

# Overview of Parks Financial Assessment

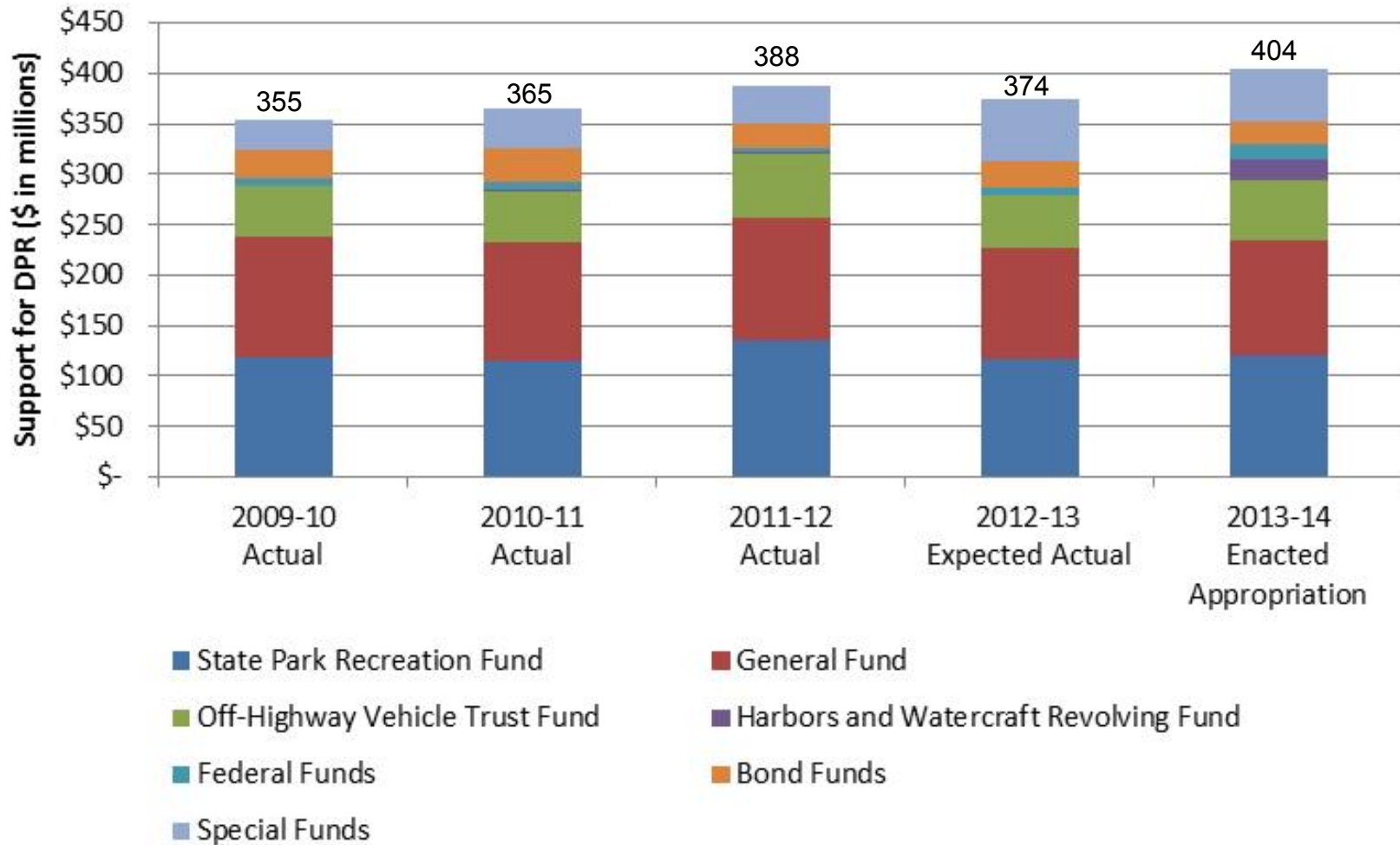
Parks Forward Commission  
December 18, 2013



# Key Observations

- Funding
  - Operating fund levels stabilized, but bonds almost depleted
  - Growing gap between funding and need
- Expenditures
  - Data issues limiting robust analysis
  - Disproportion of HQ expenses/staff versus Field
- Maintenance & Infrastructure
  - De minimis spend against massive need
  - Planning process needs wholesale revamping
- Park Revenue
  - High concentration of revenue-producing parks
  - Few parks cover direct expenses; none cover all-in costs
- Partnerships
  - Operating partnerships as source of efficiency and innovation

# DPR Support – Funding Sources



# Bond Funding

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

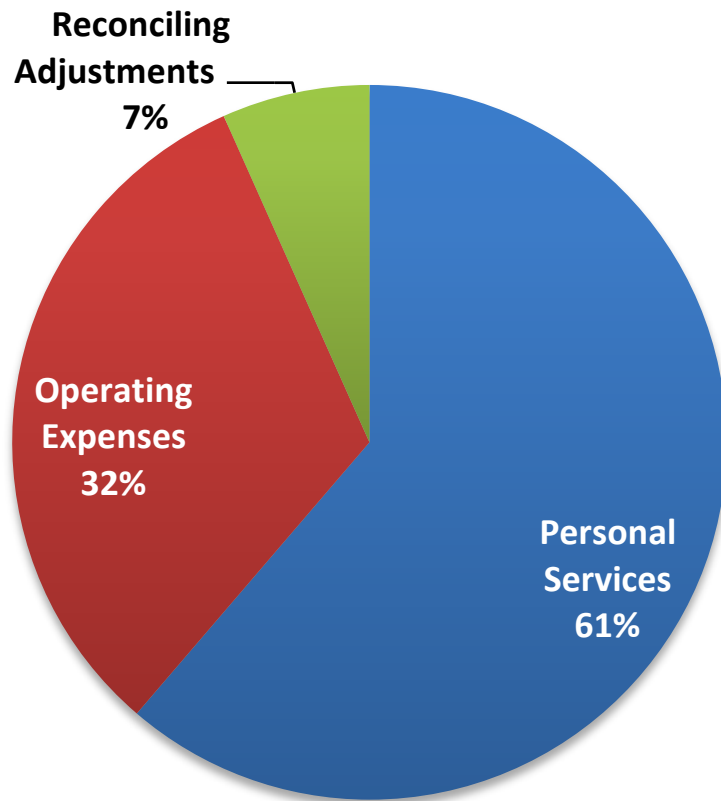
(\$ in thousands)	Proposition		
	84	40	12
Original Allocation	\$ 400,000	\$ 225,000	\$ 400,000
Expenditures	(315,634)	(222,114)	(366,688)
Available Funds	\$ 84,366	\$ 2,886	\$ 33,312
Available Funds Committed	\$ 65,729	\$ 1,455	\$ 33,312
Available Funds Not Committed	18,637	1,431	-
<b>Total Available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

# Expenditure Analysis – Challenges

- Data Issues
  - Unreadable or non-digital formats
  - Unexplained variances
  - Inaccessible data
- Process Issues
  - Limited expense tracking within year
  - Limited detail on type, function, location
  - Not all program expenses tracked

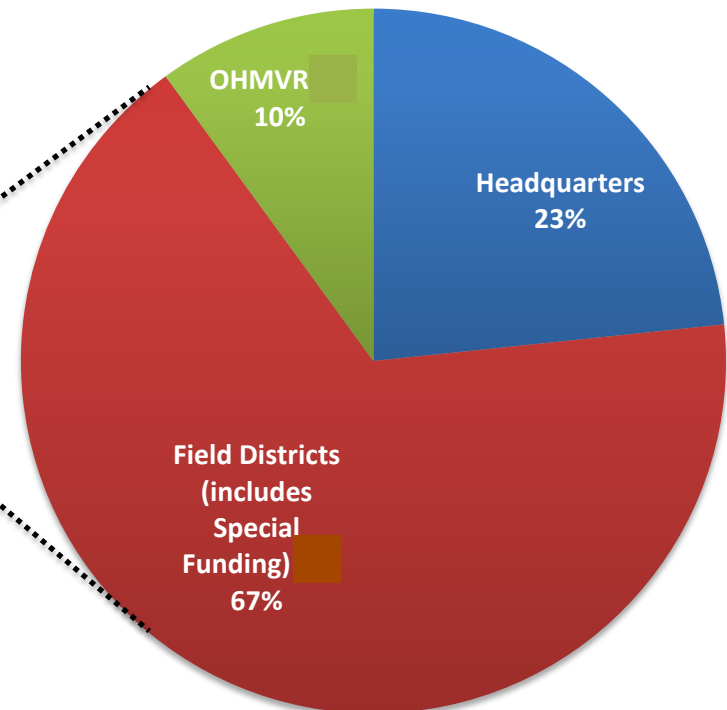
# Support Expenditures – Type & Division

## Support Expenditures by Type - FY 2012-13



**\$374.4mm**

## Personal Services Expenditures by Division - FY 2012-13



**\$229.2mm**

# DPR Staffing

## Regular/Ongoing FTE Positions (Excludes Temp)

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

Source: FTI Report, p. 69

# Maintenance & Infrastructure

## ■ Current Needs

- Capital Projects: **\$1.8 billion**
  - Annual Maintenance: \$350 million
  - Deferred Maintenance: \$1.1 billion
- } **\$1.45 billion**

## ■ Current Expenditures (2012-13)

- Capital Projects: **\$24 million**
- Annual and Deferred Maintenance: **\$10 million**

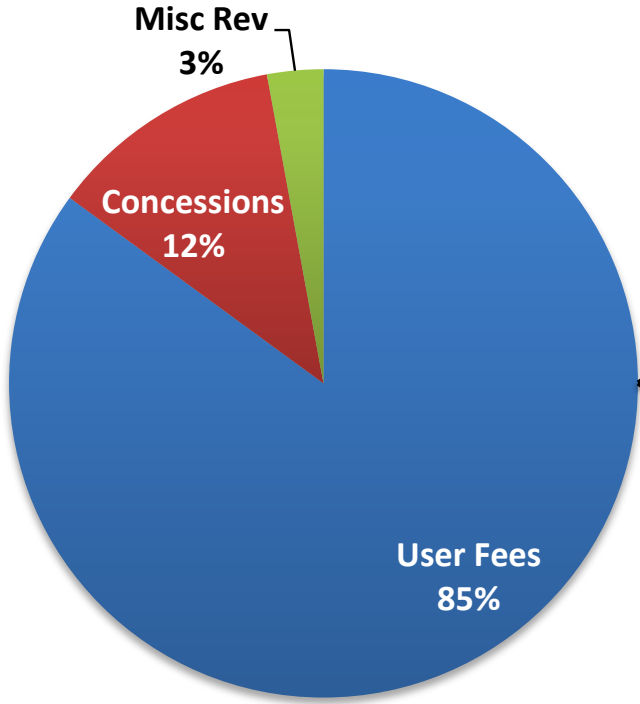


## Deferred Maintenance Review

- Identified largest 50 projects, representing over \$200 million of \$1.1 billion
- Chose 5 to test project cost estimates
  - Total projected cost: **\$23.2 million**
  - 2 projects (\$7.6 million total): no data found
  - 3 other projects (\$15.7 million): cost estimates were 1.7x, 2.1x and 10x appropriate amounts
  - Revised cost of 5 projects: **\$6.2 million**

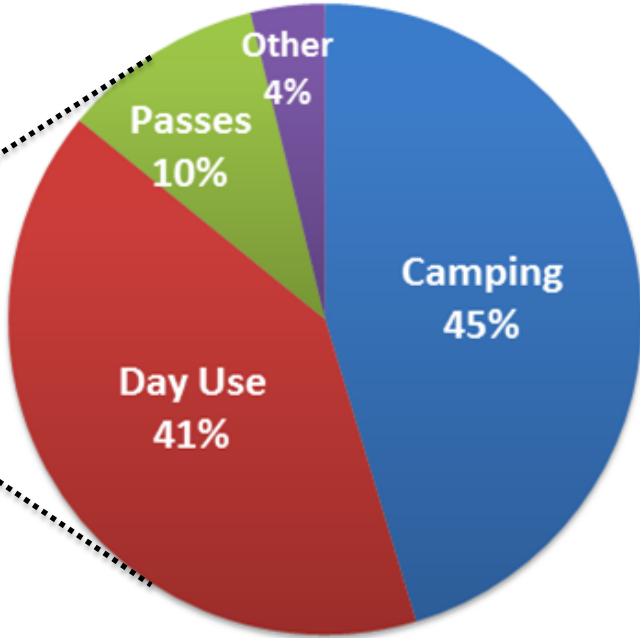
# Park Revenue Mix

### Revenue by Source FY 2012-13



**\$107.9mm**

### User Fees by Type FY 2012-13



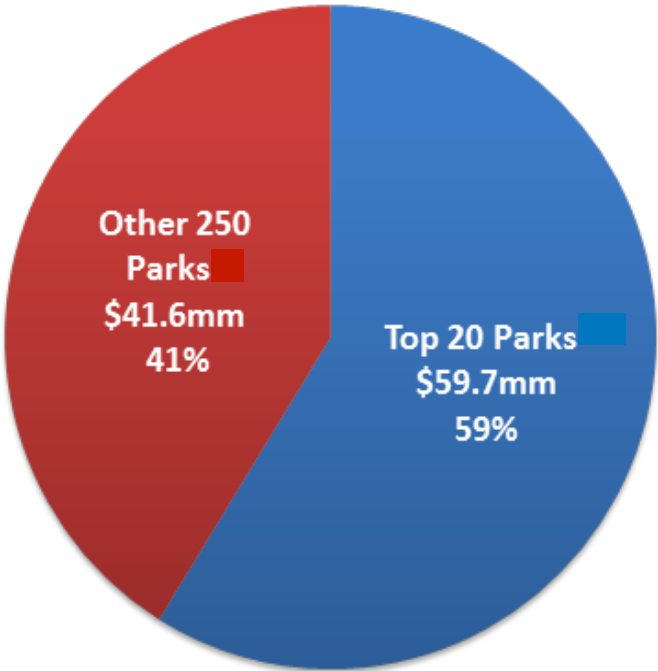
**\$91.8mm**

Note: Excludes OHMVR park revenue (\$5mm) and registration fees (\$17mm), as well as miscellaneous income (\$0.9mm)

Source: FTI Report, pp. 89; 94

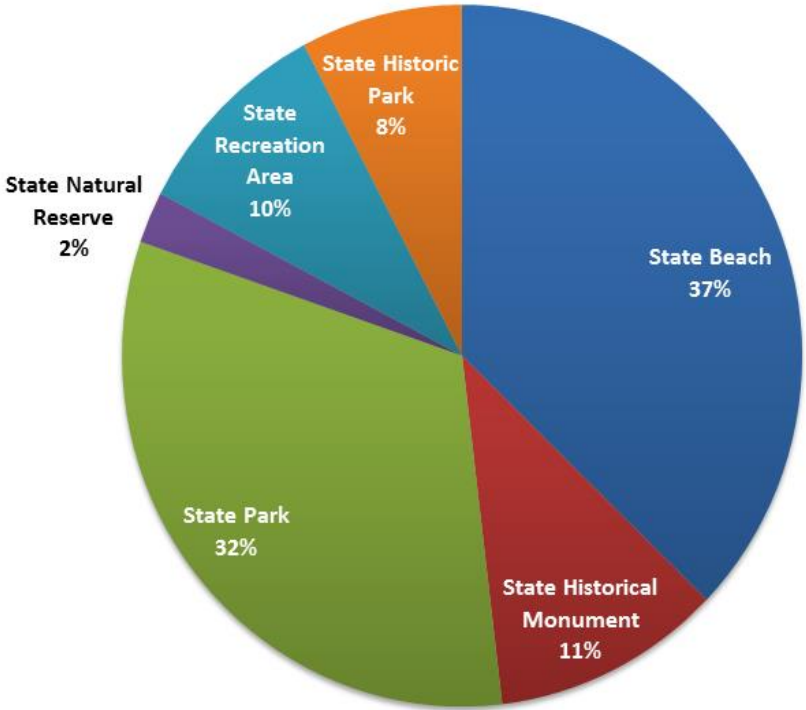
# Park Revenue Concentration

### Park Revenue Share FY 2012-13



**\$101.3mm**

### Revenue by Park Class FY 2012-13

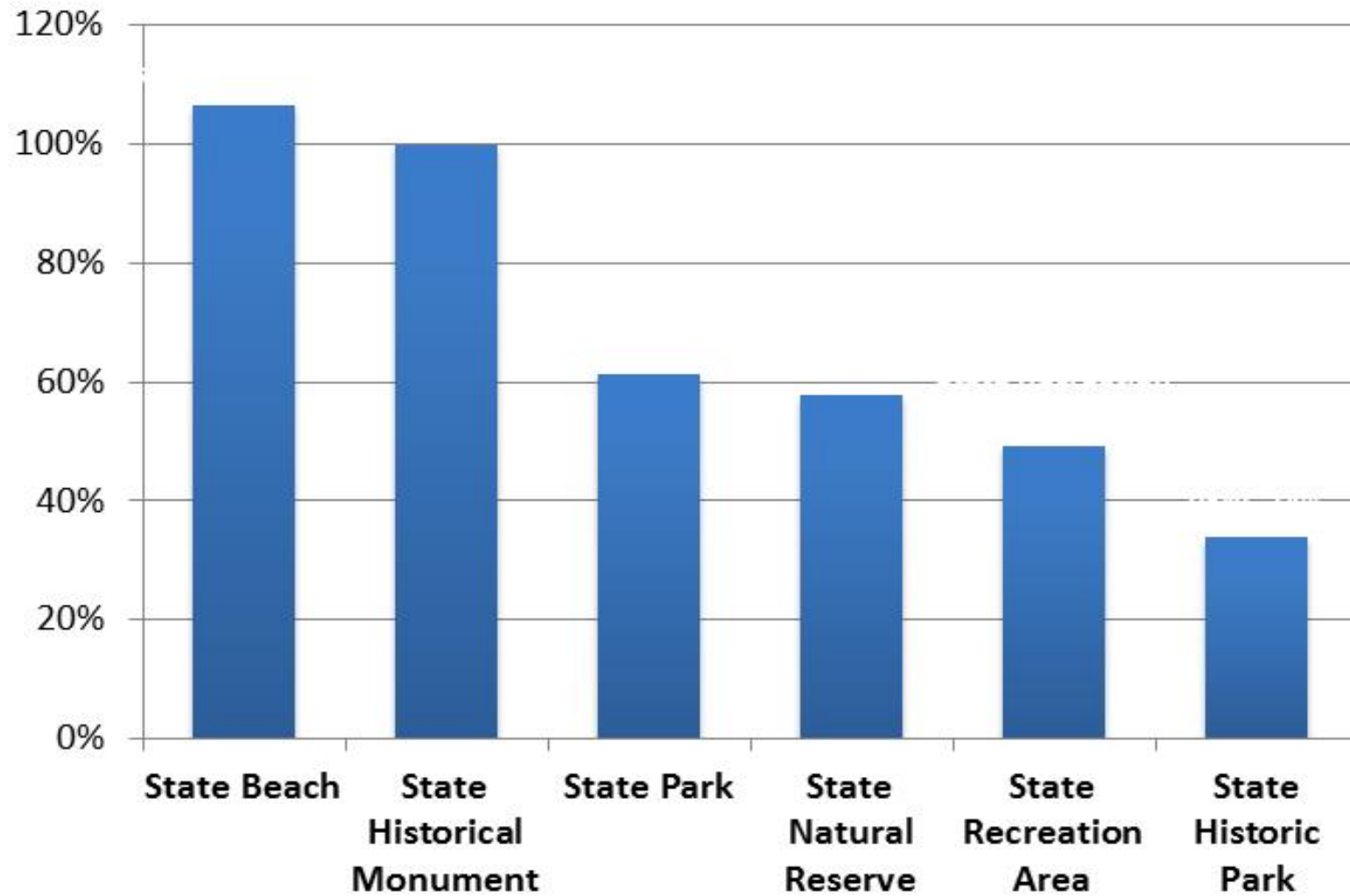


**\$101.3mm**

Note: Charts exclude income booked at division/district/sector level (\$6.6mm)

Source: FTI Report, pp. 92; 96

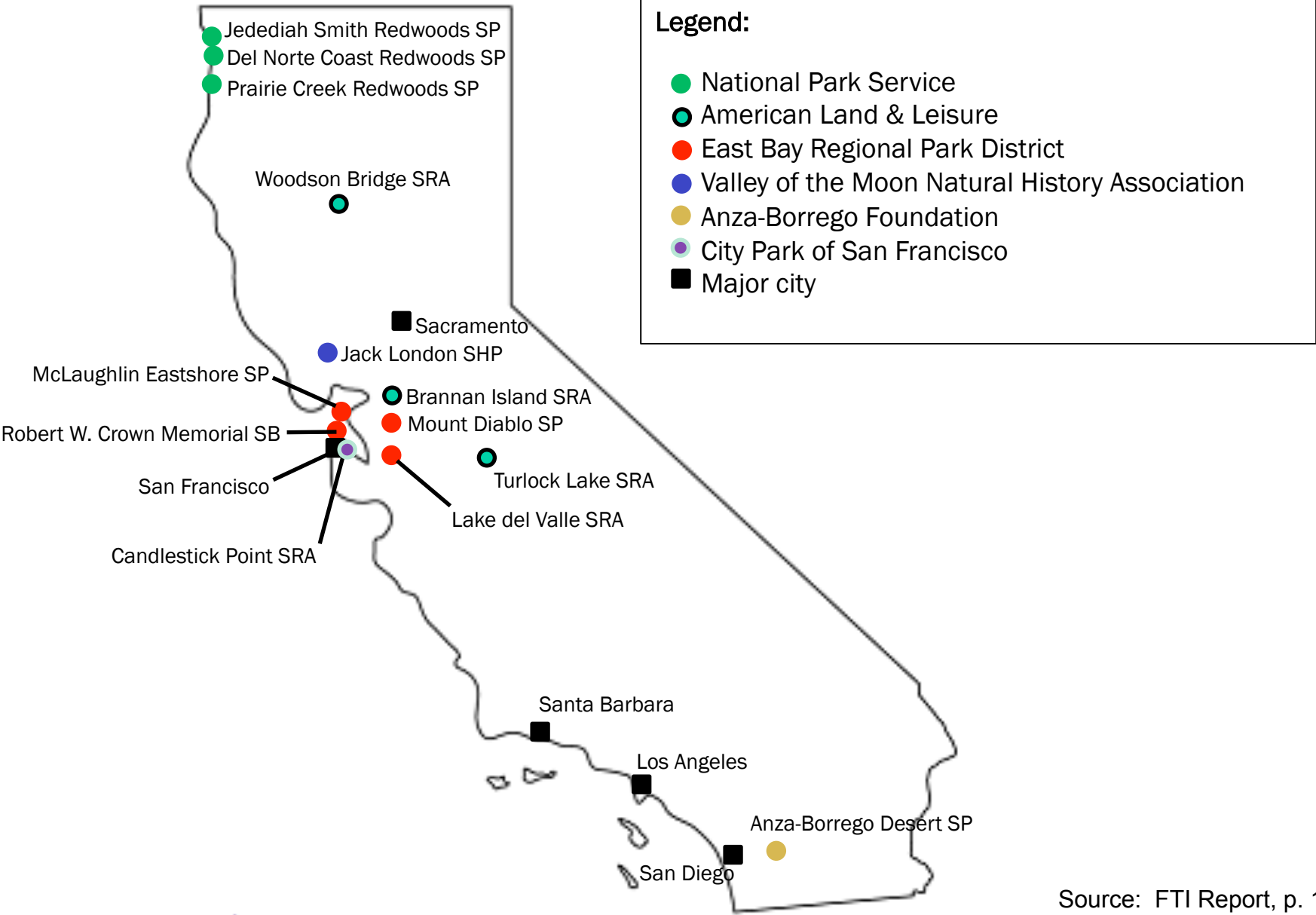
# Park Unit Cost Recovery



Note: Calculations based on FY 2012-13 revenue

Source: FTI Report, pp. 95-6

# Partnership Review



Source: FTI Report, p. 119

# Partnerships – Takeaways

- **Key Contributions Across All Partnership Models**
- **AB 42 Operating Partnerships**
  - Jack London – tripled revenue, halved deficit, grew visitors and special events
- **Nonprofit Partners**
  - Cultural and historical fit
  - Fund-raising and friend-raising
  - Re-investment in park
- **For-Profit Partners**
  - Outperformance required versus other options
  - Special skills, scale, capital

# FTI Recommendations

- **Measure and Manage Costs**
  - Establish data and process integrity
  - Track and report expenses by function at unit level
  - Zero-base infrastructure and maintenance projects
  
- **Accelerate Revenue Growth**
  - Identify most growable revenue sources
  - Develop cost-recovery mindset
  - Stay true to DPR mission and expand access
  
- **Expand Partnerships**
  - Base on DPR need, park and partner characteristics
  - Leverage nonprofits, esp in historic parks
  - Develop partner management expertise
  
- **Identify Stable Funding**
  - No solution without sustained public funding