,855	3.4%
Santa Cruz District	54,535	550	1,208	-	-	-	56,293	3.1%
Gold Fields District	49,738	-	2,505	-	650	-	52,893	2.9%
Russian River District	45,028	4,850	20	-	2,692	-	52,590	2.8%
Inland Empire District	31,352	-	19,475	-	256	-	51,083	2.8%
Northern Buttes District	32,708	160	150	-	476	-	33,494	1.8%
Mendocino District	27,875	265	160	-	-	-	28,300	1.5%
Tehachapi District	21,764	-	865	-	-	-	22,629	1.2%
Archaeology, History And Museums	15,000	-	-	-	-	-	15,000	0.8%
Twin Cities District	7,061	-	20	-	150	2,505	9,736	0.5%
Hollister Hills District	8,539	149	-	-	-	-	8,688	0.5%
Off Highway Vehicle Divison	4,825	-	-	-	-	-	4,825	0.3%
Oceano Dunes District	4,522	-	-	-	-	-	4,522	0.2%
Ocotillo Wells District	4,063	-	-	-	-	-	4,063	0.2%
Interpretation & Education	-	-	750	-	-	-	750	0.0%
Null	750	-	-	-	-	-	750	0.0%
Hungry Valley District	550	-	-	-	-	-	550	0.0%
Total	\$1,506,376	\$ 201,930	\$ 86,574	\$ 25,000	\$20,933	\$2,505	\$1,843,318	100.0%
% of Total	81.7%	11.0%	4.7%	1.4%	1.1%	0.1%	100.0%	

Source: Capital Outlay Reports from Maximo received on 9/25/13 provided by the DPR Facilities Division.

Note: "Null" represents entries in which the user did not provide a park unit or district.

Infrastructure and Maintenance Revenue Generation Program Projects

- Revenue generating projects are tracked separately from capital outlay projects in the Maximo database.
- Out of the 35 projects, 15 projects are based on the Orange Coast District.
- In the Orange Coast District, approximately \$19 million of the estimated annual revenue is related to projects to install point of sale equipment and kiosk efficiency upgrades.

(\$ in Thousands)

District	# of Projects	Estimated			
		Capital Costs	Annual Revenue	Annual Costs	Annual Income
Orange Coast District	15	\$ 7,432	\$ 21,298	\$ 82	\$ 21,216
Central Valley District	5	2,331	993	243	750
San Luis Obispo Coast District	3	875	615	151	464
San Diego Coast District	3	1,265	613	25	588
Gold Fields District	3	292	515	-	515
Angeles District	4	1,667	497	65	431
Northern Buttes District	2	400	115	-	115
Total	35	\$ 14,262	\$ 24,646	\$ 566	\$ 24,079

Source: Revenue Generation Reports dated 4/25/13 from Maximo provided by the DPR Facilities Division.

Infrastructure and Maintenance

Deferred Maintenance by District and Program

(\$ in Thousands)

District	Facilities	Natural	Cultural	Interpretation	Total	% of Total
North Coast Redwoods District	\$ 135,759	\$ 69,881	\$ 2,308	\$ 147	\$ 208,095	18.6%
San Luis Obispo Coast District	71,228	7,987	9,948	40	89,203	8.0%
Diablo Vista District	43,270	23,861	5,548	1,285	73,964	6.6%
Central Valley District	60,765	4,655	4,235	190	69,845	6.3%
Santa Cruz District	54,419	3,549	1,010	639	59,617	5.3%
Sierra District	29,481	16,164	10,674	817	57,136	5.1%
Russian River District	45,180	4,784	3,730	700	54,394	4.9%
Colorado Desert District	26,264	20,733	4,492	550	52,039	4.7%
Channel Coast District	36,506	8,864	5,019	-	50,389	4.5%
Mendocino District	26,007	14,460	4,043	-	44,510	4.0%
Monterey District	29,248	7,971	5,169	65	42,453	3.8%
San Diego Coast District	33,164	4,249	2,637	1,868	41,918	3.8%
Marin District	31,925	4,200	5,434	220	41,779	3.7%
Inland Empire District	12,444	18,835	4,103	650	36,032	3.2%
Angeles District	16,204	6,415	12,271	300	35,190	3.2%
Gold Fields District	16,852	4,866	7,954	2,207	31,879	2.9%
Capital District	19,563	50	7,320	632	27,565	2.5%
Tehachapi District	12,764	4,054	9,575	105	26,498	2.4%
Archaeology, History And Museums	-	-	19,930	-	19,930	1.8%
Northern Buttes District	12,475	1,000	3,990	80	17,545	1.6%
Orange Coast District	14,539	1,571	805	350	17,265	1.4%
Null	6,385	5,182	198	-	11,765	1.1%
Facilities Management Division	150	-	4,000	-	4,150	0.4%
Hollister Hills District	-	1,359	162	-	1,521	0.1%
Twin Cities District	85	600	40	64	789	0.1%
Interpretation & Education	-	-	100	395	495	0.0%
Hungry Valley District	-	210	-	-	210	0.0%
Natural Resources Division	-	-	150	-	150	0.0%
Oceano Dunes District	-	-	90	-	90	0.0%
Grand Total	\$ 734,677	\$ 235,500	\$ 134,935	\$ 11,304	\$ 1,116,416	100.0%
% of Total	66%	21%	12%	1%	100%	

Source: Deferred Maintenance Reports from Maximo received on 9/27/13 provided by the DPR Facilities Division.

Note: "Null" represents entries in which the user did not provide a park unit or district.

Infrastructure and Maintenance

Deferred Maintenance - Analytical Approach to Assess Cost Estimate of Current Entries

■ As noted, FTI conducted two analyses on the deferred maintenance backlog:

- 1) Estimated vs. Actual. FTI compared a universe of projects performed and compared the actual cost of completion to the estimated cost; and
- 2) Evaluate Estimates. FTI selected a sample of facility related projects currently in the database across several categories, including road repair, wastewater replacement and general construction.

■ Estimated vs. Actual - Procedures and Results

- FTI requested estimated and actual costs for all projects for one fiscal year. DPR staff provided estimated and actual projects during the 2006 fiscal year instead of more current years because final costs for the selected projects were easier to obtain.
- FTI reviewed the 2006 information provided and noted that there were a total of 117 projects completed in the facilities, natural, interpretation, and cultural programs.
- Final cost information for three projects with estimates totaling \$3.3 million in the facilities program and one project in the natural program for \$150,000 were not available and could not be located by DPR staff.
- Excluding the four projects with no final costs, FTI compared the remaining 113 projects and noted the estimated costs for 64 projects (57%) were overstated, 38 projects (34%) were understated, and 11 projects (9%) had no variances at all.
- As shown in the aggregate variance chart to the right, total estimated costs for all projects were slightly higher than final costs. PID estimated costs for interpretation and cultural programs were overstated and facilities and natural programs were understated. For all programs, the estimated costs were only overstated by 1%, but the reliability of the data is questionable.

2006 Projects - Estimated vs. Actual Costs Comparison by Program:

(\$ in thousands)	Facilities	Natural	Interpretation	Cultural	Total
# of Projects					
Overstated	34	10	9	11	64
Understated	15	12	3	8	38
No Variance	4	3	2	2	11
Total	53	25	14	21	113

Aggregate Variance					
PID Estimated Cost	\$ 15,155	\$ 2,332	\$ 2,234	\$ 1,467	\$ 21,188
Final Cost	15,549	2,492	1,684	1,340	21,065
Variance	\$ (394)	\$ (160)	\$ 550	\$ 127	\$ 123
% Variance	-3%	-6%	33%	9%	1%

Other Statistics (Per Project):

Average Variance					
PID Estimated Cost	\$ 286	\$ 93	\$ 160	\$ 70	\$ 609
Final Cost	293	100	120	64	577
Variance	\$ (7)	\$ (7)	\$ 40	\$ 6	\$ 32
% Variance	-2%	-7%	33%	9%	6%

Median Variance					
PID Estimated Cost	\$ 172	\$ 51	\$ 97	\$ 61	\$ 381
Final Cost	151	60	103	57	371
Variance	\$ 21	\$ (9)	\$ (6)	\$ 4	\$ 10
% Variance	14%	-15%	-6%	7%	3%

Source: 2006 DM Project Budgets provided by the DPR Facilities Division

Infrastructure and Maintenance

Deferred Maintenance - Analytical Approach to Assess Cost Estimate of Current Entries (continued)

■ Estimated vs. Actual - Procedures and Results (continued)

- Based on a detailed line item review of variances by project, FTI noted a significant amount of projects had immaterial variances (including projects that had no variances). In fact, 37 out of 113 projects had variances lower than \$1,000.
- FTI inquired with DPR staff about the reliability of the estimate and comparison since the final costs for a significant number of projects were very close to the PID estimated amounts. DPR staff suggested that, under certain circumstances, overages for projects may have been charged off to other funding sources.
- DPR staff disclosed other factors that may skew the estimate and actual comparison. Certain projects were re-scoped when the original scope was significantly higher than budget or the project was dropped.
- The project with the largest overstatement was a project related to China Camp museum exhibit repairs. The project was estimated at \$700,000 and the final cost was \$100,000. DPR staff indicated this project was re-scoped.
- The project with the largest understatement was a project related to the replacement of portable lifeguard towers. The project was estimated at \$2.9 million and the final cost was \$3.7 million.

Other 2006 Project Comparison Highlights:

Program	Project Name	PID Estimated Cost	Final Cost	Variance
Maximum Program Variances by Program (Largest Overstated Projects)				
Interpretation	China Camp Museum Exhibit Repairs	\$700,000	\$100,267	\$599,733
Facilities	Repair Ramp at Emergency North End	\$392,042	\$92,043	\$299,999
Natural	GV Grassland/Perrennial Pepperwd Cntrl	\$175,000	\$16,238	\$158,762
Cultural	SW Artifact Facility Assessment	\$150,000	\$67,435	\$82,565
Minimum Program Variances by Program (Largest Understated Projects)				
Facilities	Replace Portable Lifeguard Towers	\$2,850,000	\$3,738,682	-\$888,682
Natural	Penin Bghrn Sheep Rcvry/Mgmt Ph II	\$30,000	\$243,436	-\$213,436
Interpretation	Cent Vly Replace Repair to Interp Sht	\$10,000	\$159,794	-\$149,794
Cultural	Conserve Vandalized Hearse	\$50,000	\$85,000	-\$35,000
Projects Rescoped (Identified by DPR Staff)				
Facilities	Sewerline Replaces CS to Swr LS	\$185,000	\$65,000	\$120,000
Facilities	Install Auro Warn Sys Sewer Ls	\$200,000	\$93,755	\$106,245
Facilities	Improve H2O Srce and Storage	\$208,720	\$66,247	\$142,473
Interpretation	China Camp Museum Exhibit Repairs	\$700,000	\$100,267	\$599,733
Project Dropped (Identified by DPR Staff)				
Facilities	Rplc Sand Gravel Media-Water Sys	\$31,500	\$4,882	\$26,618
Facilities	Septic Sys Rem-Lower Topanga Area	\$100,000	\$21,285	\$78,715
Project Actual Costs Not Available (Identified by DPR Staff)				
Facilities	Pio Pico Drainage Repair	\$1,300,000	N/A	N/A
Facilities	Stwd Aq-Cent Top/Bndry DMPF	\$1,000,000	N/A	N/A
Facilities	Stwd Aq-Socal Top/Bndry Srvy DMPF	\$1,000,000	N/A	N/A
Natural	Sequit Bluffs Restoration	\$150,000	N/A	N/A

Source: 2006 DM Project Budgets provided by the DPR Facilities Division

Conclusion. Although 75 out of the 113 projects were overstated or had no variances, it is not dispositive that the estimated project costs were overstated or understated. There could be many possible explanations. One theory advanced by DPR staff supporting the notion that costs were understated is that the final costs provided in the data did not take into account overages that were charged to other funding sources. A contrary theory that supports the notion that projects are overstated is that a significant number of projects had immaterial variances suggesting that managers simply spent the dollars available (either within the original scope or with an expanded project scope). As such, no meaningful conclusions can be drawn from the 2006 data.

Infrastructure and Maintenance

Deferred Maintenance - Analytical Approach to Assess Cost Estimate of Current Entries (continued)

Evaluation of Estimates - Procedures and Results

- FTI reviewed the deferred maintenance database and identified the top 50 projects (in terms of estimated cost) in the facilities program.
- From this group of 50 projects, FTI Construction Solution experts selected five projects across several categories, including road repair, wastewater replacement and general construction. These projects were reviewed to determine if estimated costs in the deferred maintenance database are appropriate.
- FTI requested the specifications and documentation that supported the estimates for these five projects from DPR staff. See list of deferred maintenance sample selections to the right.
 - **DPR staff could not locate support for two out of five projects.**
 - Bolsa Chica State Beach \$5.0 million project (PID# 159820) is related to the repair and replacement of asphalt patching, slurry seal, and striping and deteriorating areas, including all roads, multiuse trails, parking lots and spencer ramps. District staff indicated they do not have supporting documentation for the estimated costs. District staff's current records only show minor specifications for a project to complete crack sealing, slurry, and areas of grind and overlay, which is estimated at \$500,000.
 - Calaveras Big Trees State Park \$ 2.7 million project (PID# 170170) is related to the rehabilitation of historic buildings that do not meet OSHA, ADA and current codes. District staff indicated that they are not familiar with this project and the estimate must have been developed years ago by staff that have since left the district. Current staff speculate the project is mislabeled and should have included the maintenance for the entire complex of all facilities at the park.

Deferred Maintenance Sample Selection:

#	PID #	Unit	Estimated Cost	Adjusted Cost	Variance	% Variance
1	83600	HEARST SAN SIMEON STATE HISTORICAL MONUMENT	\$ 8,500,000	\$ 4,000,000	\$ 4,500,000	113%
2	135730	PORTOLA REDWOODS STATE PARK	\$ 4,055,920	\$ 400,000	\$ 3,655,920	914%
3	65700	HUMBOLDT REDWOODS STATE PARK	\$ 3,000,000	\$ 1,816,433	\$ 1,183,567	65%
Subtotal			\$ 15,555,920	\$ 6,216,433	\$ 9,339,487	150%
4	159820	BOLSA CHICA STATE BEACH	\$ 5,000,000	N/A	N/A	N/A
5	170170	CALAVERAS BIG TREES STATE PARK	\$ 2,670,496	N/A	N/A	N/A

Source: Deferred Maintenance Reports from Maximo received on 9/27/13 provided by the DPR Facilities Division.

- The estimated costs for the remaining projects appear overstated by \$9.3 million. The total initial estimated cost by DPR staff was \$15.6 million, but the adjusted cost based on actual or current estimates is \$6.2 million.
 - Hearst San Simeon State Historical Monument \$8.5 million project (PID# 83600) requires repairs and replacement of several systems, including the roof, wall, skylights, windows, restrooms, electrical, plumbing, HVAC, utility room, kiosk, automatic vent openers, sprinklers, security, back-up generator, pergola, shed structure, archways, floor tile, and other support facilities. District staff indicated that the estimated cost of \$8.5 million should be revised down to \$4.0 million. The initial estimate was based on outdated historical contract costs.
 - Portola Redwoods State Park \$4.1 million project (PID# 135730) is related to rehabilitation of a wastewater system, including installation of liners in the collection system and replacement of lift stations and treatment facilities. A recent quote from an outside consultant provided a solution to restore the wastewater system for \$400,000.

Infrastructure and Maintenance

Deferred Maintenance - Analytical Approach to Assess Cost Estimate of Current Entries (continued)

Evaluation of Estimates - Procedures and Results (continued)

- Humboldt Redwoods State Park \$3.0 million project (PID# 65700) is related to the repair of roads, including re-engineering, regrade, and reshape of road slopes for erosion control. District staff indicated costs for this project should be reduced down to \$2.4 million and the initial estimate was padded to account for cost escalations and potential cost overruns.
- FTI Construction Solution experts reviewed the specifications for the project and developed a revised estimate based on the timeframe, labor, and equipment. The estimated cost for the project is \$1.8 million.

Type	Estimate
Labor	\$349,618 [1]
Equipment	\$976,757 [2]
Material	<u>\$174,809</u> [3]
Subtotal	\$1,501,184
Overhead (10%)	<u>\$150,119</u>
	\$1,651,303
Profit (10%)	<u>\$165,130</u>
Total	\$1,816,433

- Assumption - [1] Labor: \$349,618
 - FTI assumed a team of six people, 12 hours per day, 138.5 days = 9,972 hours and applied a labor rate of \$35.06 based on Bureau of Labor Statistics reports for operating engineers and other construction equipment operators. Labor costs for equipment operators were 9,972 hours x \$35.06 = \$349,618.
- Assumption - [2] Equipment: \$976,757

Type	Rate/hour (highest) (A)	Hours (B)	Cost
Bulldozer (Caterpillar 834 B, tractor with dozer blade)	\$195.07	1,662	\$324,206
Excavator (Grove TM 890)	\$150.86	1,662	\$250,729
Vibratory Roller (INGERSOLL-RAND SPF 60B)	\$102.99	1,662	\$171,169
Water Truck	\$39.20	1,662	\$65,151
Grader (Caterpillar 16H)	\$99.58	1,662	<u>\$165,502</u>
Total			\$976,757

- (A) Source for equipment rate was based on the State of CA DOT Equipment Rates Effective April 1, 2003 Through March 31, 2004.
- (B) FTI assumed all equipment used each day, each hour: therefore; 138.5 WD x 12 hours/day = 1,662 hours
- Assumption - [3] Material cost assumed at half of labor cost = \$174,809

Conclusion: Based on the results of FTI's evaluation, there is a strong indication that the estimated costs in the deferred maintenance database could be overstated. However, extrapolation of the results to the entire database may not be appropriate since the sample selection was small and only covered projects in the facility program. The estimated costs for three projects appear overstated and no support was available for the remaining two projects, which may imply that the estimated costs may not be rigorously evaluated by DPR District staff when entered into the deferred maintenance database.

Partnerships

Partnerships

Key Takeaways and Potential Opportunities

Overview

- FTI evaluated five different partnership agreements, as well as one parking lot concessionaire agreement, with the goal of evaluating positive attributes, negative attributes and, where possible, the financial impact of these agreements. The partnerships selected involve a variety of relationships and park types and are summarized below.

Partnership	Organization	DPR Agreement	Park	Responsibilities	Comment
Valley of the Moon Natural History Association (VMNHA)	Nonprofit	Operating	Jack London State Historic Park	Operate park with exception of water system and cultural/natural program services	Dramatic revenue and attendance growth; higher level of service; successful fundraising; challenging relationship at the outset.
Anza-Borrego Foundation	Nonprofit	Cooperating Association	Anza-Borrego Desert State Park	Operate museum and visitor center; fund seasonal positions.	DPR retains control of park; foundation underwrites higher level of service.
East Bay Regional Park District	Special District	Operating	Robert W. Crown Memorial State Beach Lake Del Valle State Recreation Area McLaughlin Eastshore State Park Mount Diablo State Park	Operate and maintain park units. Operate and maintain Mamm property and Old Moraga Ranch Trail.	Partner operates the parks; seems good steward of the land; consider transfer to partner where possible. DPR operates park with assistance.
National Park Service (NPS)	Federal Agency	Interagency	Del Norte Coast Redwoods State Park Jedediah Smith Redwoods State Park Prairie Creek Redwoods State Park Redwood National Park	Cooperatively manage the state park lands within RNSP, including resource management.	Joint control with NPS; but NPS bears costs at 10/1 ratio; consider transfer to NPS if feasible.
American Land and Leisure	For Profit	Concession	Brannan Island State Recreation Area Turlock Lake State Recreation Area Woodson Bridge State Recreation Area	Operate parks with exception of water system and cultural/natural program services.	Partner expertise in camping vs. whole park management; park maintenance has been an issue at times; Partner cites difficulty working with DPR approval process; agreement requires additional "seasoning" to evaluate success.

- FTI recommends further expansion of partnership agreements by the DPR. Success stories like Valley of the Moon Natural History Association (“VMNHA”) at Jack London State Historic Park, **where revenue tripled and the operating deficit was cut in half**, are compelling and warrant consideration as models for future agreements despite initial relationship challenges.
- Various types of organizations continue to be appropriate as partners, including nonprofits, public entities (e.g., regional districts, National Park Service) and for-profits entities.
 - Nonprofits benefit from greater cultural similarities to the DPR (vs. for-profits), the ability to fundraise and the ability to rally community support for a park. Additionally, nonprofit agreements require revenue generated at a park to be re-invested in that park.
 - For-profits must be materially more efficient in revenue generation and/or cost reduction vs. nonprofit partners to offset the income they necessarily capture via their operating agreements. The DPR should consider larger, for-profit partners who potentially have greater buying power, management flexibility and access to capital to drive these efficiencies.
 - Expanded use of agreements with a variety of partners should be explored based on characteristics of particular parks, strengths and interests of candidate organizations and the needs of the DPR.

Partnerships

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>Centralized Database. There is no central database of contracts or key partner relationships, making it difficult to identify DPR partners. Concession contracts, Cooperating Association agreements, Operating agreements, Hybrid agreements, Donor agreements, etc. are managed by multiple groups within the DPR.</p> <p>The lack of a central database for these contracts is further complicated by the way contracts are categorized. For example, “Operating Agreements” are only allowed with public agencies and nonprofits. Thus, contracts for the management of entire parks by for-profits (such as American Land & Leisure) are categorized as concession contracts rather than operating agreements. This creates additional confusion amongst park constituents in discussions regarding DPR partners.</p>	<p>The development of a centralized database for all types of partner contracts would allow for better tracking and organization, while most importantly, allowing park management to better identify and nurture key partner relationships. As more partnership opportunities arise, understanding who the key partners are and how they can be leveraged will become increasingly important. DPR management also may want to consider creating a partnership group that assists in the management of these contracts and provides partners with a single-point decision maker with the DPR.</p>
<p>Nonprofits. Nonprofits may have an advantage over for-profit entities for a variety of reasons: 1) their values, goals and objectives may be better aligned with park personnel; 2) culturally, they may have been working with the park system for many years and can more seamlessly assume a greater operational role than an outside entity; 3) any monies made in the park are re-invested in the park; 4) they often have the ability to rally community support and are experienced in planning special events; and 5) they are generally effective fundraisers who know how to raise funds for particular needs.</p>	<p>Nonprofits can be leveraged by the park system in two primary ways 1) by increasing and supplementing services (e.g., Anza-Borrego) and by operating parks (e.g., Jack London). While both models are beneficial to the park system, we believe there is an opportunity to expand operating agreements particularly as it pertains to state historical parks. Historic properties generally have attributes that attract donations, volunteers and community involvement. Additionally, many historic properties are attractive venues for special events that can be used to help support operations.</p>

Partnerships

Key Takeaways and Potential Opportunities (continued)

Key Takeaway	Opportunity
<p>For-profits. For-profit entities may have difficulty adapting to the DPR culture as they generally do not have the same motivation and incentives as park personnel. Their obligation is to maximize profits for shareholders whereas park staff have an obligation to protect the state's resources. Park personnel noted that for-profit partners tend to assume a role similar to a camp host rather than a park caretaker, and sometimes neglect to address maintenance items in a timely manner. Resources and skills may also be different. Park staff noted that maintenance at both nonprofits and for-profits is sometimes outsourced due to a lack of equipment and/or repair skill.</p>	<p>Contract development/management can be a means to ensure compliance with DPR's vision of a partner's responsibilities (e.g. level of service), but cultural distrust of for-profits is likely to persist. In reviewing any partnership opportunity, DPR must carefully evaluate park financial operations to assess whether the reduction in revenue can be offset by a reduction in costs. This analysis is particularly relevant in for-profit situations (as in the case of nonprofits, excess value must be re-invested into the park). Additionally, in selecting private sector partners, the DPR should consider large partners who potentially have greater buying power, management flexibility and access to capital.</p>
<p>Deferred Maintenance. Deferred maintenance is substantial at almost all of the parks and it is unrealistic to think that a partner will be willing to assume such a liability in exchange for a minimal revenue stream or opportunity. In the case of American Land & Leisure the partner contributes to a maintenance account, but is not under an obligation to pay for costs greater than the account. Employees have expressed concern that entering into partnership agreements simply postpones addressing the deferred maintenance need and that partners will not renew their contracts (or commit to covering deferred maintenance) once they understand the extent of the deferred maintenance costs.</p>	<p>As discussed in the Infrastructure and Maintenance section, a zero-based approach to rebuilding the deferred maintenance database will increase credibility and facilitate meaningful discussions with potential partners. Solutions to address large capital funding needs include: increased fundraising based on the newly-vetted capital need (nonprofit), attraction of private capital (for-profit) and longer contract periods to recover capital investment (both).</p>

Partnerships Overview

Overview

- Historically, the DPR entered into agreements with a variety of partners to enhance services at the parks. These included agreements with cooperating associations that primarily provided interpretative and education services in the parks, largely for-profit concessionaires that primarily provided food services and various types of rentals, and nonprofits who donated capital for specific park improvements. After the 2010 park financial crisis, management reached out to current partners, as well as new ones, to assume additional services and/or manage park operations.
- In January 2011, the DPR budget was cut by approximately \$22 million. This was quickly followed by a closure announcement for 70 parks. These events led to the passage of Assembly Bill 42 (passed by the Legislature in September 2011 and signed by Governor Brown in October 2011), that allowed the DPR to enter into operating agreements with qualified nonprofit organizations. Previously, with a few exceptions, the DPR could only enter into operating agreements with government entities or other public agencies^[1]. As of October 2013, there were four operating agreements with nonprofits made possible by AB 42 (Jack London State Historic Park, Austin Creek State Recreation Area, Sugarloaf Ridge State Park, China Camp State Park).
- In September 2012, Governor Brown signed Assembly Bill 1478 into law, which placed a two-year moratorium on the closure of state parks and appropriated \$20.5 million of “found-money” in the State Parks and Recreation Fund to the DPR for the purpose of preventing park closures. Of the total \$20.5 million, \$10.0 million was allocated for dollar-for-dollar matching of donor agreements and operating agreements during FY 2012/13 and FY 2013/14.

[1] Exceptions include agreements that have been legislatively approved, including those involving El Presidio de Santa Barbara State Historic Park and Marconi Conference Center State Historic Park.

Overview

- With respect to donor agreements, any park may be considered for matching donor funds; however, the DPR gives priority to parks on the closure list and there are specific rules on how the funds can be spent. With respect to operating agreements, matching funds are only available for parks on the closure list. Matching funds for donations greater than \$100,000 must be approved by the Department of Finance. Match funds must be expended by June 30, 2014.
- As no central database existed, FTI compiled a list of DPR partnership agreements by working with various divisions and sections within the DPR. As of October 2013, the DPR had approximately 443 agreements characterized internally in the following categories:

Agreement Type	# of Agreements	% Total	Management Oversight
Concession	227	51%	Concessions, Reservations and Fees Division
Cooperating Association	87	20%	Interpretation and Education Division
Operating	59	13%	Park Operations Division
CSP Support Organization	9	2%	Administrative Services Division [1]
Interagency	6	2%	Administrative Services Division [1]
Other [2]	55	12%	Park Operations Division
Total	443	100%	

[1] Business Management Services Section.

[2] Other includes the following agreements: 46 Donor/Matching Fund, 5 Operating/Matching Fund, 3 Donor and 1 Joint Development.

Source: Reports from the Concessions, Reservations and Fees Division, Park Operations, and Interpretation and Education Division.

- Concession Contracts** (PRC §5080.02 - §5080.29) - approximately 227 contracts generally pertaining to services intended to enhance the park system. Examples include food services, horseback riding, marina operations, etc. While most concessionaires are responsible solely for their own business operation (which may be as small as a food stand), there are a few examples of concessionaires that have assumed significant operation of the park units², including

[2] The DPR remains responsible for the park water system and the natural and cultural resource management program.

Partnerships

Overview (continued)

Overview

American Land & Leisure (Brannan Island State Recreation Area, Turlock Lake State Recreation Area, Woodson Bridge State Recreation Area), Parks and Recreation Management, Inc. (Limekiln State Park) and ARAMARK Sports & Entertainment (Asilomar State Beach). Concession contracts are largely with for-profit entities; however, there are also some nonprofit entities. Lease terms for these contracts are limited to ten years (absent Director approval of up to 20 years or multi-lodging facilities that may be a maximum of 50 years). Restrictive term limits may diminish interest from companies who are interested in making significant capital investment and/or long-term investment.

- Cooperating Association Agreements (PRC §513) – approximately 87 agreements related to nonprofit companies established to aid the interpretive and educational activities of the park system units they serve. Cooperating associations generally fall into the following three categories; however, they may perform a combination of these functions:
 - Facilities – associations that help the DPR to build, restore or furnish visitor centers, museums, historic buildings and exhibit shelters.
 - Programs – associations that support programs including guided tours, nature walks, Junior Rangers, special events, living history and environmental programs.
 - Publications – associations that sell interpretive materials including books, brochures, newspapers and videos about the natural and cultural history of the parks.

Overview

- Operating Agreements (PRC §5080.30 - §5080.42) – approximately 59 agreements with governmental (i.e., public) agencies and nonprofits (largely as a result of AB 42) to assume some or most of the functions of a state park. It is important to note that often the contracts are for a portion of the park rather than the whole park. The services rendered by operators are negotiated on a contract-by-contract basis, and often are limited by the capacity (both financial and know-how) of the operator. Generally, the operator assumes responsibility for day-to-day operations, including routine maintenance/housekeeping, the running of visitor service facilities and utility expenses, while the DPR maintains control of the cultural and natural resource management and the water facilities. Certain services may be contracted back to the DPR at the expense of the operator (e.g., law enforcement).
- Donor/Matching Fund Agreements (PRC §541.5) – approximately 46 agreements with mostly nonprofits have been entered into as a result of AB 1478. These are donation agreements whereby the DPR provides a dollar-for-dollar match of donor contributions. See Appendix for a complete list of parks receiving matching contributions.
- CSP Support Organizations – approximately nine agreements with supporting organizations that help maintain, protect and expand state parks. Partners to these agreements range from unit specific organizations (e.g., Torrey Pines Association, Save Mount Diablo, etc.) to widespread agreements that support the entire state park system (e.g., California State Parks Foundation, California State Park Rangers Association, etc.).

Partnerships

Overview (continued)

Overview

- Interagency Agreements – any agreement with another federal agency, ranging from janitorial duties to cooperative management agreements. For purposes of this analysis, FTI focused on interagency agreements that pertained to state park operations, and did not prepare an exhaustive list of all of the interagency agreements for specific service functions (e.g., garbage removal, trail maintenance, etc.). DPR's cooperative management agreement with the National Park Service for the Redwood National and State Parks (RNSP) is one notable agreement.
- Other Agreements
 - Operating/Matching Fund Agreements – approximately five agreements that pertain to operators who have a matching component as part of their agreement with the DPR (either through the original agreement or by amendment).
 - Donor Agreements (PRC §§5005, 5009.1, 5009.2, 5009.3) – approximately three agreements that do not contain a matching fund provision. A majority of donor agreements were amended to become matching fund agreements.
 - Joint Development Agreements - there is just one joint development agreement, which describes the construction and operation of water facilities between the DPR and Buena Vista Water Storage District. Note that the DPR was engaged in discussions to amend this agreement to be a matching fund agreement.
- Management
 - Partnership agreements receive oversight from headquarters, but are often initiated, negotiated and managed at the district level. There is no one DPR division, section or individual who has primary responsibility for all partnership agreements. In FTI's discussions with partners, more than one partner commented on the need for a single DPR decision maker.

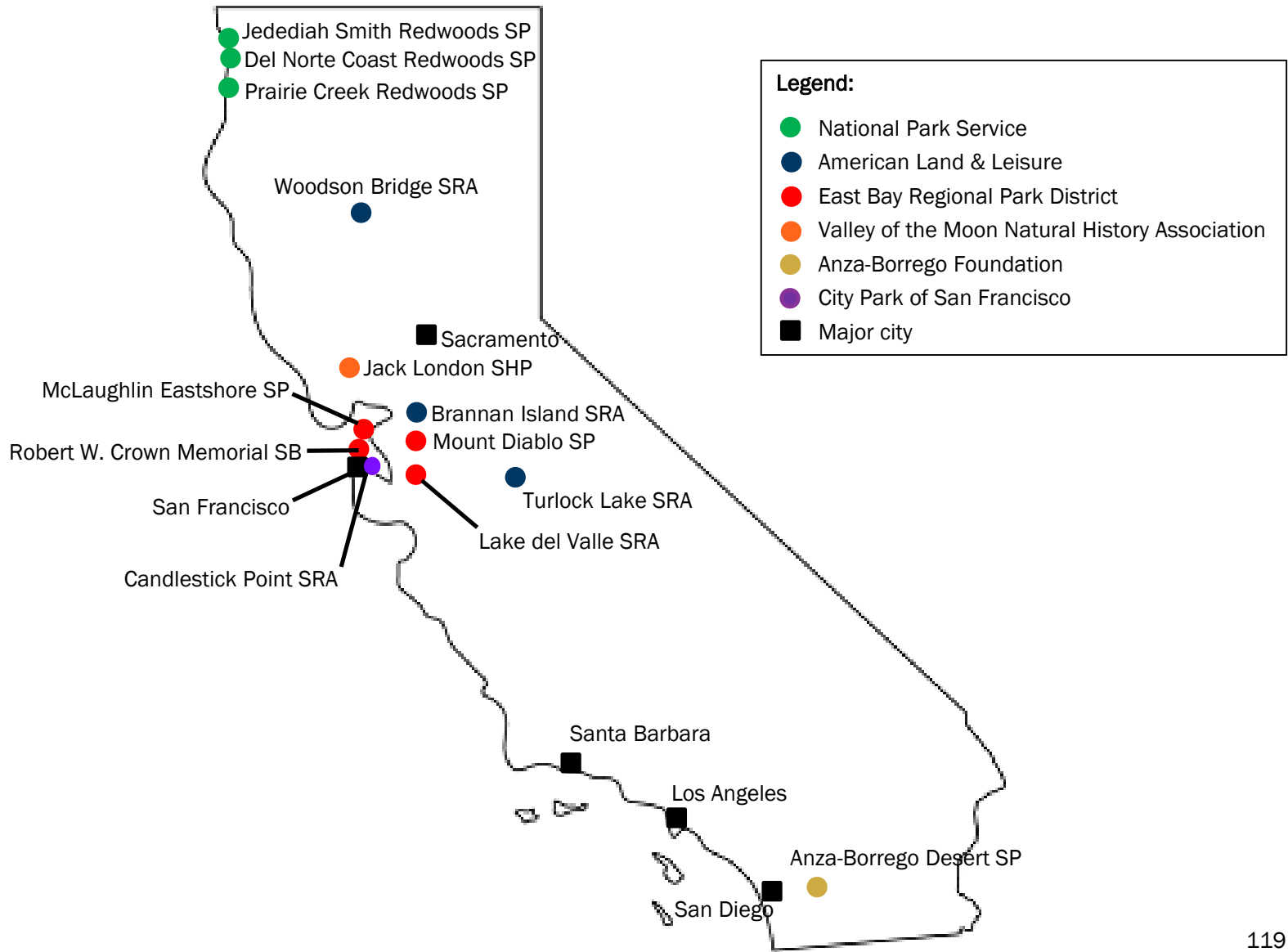
Overview

- Although contracts are classified by the DPR as concession agreements, cooperating associations, operating agreements, etc., (and managed by different groups accordingly), the contract classification and related management group does not necessarily reflect a partner's responsibilities under the contract. For example, the American Land & Leisure concession agreements requires the partner to maintain and operate three parks and fund a Facility Maintenance Improvement Account (FMIA) for repairs and maintenance. Although these responsibilities are more typical of an operating agreement, a concession classification is mandated by legislation which does not allow the DPR to enter into operating agreements with for-profit entities.
- Another example is the agreement with the Anza-Borrego Foundation. The DPR has a long-standing cooperating association agreement with the DPR at Anza-Borrego Desert State Park to provide educational and interpretive services. Recently, the partner began providing funding for staff positions at the visitor center, as well as other miscellaneous items. This has lead some park constituents to refer to the agreement as an operating agreement.
- These differences in naming conventions, combined with the use of various DPR divisions and sections to manage these contacts, often causes confusion amongst the various constituents interested in partnerships. The DPR would benefit from having a dedicated division and responsible individual with supporting staff to manage key partner relationships regardless of the type of contract executed.
- FTI evaluated five different partnership agreements, as well as one parking lot concessionaire agreement, with the goal of evaluating positive attributes, negative attributes and, where possible, the financial impact of these agreements. The partnerships selected involve a variety of relationships and park types and are summarized on the following pages.

Partnerships

Map of Select Partnerships

The map shows where each of the parks covered by these partnership agreements are geographically located. Major cities are also identified for context.



Legend:

- National Park Service
- American Land & Leisure
- East Bay Regional Park District
- Valley of the Moon Natural History Association
- Anza-Borrego Foundation
- City Park of San Francisco
- Major city

Partnerships

Valley of the Moon Natural History Association

Jack London State Historic Park

History

■ History

- The Jack London State Historic Park is operated by Jack London Park Partners (“JLPP”), a project of Valley of the Moon Natural History Association (“the Association”). The park is a memorial to writer and adventurer Jack London who made his home at the site from 1905 until his death in 1916.
- The Association was established in 1977 and currently has over 100 active volunteers. Historically, the Association was involved in various fund raising, restoration, deferred maintenance and volunteer activities.
- In June 2011 the state announced that all three parks supported by the Association (Jack London, Anadel, and Sugarloaf) were scheduled to be closed by June 2012. By November 2011, the Association had submitted a proposal to operate the Jack London State Historic Park. The Association later formed JLPP which has operated the park since March 1, 2012.
- JLPP uses hundreds of volunteers to help staff the Jack London Museum and the Cottage, provide training for new and continuing docents, lead hikes and guided tours, patrol the parks on horseback and bikes, and repair and build trails.
- There have been several news articles in local papers reporting the increased activities and overall improvement in the park’s appearance.

Relationship with DPR

■ Relationship with DPR

- DPR management reports that there have been a number of challenges with this partnership which some park employees believe was entered into too quickly without documenting all the details needed for an effective agreement. The DPR reports that a significant amount of time is required to manage various operating issues that arise, resulting in additional indirect costs. Conflicts have frequently developed and “cease and desist” orders were issued to the partner for trail work and grading performed in environmentally sensitive areas.
- The JLPP executive director thought that these infringements would have been better handled with a phone call rather than a formal cease and desist order. However, she was very complimentary of the resources and support the park is currently receiving from the DPR regarding a critically ill 300-400 year old oak tree known as “Jack’s Tree.” She reported that the specialized services provided by park personnel have been outstanding. The tree is slated for removal next month.
- Despite the frequent tension between the parties, both sides report the relationship is improving and there is significant financial and operating success from the partner agreement as described on the following page.

Partnerships

Valley of the Moon Natural History Association

Jack London State Historic Park

Partner Financial Statements

- In its first year of operation JLLP more than tripled revenue, increasing it from approximately \$83,000 in FY 2011/12 to \$274,000 in FY 2012/13. JLLP reported the increase was driven by a number of factors including, 1) opening the park seven days a week from May to October (previously it was open four days), 2) slightly higher parking fees (an increase from \$8 to \$10 per car), 3) a greater amount of special events and venue rentals, 4) the addition of a horseback riding concessionaire, and 5) the use of a public relations specialist to promote the park both in the local community and in travel literature.
- JLLP uses a large number of volunteers to operate the park, thereby reducing overall personnel expenses.
- Jack London operates under an operating agreement which requires that all excess income is reinvested into the park.
- While JLLP's first year expenses were higher than revenue, their operating deficit was less than half of the DPR's FY 2011/12 operating deficit of \$498,000. Additionally, the Association was able to fundraise approximately \$220,000 to cover their deficit.
- The DPR maintains responsibility for the water system and the cultural and natural resource management program. More analysis by the DPR is needed understand the cost of providing these services to partners.
- Park attendance increased from 46,400 FY 2011/12 under DPR management to 56,673 in FY 2012/13 under JLLP management, a 22% increase. Additionally, another 7,000 people visited the park for Broadway Under the Stars, a series of evening concerts featuring established Broadway and Hollywood performers.
- The chart to the right provides a summary of financial information pertaining to the partnership.

(\$ in thousands)

As Operated by Valley of the Moon Natural History Association
May 1, 2012 - April 30, 2013 (Contract Year 1)

Comments

SUPPORT AND REVENUE FROM PARK OPERATIONS

Park fees:	
Entrance/parking	\$ 175
Venue rental	37
Tours (interpretive)	2
Concessions	1
Special Event Income	35
Merchandise sales, net of \$23,053 cost of sales	24
Total Support and revenue from Operations	274

Park revenue more than tripled with park operation from \$83K to \$274K.

OPERATING EXPENSES FOR THE PARK

Personnel expense	252
Park maintenance and improvements	34
Staff and volunteer expenses	10
Grants to other non profits	38
Contract service / professional fees	77
Advertising and promotion	3
Bank and merchant fees	2
Dues and subscriptions	
Event expense	6
Insurance	9
Office supplies	7
Postage	3
Printing and reproduction	12
Communications	11
Computers and Software	5
Furnishings and equipment	8
Utilities	12
Other operating expenses	5
Total Expenses	494

Management uses a large number of volunteers to operate the park.

Expenses related to the water system and natural/cultural programs continue to be the responsibility of DPR personnel.

Net Profit (Loss) from Park Operations (220)

FUNDS RAISED FROM OUTSIDE ENTITIES

Contributions	48
Membership	28
Sponsorships	5
Grants	78
Fundraising event off site, net \$3,080 expenses	19
Other Income	12
Total	190
Contributions secured prior to 5/1/12	30
Total Funds/Support from Outside Entities	220

Third-party contributions allowed the park to break even while adding new services that made the park more attractive to both the local community and tourists visiting the area.

Net Cash Flow \$ -

Attendance (in 000s) 57

Attendance also increased significantly under Association management.

[1] DPR operating deficit was estimated based on actual homebase district expenses weighted by costs provided in the internally prepared FY 2010/11 park level cost study. Corporate overhead and non homebase expenses were excluded.

Partnerships

Valley of the Moon Natural History Association

Jack London State Historic Park

(\$ in 000s)

Partner Agreement:

District	Diablo Vista District
Name	Valley of the Moon Natural History Association
Type	Operating
Year	FY 2012/13
Term	6.5 years
Partnership	Non-profit
% Operated	>90%

Requested Infrastructure:

Annual Maintenance	\$	81	
Deferred Maintenance	\$	3,970	\$2,527 pertains to facilities including roads, restoration and new bathrooms.
Capital Outlay	\$	5,911	\$5,550 pertains to the construction of an interpretative pavilion, rehabilitation of a dam/lake, restoration of buildings, and construction of restrooms and parking lots.

Category	DPR			Partner			FTI Comments
	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13	
Park Revenue	\$ 104	\$ 83				\$ 274	Park revenue more than tripled with partner operation from \$83K to \$274K.
Fundraising						220	Additionally, the partner was able to raise funds to further support operations and an expansion of services.
Total Income	104	83	-			494	
Expense [1]	551	581	unknown			494	Costs under partner operation were less despite increased services; DPR retains responsibility for the water system and testing. These costs have not been quantified by the DPR.
Deficit	\$ (447)	\$ (498)				\$ -	The partner was able to cover all their expenses by fundraising for what would have been a \$220K deficit. However, it is worth noting that even without fundraising, the partner's deficit would have been less than half of the DPR's 2011/12 deficit.
Attendance (000s)	45	46				57	Attendance increased 22% under partner operation.

Notes:

[1] DPR expense was estimated based on actual homebase district expenditures weighted by costs provided in the DPR internally prepared FY 2010/11 park level cost study. This cost estimate does not include corporate overhead or non homebase (special project) costs. Expense for the Partner includes all costs.

Source: Jack London SHP Operating Report for May 1, 2012 – April 30, 2013; Revenue and Attendance reports provided by DPR Park Operations

Partnerships

Valley of the Moon Natural History Association

Jack London State Historic Park

Takeaways

■ Takeaways

- Most notable is that **park revenue tripled under partner management** from approximately \$83,000 in FY 2011/12 to \$274,000 in FY 2012/13. One way that the Association has been able to accomplish this is with special events such as quarterly piano concerts, bi-monthly lectures series on topics related to Jack London's literature, movie nights, musical performance and Plowing Play Day – a historical reenactment of farming at the turn of the 20th century. They also increased the number of days the park was open and hired a public relations specialist to promote the park both in the local community and in travel literature. Other changes that contributed to the revenue increase include the addition of a horseback riding concessionaire and an increase in parking fees from \$8 to \$10 per car.
- Also notable is the Foundation's ability to fundraise. While FY 2011/12 operating expenses of \$494,000 were still higher than revenue of \$274,000, outside funding filled the gap and allowed the park to provide a greater number of programs and events than they otherwise could have. Additionally, it is worth noting that **even without fundraising, the partner's operating deficit was less than half of the DPR's FY 2011/12 deficit.**
- Cultural differences between park personnel and other organizations may be significant, particularly as it pertains to environmental resource management. **Outside organizations generally do not have the same level of training and expertise as park personnel.** In this case, even a nonprofit organization

Takeaways

- devoted to the park had difficulty meeting CEQA guidelines and understanding DPR expectations. Also, differences in ideas about appropriate park services can further increase tension.
- There are **significant time commitments involved in establishing new partner agreements.** Aside from the costs of negotiating and finalizing the initial contract, DPR personnel can expect significant time for training and relationship building in the early years of a contract. While volunteers are clearly interested in preserving the park, they often are not knowledgeable of the various rules under which parks operate (e.g. CEQA). Frequent communication between partners and park personnel is critical.
- Nonprofit organizations are well-positioned to attract volunteer labor and charitable contributions. **In its first year of park operation, Valley of the Moon Natural History Association was able to attract \$220,000 in support from outside entities.** Without this incremental support, the park would have operated at a loss.
- **DPR expertise, particularly as it pertains to cultural and natural program management, is highly valued by partners and not readily available from other sources.** As the DPR continues to develop and refine the tracking of park level costs, they should consider how these services might be used by partners. Similarly, they should seek to understand the cost of continuing to maintain and test the park water systems, as currently required in most partner agreements.

Partnerships

Anza-Borrego Foundation

Anza-Borrego Desert State Park

History

■ History

- For 45 years, Anza-Borrego Foundation (“the Foundation”) has worked with Anza-Borrego Desert State Park. While the Foundation is involved in a variety of activities, a primary aspect of the Foundation’s mission is to acquire private lands within and bordering Anza-Borrego Desert State Park.
- When the park was formed in the early 1930s, it was checker-boarded by thousands of acres of inholdings – one estimate as high as 60,000 acres, or 10% of the current park. Since then, the Foundation has acquired more than 50,000 acres of inholdings and other properties for addition to the park.
- Since 2003, the Foundation has been managing the interpretive sales operation at the visitor center to help boost income and increase interpretive opportunities for the park’s many visitors.
- Under its cooperating association agreement, the Foundation contributes to a broad range of activities including supporting interpretive education, operating and maintaining programs of the department through raising and managing funds and financially assisting the department.
- The most recent five-year cooperating association agreement was signed in June 2013.
- Anza-Borrego Desert State Park was not on the 70 park closure list.
- The DPR continues to run the campground and other park services.

Relationship with DPR

■ Relationship with DPR

- FTI spoke with Dick Troy, a member of the board of trustees of the Anza-Borrego Foundation, as well as DPR district supervisor, Kathy Dice. Both emphasized that there was a strong relationship between the Foundation and the DPR due to their very long history of working together on inholdings, education and other interpretative services.
- Troy emphasized that the Foundation does not want to run the park, but that they simply want to fill in the gaps where needed, such as providing funding for seasonal workers at the visitor center, providing interpretive supplies and equipment and funding camp trips for disadvantaged youth. He indicated that they had begun providing more services due to budget cuts, but said their focus was on helping at the direction of the park supervisor rather than trying to control decisions themselves.
- He further attributed the strong relationship to communication, stating that the Foundation’s director was in frequent contact with the park supervisor and that regular communication was critical to aligning their activities with DPR goals.

Partnerships

Anza-Borrego Foundation

Anza-Borrego Desert State Park

Partner Financial Statements

- The Foundation has worked with the state park system for 45 years, initially purchasing private lands within the park space. In the mid 1990s the Foundation began providing tours, hikes, and other services in the park. Today it also provides extensive interpretative and education services through a cooperating association agreement.
- As state funding for the park has declined, the Foundation has funded an increased amount of basic services, including seasonal staff for the visitor center and first aid supplies.
- Over the last three years, the Foundation has provided services to the DPR with value of \$792,000 to \$1.2 million as shown in the chart to the right.

Partner Financial Statements

(\$ in thousands)	7/09-6/10	7/10-6/11	7/11-6/12
Dues and Donations:			
Donations	\$ 1,157	\$ 465	\$ 484
Member Dues	74	66	72
Interest and Investment Income	108	191	9
Total	1,339	722	565
Interpretative and Educational Sales:			
Total Gross Sales	346	305	339
Total Returns and COGS	(166)	(143)	(122)
Gross Profit	180	162	217
Other Income	1,659	6	40
Total Income	3,178	890	822
Park Program Support	(792)	(1,218)	(940)
Management and General	(219)	(320)	(249)
Excess (or Deficit) for the Year	\$ 2,167	\$ (648)	\$ (367)

Source: Operating reports provided by Interpretive and Education Division.

Partnerships

Anza-Borrego Foundation

Anza-Borrego Desert State Park

Takeaways

- A nonprofit partner can provide value to both the park system and park users by fundraising and underwriting a higher level of park service.
- A shared understanding of priorities, which is only possible through regular communication, is fundamental to ensure strong partnership arrangements.
- A partner who has previously worked with the park, understands the park culture and is willing to “fill the gap” will be the most successful in seamlessly assuming additional responsibilities.
- However, this same partner will not change the park culture or contribute to a more entrepreneurial environment. Rather in many ways such partners are enabling the park to continue status quo operations.

Partnerships

East Bay Regional Park District

Robert W. Crown Memorial State Beach, McLaughlin Eastshore State Park, Lake del Valle State Recreation Area, and Mount Diablo State Park

History

■ History

- The East Bay Regional Park District (“the District”) partnership includes three parks previously run by the DPR, including Robert W. Crown Memorial State Beach, McLaughlin Eastshore State Park, and Del Valle State Recreation Area. These parks operate under various long-term operating agreements. There also are two operating agreements pertaining to a fourth park, Mount Diablo State Park (the “Mamm Property” and the “Old Moraga Property”). The District’s duties under the Mount Diablo operating agreements are minimal.
- The East Bay Regional Park District is a system of parklands and trails in Alameda and Contra Costa counties east of San Francisco. The system comprises 113,000+ acres in 65 parks, including over 1,200 miles of trails.
- **Robert W. Crown Memorial State Beach**
 - Crown Memorial Beach is operated by the District under a **operating agreement** with the State of California and City of Alameda. The park is named in memory of State Assemblyman Robert W. Crown, who had campaigned for its preservation as public parkland.
 - The showpiece of the park is its 2.5-mile beach, with sand dunes bordering a bicycle trail. The natural history of the park is emphasized by two locations. Elsie Roemer Bird Sanctuary at the east end harbors aquatic birds and other salt marsh creatures. Crab Cove at the north end is a marine reserve where all plant and animal life is protected.

History

■ McLaughlin Eastshore State Park

- McLaughlin Eastshore State Park extends 8.5 miles along the East Bay shoreline from the Bay Bridge to Richmond. It includes 1,854 acres of uplands and tidelands along the waterfronts of Oakland, Emeryville, Berkeley, Albany, and Richmond. Eastshore State Park parallels the most heavily traveled corridor in the East Bay, making it a highly visible and accessible area of parkland.
- On October 3, 2012, the California State Park and Recreation Commission renamed this 8.5-mile shoreline parkland McLaughlin Eastshore State Park in honor of Save The Bay co-founder Sylvia McLaughlin.
- The park is operated by the District via an **operating agreement** that calls for the District to operate, control and maintain the premises as a public park, including related concessions and facilities accessible to the general public. The state authorized the use of the park by the District on a rent free basis. Any income the District receives from its control and operation of the premises is to be used by the park. The District pays for all utilities and insurance. Either party may terminate the agreement upon a 365-day written notice.

Partnerships

East Bay Regional Park District

Robert W. Crown Memorial State Beach, McLaughlin Eastshore State Park, Lake del Valle State Recreation Area, and Mount Diablo State Park

History

■ Lake del Valle State Recreation Area

- Lake del Valle State Recreation Area is located ten miles south of Livermore, CA. The centerpiece of the park is a lake five miles long with a variety of water-oriented recreation, from swimming to windsurfing and boating, surrounded by 4,395 acres of land for hiking, horseback riding, and nature study. del Valle also is the eastern gateway to the 28-mile Ohlone Wilderness Trail.
- Lake del Valle State Recreation Area signed an **operating agreement** with the District in 1982 for the care, maintenance and control of the property through 2025. Per the agreement, the District shall pay all costs developing, maintaining, controlling and operating the property and the state shall not be liable for any costs. All income and fees shall be used for maintenance, control and operations and any income that exceeds costs and expense incurred must be used for development.

History

■ Mount Diablo State Park (“Mamm Property” and “Old Moraga Ranch Trail”)

- Mount Diablo State Park is located in the San Francisco Bay Area. The park features wildflowers, an extensive trail system, wildlife and distinctive rock formations and panoramic views from the visitors summit.. The park offers hiking, biking, horseback riding and camping.
- The DPR largely operates the park but signed 20-year agreements with the District in 1996 for two small portions of the property known as Mamm Property and the Old Moraga Ranch Trail which border District property.

- A summary of these long-term agreements is shown below. Requested infrastructure is as reflected in the DPR’s Maximo database.

	Mount Diablo SP	McLaughlin Eastshore SP	Robert W. Crown Memorial SB	Lake del Valle SRA
Agreement:				
District	Diablo Vista District	Diablo Vista District	Diablo Vista District	Diablo Vista District
Type	Operating	Operating	Operating	Operating
Term	20 to 50 years	30 years	50 years	50 years
Partnership	Public Agency/ Special District	Public Agency/ Special District	Public Agency/ Special District	Public Agency/ Special District
% Operated	<5%	>90%	>90%	>90%
Requested Infrastructure (\$ in 000s):				
Annual Maintenance	\$ 10,869	\$ -	\$ -	\$ -
Deferred Maintenance	\$ 24,810	\$ 2,080	\$ -	\$ 150
Capital Outlay	\$ 5,716	\$ 2,600	\$ -	\$ -

Source: Contracts provided by the Concessions, Reservations and Fees Division; Annual maintenance, deferred maintenance and capital outlay reports from Maximo provided by the DPR Facilities Division.

Partnerships

East Bay Regional Park District

Robert W. Crown Memorial State Beach, McLaughlin Eastshore State Park, Lake del Valle State Recreation Area, and Mount Diablo State Park

Takeaways

■ Takeaways

- The DPR has a long history of partnerships with public agencies and is confident in their commitment and ability to operate the parks with a high level of service and with adherence to CEQA regulations. Because of this confidence, the DPR role in operations is very limited and there is not the same need for frequent communication that we observed in the partnerships with nonprofits. Other opportunities to partner with special districts should be pursued.
- The DPR did not show any costs for these parks in its own FY2010/11 park level cost study (aside from Mount Diablo which it continues to effectively run); however, FTI suspects that there are indirect costs associated with continuing to monitor the other three parks. Given that the parks are being run by a regional agency, the DPR should consider transferring these parks to the District if possible.

Partnerships

National Park Service

Del Norte Coast Redwoods, Jedediah Smith Redwoods, Prairie Creek Redwoods State Parks

History

History

- The U.S. National Park Service (“NPS”) is a federal agency that operates 26 national parks in California. Its 7.6 million-acre system is about five times larger than the California state park system. In 2012, approximately 36 million people visited California’s national parks, about half the number that visited California state parks.
- The NPS stepped in to share resources with the DPR at the Redwood National Park, Del Norte Coast Redwoods, Jedediah Smith Redwoods, and Prairie Creek Redwoods state parks in 1994. The parks were encircled or adjacent to a national park or recreation area known as Redwood National Park.
- The DPR has jointly managed the 133,000-acre Redwood National and State Parks in Northern California with the NPS for the last two decades. The two agencies share a maintenance facility and have offices on the same floor of a headquarters building. The total gross construction cost of the facility, upon completion, was estimated to be \$11.7 million, of which the DPR share was \$949,000. The NPS share was \$10.7 million in addition to other costs borne solely by the NPS. Thus, the NPS is paying for a much larger portion of overall costs.
- FTI spoke with both DPR and NPS superintendents who reported that they acted as one organization, often both applying for special funding and using whatever monies became available first to support the park. The agencies have also written what is believed to be the nation’s only joint general plan, under the auspices of both the California Environmental Quality Act and the National Environmental Policy Act. The federal government provides most of the 110 full-time employees in the combined operation, approximately ten per state employee. According to the supervisors, both the DPR and NPS have made budget driven personnel cuts since the agreement was first put in place.

History

- The 1994 agreement is rooted in the U.S. government’s 1978 expansion of Redwood National Park, which encircled three state redwood parks opened in 1923, 1925 and 1939. While the federal government assumed that the three state parks would be folded into the national park, the state declined to surrender its ownership of redwood parks. Joint management of the state and federal holdings provided the compromise now often cited as a model of cooperative management.
- A summary of the agreements is shown below. Requested infrastructure amounts are as reported in the DPR’s Maximo database.

	Del Norte Coast Redwoods SP	Jedediah Smith Redwoods SP	Prairie Creek Redwoods SP
Agreement:			
District	North Coast Redwoods District	North Coast Redwoods District	North Coast Redwoods District
Type	Cooperative Mgmt	Cooperative Mgmt	Cooperative Mgmt
Year	1994	1994	1994
Partnership	Interagency	Interagency	Interagency

Requested Infrastructure (\$ in 000s):			
Annual Maintenance	N/A	N/A	N/A
Deferred Maintenance	\$ 78,881	\$ 3,212	\$ 10,427
Capital Outlay	\$ 61,595	\$ 30,740	\$ 5,188

Source: Contracts provided by the Concessions, Reservations and Fees Division; Annual maintenance, deferred maintenance and capital outlay reports from Maximo provided by the DPR Facilities Division.

Partnerships

National Park Service

Del Norte Coast Redwoods, Jedediah Smith Redwoods, and Prairie Creek Redwoods State Parks

Relationship with DPR

■ Relationship with DPR

- FTI's conversations with current NPS and DPR supervisors described a very positive, team-oriented relationship in which the two agencies worked together toward common goals and objectives. However, The Hoover Report referenced an interview with, Steve Chaney, a former National Park Service superintendent at Redwood National and State Parks, in which he said, "Every time a new person comes in, a new superintendent, a new maintenance worker, they come in with their agency's training and perspective and history and knowledge, and that very often conflicts with the effective operations of a partnership."
- Despite this apparent challenge, the DPR recently benefited from its relationship with the NPS when the NPS took two more state parks under its wing – Samuel P. Taylor State Park and Tomales Bay State Park in Marin County. Both were on the DPR's proposed closure list and now operate under a cooperative management agreement with the NPS.

Takeaways

■ Takeaways

- The DPR should seek opportunities to enter into joint operating agreements with the NPS and other regional park agencies that bundle geographically proximate parks owned by different government entities for greater operating efficiencies.
- Although the NPS has assumed the largest burden to operate the state parks in the Redwood National Park, the DPR continues to incur significant costs to operate the parks. Based on the DPR's park unit cost estimates for FY 2010/11, the estimated homebase cost to operate the three parks in FY 2012/13 totaled \$2.5 million. For the same period, the revenue generated from these parks only totaled \$1.4 million. As of September 27, 2013, the deferred maintenance backlog for these parks exceeds \$90 million.
- The DPR might consider allowing the NPS to fold the parks into their national park system (assuming NPS is still willing to do so). This was the expectation in 1994, but the DPR wanted to keep these parks in the state park system due to their significance and the DPR's view of itself as the steward of the coast redwoods.

Partnerships

American Land & Leisure

Brannan Island, Turlock Lake, and Woodson Bridge State Recreation Areas

History

■ History

- American Land & Leisure (“AL&L”) is a private park operator that has been in business for over 20 years, and currently maintains more campgrounds on Federal lands than any other concessionaire in the United States. It cares for over 400 national forest, Pacific Gas & Electric and state park campgrounds.
- AL&L entered into five-year agreements with the DPR to take over operations of three state parks, including Brannan Island State Recreation Area, Turlock Lake State Recreation Area and Woodson Bridge State Recreation Area. The agreements terminate on August 31, 2017, pending any extension.
- Brannan Island State Recreation Area is 336 acres and includes a state historic facility, waterways, islands and marshes, a picnic area, camping, housing sites, visitor center trailer, service yard facilities, water activities include fishing, boating and windsurfing.
- Turlock Lake State Recreation Area includes 26 miles of shoreline and foothill country; campgrounds (63 sites); and picnic areas.
- Woodson Bridge State Recreation Area includes 323 acres including 18,500 feet of river frontage, campgrounds (37 campsites and 5 boat-in canoe campsites), a picnic area, and service yard facilities.

■ Rent

- Brannan Island State Recreation Area – greater of \$35,100 per year or 10.50% of annual gross receipts.
- Turlock Lake State Recreation Area – greater of \$17,500 per year or 10.50% of annual gross receipts.
- Woodson Bridge State Recreation Area – greater of \$3,025 per year or 8.01% of annual gross receipts.
- Rent is deposited into a Facility Maintenance Improvement Account (FMIA) for future maintenance needs.

Relationship with DPR

■ Division of Responsibilities

- AL&L is responsible for the day-to-day maintenance and operation of the premises, including housekeeping, utility expenses and establishing the FMIA. Specific to Turlock Lake State Recreation Area, AL&L is responsible for a Waterfowl Hunting Program that is operated according to previously established rules and fees.
- The DPR is responsible for the water system and related monitoring, as well as the natural and cultural management program. DPR staff has to make long drives at least once a month (and sometimes more) to test the water supply because of this on-going responsibility.
- DPR employees expressed concern that the partner’s expertise was campground management and not park operations; however, they also acknowledged that the partner had been very responsive in addressing their concerns.
- AL&L management noted that obtaining approval for maintenance at the park was difficult in the first 18 months of the contract as there was not just one DPR decision maker. However, they also reported that they are learning to work within the constraints of the system.
- Both the DPR and the AL&L report the relationship has improved over time.

Partnerships

American Land & Leisure

Brannan Island, Turlock Lake, and Woodson Bridge State Recreation Areas

(\$ in 000s)

	Brannan Island SRA	Turlock Lake SRA	Woodson Bridge SRA
Partner Agreement:			
District	Gold Fields	Central Valley	Northern
Type	Concession	Concession	Concession
Year	FY 2012/13	FY 2012/13	FY 2012/13
Term	5 Years	5 Years	5 Years
Rent [1]	\$35/yr or % of receipts	\$18/yr or % of receipts	\$3/yr or % of receipts
Partnership	For-profit	For-profit	For-profit
% Operated	>90%	>90%	>90%

Requested Infrastructure:			
Annual Maintenance	\$ 98	\$ 142	\$ 182
Deferred Maintenance	\$ 2,781	\$ 150	\$ 1,804
Capital Outlay	\$ 6,609	\$ -	\$ 200

Park Unit / Category	DPR			Partner			FTI Comments
	2010/11	2011/12	2012/13 [1]	2010/11	2011/12	2012/13 [2]	
Revenue:							
Brannan Island SRA	\$ 350	\$ 279	\$ 35			\$ 363	Park revenue increased under partner operation. Combined DPR and Partner 2012/13 park revenue was slightly higher than historical levels. Park revenue increased under partner operation and appears to be on its way to returning to 2010/11 levels.
Turlock Lake SRA	196	224	35			200	
Woodson Bridge SRA	\$ 41	\$ 19	\$ -			\$ 37	
Expense^[3]:							
Brannan Island SRA	\$ 456	\$ 473					The partner declined to provide expense data for the comparable 9/1/12 to 8/31/13 period. DPR expense reflects estimated direct expenses and does not consider headquarters or non-homebase costs.
Turlock Lake SRA	381	416					
Woodson Bridge SRA	\$ 126	\$ 126					
Deficit:							
Brannan Island SRA	\$ (106)	\$ (194)					Prior to partner operation, each of the parks operated at a deficit.
Turlock Lake SRA	(185)	(192)					
Woodson Bridge SRA	\$ (85)	\$ (107)					

Notes:

[1] Rent is deposited into a maintenance account for use at the parks.

[2] Contract put in place 8/1/12; consequently, DPR had some revenue in FY 2012/13. Partner revenues shown above are for 9/1/12 - 8/31/13.

[3] DPR expense was estimated based on actual homebase district expenditures weighted by costs provided in the DPR internally prepared FY 2010/11 park level cost study. This cost estimate does not include corporate overhead or non-homebase (special project) costs. Expense data for the partner was not provided.

Source: Contracts provided by the Concessions, Reservations and Fees Division; Annual maintenance, deferred maintenance and capital outlay reports from Maximo provided by the DPR Facilities Division; Revenue and attendance reports provided by DPR Park Operations.

Partnerships

American Land & Leisure

Brannan Island, Turlock Lake, and Woodson Bridge State Recreation Areas

Takeaways

■ Takeaways

- Working with for-profit entities can be challenging for the DPR because of vast cultural differences. There is often a conflict of interest between park personnel and for-profit entities (real or perceived). Park personnel are focused on the protection of natural and cultural resources and level of service and safety, while for-profit entities are more focused on the operating a business and return on investment. Additionally, both nonprofits and for-profits do not have the same natural resource training and education as park personnel.
- By definition, for-profits do not reinvest funds into the park system. This means for-profits must be significantly more efficient than a nonprofit. In evaluating for-profit partners, DPR management should consider large partners who potentially have greater buying power, management flexibility and access to capital.
- Partnerships involving the operation of parks that are in bundled agreements (such as this one) do not need to be limited to a single DPR district. Depending on the capacity and capabilities of the operator, it may be worth exploring additional park bundling agreements in nearby geographic locations irrespective of district lines. Bundling also allows less profitable venues to be combined with more lucrative opportunities as it was in the AL&L agreement.
- Park maintenance has been a point of frustration for both the DPR and AL&L. A single point person that could work with the partner and had authorization to make decisions on behalf of the DPR would be beneficial for both for-profit and nonprofit agreements.

Partnerships

Candlestick Point State Recreation Area

City Park of San Francisco

District: Diablo Vista District

(\$ in thousands)

Description	Contract Status	Rent	Concessionaire Responsibilities	FY 2011-12	
				Gross Receipts	Rent to DPR
Concession contract for parking for games of the San Francisco Forty-Niners. DPR has the right to adjust parking rates and authorize rate change requests by the concessionaire	Month-to-Month	92% of monthly gross receipts (portion of rent is used to offset staffing costs for contract administration and landscape maintenance)	Monthly statements of gross receipts and biannual statements of operating costs; keep accurate books and records; accountability of receipts; hire licensed security guard service; equipment; maintenance of concession facilities	\$ 951	\$ 875

Source: City Park of San Francisco concession contract; FY 2011/12 Annual Concessions Report

Parking Lot Contract

■ City Park of San Francisco is a parking management company that oversees approximately 75 client locations. The company entered into a five-year concession contract with the DPR in 1992 to operate a parking lot at Candlestick Point State Reservation Area that is used for professional sporting events. The contract continues today on a month-to-month basis.

Concessionaire Responsibilities

- The concessionaire is responsible for keeping accurate books and records (may be subject to DPR audits) and for submitting operating statements to the DPR. The contract requires a complete inventory of tickets purchased, sold and unissued to be submitted with the monthly statement each month, including evidence of the beginning and ending serial numbers of tickets by cashier.
- Additionally, the concessionaire is required to make bank deposit slips, statements, inventories, audit books, income and any other records deemed necessary by the DPR for its purposes.
- Duties pertaining to the actual operation of the park unit include the maintenance and repair of concession facilities, the hiring of security guard service and the staffing of parking attendants to include one hour before and one hour after parking activities.

- Service is required to be provided at reasonable charges. The DPR has the right to inspect the schedule of rates for services rendered or performed and direct changes accordingly.
- During FY 2011/12, City Park of San Francisco was the most profitable parking lot management concessionaire in the state park system, generating about \$951,000 in gross receipts and \$875,000 in revenue for the department. However, with the departure of the Forty-Niners, Candlestick Park will be left without any permanent tenants. Demolition of the stadium is expected to occur soon after the San Francisco Forty-Niners play their final game of the 2013 season.

Takeaways

- The contract is currently on a month-to-month basis (term ended 12/31/97). As such, the DPR has flexibility in its ability to seek out other operators. However, with demolition of the stadium expected to occur soon, future revenue opportunities will likely be limited.

Asset Prioritization

Asset Prioritization

Introduction and Background

Approach

- FTI has reviewed the work recently completed by a team of DPR staff to develop criteria for evaluating whether a unit should (continue to) be included in the system. Our objective was to review the criteria developed by DPR as a potential tool for guiding resource allocation decisions among park units.
- In a resource-constrained environment, decisions ultimately must be made about spending on capital items and operations. Understanding the relative value of the units with respect to achieving the goals of the DPR is appropriate and can aid in ensuring that critical, high value assets are getting the attention needed.
- The members of the DPR Park Significance Criteria Team (“PSCT”) that developed these criteria represented multiple disciplines and geographies in the DPR system and have an average of 25 years of experience in the state park system.
- The team did not apply the criteria to the 280 units.
- Overall, we believe the approach developed by PSCT offers a viable and appropriate initial framework for guiding resource allocation decisions. We recommend certain refinements, largely focused on process and execution.

DPR’s Efforts

- The PSCT prepared three documents, which were completed in August 2013:
 - A “Process and Background” report which describes the team’s purpose and methodology.
 - “Park Significance Criteria” which include four primary criteria for evaluating whether a park (either proposed or existing) has qualities that merit inclusion in the state park system and a set of secondary criteria that may be selected as additional measures to evaluate a park.
 - A “Park Significance Workbook” which is an Excel-based form that can be used to rate each park with respect to the primary criteria and any selected secondary criteria.
- The “Park Significance Workbook” sets forth the PSCT’s four recommended primary criteria and potential secondary criteria, along with characteristics or attributes which would demonstrate those criteria being achieved. The primary criteria were developed based on DPR’s mission statement and include natural, cultural, recreational and educational values.
- The PSCT suggested rating each park as “High”, “Medium”, “Low” or “Negligible” with respect to achieving each of the primary criteria and any selected secondary criteria. It also suggested that once a park was deemed to be significant and therefore appropriately included in the system, that its comparative degree of significance was immaterial.

Asset Prioritization

Introduction and Background (continued)

The chart depicted to the right, prepared by DPR, provides an Excel-based format and suggested primary and secondary criteria for rating the significance of each park unit.

PARK SIGNIFICANCE WORKBOOK - FINAL (August 16, 2013)

<u>NATURAL</u> <ul style="list-style-type: none"> Spectacular scenic, geologic values Rare, endemic or iconic species, habitat, paleo features National / international significance Biological diversity, habitat linkages and climate change adaptation Key representative of the state's ecological regions Old-growth species Intact System 	<u>CULTURAL</u> <ul style="list-style-type: none"> Important themes in CA history National Historic Landmark property Significant (or potentially significant) sensitive archaeological sites, ruins, ethnographic properties and sacred sites Historic structures, landscapes and properties, eligible (or potentially eligible) for State/ National Register Represents Cultural Diversity of the state Potential World Heritage or World Sacred site Museum collections contributing primary significance 	<u>RECREATIONAL</u> <ul style="list-style-type: none"> High use, not exclusive to local residents Outdoor activities dependent on the special settings Unique environments not readily available elsewhere Diverse Recreation opportunities Close to major water feature Linkage to other recreation resources (including trails) Close proximity to one of the state's most populous urban areas Contributes to public health and wellness 	<u>EDUCATIONAL</u> <p>Based on significant natural/cultural resource values, the park ...</p> <ul style="list-style-type: none"> Well-utilized by schools and effectively supplements school curriculum PK-16 Provides high quality programs that convey key messages about the state's significant resources. Is well attended Connects the public to the state's natural and cultural resources in inspiring ways. 	<u>Optional Secondary Criteria (could include)</u> <ul style="list-style-type: none"> Cost-Benefit Geographic Availability of Parks Total Capital Investment Partnership Local Economy and benefits Heritage Tourism Deed Restrictions Integral to nearby parks 			
[Note: Scores should be relative to all existing units of the System.]	Primary Criteria				Secondary Criteria		
<i>H = High</i> <i>M = Medium</i> <i>L = Low</i> <i>N = Negligible</i> Park Unit	Natural (High, Medium, Low or None)	Cultural (High, Medium, Low or None)	Recreational (High, Medium, Low or None)	Educational (High, Medium, Low or None)	(High, Medium, Low or None)	(High, Medium, Low or None)	(High, Medium, Low or None)
Carlsbad SB (sample)	N	N	H	M			
Torrey Pines SNR (sample)	H	M	H	H			
Old Town San Diego SHP (sample)	N	H	L	H			
Silver Strand SB (sample)	M	N	H	L			

Asset Prioritization

Comments and Observations

Mission Statement and Primary Criteria

- FTI concurs with the PSCT that any primary “significance”, or for our purposes “allocation”, criteria be based on the DPR’s mission statement:

“The mission of California State Parks is to provide for the health, inspiration and education of the people of California by helping to preserve the state’s extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation.”

- The four primary criteria—natural, cultural, recreation and education values—generally reflect the values embodied in the current mission statement.
- The wording of the current mission statement sets forth a mandate to preserve and protect natural and cultural resources and create recreation opportunities, which, if achieved, will provide for the health, inspiration and education of the people of California.

Application of Primary Criteria

- We concur with the PSCT that the overall unit rating with respect to the significance (or allocation) criteria will ultimately and appropriately be a qualitative assessment.
 - Multiple factors, both objective and subjective, will need to be considered to conclude an overall rating.
 - The PSCT’s suggested ratings of “High”, “Medium”, “Low” and “Negligible” also provide an appropriate language and basis for addressing significance for purposes of resource allocation. *We would recommend considering adding a “Very High” or “Exceptional” rating to provide greater differentiation among levels.*
 - Guidelines necessarily will need to be developed for rating each unit as Very High, High, Medium, Low or Negligible to determine the extent to which a unit possesses indicative attributes of each of the primary values.
 - Some suggested attributes are unambiguous and objective (i.e., “contains a National Historic Landmark property”, a suggested attribute of units with significant cultural value). Others are less clear cut (i.e., “natural or international significance”, a suggested attribute of units with high natural value).
 - Some suggested attributes might be redundant or, by definition, represent an attribute of all units with respect to a particular criteria (i.e., contributes to “public health and wellness”, a suggested attribute of units with high recreation value).
 - This process likely will lead to refinement (including additions or eliminations) of suggested attributes.

Asset Prioritization

Comments and Observations (continued)

- A process for prioritizing assets will need to be developed and applied.

Score each unit with respect to each primary value/criteria.

Could be subjective based on the ratings with respect to each criterion. Alternatively (and recommended), is to assign a score to each rating—say, 3 points for High, 2 points for Medium, 1 point for Low and 0 points for Negligible. Add up scores on each of the primary criteria to determine a total “score” for each unit.¹

Each unit to be ranked, based on its total score.

Once ranked, units can be divided into groups, i.e., quartiles, quintiles, etc.; highest, moderate and lowest priority; natural break points in the total scores. **Groupings based on quartiles or similar fixed distribution methodology (i.e., some predetermined number of units in each group) would ensure prioritization to the extent of the number of groups.**

Consideration should be given to relative weighting of each criterion and whether all should be given equal weight.

The mission statement suggests equal weighting of natural, cultural and recreation resources.

Consideration should be given to overweighting of truly exceptional units which have high value with respect to each criteria.

Overweighting could be accomplished by assigning a relatively higher “score” as significance increases (i.e., one could assign 50 points for High, 20 points for Medium, 5 points for Low and 0 points for Negligible).

[1] Consideration should be given to limiting the number of “high” rankings available for each criterion to avoid unintentional overweighting of the total score by one of the primary values.

Asset Prioritization

Comments and Observations (continued)

Secondary Criteria

- The DPR should have discretion in applying the scoring to resource allocation. This type of consideration would be the functional equivalent of the secondary criteria proposed by the PSCT for determining significance. For the asset prioritization criteria to be most useful as a tool for resource allocation, secondary criteria should be kept to a minimum, should be consistent with the mission statement, and the basis for applying them should be transparent and consistent across units.
- Examples of secondary criteria:

Higher Priority	Lower Priority
Public health or safety concerns	Monies or in-kind resources available from outside source
Threat of irreparable harm or a significant increase in required future expenditures absent corrective action	Significant uncertainties about whether the DPR or another organization will have primary custodial responsibilities (i.e., with respect to Native American artifacts)
High revenue generated or potential for incremental revenue generation	
High cost-benefit (based on traditional investment decision measures such as IRR, net present value or “payback”)	
Located in large population center	
Other appropriate social or environmental factors not addressed by primary criteria	

Using Ratings to Prioritize Resource Allocations

- The scoring and groupings can be used in a variety of ways.
 - Annual and deferred maintenance
 - New projects
 - Expanding or reducing services
 - General Plans
 - Transferring park operations to another organization/partner
- Groups of units with relatively higher scores can be targeted for needed expenditures in the short-term, including from existing bond funding (to the fullest extent possible), proposed new bond issuances and/or outside groups.
- ***We see a pressing need to prioritize how monies should be spent on annual and deferred maintenance and on capital projects, given significant resource limitations on funding for such efforts and the enormous need which undoubtedly exists.*** We anticipate the need will continue even if a zero-based budget approach is used to revise costs. To prioritize these expenditures, the DPR should develop a list of major maintenance and infrastructure projects to which the allocation criteria/process would be applied.

Asset Prioritization

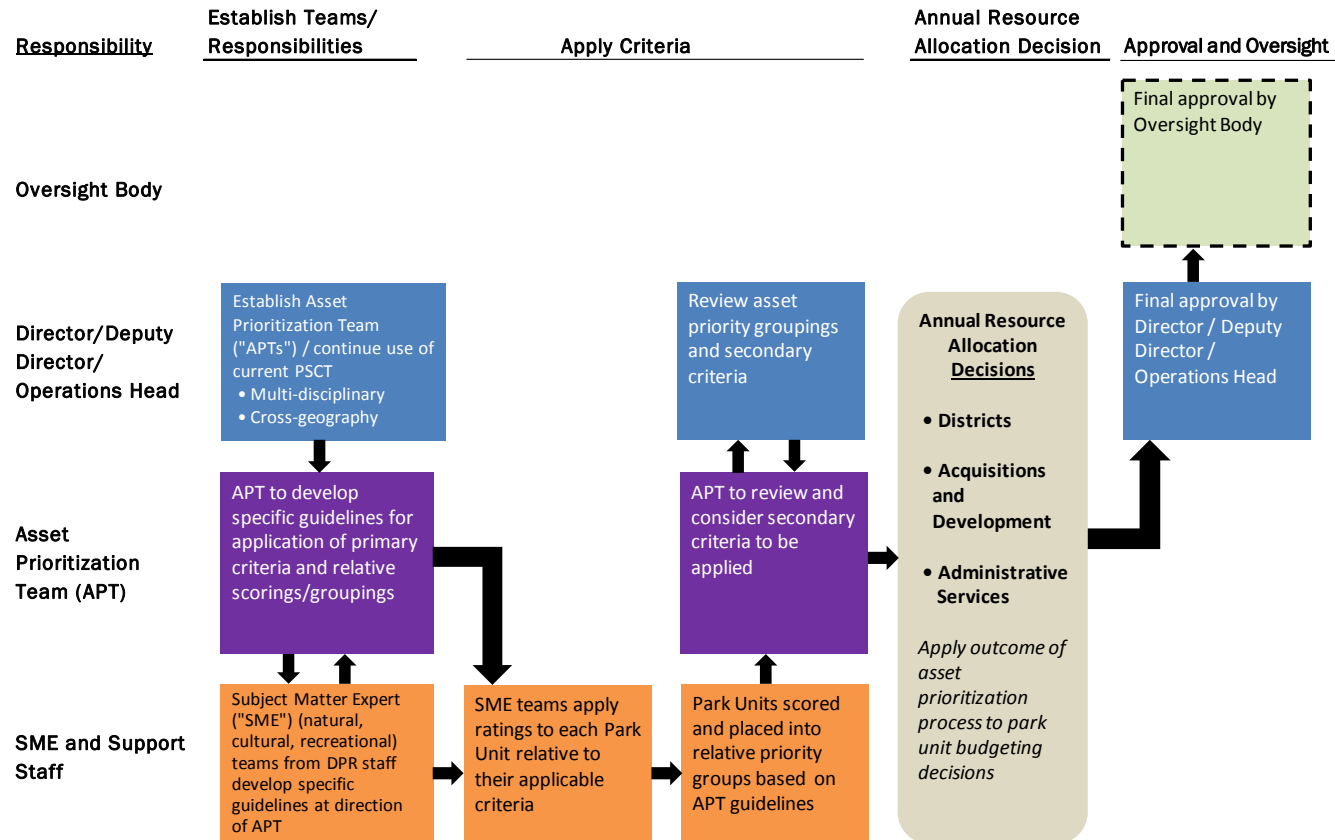
Comments and Observations (continued)

Public Oversight

- Consideration should be given to what input and/or approval should be solicited from stakeholders or oversight bodies, such as the DPR Commission, the Parks Forward Commission and/or other organizations on the framework developed for resource allocation and the application of and ranking/grouping of park units with respect to that framework.
 - Such input would be a necessary and vital aspect of any application of significance criteria to decisions to transfer responsibility of a unit outside the system.
 - The use of such criteria as a decision tool to aid in resource allocation, however, might not require the same level of oversight--such day-to-day decisions are routinely made by managers of organizations.

Asset Prioritization

Comments and Observations - Illustrative Process Framework



■ Other process considerations:

- How often are Asset Prioritization Criteria and Rankings updated? (*Recommend less often than once a year; no less frequently than once every five years.*)
- What information is disseminated and to whom? (*Individual scores likely to be sensitive; groupings of asset by priority groups provided as appropriate to governance bodies.*)
- At what point does oversight body have input/approval?

Asset Prioritization

Comments and Observations - Illustrative Process Framework: Revised Workbook

PARK SIGNIFICANCE WORKBOOK - FINAL (August 16, 2013)

<u>NATURAL</u>	<u>CULTURAL</u>	<u>RECREATIONAL</u>	<u>EDUCATIONAL</u>	<u>Optional Secondary Criteria (could include)</u>
<ul style="list-style-type: none"> Spectacular scenic, geologic values Rare, endemic or iconic species, habitat, paleo features National / international significance Biological diversity, habitat linkages and climate change adaptation Key representative of the state's ecological regions Old-growth species Intact System 	<ul style="list-style-type: none"> Important themes in CA history National Historic Landmark property Significant (or potentially significant) sensitive archaeological sites, ruins, ethnographic properties and sacred sites Historic structures, landscapes and properties, eligible (or potentially eligible) for State/ National Register Represents Cultural Diversity of the state Potential World Heritage or World Sacred site Museum collections contributing primary significance 	<ul style="list-style-type: none"> High use, not exclusive to local residents Outdoor activities dependent on the special settings Unique environments not readily available elsewhere Diverse Recreation opportunities Close to major water feature Linkage to other recreation resources (including trails) Close proximity to one of the state's most populous urban areas Contributes to public health and wellness 	<p>Based on significant natural/cultural resource values, the park ...</p> <ul style="list-style-type: none"> Well-utilized by schools and effectively supplements school curriculum PK-16 Provides high quality programs that convey key messages about the state's significant resources. Is well attended Connects the public to the state's natural and cultural resources in inspiring ways. 	<ul style="list-style-type: none"> Public Health Risk of Irreparable Harm Revenue/ Revenue Potential Cost-Benefit Located in Large Population Center Availability of Outside Funding

[Note: Scores should be relative to all existing units of the System.]

Park Unit	Primary Criteria				Secondary Criteria		
	Natural (High, Medium, Low or None)	Cultural (High, Medium, Low or None)	Recreational (High, Medium, Low or None)	Educational (High, Medium, Low or None)	(High, Medium, Low or None)	(High, Medium, Low or None)	(High, Medium, Low or None)
Carlsbad SB (sample)	N	N	H	M			
Torrey Pines SNR (sample)	H	M	H	H			
Old Town San Diego SHP (sample)	N	H	L	H			
Silver Strand SB (sample)	M	N	H	L			

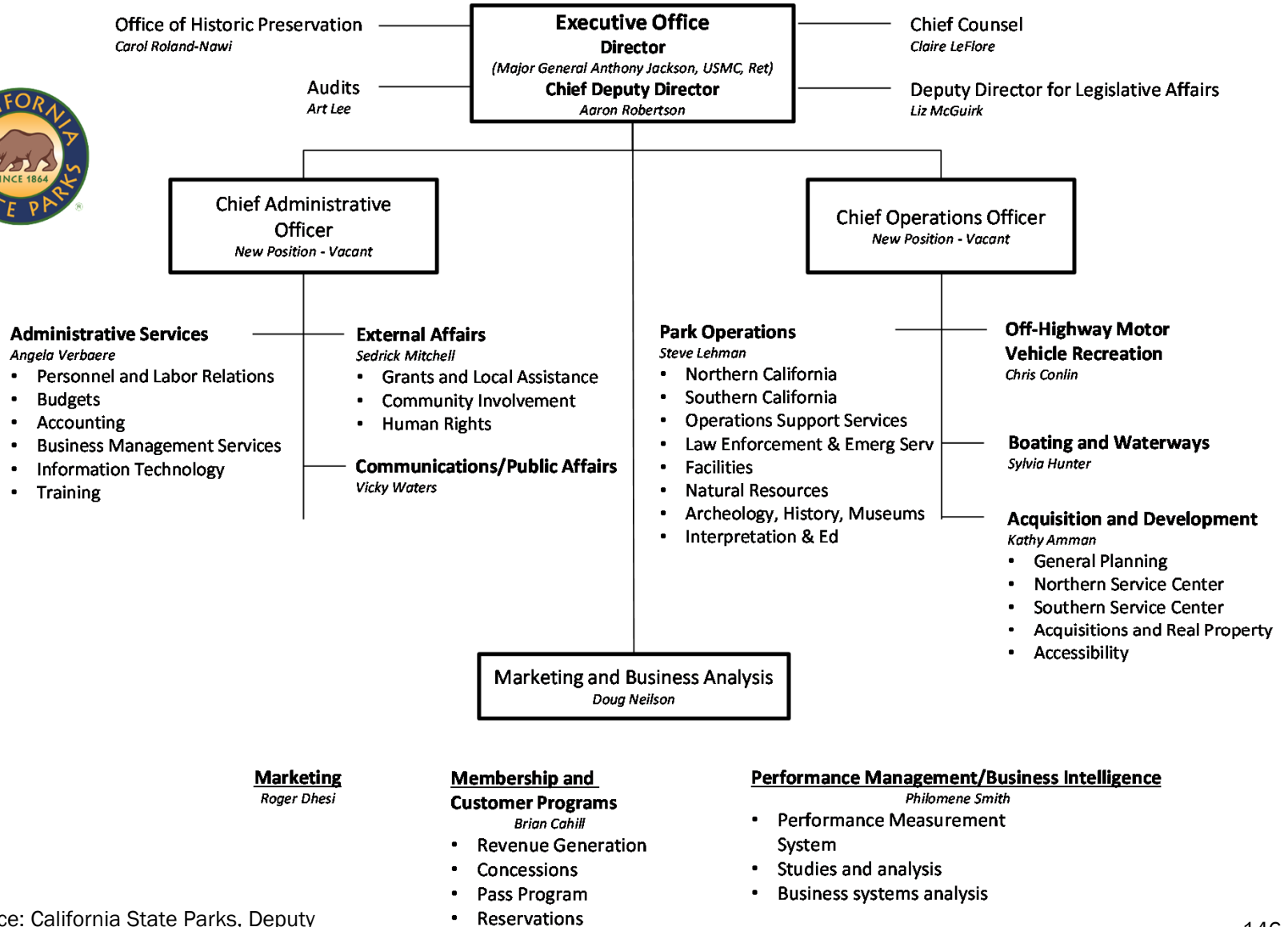
H = High
M = Medium
L = Low
N = Negligible

Park Unit

Appendix – Funding Sources

APPENDIX

California Department of State Parks Organizational Chart As of September 11, 2013

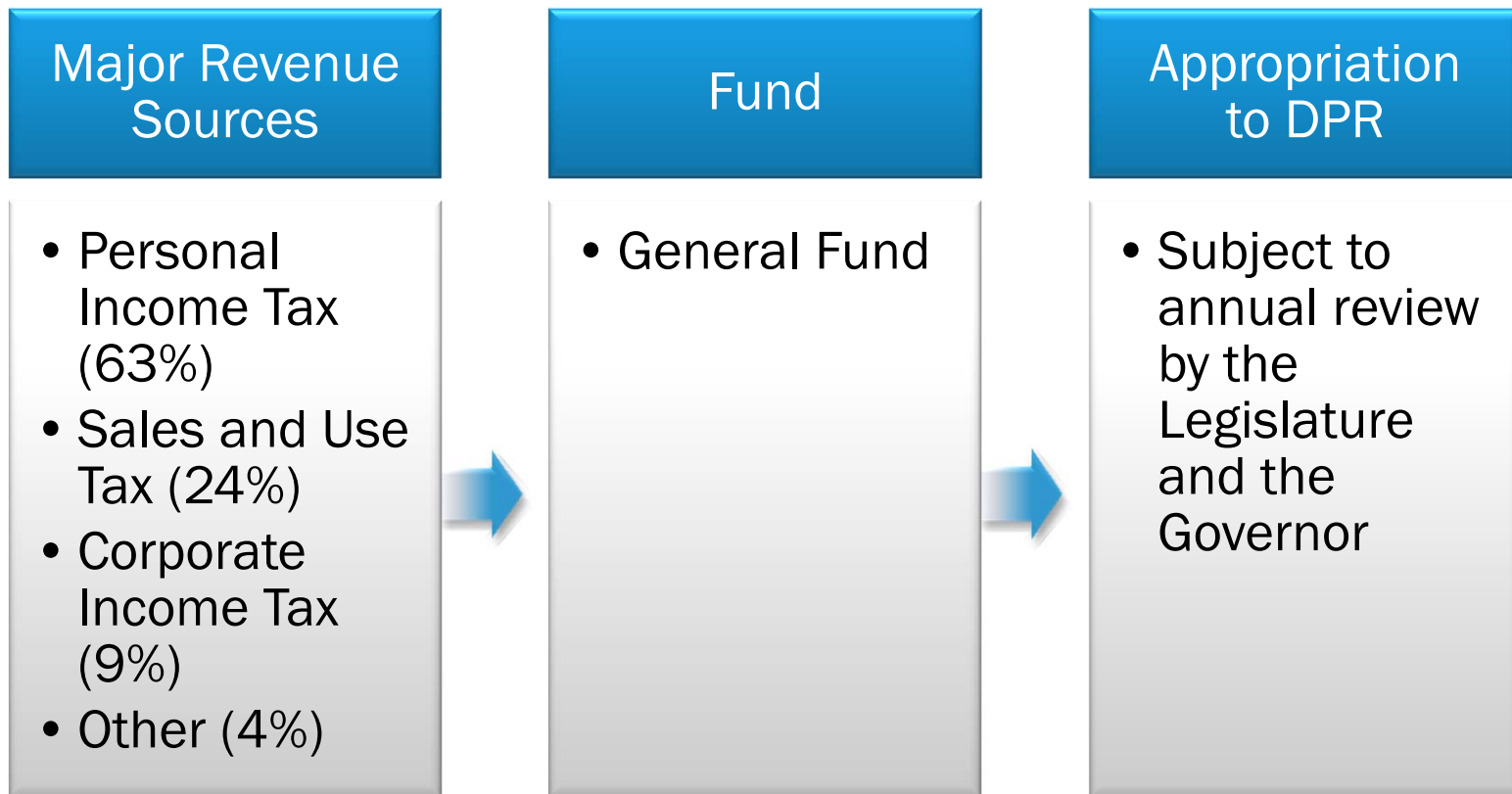


Source: California State Parks, Deputy Director's Office.

APPENDIX

Funding Sources General Fund

- The General Fund funds operating and other activities of the Department of Parks and Recreation.
- Major sources are state taxes, including personal income and sales tax.



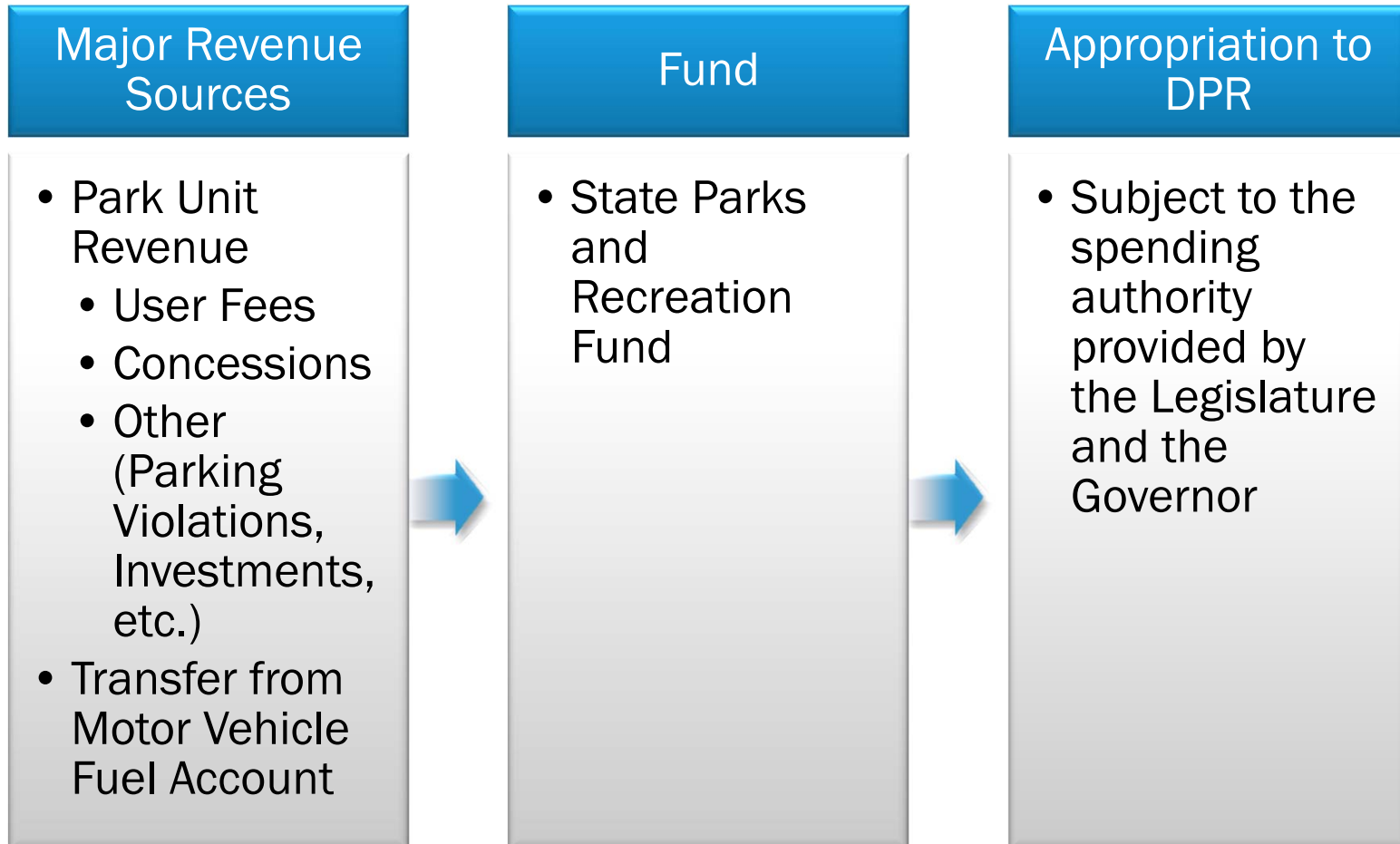
Source: <http://www.ebudget.ca.gov/2013-14/pdf/BudgetSummary/SummaryCharts.pdf>.

APPENDIX

Funding Sources

State Parks and Recreation Fund

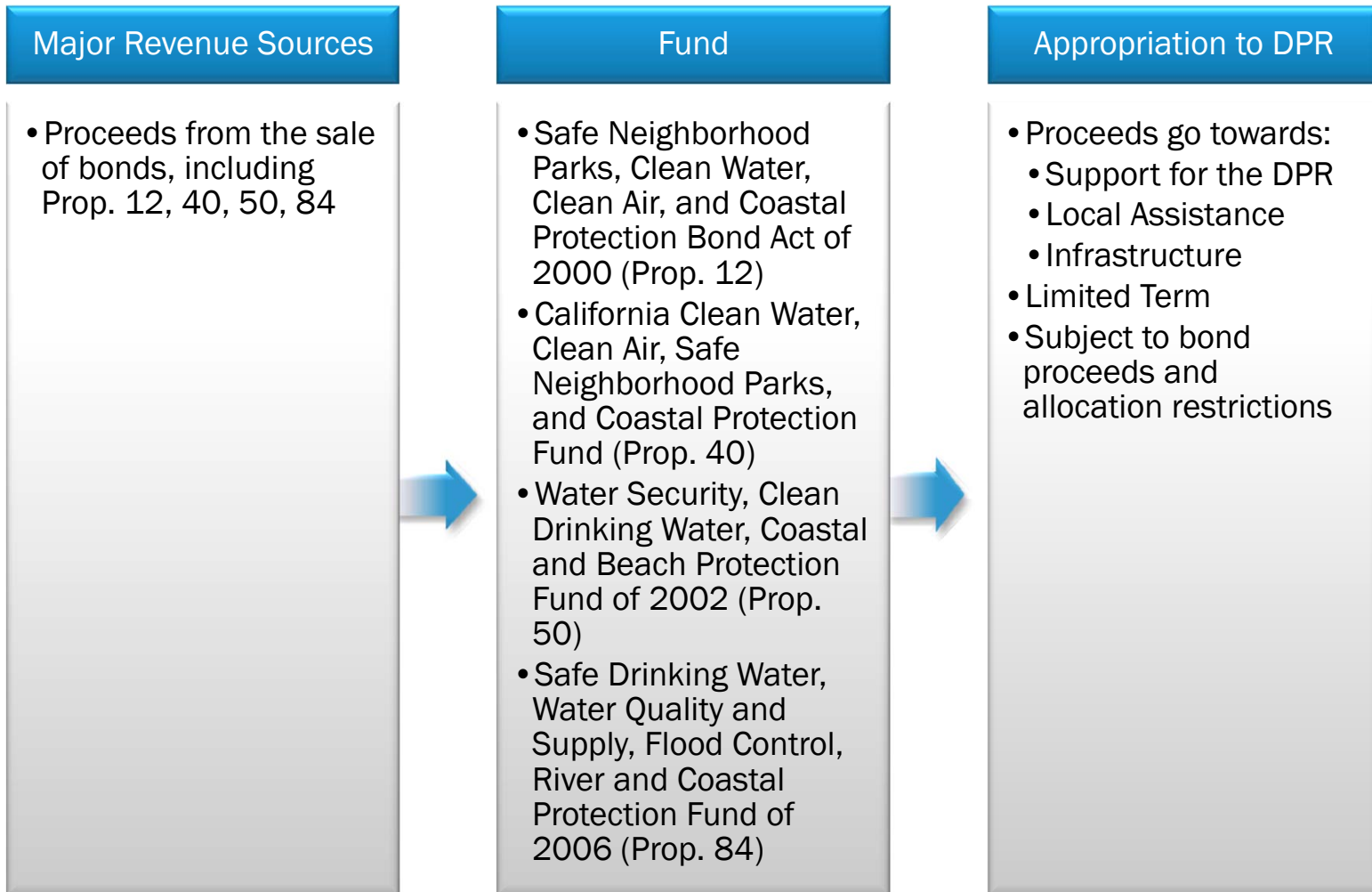
- State Parks and Recreation Fund (“SPRF”) funds operating and other activities of the Department of Parks and Recreation.
- Major revenue sources are fees, rentals, other income from state parks, and transfers from the Motor Vehicle Fuel Account.



APPENDIX

Funding Sources Bond Funds

- Bond Funds fund programs related to specific bond-funded projects and include Proposition 12, 40, 50, and 84. See appendix for additional information.
- Major revenue sources are proceeds from the sale of bonds.

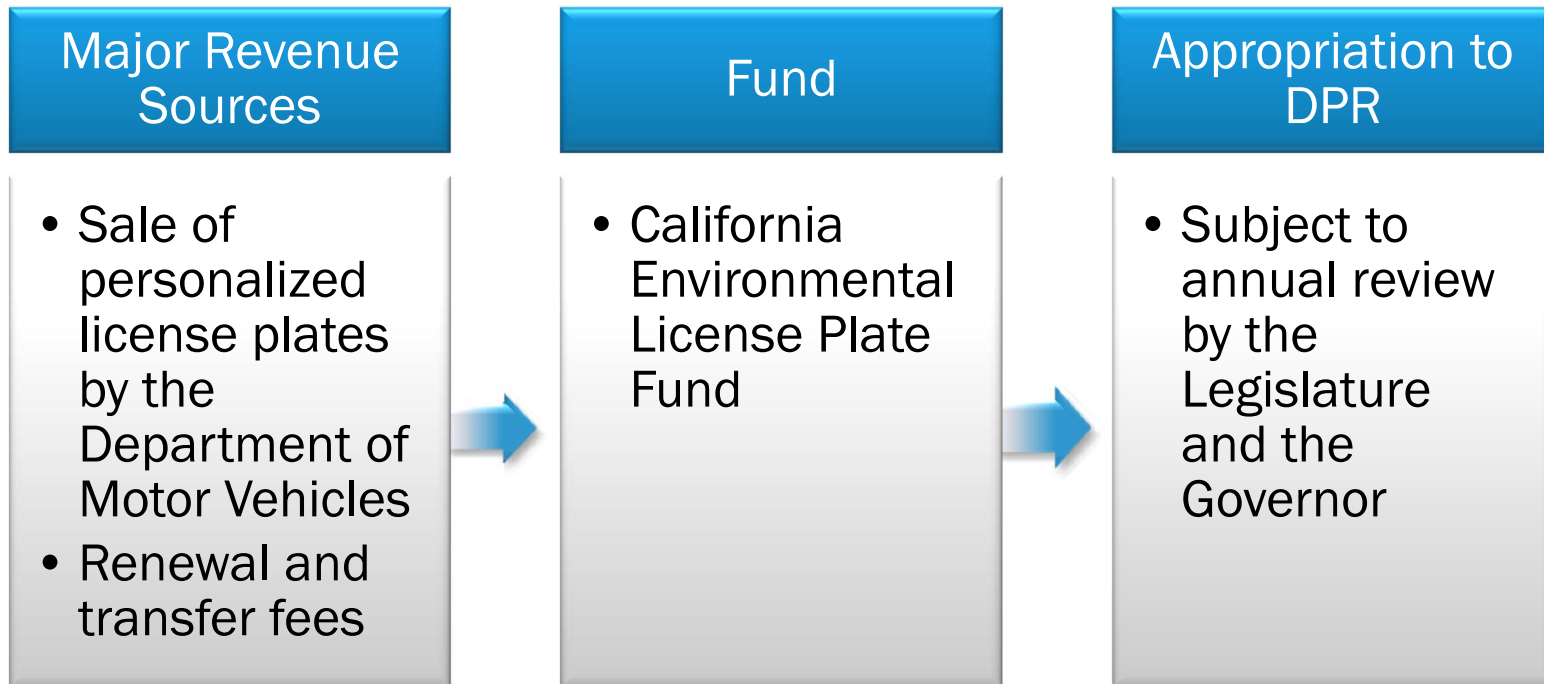


APPENDIX

Funding Sources

Special Funds: California Environmental License Plate Fund

- California Environmental License Plate Fund funds programs pertaining to preserving and protecting the environment, including control and abatement of air pollution generated by motor vehicles.
- Major revenue sources are registration fees for issuing special and personalized license plates, including renewal and transfer fees.

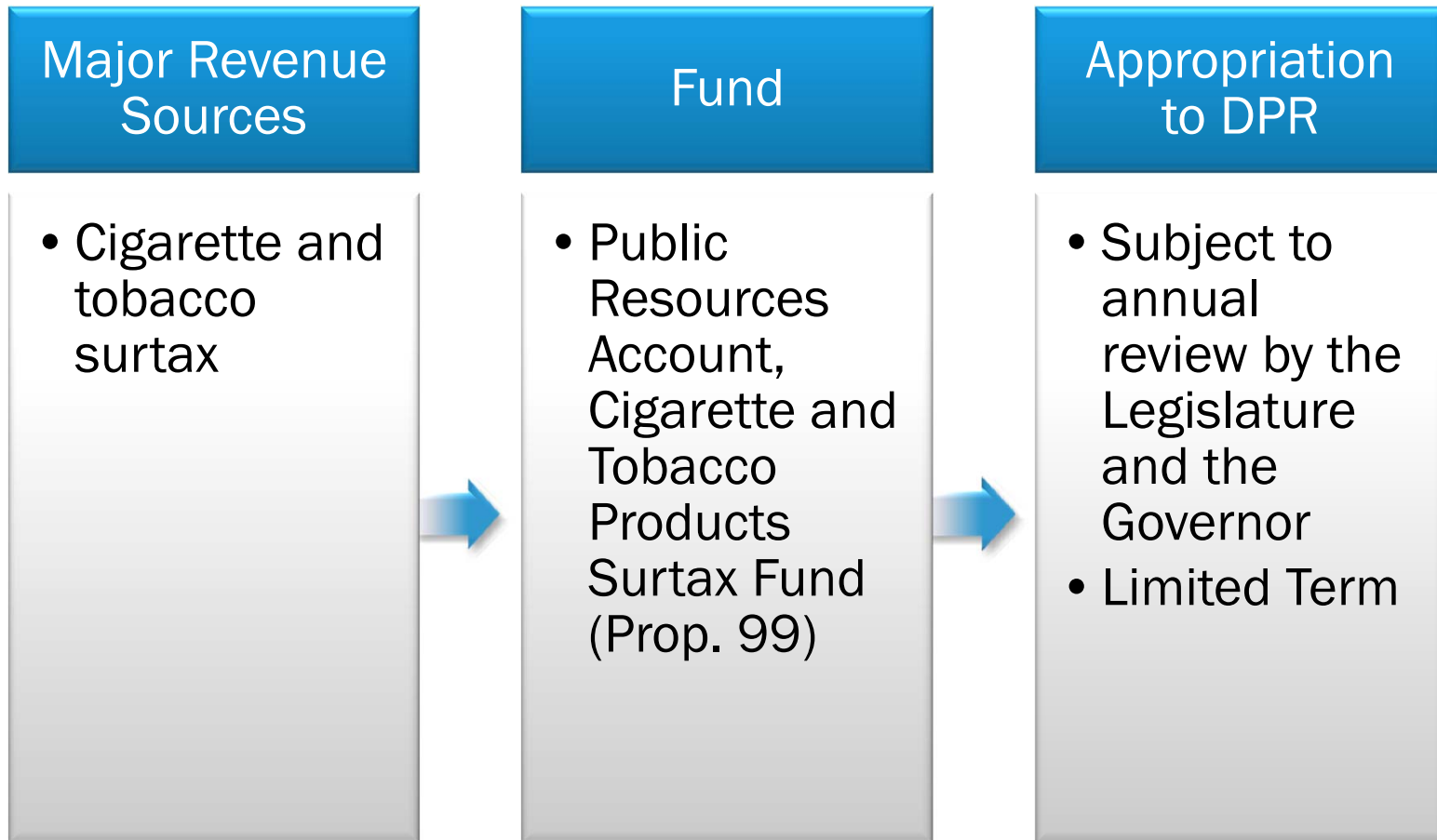


APPENDIX

Funding Sources

Special Funds: Public Resources Account, Cigarette and Tobacco Products Surtax Fund

- Public Resource Account, Cigarette and Tobacco Products Surtax Fund funds programs to protect, restore, enhance, or maintain fish, waterfowl, and wildlife habitat and other programs to enhance state and local park and recreation resources.
- Major revenue sources are funds received from the Cigarette and Tobacco Products Surtax Fund.

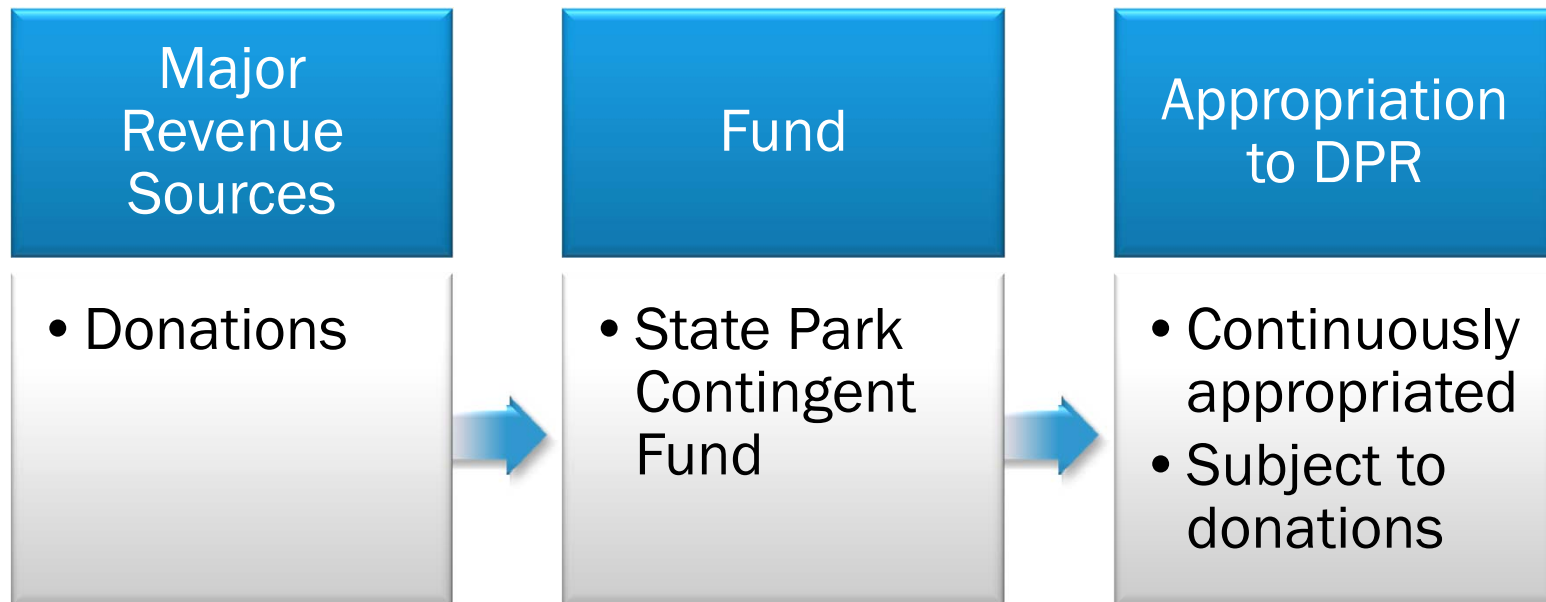


APPENDIX

Funding Sources

Special Funds: State Park Contingent Fund

- State Park Contingent Fund is a depository for donations received for the improvement or administration of state parks or acquisition properties for the state park system.
- Major revenue sources are gifts, bequests, and donations.

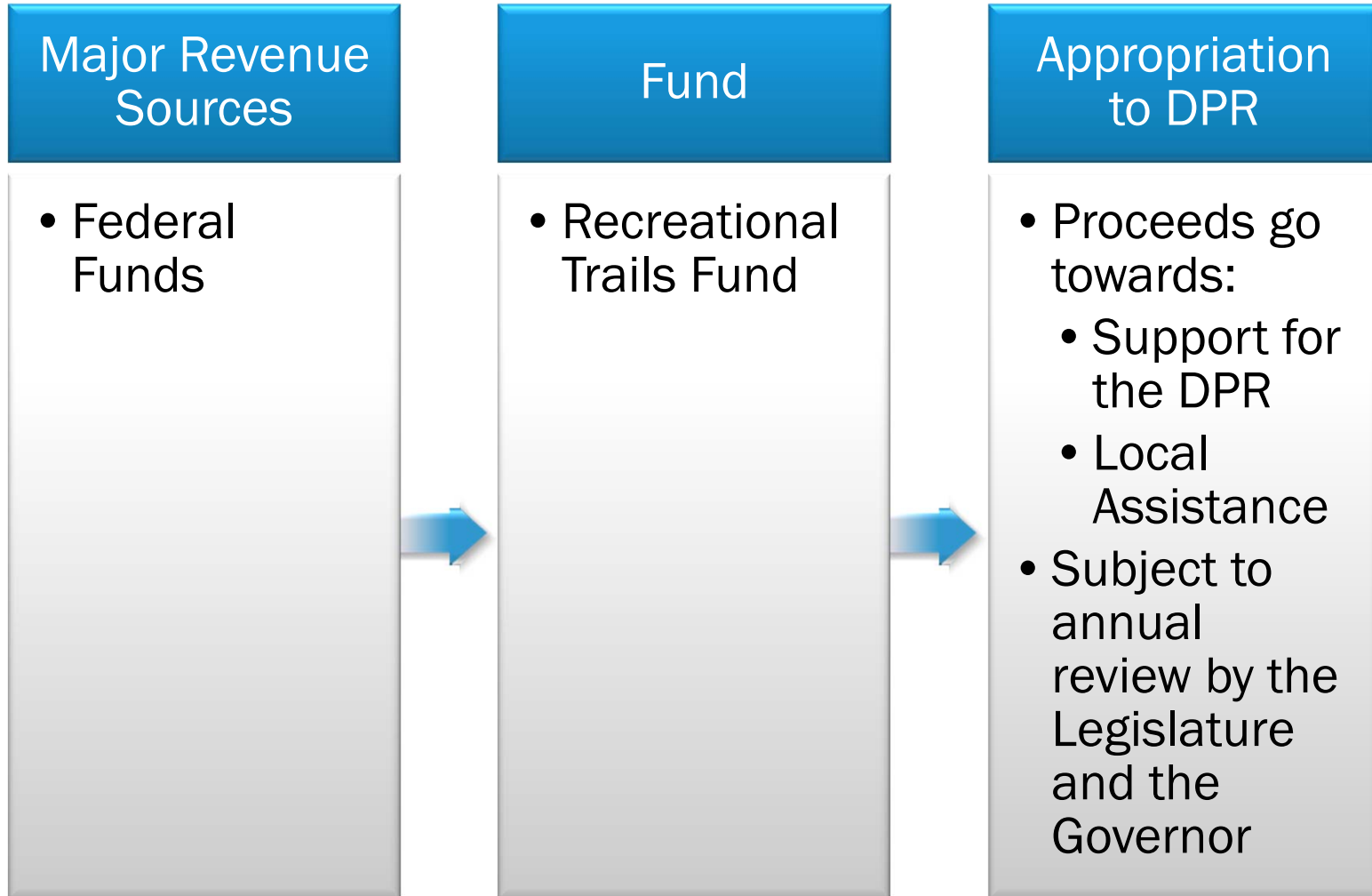


APPENDIX

Funding Sources

Special Funds: Recreational Trails Fund

- Recreational Trails Fund funds grants to local governments and nonprofit organizations with management responsibilities over public lands to acquire and develop recreation trails. At least 70% of these funds shall be available for non-motorized trails.
- Major revenue sources are federal funds allocated to the State.

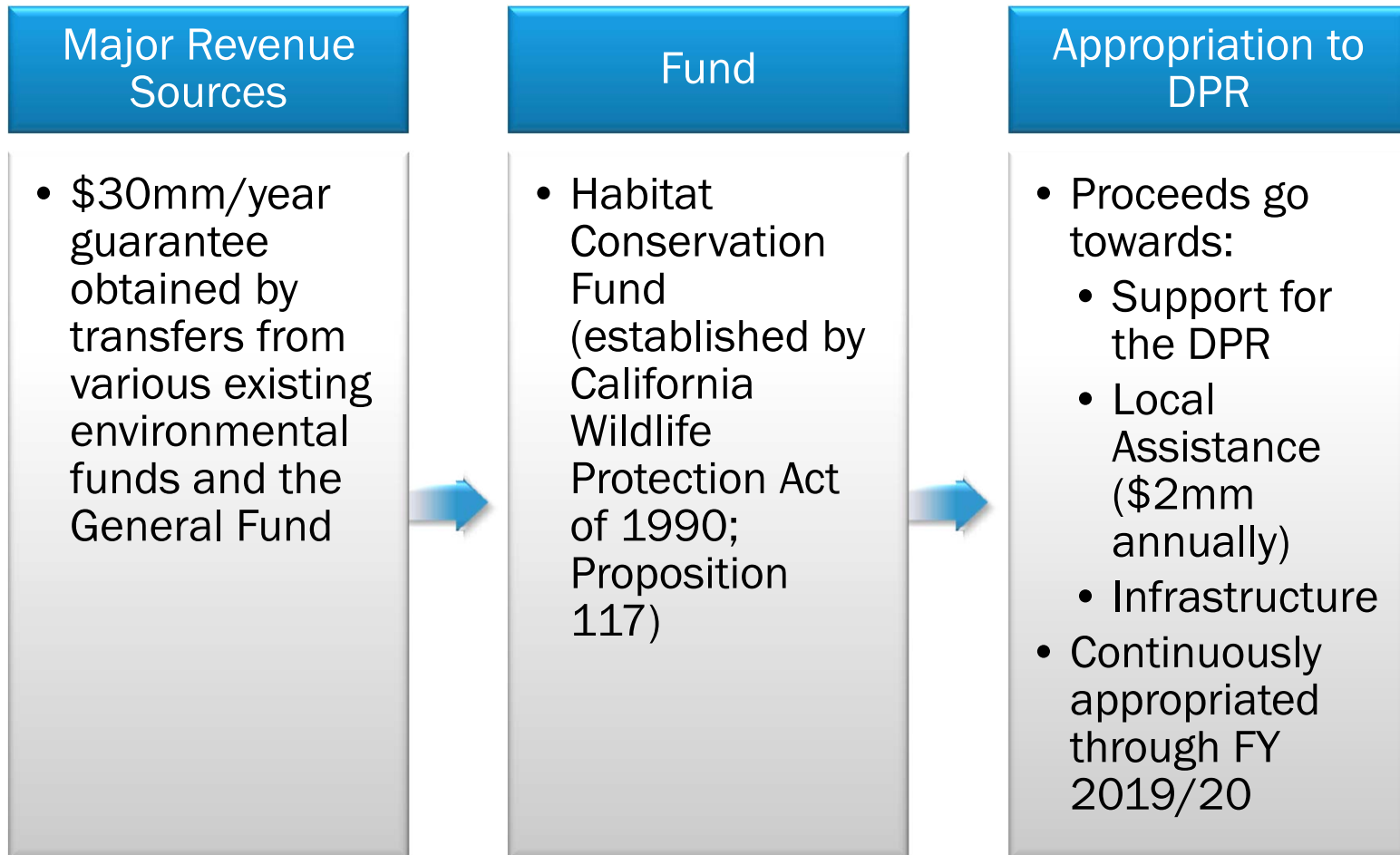


APPENDIX

Funding Sources

Special Funds: Habitat Conservation Fund

- Habitat Conservation Fund funds programs related to acquisition of deer and mountain lion habitat and rare and endangered species habitat.
- Major revenue sources are obtained by transfers from environmental funds (including the Unallocated Account, Cigarette and Tobacco Products Surtax Fund, Fund 236) and the state's General Fund.



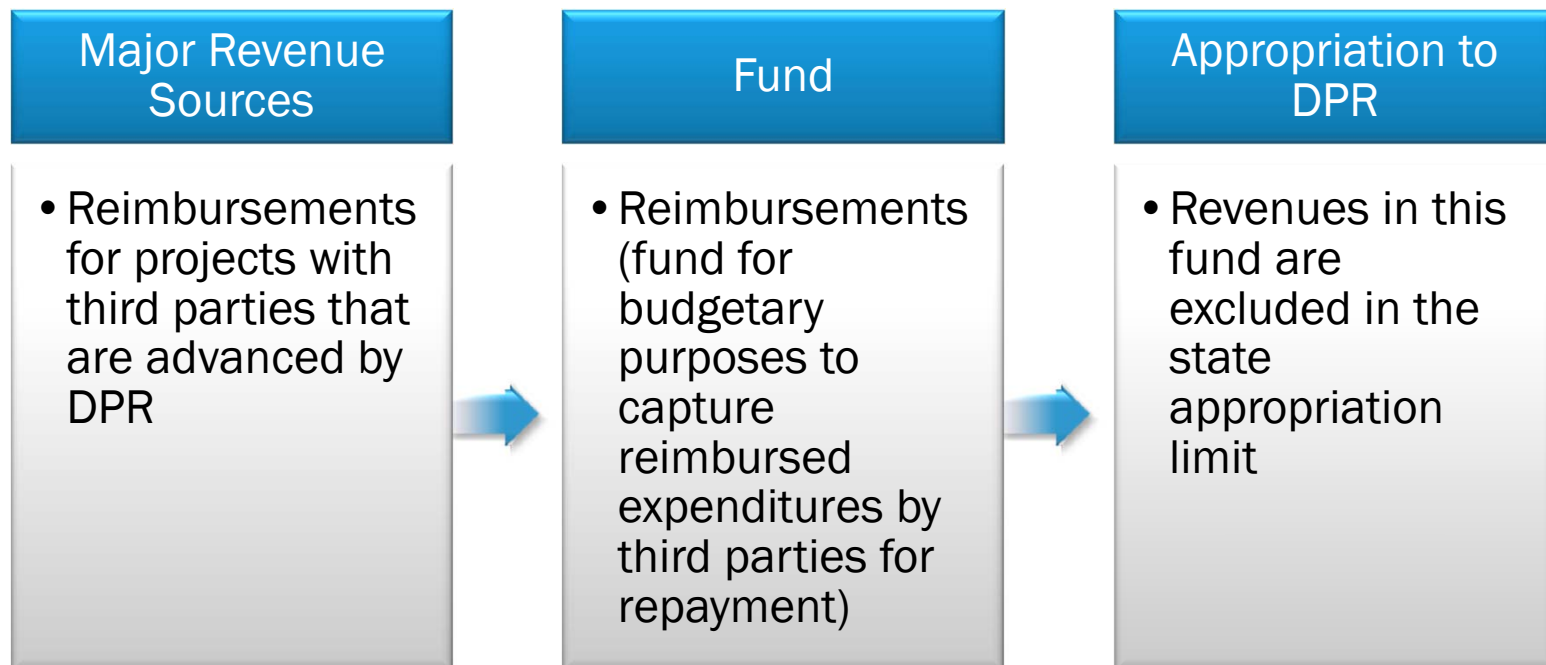
Source: <http://www.parks.ca.gov/pages/1008/files/hcf%20fact%20sheet%203.13.13.pdf>.

APPENDIX

Funding Sources

Special Funds: Reimbursements

- Reimbursements is a fund used for budgetary purposes to capture reimbursements.
- Major revenue sources are reimbursements for projects with third parties that are advanced by DPR.

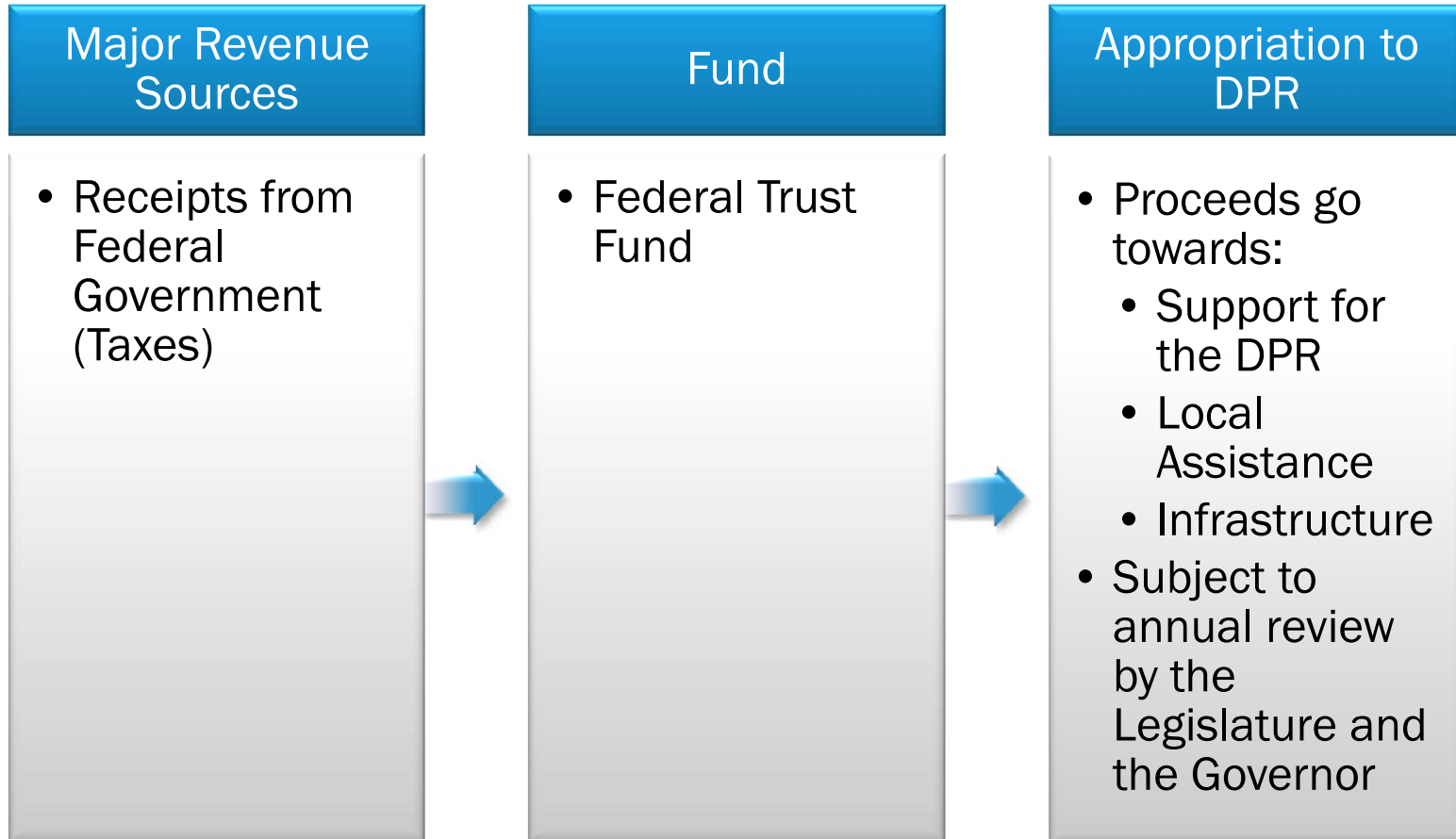


APPENDIX

Funding Sources

Special Funds: Federal Trust Fund

- Federal Trust Fund provides funding for operating and other activities for the DPR, infrastructure, and local assistance.
- Major revenue sources are receipts from the federal government.

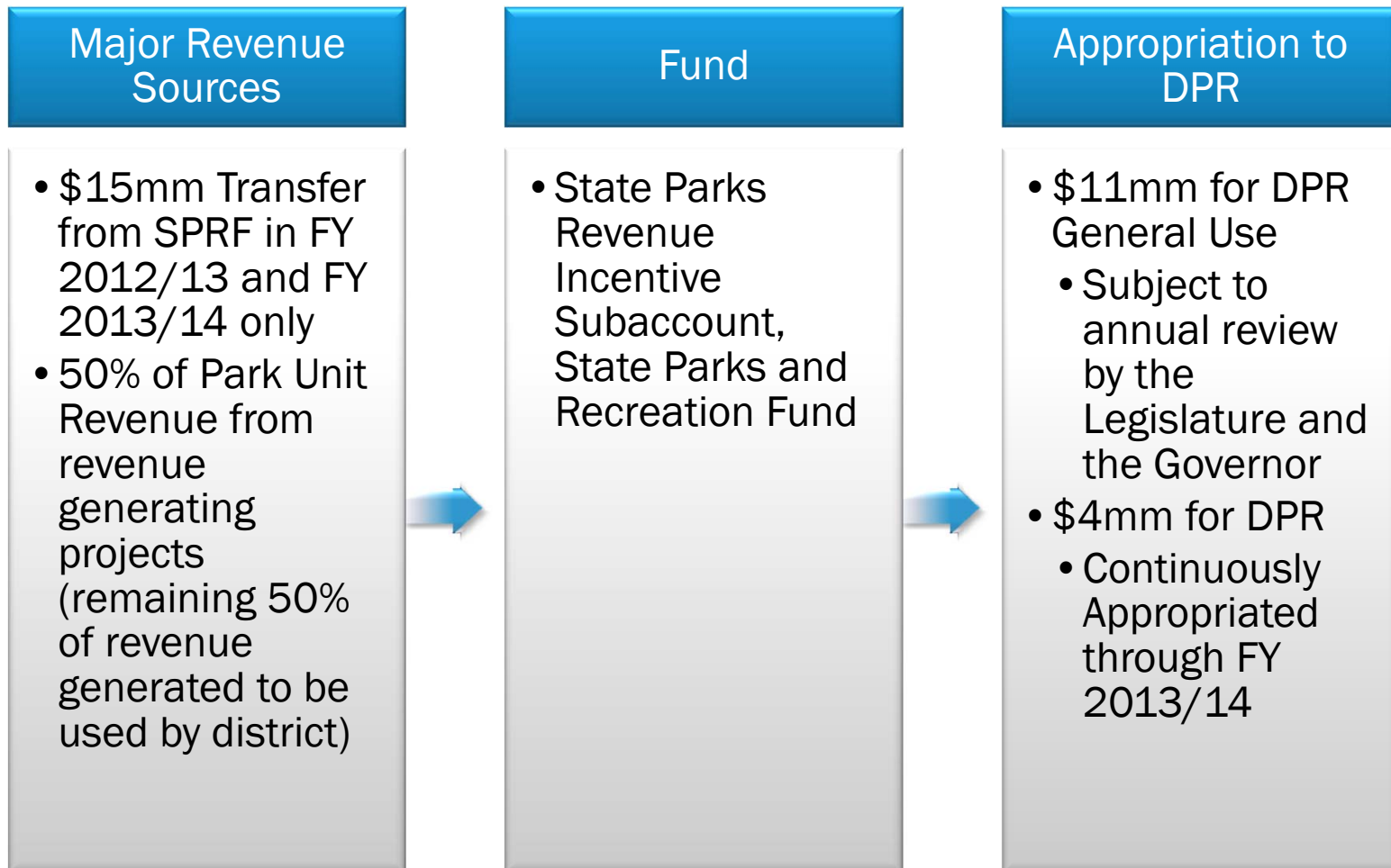


APPENDIX

Funding Sources

Special Funds: State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund

- State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund funds programs that create incentives for projects that generate revenue or projects consistent with administration development of the state park system.
- Major revenue sources are transfers from the SPRF in FY 2012/13 and FY 2013/14 and 50% of park revenue generated from projects.

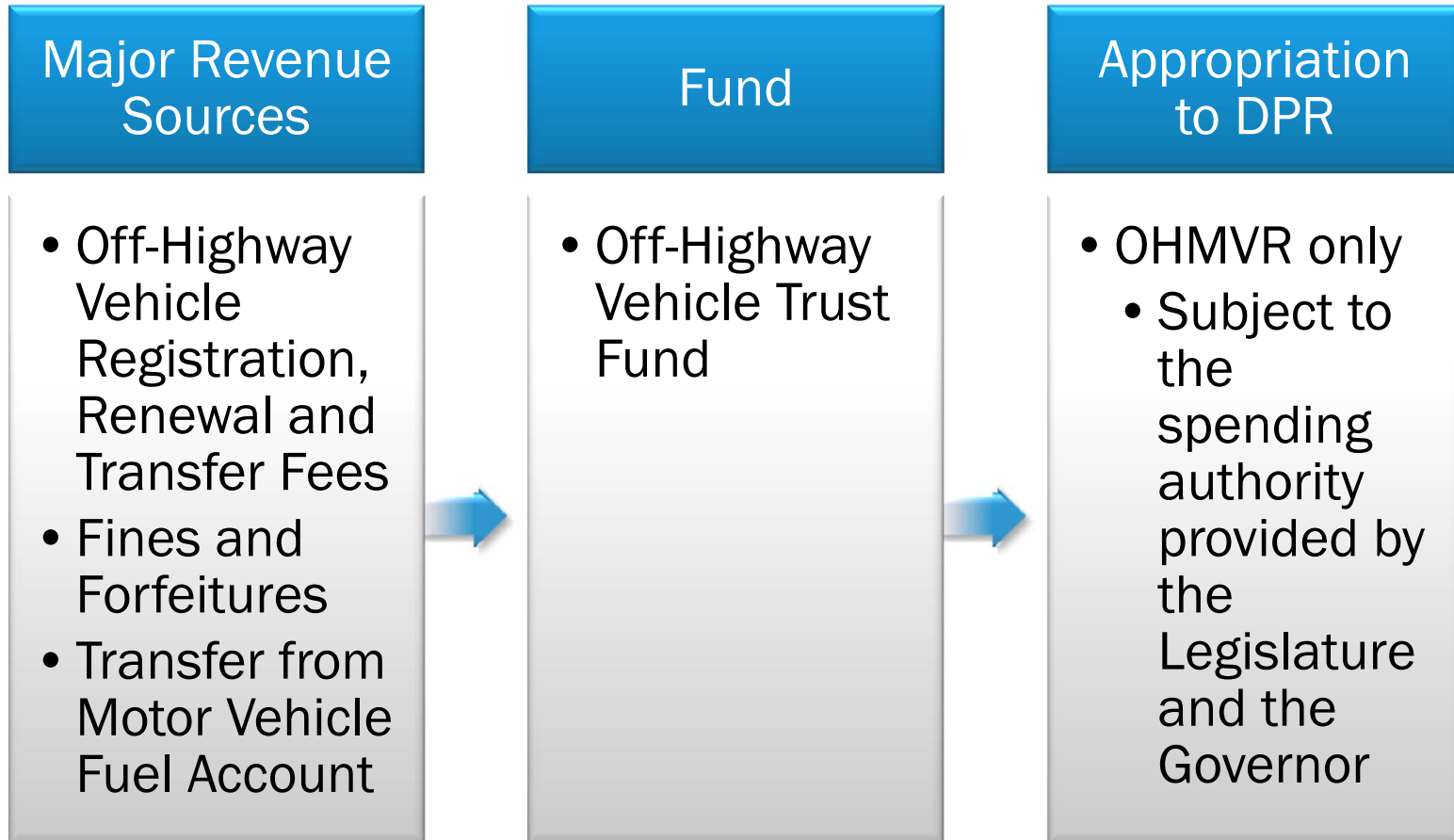


APPENDIX

Funding Sources

Special Funds: Off-Highway Vehicle Trust Fund

- Off-Highway Vehicle Trust Fund funds programs related to trails and areas for the use of off-highway motor vehicles. The department may also make grants to cities, counties and appropriate special districts to be used for the same purpose.
- Major revenue sources are registration, renewal, transfer fees, and penalties (including finds and forfeitures).



APPENDIX

Funding Sources

Infrastructure Projects – FY 2012/13 (Estimated)

■ Infrastructure expenditures include acquisition-related projects of \$6.8 million.

(\$ in thousands)

Park Unit	Purpose	Fund Classification	Expenditure	% of Total
Major Projects				
FORT ROSS SHP: Reconstruct Historic Fur Warehouse	Working Drawings; Construction	Selected Bond Funds	\$ 574	1%
EASTSHORE SP: Brickyard Cove Development	Preliminary Plans	Selected Bond Funds	1,210	2%
ANGEL ISLAND SP: Immigration Station Hospital Restoration	Working Drawings	Selected Bond Funds	472	1%
HOLLISTER HILLS SVRA: Infrastructure and Rehabilitation	Working Drawings; Construction	Special Funds	6,295	11%
OCEANO DUNES SVRA: Visitor Center/Equipment Storage	Working Drawings	Special Funds	26	0%
CARNEGIE SVRA: Road Reconstruction	Working Drawings; Construction	Special Funds	6,833	12%
DONNER MEMORIAL SP: Enhance Museum Exhibits	Working Drawings; Construction	Selected Bond Funds	1,162	2%
MARSHALL GOLD DISCOVERY SHP: Park Improvements	Working Drawings	Selected Bond Funds	930	1%
CALIFORNIA INDIAN MUSEUM: Master Plan and Phase 1 Development	Study	Selected Bond Funds	35	0%
BIG BASIN REDWOODS SP: Water System Improvements	Construction	Selected Bond Funds	152	0%
PFEIFFER BIG SUR SP: Park Entrance and Day Use Redevelopment	Working Drawings; Construction; Equipment	Selected Bond Funds	1,983	3%
FORT ORD DUNES SP: New Campground and Beach Access	Preliminary Plans; Working Drawings	Selected Bond Funds	2,377	4%
CHINO HILLS SP: Entrance Road and Facilities	Construction; Equipment	Selected Bond Funds	5,080	9%
EL CAPITAN SB: Construct New Lifeguard Headquarters	Preliminary Plans; Working Drawings	Selected Bond Funds	1,162	2%
HUNGRY VALLEY SVRA: Gorman Acquisition	Acquisition	Special Funds	157	0%
MALIBU CREEK SP: Restore Sepulveda Adobe	Construction	Selected Bond Funds	1,236	2%
TOPANGA SP: Public Use Improvements	Construction; Equipment	Selected Bond Funds	80	0%
SILVERWOOD LAKE SRA: Nature Center Exhibits	Preliminary Plans; Working Drawings	Selected Bond Funds	359	1%
CRYSTAL COVE SP: El Morro Mobilehome Park Conversion	Construction	Selected Bond Funds	450	1%
CUYAMACA RANCHO SP: Equestrian Facilities	Working Drawings	Selected Bond Funds	125	0%
HEBER DUNES SVRA: Initial Development	Working Drawings; Construction	Special Funds	5,110	9%
SAN ELIJO SB: Replace Main Lifeguard Tower	Working Drawings	Selected Bond Funds	156	0%
OLD TOWN SAN DIEGO SHP: Building Demolition and Immediate Public Use Facilities	Preliminary Plans; Working Drawings	Selected Bond Funds	735	1%
LOS ANGELES SHP: Site Development/Planning and Phase I Build Out	Working Drawings	Selected Bond Funds	3,349	6%
Statewide: Statewide: State Park System Acquisition Program	Acquisition	Selected Bond Funds	3,500	6%
Statewide: Statewide: OHV Opportunity Purchase/Pre-budget Schematic	Acquisition; Study	Special Funds	788	1%
Statewide: Habitat Conservation: Proposed Additions	Acquisition	Special Funds	1,000	2%
Statewide: Statewide: State Park System Opportunity and Inholding	Acquisition	Selected Bond Funds	1,363	2%
Statewide: Statewide: Budget Development	Study	Selected Bond Funds	433	1%
			\$ 47,132	80%
Minor Projects				
Statewide: Statewide: State Park System Minor Capital Outlay Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	\$ 2,421	4%
Statewide: Statewide: OHV Minor Projects	Preliminary Plans; Working Drawings; Construction	Special Funds	6,802	12%
Statewide: Statewide: Volunteer Enhancement Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	1,505	2%
Statewide: Recreational Trails Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	918	2%
			\$ 11,646	20%
Total Expenditures			\$ 58,778	100%

Source: Governor's Budgets FY 2009/10 – FY 2012/13, Infrastructure.

APPENDIX

Funding Sources

Infrastructure Projects – FY 2011/12 (Actual)

(\$ in thousands)

Park Unit	Purpose	Fund Classification	Expenditure	% of Total
Major Projects				
FORT ROSS SHP: Reconstruct Historic Fur Warehouse	Working Drawings	Selected Bond Funds	\$ 388	3%
EASTSHORE SP: Brickyard Cove Development	Preliminary Plans	Selected Bond Funds	27	0%
ANGEL ISLAND SP: Immigration Station Hospital Restoration	Preliminary Plans	Selected Bond Funds	195	1%
HOLLISTER HILLS SVRA: Infrastructure and Rehabilitation	Preliminary Plans; Working Drawings	Special Funds	75	0%
OCEANO DUNES SVRA: Visitor Center/Equipment Storage	Working Drawings	Special Funds	213	2%
CARNEGIE SVRA: Road Reconstruction	Preliminary Plans	Special Funds	116	1%
DONNER MEMORIAL SP: New Visitor Center	Working Drawings; Construction	Selected Bond Funds; Reimbursements	442	3%
DONNER MEMORIAL SP: Enhance Museum Exhibits	Preliminary Plans	Selected Bond Funds	25	0%
MARSHALL GOLD DISCOVERY SHP: Park Improvements	Preliminary Plans; Working Drawings	Selected Bond Funds	169	1%
CALIFORNIA INDIAN MUSEUM: Master Plan and Phase 1 Development	Study	Selected Bond Funds	35	0%
MONTANA DE ORO SP: Irish Hills Acquisition	Acquisition	Selected Bond Funds	14	0%
PFEIFFER BIG SUR SP: Park Entrance and Day Use Redevelopment	Working Drawings	Selected Bond Funds	124	1%
FORT ORD DUNES SP: New Campground and Beach Access	Preliminary Plans	Selected Bond Funds	765	5%
CHINO HILLS SP: Entrance Road and Facilities	Construction; Equipment	Selected Bond Funds	7,346	46%
EL CAPITAN SB: Construct New Lifeguard Headquarters	Preliminary Plans	Selected Bond Funds	41	0%
HUNGRY VALLEY SVRA: Gorman Acquisition	Acquisition	Selected Bond Funds	61	0%
LEO CARRILLO SP: Steelhead Trout Barrier Removal	Preliminary Plans	Reimbursements	25	0%
GAVIOTA SP: Coastal Trail Development	Preliminary Plans	Selected Bond Funds	5	0%
SILVERWOOD LAKE SRA: Nature Center Exhibits	Preliminary Plans	Selected Bond Funds	22	0%
CRYSTAL COVE SP: El Morro Mobilehome Park Conversion	Construction	Selected Bond Funds	850	6%
CUYAMACA RANCHO SP: Equestrian Facilities	Preliminary Plans; Working Drawings	Selected Bond Funds	56	0%
HEBER DUNES SVRA: Initial Development	Working Drawings	Special Funds	86	1%
SAN ELIJO SB: Replace Main Lifeguard Tower	Working Drawings	Selected Bond Funds	36	0%
LOS ANGELES SHP: Site Development/Planning and Phase I Build Out	Preliminary Plans; Working Drawings	Selected Bond Funds	78	0%
Statewide: Statewide: OHV Opportunity Purchase/Pre-budget Schematic	Acquisition; Study	Special Funds	104	1%
Statewide: Habitat Conservation: Proposed Additions	Acquisition	Special Funds	37	0%
Statewide: Statewide: State Park System Opportunity and Inholding	Acquisition	Selected Bond Funds	202	1%
Statewide: Southern California Opportunity Purchase	Acquisition	Special Funds	276	2%
Statewide: Statewide: Budget Development	Study	Selected Bond Funds	17	0%
Statewide: Federal Trust Fund Program	Acquisition; Preliminary Plans; Working Drawings; Construction	Federal Funds	100	1%
Statewide: Statewide: Capital Outlay Projects	Acquisition; Preliminary Plans; Working Drawings; Construction	Reimbursements	301	2%
			\$ 12,231	77%
Minor Projects				
Statewide: Statewide: State Park System Minor Capital Outlay Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	736	5%
Statewide: Statewide: OHV Minor Projects	Preliminary Plans; Working Drawings; Construction	Special Funds	2,501	16%
Statewide: Statewide: Volunteer Enhancement Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	222	1%
Statewide: Recreational Trails Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	205	1%
			\$ 3,664	23%
Total Expenditures			\$ 15,895	100%

Source: Governor's Budgets FY 2009/10 – FY 2012/13, Infrastructure.

Infrastructure expenditures include acquisition-related projects of \$1.1 million.

APPENDIX

Funding Sources

Infrastructure Projects – FY 2010/11 (Actual)

(\$ in thousands)

Park Unit	Purpose	Fund Classification	Expenditure	% of Total
Major Projects				
FORT ROSS SHP: Reconstruct Historic Fur Warehouse	Working Drawings; Construction	Selected Bond Funds	\$ 1,979	6%
EAST BAY REGIONAL PARK DISTRICT	Preliminary Plans	Selected Bond Funds	358	1%
ANGEL ISLAND SP: Immigration Station Hospital Restoration	Preliminary Plans	Special Funds	66	0%
HOLLISTER HILLS SVRA: Rehabilitation and Infrastructure	Preliminary Plans	Special Funds	57	0%
OCEANO DUNES SVRA: Pismo State Beach: Visitor Center and Equipment Storage	Working Drawings	Special Funds	238	1%
CARNEGIE SVRA: Road Reconstruction	Preliminary Plans	Special Funds	135	0%
DONNER MEMORIAL SP: New Visitor Center	Working Drawings; Construction	Selected Bond Funds; Reimbursements	6,751	19%
MARSHALL GOLD DISCOVERY SHP: Park Improvements	Preliminary Plans	Selected Bond Funds	23	0%
CALAVERAS BIG TREES SP: New Visitor Center	Working Drawings; Construction	Selected Bond Funds; Reimbursements	4,501	12%
CALIFORNIA INDIAN MUSEUM: Master Plan and Phase 1 Development	Study	Selected Bond Funds	61	0%
BIG BASIN REDWOODS SP: Water System Improvements	Construction	Selected Bond Funds	73	0%
MONTANA DE ORO SP: Irish Hills	Acquisition	Selected Bond Funds	63	0%
HENRY W. COE SP: Mt. Hamilton	Acquisition	Selected Bond Funds	21	0%
FORT ORD DUNES SP: New Campground and Beach Access	Preliminary Plans	Special Funds	56	0%
CHINO HILLS SP: Entrance Road and Facilities	Working Drawings	Selected Bond Funds	726	2%
MALIBU CREEK SP: Restore Sepulveda Adobe	Working Drawings; Construction	Selected Bond Funds	1,045	3%
GAVIOTA SP: Coastal Trail Development	Preliminary Plans	Selected Bond Funds	13	0%
SILVERWOOD LAKE SRA: Campground and Day Use Improvements	Construction	Selected Bond Funds	144	0%
CRYSTAL COVE SP: El Morro Mobilehome Conversion	Construction	Selected Bond Funds	2,091	6%
CUYAMACA RANCHO SP: Equestrian Facilities	Preliminary Plans	Selected Bond Funds	101	0%
HEBER DUNES SVRA: Initial Development	Preliminary Plans	Selected Bond Funds	309	1%
SAN ELIJO SB: Replace Main Lifeguard Tower	Working Drawings	Selected Bond Funds	14	0%
STATEWIDE: State Park System Acquisition Program	Acquisition	Selected Bond Funds	8,541	23%
STATEWIDE: OHV Opportunity Purchase / Pre-budget Schematic	Acquisition; Study	Special Funds	66	0%
STATEWIDE: Habitat Conservation: Proposed Additions	Acquisition	Special Funds	995	3%
STATEWIDE: Habitat Conservation: Opportunity and Inholding Acquisitions	Acquisition	Selected Bond Funds	3,395	9%
STATEWIDE: Habitat Conservation: Southern California Opportunity Purchases	Acquisition	Special Funds	299	1%
STATEWIDE: Habitat Conservation: Budget Development	Study	Selected Bond Funds	313	1%
STATEWIDE: Capital Outlay Projects	Acquisition; Preliminary Plans; Working Drawings; Construction	Reimbursements	124	1%
			\$ 32,558	89%
Minor Projects				
Minor Capital Outlay Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	1,164	3%
OHV Unit Projects	Preliminary Plans; Working Drawings; Construction	Special Funds	2,390	7%
Volunteer Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	300	1%
Recreational Trails	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	181	0%
			\$ 4,035	11%
Total Expenditures			\$ 36,593	100%

Infrastructure expenditures include acquisition-related projects of \$13.5 million.

APPENDIX

Funding Sources

Infrastructure Projects – FY 2009/10 (Actual)

(\$ in thousands)

Park Unit	Purpose	Fund Classification	Expenditure	% of Total
Major Projects				
FORT ROSS SHP: Reconstruct Historic Fur Warehouse	Working Drawings	Selected Bond Funds	\$ 60	1%
EAST BAY REGIONAL PARK DISTRICT	Working Drawings	Selected Bond Funds	9	0%
SAMUEL P TAYLOR SP: Install New Concrete Reservoirs	Working Drawings; Construction	Selected Bond Funds	174	1%
OCEANO DUNES SVRA: Pismo State Beach: Visitor Center and Equipment Storage	Working Drawings	Special Funds	259	2%
OCEANO DUNES SVRA: Pismo State Beach: LaGrande Tract	Acquisition	Special Funds	37	0%
MARSHALL GOLD DISCOVERY SHP: Park Improvements	Working Drawings	Selected Bond Funds	116	1%
CALAVERAS BIG TREES SP: New Visitor Center	Working Drawings	Selected Bond Funds; Reimbursements	48	0%
CALIFORNIA INDIAN MUSEUM: Master Plan and Phase 1 Development	Study	Selected Bond Funds	436	3%
PRAIRIE CITY SVRA: 4 X 4 Improvements	Preliminary Plans; Working Drawings; Construction	Special Funds	2,106	14%
BIG BASIN REDWOODS SP: Water System Improvements	Construction	Selected Bond Funds	14	0%
MONTANA DE ORO SP: Irish Hills	Acquisition	Selected Bond Funds	8	0%
CHINO HILLS SP: Visitor Center	Construction; Equipment	Selected Bond Funds	230	2%
HUNGRY VALLEY SVRA: Gorman	Acquisition	Special Funds	2,619	18%
GAVIOTA SP: Coastal Trail Development	Preliminary Plans	Selected Bond Funds	31	0%
ANTELOPE VALLEY INDIAN MUSEUM: Structural Improvements	Construction	Selected Bond Funds	36	0%
CUYAMACA RANCHO SP: Equestrian Facilities	Preliminary Plans	Selected Bond Funds	64	1%
HEBER DUNES SVRA: Initial Development	Preliminary Plans	Selected Bond Funds	180	1%
SAN ELIJO SB: Replace Main Lifeguard Tower	Working Drawings	Selected Bond Funds	17	0%
STATEWIDE: State Park System Acquisition Program	Acquisition	Selected Bond Funds	46	0%
STATEWIDE: OHV Opportunity Purchase / Pre-budget Schematic	Acquisition; Study	Special Funds	1,974	14%
STATEWIDE: Habitat Conservation: Proposed Additions	Acquisition	Special Funds	630	4%
STATEWIDE: Opportunity and Inholding Acquisitions	Acquisition	Selected Bond Funds	1,311	9%
STATEWIDE: Budget Development	Study	Selected Bond Funds	157	1%
STATEWIDE: Federal Trust Fund - Acquisition and/or Development	Acquisition; Preliminary Plans, Working Drawings, Construction	Federal Funds	211	1%
			\$ 10,773	73%
Minor Projects				
Minor Capital Outlay Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	806	5%
OHV Unit Projects	Preliminary Plans; Working Drawings; Construction	Special Funds	2,316	16%
Volunteer Program	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	353	3%
Recreational Trails	Preliminary Plans; Working Drawings; Construction	Selected Bond Funds	439	3%
			\$ 3,914	27%
Total Expenditures			\$ 14,687	100%

Source: Governor's Budgets FY 2009/10 – FY 2012/13, Infrastructure.

Infrastructure expenditures include acquisition-related projects of \$6.8 million.

Appendix - Expenditures

APPENDIX

Expenditures

Operating Expenses and Equipment Detail (Support for DPR)

Expenditure	Fiscal Year							
	2009-10	%	2010-11	%	2011-12	%	2012-13	%
(\$ in thousands)								
OPERATING EXP & EQPT								
FACILITIES OPERATION	\$ 39,970	33%	\$ 43,358	38%	\$ 46,325	34%	\$ 45,852	39%
CONS/PROF SERV-EXTERNAL	25,678	21%	20,444	18%	33,884	25%	20,756	18%
OTHER ITEMS OF EXPENSE	13,224	11%	13,159	12%	14,541	11%	12,585	11%
UTILITIES	6,875	5%	7,167	6%	7,284	6%	7,423	6%
COMMUNICATIONS	6,920	6%	5,870	5%	6,868	5%	7,008	6%
CONS/PROF SERV-INTERDEPT	7,372	6%	3,973	3%	4,188	3%	6,566	5%
EQUIPMENT	2,981	2%	4,371	4%	7,002	5%	4,093	4%
GENERAL EXPENSE	3,296	3%	3,223	3%	3,052	2%	3,273	3%
INFORMATION TECHNOLOGY	4,963	4%	3,193	3%	3,905	3%	3,133	3%
TRAVEL: IN-STATE	2,245	2%	2,459	2%	2,153	2%	2,523	2%
CONSOLIDTD DATA CENTRS	235	0%	269	0%	382	0%	819	1%
PRINTING	1,136	1%	1,100	1%	1,674	1%	789	1%
TRAINING	2,008	2%	3,555	3%	2,197	2%	645	1%
INSURANCE	450	0%	496	0%	512	0%	629	0%
CENTRAL ADMIN SERVICES	169	0%	164	0%	190	0%	299	0%
POSTAGE	345	0%	402	0%	276	0%	231	0%
TRAVEL: OUT-OF-STATE	27	0%	5	0%	(4)	0%	35	0%
UNALLOCATED-OE&E	-	0%	12	0%	-	0%	14	0%
DEPARTMENTAL SERVICES	32	0%	57	0%	92	0%	3	0%
SPECIAL ADJ-OE&E	5,046	4%	2,263	2%	1,082	1%	(129)	0%
OPERATING EXP & EQPT	\$ 122,972	100%	\$ 115,540	100%	\$ 135,603	100%	\$ 116,547	100%

The overall trend in operating expenses from FY 2009/10 to FY 2012/13 has been relatively level. The average has been approximately \$118.4 million, excluding the \$135.6 million total for FY 2011/12 which is high due to one time consulting and professional fees.

Source: California State Parks, Budget Section. Expenditure Reports by PCA (FY 2009/10 – FY 2012/13).

Note: There were variances of 1% to 14%, or \$1.8 million to \$17.4 million, between the Expenditure Reports by PCA and the Homebase/Non-Homebase Expenditure Reports.

APPENDIX

Expenditures

Total by Division (Support for DPR)

(\$ in thousands)

Division	Homebase				Non-Homebase				Total				%
	2009-10	2010-11	2011-12	2012-13	2009-10	2010-11	2011-12	2012-13	2009-10	2010-11	2011-12	2012-13	
Acquisition & Development	\$ 8,496	\$ 8,388	\$ 9,035	\$ 7,615	\$ 15,516	\$ 14,065	\$ 12,974	\$ 15,047	\$ 24,012	\$ 22,453	\$ 22,009	\$ 22,662	6%
Administrative Services	17,969	35,940	20,313	19,239	24,761	19,899	29,365	5,370	42,730	55,839	49,678	24,609	7%
Executive Staff	4,547	4,725	4,997	4,405	1,020	1,487	1,226	884	5,567	6,212	6,223	5,289	2%
External Affairs	4,997	4,736	3,631	3,318	38	142	153	57	5,035	4,878	3,784	3,375	1%
Historic Preservation	2,260	696	747	886	227	2,069	2,066	2,082	2,487	2,765	2,813	2,968	1%
Park Operations	14,927	12,479	14,323	12,099	10,667	18,906	28,765	17,845	25,594	31,385	43,088	29,944	8%
Total Headquarters	\$ 53,196	\$ 66,964	\$ 53,046	\$ 47,562	\$ 52,229	\$ 56,568	\$ 74,549	\$ 41,285	\$ 105,425	\$ 123,532	\$ 127,595	\$ 88,847	25%
Northern Districts	76,442	78,542	80,124	77,044	16,395	23,190	22,833	23,065	92,837	101,732	102,957	100,109	29%
Southern Districts	68,169	72,034	73,630	75,266	10,169	11,859	12,540	13,705	78,338	83,893	86,170	88,971	25%
Total Field Districts	\$ 144,611	\$ 150,576	\$ 153,754	\$ 152,310	\$ 26,564	\$ 35,049	\$ 35,373	\$ 36,770	\$ 171,175	\$ 185,625	\$ 189,127	\$ 189,080	54%
Special Funding	-	-	-	-	-	-	-	29,998	-	-	-	29,998	9%
Field Districts and Special Funding	\$ 144,611	\$ 150,576	\$ 153,754	\$ 152,310	\$ 26,564	\$ 35,049	\$ 35,373	\$ 66,768	\$ 171,175	\$ 185,625	\$ 189,127	\$ 219,078	63%
OHMVR	37,679	37,935	47,719	37,774	2,308	2,823	2,449	3,215	39,987	40,758	50,168	40,989	12%
Total Expenditures	\$ 235,486	\$ 255,475	\$ 254,519	\$ 237,646	\$ 81,101	\$ 94,440	\$ 112,371	\$ 111,268	\$ 316,587	\$ 349,915	\$ 366,890	\$ 348,914	100%
<i>% of Homebase and Non-Homebase</i>	74%	73%	69%	68%	26%	27%	31%	32%	100%	100%	100%	100%	

[1] Special funding includes one-time expenditures at the district level for AB 1478 matching funds and other special projects. For presentation purposes, FTI included special funding as part of field district expenditures.

[2] OHMVR includes expenditures for OHMVR Division Headquarters, which ranged from \$11.6 million - \$22.5 million.

Source: California State Parks, Budget Section. Homebase Budget and Expenditure Projections with Non-Homebase budget and YTD Expenditure Reports (FY 2009/10 - FY 2012/13). There were expenditures in the Governor's Budget that were not included in the source reports provided by the Budget Section. Annual variances for FY 2009/10 - FY 2012/13 range from \$14.6 million to \$38.0 million, or 4% to 12%, of total expenditures.

Appendix – Park Unit Operating Performance

Note: Expenditures only include Homebase field level expenses. DPR unit cost analysis includes all expenditures (see Overview of this section for more detail).

Park Unit Operating Performance

APPENDIX

Park Unit Financial Operating Results by Metropolitan Area (Excluding OHMVR)

(in thousands except for # of parks)

(in thousands, except for # of parks)

Park Type	# of Parks	# of Parks Without Concessions	FY 2012-13 Revenue	FY 2012-13 Homebase Exp	Operating Income/(Loss)	Operating Income/(Loss) Per Park	Cost Recovery %
Parks with Water Features:							
Major Metropolitan Parks	88	48	\$ 52,564	\$ 64,901	\$ (12,337)	\$ (140)	81%
% of Total	33%	26%	52%	43%	26%		
Other Parks	83	50	24,445	36,757	\$ (12,312)	(148)	67%
% of Total	31%	27%	24%	25%	26%		
Subtotal	171	98	\$ 77,009	\$101,658	\$ (24,649)	\$ (144)	76%
% of Total	64%	53%	76%	68%	52%		
Parks without Water Features:							
Hearst San Simeon SHM	1	0	11,045	11,069	\$ (24)	(24)	100%
% of Total	0%	0%	11%	7%	0%		
Major Metropolitan Parks	65	56	10,069	25,114	\$ (15,045)	(231)	40%
% of Total	24%	31%	10%	17%	31%		
Other Parks	33	29	3,218	11,474	\$ (8,256)	(250)	28%
% of Total	12%	16%	3%	8%	17%		
Subtotal	99	85	\$ 24,332	\$ 47,657	\$ (23,325)	\$ (236)	51%
% of Total	36%	47%	24%	32%	48%		
Total (Excluding OHMVR)	270	183	\$101,341	\$149,315	\$ (47,974)	\$ (178)	68%

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively; FY 2010/11 Park Unit Expenditures report; FY 2011/12 Statistical Report.

Notes: For purposes of this analysis, FTI defined parks in major metropolitan areas as parks in counties that comprise the CSAs, or MSAs with more than one million in population, as designated by the Office of Management and Budget. FTI defined parks with water features to be any park with waterfront feet (lake, ocean, or river).

Revenue figures includes user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park. Operating income is before deferred maintenance and any allocation of headquarters expense.

FTI allocated homebase expenditures to each park unit based on the results of the park unit cost analysis prepared by the DPR for FY 2010/11. Specifically, FTI allocated FY 2012/13 homebase district costs to each park unit based on park level operating costs identified in the DPR's internal study of the FY 2010/11 year.

For directional purposes only, FTI estimated the cost recovery on a park unit basis by taking the revenue generated at each park and dividing it by allocated district homebase expenditures for that park before non-homebase expenses and any allocation of headquarters expense.

- This summary shows the revenue, homebase expenses, operating income and loss, and cost recovery % by major metropolitan area with and without water features.
- Except for Hearst Castle, parks with water features tend to achieve higher revenue and cost recovery than those lacking them. For instance, parks located near major metropolitan areas with water features accounted for \$52.6 million in revenue while parks located in major metropolitan areas with no water features had \$10.1 million in revenue.
- This trend is consistent when comparing parks not located near major metropolitan areas as those with water had \$24.4 million in revenue while those without water had revenue of just \$3.2 million.
- There are approximately 171 parks (excluding Folsom Lake SRA) that have water features (88 located in major metropolitan areas and 83 in more remote locales). In FY 2012/13, parks located in major metropolitan areas had \$62.6 million in revenue (62% of the total).
- In total, 87% of park revenue for FY 2012/13 can be explained by parks with water features and Hearst Castle.
- Parks with water had cost recovery of 76% while parks with no water had cost recovery of 51%.

Note: Expenditures only include Homebase field level expenses. DPR unit cost analysis includes all expenditures (see Overview of this section for more detail).

Park Unit Operating Performance

APPENDIX

Park Unit Operating Results by Park Class (Excluding OHMVR) – FY 2012/13

(in thousands except for # of parks)

Park Class	# of Parks	# of Parks without Concessions	FY 2012-13 Revenue	FY 2012-13 Homebase Exp	Operating Income/ (Loss)	Operating Income/ (Loss) Per Park	Cost Recovery %
Camping							
State Beach	19	7	\$ 28,529	\$ 22,028	\$ 6,501	\$ 342	130%
State Park	67	33	31,802	49,006	(17,204)	(257)	65%
State Recreation Area	21	11	8,306	18,509	(10,203)	(486)	45%
State Historic Park	4	4	148	1,936	(1,788)	(447)	8%
Subtotal	111	55	\$ 68,785	\$ 91,479	\$ (22,694)	\$ (204)	75%
Non-Camping							
State Historical Monument	1	0	\$ 11,045	\$ 11,069	\$ (24)	\$ (24)	100%
State Recreation Area	11	9	1,487	1,423	64	6	104%
State Beach	42	31	9,190	13,416	(4,226)	(101)	68%
State Natural Reserve	16	13	2,398	4,138	(1,740)	(109)	58%
State Historic Park	48	38	7,648	21,061	(13,413)	(279)	36%
State Park	21	19	772	4,238	(3,466)	(165)	18%
Unclassified	15	13	16	2,459	(2,443)	(163)	1%
Wayside Campground	1	1	-	32	(32)	(32)	0%
State Marine Park	1	1	-	-	-	-	0%
State Marine Reserve	2	2	-	-	-	-	0%
State Seashore	1	1	-	-	-	-	0%
Subtotal	159	128	\$ 32,556	\$ 57,836	\$ (25,280)	\$ (159)	56%
Total	270	183	\$ 101,341	\$ 149,315	\$ (47,974)	\$ (178)	68%

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively; FY 2010/11 Park Unit Expenditures report; FY 2011/12 Statistical Report.

Note: Revenue figures include user fees, concessions and miscellaneous revenue recorded at the districts. The figures exclude OHMVR parks, Folsom Lake State Recreation Area, and park revenue not explicitly attributed to a specific park. Operating income is before deferred maintenance and any allocation of headquarters expense.

■ FTI allocated homebase expenditures to each park unit based on the results of the park unit cost analysis prepared by the DPR for FY 2010/11. Specifically, FTI allocated FY 2012/13 homebase district costs to each park unit based on park level operating costs identified in the DPR's internal study of the FY 2010/11 year.

■ For directional purposes only, FTI estimated the cost recovery on a park unit basis by taking the revenue generated at each park and dividing it by allocated district homebase expenditures for that park before non-homebase expenses and any allocation of headquarters expense.

APPENDIX

Park Unit Operating Performance

User Fees– State Beach Fees by District and Top 20 Park Units (Excluding OHMVR)

State Beach Revenue by District

(\$ in thousands)

District	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Orange Coast District	6	5	16,481	47%
San Diego Coast District	8	5	7,412	21%
Channel Coast District	8	6	6,409	18%
Santa Cruz District	16	10	4,043	12%
Angeles District	6	2	390	1%
San Luis Obispo Coast District	2	1	258	1%
Mendocino District	4	1	59	0%
Monterey District	7	1	50	0%
Diablo Vista District	1	0	-	0%
North Coast Redwoods District	3	0	-	0%
Total State Beach Revenue	61	31	\$ 35,102	100%

State Beach User Fees

- State beach revenues are one of the primary funding sources for park revenue, contributing approximately 38% of total user fees in FY 2012/13.
- In FY 2012/13, the majority of state beach user fees were generated at 26 parks in four districts, which included the Orange Coast, San Diego Coast, Channel Coast, and Santa Cruz Districts.
- In FY 2012/13, the top 20 state beach parks generated \$33.9 million or 97% of total state beach revenue.
- Huntington State Beach generated the most revenue of all state beaches in FY 2012/13. It is located in the Orange Coast District and generated \$4.2 million, or 12% of total revenue.

State Beach Revenue - Top 20 Parks

(\$ in thousands)

Park Unit	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Huntington State Beach			\$ 4,215	12%
Bolsa Chica State Beach			3,978	11%
San Onofre State Beach			3,316	9%
South Carlsbad State Beach			2,926	8%
Doheny State Beach			2,907	8%
Carpinteria State Beach			2,725	8%
San Elijo State Beach			2,706	8%
San Clemente State Beach			2,066	6%
El Capitan State Beach			1,314	4%
Silver Strand State Beach			1,221	3%
New Brighton State Beach			1,108	3%
Refugio State Beach			1,048	3%
Seacliff State Beach			970	3%
Half Moon Bay State Beach			832	3%
Emma Wood State Beach			627	2%
Sunset State Beach			600	2%
Cardiff State Beach			373	1%
San Buenaventura State Beach			362	1%
Mcgrath State Beach			333	1%
Manresa State Beach			292	1%
Top 20 Parks	20	20	\$ 33,919	97%
Other Parks	41	11	1,183	3%
Total State Beach Revenue	61	31	\$ 35,102	100%

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Note: The figures exclude OHMVR parks and Folsom Lake State Recreation Area.

APPENDIX

Park Unit Operating Performance

User Fees – State Park Fees by District and Top 20 Park Units (Excluding OHMVR)

State Park Revenue by District
(\$ in thousands)

District	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Angeles District	5	4	\$ 4,176	14%
Orange Coast District	1	1	3,506	12%
North Coast Redwoods District	10	8	3,150	11%
Santa Cruz District	8	8	2,432	8%
Monterey District	8	6	2,377	8%
Sierra District	9	7	2,354	8%
Marin District	5	5	1,881	6%
San Luis Obispo Coast District	5	3	2,109	7%
Mendocino District	8	6	1,704	6%
Colorado Desert District	3	3	1,373	5%
Northern Buttes District	6	5	1,172	4%
Russian River District	2	2	1,075	4%
Central Valley District	4	2	922	3%
Diablo Vista District	6	2	804	3%
Channel Coast District	1	1	357	1%
Inland Empire District	2	2	148	0%
Tehachapi District	3	2	103	0%
San Diego Coast District	1	1	10	0%
Capital District	1	0	-	0%
Total State Park Revenue	88	68	\$ 29,653	100%

State Park Revenue - Top 20 Parks
(\$ in thousands)

Park Unit	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Crystal Cove State Park			\$ 3,506	12%
Leo Carrillo State Park			1,886	6%
Pfeiffer Big Sur State Park			1,699	6%
Point Mugu State Park			1,341	5%
Morro Bay State Park			1,022	3%
Big Basin Redwoods State Park			924	3%
Malibu Creek State Park			822	3%
Mount Diablo State Park			803	3%
Hearst San Simeon State Park			797	3%
Calaveras Big Trees State Park			737	3%
Sonoma Coast State Park			720	2%
Humboldt Redwoods State Park			714	2%
Cuyamaca Rancho State Park			688	2%
Mcarthur-Burney Falls Memorial State Park			649	2%
Angel Island State Park			633	2%
Mount Tamalpais State Park			626	2%
Prairie Creek Redwoods State Park			613	2%
Mackerricher State Park			611	2%
Henry Cowell Redwoods State Park			601	2%
Patrick's Point State Park			593	2%
Top 20 Parks	20	20	\$ 19,985	67%
Other State Parks	68	48	9,668	33%
Total State Park Revenue	88	68	\$ 29,653	100%

State Park User Fees

- Angeles, Orange Coast, and North Coast Districts generated the most state park user fee revenues in FY 2012/13, totaling \$10.8 million (or 37% of total state park revenue).
- In FY 2012/13, the top 20 parks generated \$20.0 million, or 67%, of total state park revenue.

- Crystal Cove State Park generated the most revenue of all state parks in FY 2012/13. It is the only state park located in the Orange Coast District and generated \$3.5 million, or 12% of total revenue. The park includes a historic district with an enclave of 46 vintage cottages which can be rented through ReserveAmerica. ReserveAmerica collects a fee of \$8 per reservation and remits funds to DPR.

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Note: The figures exclude OHMVR parks and Folsom Lake State Recreation Area.

APPENDIX

Park Unit Operating Performance

Camping – By District and Top 20 Park Units (Excluding OHMVR)

Camping Revenue By District

(\$ in thousands)

District	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Orange Coast District	5	5	\$ 6,408	15%
Channel Coast District	6	6	5,586	14%
San Diego Coast District	2	2	5,157	12%
Santa Cruz District	11	11	4,364	10%
North Coast Redwoods District	12	9	2,842	7%
Angeles District	7	4	2,655	7%
San Luis Obispo Coast District	4	4	2,356	6%
Sierra District	8	8	1,631	4%
Mendocino District	7	7	1,608	4%
Monterey District	6	6	1,561	4%
Colorado Desert District	5	5	1,236	3%
Northern Buttes District	7	6	1,218	3%
Central Valley District	9	8	1,101	3%
Marin District	4	4	1,006	2%
Russian River District	4	3	1,001	2%
Inland Empire District	3	3	861	2%
Tehachapi District	5	4	752	2%
Diablo Vista District	4	1	150	0%
Gold Fields District	2	2	136	0%
Total Camping Revenue	111	98	\$ 41,629	100%

- Revenues generated by the Orange Coast, Channel Coast, San Diego Coast and Santa Cruz Districts made up approximately 51% of total revenue in FY 2012/13.
- The top 20 parks make up about 59% of total revenue in FY 2012/13.
- Camping site fees generally range from \$15 – \$45 per night but can be in excess of \$100 for specific in-demand or unique sites.
- Camping fees have large variability due to a variety of factors including fee type (drive-in, hook-up, etc.), camp site development (ranging from basic to premium accommodations), seasonality, operating costs and park location.

Camping Revenue - Top 20 Parks

(\$ in thousands)

Park Unit	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Carpinteria State Beach			\$ 2,608	6%
South Carlsbad State Beach			2,452	6%
San Elijo State Beach			1,964	5%
San Clemente State Beach			1,641	4%
San Onofre State Beach			1,618	4%
Doheny State Beach			1,473	3%
Leo Carrillo State Park			1,328	3%
Pfeiffer Big Sur State Park			1,290	3%
El Capitan State Beach			1,109	3%
Morro Bay State Park			1,022	2%
New Brighton State Beach			963	2%
Point Mugu State Park			953	2%
Crystal Cove State Park			861	2%
Bolsa Chica State Beach			810	2%
Hearst San Simeon State Park			785	2%
Refugio State Beach			777	2%
Silver Strand State Beach			742	2%
Lake Perris State Recreation Area			740	2%
Humboldt Redwoods State Park			687	2%
Big Basin Redwoods State Park			684	2%
Total Camping Revenue	111	98	\$ 41,629	100%

Top 20 Parks	20	20	\$ 24,507	59%
Other Parks	91	78	17,122	41%

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Note: The figures exclude OHMVR parks and Folsom Lake State Recreation Area.

APPENDIX

Park Unit Operating Performance

Day Use – By District and Top 20 Park Units (Excluding OHMVR)

Day Use Revenue by District

(\$ in thousands)

District	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
San Luis Obispo Coast District	10	1	\$ 9,781	26%
Orange Coast District	7	6	8,483	23%
San Diego Coast District	12	7	2,465	7%
Angeles District	21	8	1,840	5%
Santa Cruz District	29	17	1,575	4%
Sierra District	17	10	1,565	4%
Central Valley District	14	11	1,550	4%
Monterey District	23	10	1,508	4%
Capital District	9	4	1,689	5%
Inland Empire District	6	4	1,206	3%
Diablo Vista District	19	6	1,160	3%
Northern Buttes District	15	11	819	2%
Channel Coast District	12	8	900	2%
Marin District	7	6	840	2%
Tehachapi District	11	8	698	2%
Russian River District	6	4	289	1%
Colorado Desert District	6	5	258	1%
North Coast Redwoods District	22	9	247	1%
Gold Fields District	7	2	208	1%
Mendocino District	17	3	95	0%
Total Day Use Revenue	270	140	\$ 37,176	100%

- Revenues generated from San Luis Obispo Coast and Orange Coast Districts made up 49% of total revenue in FY 2012/13. Hearst San Simeon SHM generated the highest day use revenue.
- Parking fees make up approximately 69% of total day use fees and typically range from \$5 – \$15 per car (with beach parks generally demanding higher prices).
- Museum entry fees (4% of total) and Hearst Castle reservations (26% of total) make up the balance.
- Museum entry fees generally range from \$2 – \$10 per person.

Day Use Revenue - Top 20 Parks

(\$ in thousands)

Park Unit	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Hearst San Simeon State Historical Monument			\$ 9,781	26%
Huntington State Beach			3,227	9%
Bolsa Chica State Beach			2,025	5%
Crystal Cove State Park			1,584	4%
Old Sacramento State Historic Park			1,391	4%
Torrey Pines State Natural Reserve			1,253	4%
Lake Perris State Recreation Area			1,165	3%
Point Lobos State Natural Reserve			733	2%
Doheny State Beach			712	2%
San Onofre State Beach			711	2%
Silverwood Lake State Recreation Area			654	2%
Bodie State Historic Park			651	2%
Millerton Lake State Recreation Area			612	2%
Mount Diablo State Park			607	2%
Angel Island State Park			486	1%
Silver Strand State Beach			443	1%
Lake Oroville State Recreation Area			430	1%
Leo Carrillo State Park			420	1%
San Luis Reservoir State Recreation Area			419	1%
Malibu Creek State Park			409	1%
Top 20 Parks	20	20	\$ 27,713	75%
Other Parks	250	120	9,463	25%
Total Day Use Revenue	270	140	\$ 37,176	100%

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Note: The figures exclude OHMVR parks and Folsom Lake State Recreation Area.

APPENDIX

Park Unit Operating Performance

Concessions – By District and Top 20 Park Units (Excluding OHMVR)

Concessions Revenue by District

(\$ in thousands)

District	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
San Diego Coast District	12	7	\$ 3,427	26%
Monterey District	23	6	2,866	22%
San Luis Obispo Coast District	10	3	1,403	11%
Sierra District	17	5	1,049	8%
Diablo Vista District	19	4	760	6%
Northern Buttes District	15	6	591	4%
Inland Empire District	6	2	520	4%
Orange Coast District	7	6	490	4%
Santa Cruz District	29	3	477	4%
Marin District	7	4	381	3%
Central Valley District	14	3	296	2%
Angeles District	21	6	247	2%
Gold Fields District	7	1	167	1%
Channel Coast District	12	5	106	1%
Capital District	9	1	104	1%
Tehachapi District	11	1	77	1%
Mendocino District	17	0	33	0%
Colorado Desert District	6	4	20	0%
North Coast Redwoods District	22	0	6	0%
Russian River District	6	0	-	0%
Total Concessions Revenue	270	67	\$ 13,020	100%

- San Diego Coast District and Monterey District are the largest concession revenue generators, accounting for approximately 48% of the total.
- The top 20 park units make up 86% of total concession revenue. Old Town San Diego State Historic Park, located in the San Diego District, is the highest-grossing park unit. It makes up nearly one-fourth of the total and about 90% of the district's concession revenue.

Concessions Revenue - Top 20 Parks

(\$ in thousands)

Park Unit	Total # of Parks	Parks w/ Rev to DPR	2012/13	%
Old Town San Diego State Historic Park			\$ 3,106	24%
Asilomar State Beach			2,015	15%
Hearst San Simeon State Historical Monument			1,263	10%
Pfeiffer Big Sur State Park			820	6%
Lake Valley State Recreation Area			618	5%
Mount San Jacinto State Park			491	4%
Lake Oroville State Recreation Area			449	3%
Candlestick Point State Recreation Area			377	3%
Angel Island State Park			376	3%
Mount Diablo State Park			320	2%
Crystal Cove State Park			267	2%
Columbia State Historic Park			242	2%
San Elijo State Beach			193	1%
Morro Bay State Park			135	1%
McArthur-Burney Falls Memorial State Park			97	1%
Topanga State Park			91	1%
Doheny State Beach			77	1%
Silverwood Lake State Recreation Area			76	1%
South Carlsbad State Beach			66	1%
Bolsa Chica State Beach			60	0%
Top 20 Parks	20	20	\$ 11,139	86%
Other Parks	250	47	1,881	14%
Total Concessions	270	67	\$ 13,020	100%

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Note: The figures exclude OHMVR parks and Folsom Lake State Recreation Area.

APPENDIX

Park Unit Operating Performance Concessions Detail by Park Class (Excluding OHMVR)

(\$ in thousands)

Park Class	Total # of Parks	Parks w/ Rev to DPR	FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13	
			Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
State Historic Park	52	9	\$ 3,230	30%	\$ 3,361	30%	\$ 3,525	29%	\$ 3,422	29%
State Park	88	29	2,293	21%	2,485	22%	2,671	22%	2,923	25%
State Beach	61	17	2,400	22%	2,381	21%	2,461	21%	2,616	22%
State Recreation Area	32	8	1,550	14%	1,630	15%	1,796	15%	1,604	13%
State Historical Monument	1	1	1,342	13%	1,366	12%	1,413	12%	1,263	11%
State Natural Reserve	16	3	6	0%	(7)	0%	71	1%	5	0%
Other	20	0	-	0%	-	0%	-	0%	-	0%
Total Park Unit Revenue	270	67	\$ 10,821	100%	\$ 11,216	100%	\$ 11,937	100%	\$ 11,833	100%
Other Non-Park Unit Revenue [1]			\$ 1,802		\$ 1,984		\$ 2,207		\$ 1,187	
Total Concessions			\$ 12,623		\$ 13,200		\$ 14,144		\$ 13,020	

[1] Includes departmental revenue from parking violations, pass and merchandise sales and other fees.

- Nine state historic parks generate the most revenue from concessions, making up approximately 29% of the total.
- A state historic monument, Hearst Castle, accounts for 11% of the total concession revenue.
- Concession revenue over FY 2009/10 – FY 2012/13 has been relatively flat at approximately \$13 million.

Source: Revenue reports provided by DPR Park Operations. Park Revenue Reports for FY 2009/10 – FY 2011/12 and FY 2012/13 were received 9/13/13 and 9/10/13, respectively.

Note: The figures exclude OHMVR parks and Folsom Lake State Recreation Area.

Appendix - Partnerships

APPENDIX

Partnerships Related Legislation

■ Prior to AB 42 (signed in 2011), the DPR could only enter into operating agreements with a government entity or public agency with a few exceptions. Under current legislation, the DPR can contract with nonprofits, but all revenue received from the park must remain dedicated to park purposes.

■ Concession contracts expected to involve a total investment or annual gross sales in excess of \$500,000 must be approved by the legislature. Additionally, for most agreements the maximum term is ten years unless otherwise determined by the Director who can extend the agreement up to 20 years.

Agreement Type	Legislation	Description
Operating	Assembly Bill 42	<ul style="list-style-type: none"> • Prior law authorized DPR to enter into operating agreements with a government entity or other public agency. • Current law allows DPR to enter into operating agreements for the improvement, restoration, care, maintenance, administration, or operation of a unit or units of the state park system with qualified nonprofit organizations. • Provisions to ensure transparency and public accountability include: <ol style="list-style-type: none"> 1. An annual report of operations; 2. An annual public meeting; and 3. The requirement that all revenues received from the park remain dedicated to park purposes.
Concession	PRC § 5080.02; PRC §§ 5080.05-06; PRC §§ 5080.18-5080.2	<ul style="list-style-type: none"> • Concessions should enhance the park system (e.g., safety, recreation, education) (not exclusively profit oriented). • The maximum term shall be 10 years, unless otherwise determined by the Director (who can extend up to 20 years); an exception is for multiple unit lodging facilities which have a maximum duration of 50 years. • Concessions greater than two years must undergo a formal bidding process. • If a project is expected to involve a total investment or annual gross sales in excess of \$500,000, it must be reviewed and approved by the Legislature. • Rent is the greater of a monthly flat fee or a percentage of gross sales.

Source: California Public Resources Code (<http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=prc>)

APPENDIX

Partnerships Summary by District

District	# of Parks	# of Partnerships	Breakdown					
			Cooperating		CSP Support			Other [1]
			Concession	Association	Operating	Organization	Interagency	
San Diego Coast District	12	63	52	6	4	1	0	0
Angeles District	21	29	10	7	10	0	0	2
Northern Buttes District	15	30	11	8	0	0	0	11
Gold Fields District	8	28	23	3	2	0	0	0
Sierra District	17	27	10	6	5	0	0	6
Central Valley District	14	26	20	5	0	0	0	1
Diablo Vista District	19	22	3	4	10	1	0	4
Monterey District	23	19	10	6	1	0	0	2
Santa Cruz District	29	19	9	5	1	0	0	4
Mendocino District	17	18	8	1	2	0	0	7
Marin District	7	17	5	4	2	0	3	3
Orange Coast District	7	18	12	3	3	0	0	0
Channel Coast District	12	16	9	2	3	1	0	1
San Luis Obispo Coast District	10	16	9	3	4	0	0	0
North Coast Redwoods District	22	15	8	3	1	0	1	2
Capital District	9	14	2	5	2	1	1	3
Oceano Dunes District	2	13	11	0	2	0	0	0
Tehachapi District	11	13	1	6	0	0	0	6
Colorado Desert District	6	10	2	3	3	0	0	2
Inland Empire District	6	7	2	3	2	0	0	0
Twin Cities District	3	6	5	0	1	0	0	0
Russian River District	6	5	1	2	1	0	0	1
Hollister Hills District	1	2	1	1	0	0	0	0
Ocotillo Wells District	2	2	1	1	0	0	0	0
Hungry Valley District	1	0	0	0	0	0	0	0
Total Districts	280	435	225	87	59	4	5	55
Various [2]	N/A	8	2	0	0	5	1	0
Total	280	443	227	87	59	9	6	55

[1] Other includes the following agreements: 46 Donor/Matching Fund, 5 Operating/Matching Fund, 3 Donor Fund and 1 Joint Development.

[2] Includes statewide and other contracts that span multiple districts.

Source: Information from (i) Concessions, Reservations and Fees division, (ii) Park Operations division and (iii) Interpretation and Education division.

APPENDIX

Partnerships Summary by Park Class

Park Class	# of Parks	# of Partnerships	Breakdown					
			Cooperating		CSP Support			
			Concession	Association	Operating	Organization	Interagency	Other [1]
State Park	88	118	55	20	21	1	4	17
State Historic Park	52	115	52	30	8	2	1	22
State Beach	62	82	54	4	19	0	0	5
State Recreation Area	33	53	37	4	6	0	0	6
State Vehicular Recreation Area	8	19	16	2	1	0	0	0
State Natural Reserve	16	9	5	0	0	1	0	3
State Historical Monument	1	3	3	0	0	0	0	0
Unclassified and Other [2]	20	44	5	27	4	5	1	2
Total	280	443	227	87	59	9	6	55

[1] Other includes the following agreements: 46 Donor/Matching Fund, 5 Operating/Matching Fund, 3 Donor Fund and 1 Joint Development.

[2] This category includes seventeen major unclassified units and three other units (one State Seashore, one State Marine Park and one Wayside Campground).

Source: Information from (i) Concessions, Reservations and Fees division, (ii) Park Operations division and (iii) Interpretation and Education division.

APPENDIX

Abbreviations

- 1) DPR – California Department of Parks and Recreation
- 2) CSP – California State Parks
- 3) DBW – Department/Division of Boating and Waterways
- 4) DOF – Department of Finance
- 5) SCO – State Controller’s Office
- 6) STO – State Treasurer’s Office
- 7) CalHR – California Department of Human Resources
- 8) DMV – Department of Motor Vehicles
- 9) LAO – Legislative Analyst’s Office
- 10) OHMVR – Off Highway Motorized Vehicle Recreation
- 11) OHV – Off-Highway Vehicle
- 12) OSHA – Occupational Safety and Health Administration
- 13) ADA – Americans with Disabilities Act
- 14) CEQA – California Environmental Quality Act
- 15) PRC – California Public Resources Code
- 16) MOU – Memorandum of Understanding
- 17) SPRF – State Parks and Recreation Fund
- 18) CALSTARS – California State Accounting and Reporting System
- 19) FTS – Fiscal Tracking System
- 20) MIRS – Management Information Retrieval System
- 21) PCA – Program Cost Account
- 22) FY – Fiscal Year
- 23) YTD – Year to Date
- 24) IT – Information Technology
- 25) IBM – International Business Machines Corp.

APPENDIX

Abbreviations

- 26) SVRA – State Vehicular Recreation Area
- 27) SP – State Park
- 28) SB – State Beach
- 29) SNR – State Natural Reserve
- 30) SHP – State Historic Park
- 31) SHM – State Historical Monument
- 32) CAGR – Compound Annual Growth Rate
- 33) CSA – Combined Statistical Area
- 34) MSA – Metropolitan Statistical Area
- 28) PSCT – Park Significance Criteria team
- 29) AL&L – American Land and Leisure
- 30) VMNHA – Valley of the Moon Natural History Association
- 31) JLPP – Jack London Park Partners
- 32) EBRPD – East Bay Regional Park District
- 33) NPS – National Park Service