

Overview of Parks Financial Assessment

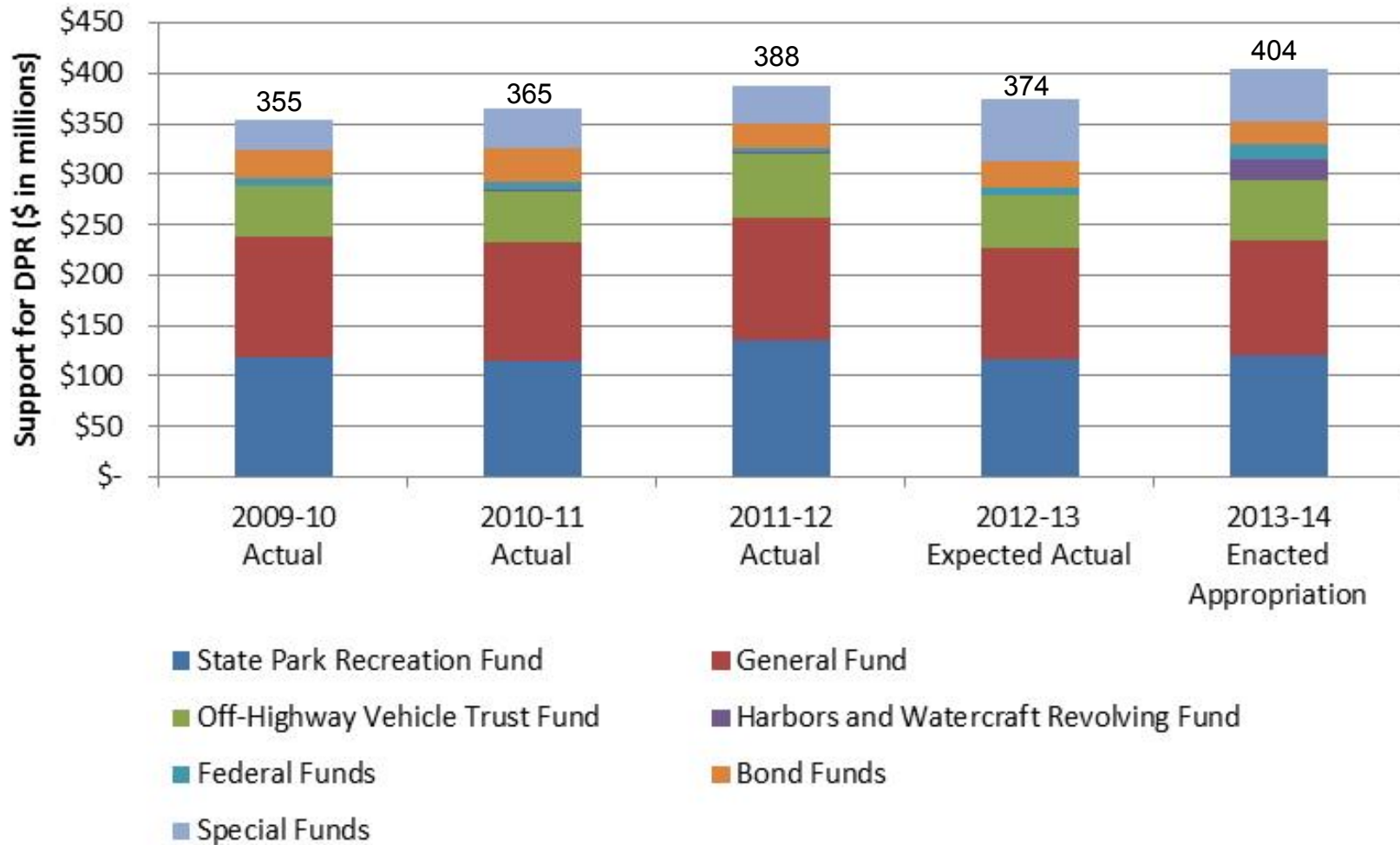
Parks Forward Commission
December 18, 2013



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)

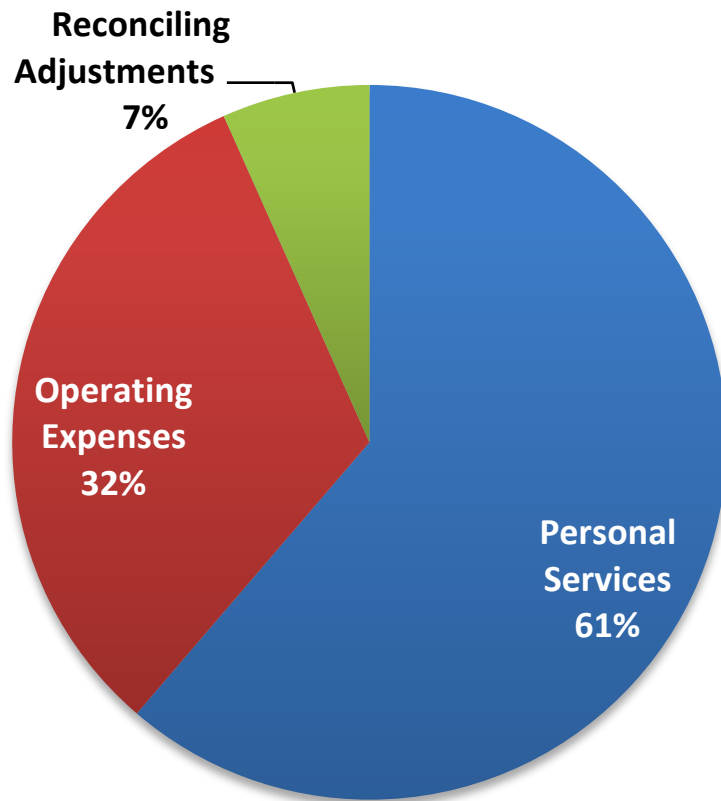
	Proposition		
(\$ in thousands)	84	40	12
Original Allocation	\$ 400,000	\$ 225,000	\$ 400,000
Expenditures	(315,634)	(222,114)	(366,688)
Available Funds	\$ 84,366	\$ 2,886	\$ 33,312
Available Funds Committed	\$ 65,729	\$ 1,455	\$ 33,312
Available Funds Not Committed	18,637	1,431	-
Total Available Funds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

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

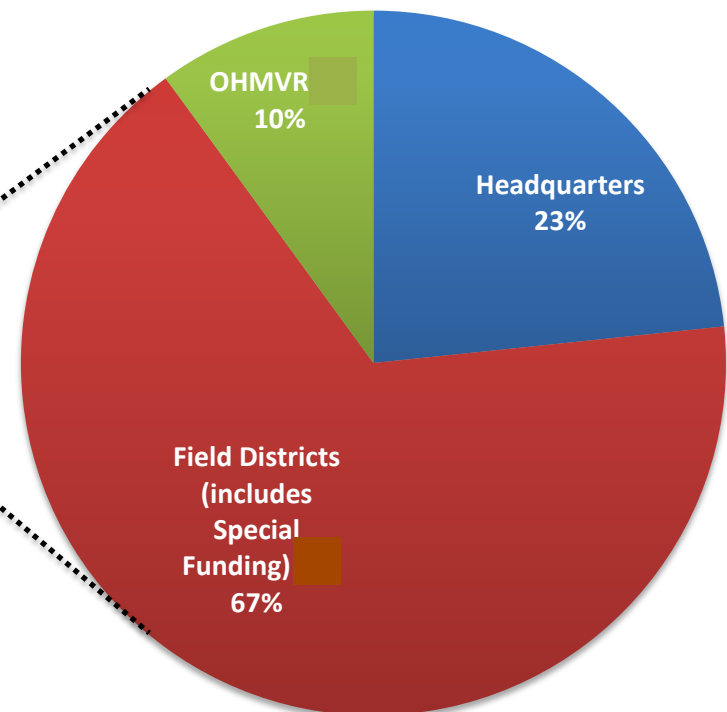
Support Expenditures – Type & Division

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%
Total Headquarters	669	30%	668	30%	665	29%	657	29%	645	30%
Field Divisions	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: 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)

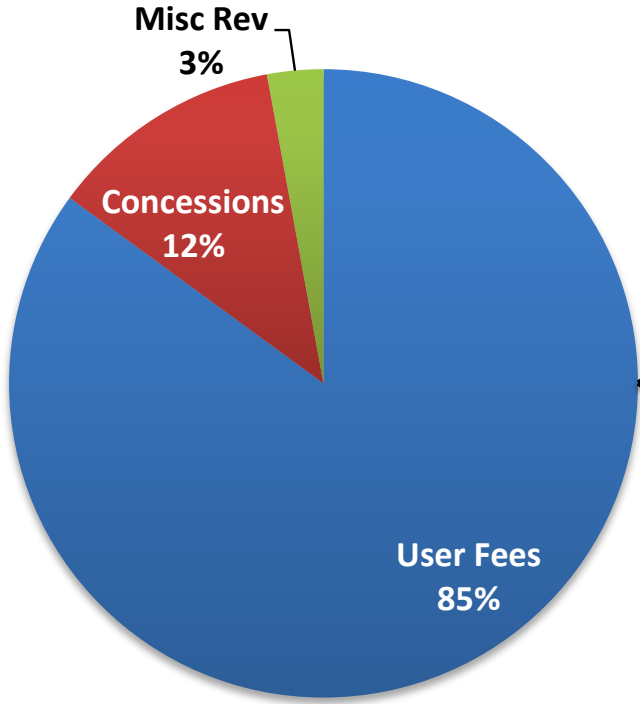
- Capital Projects: **\$24 million**
- Annual and Deferred Maintenance: **\$10 million**

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**

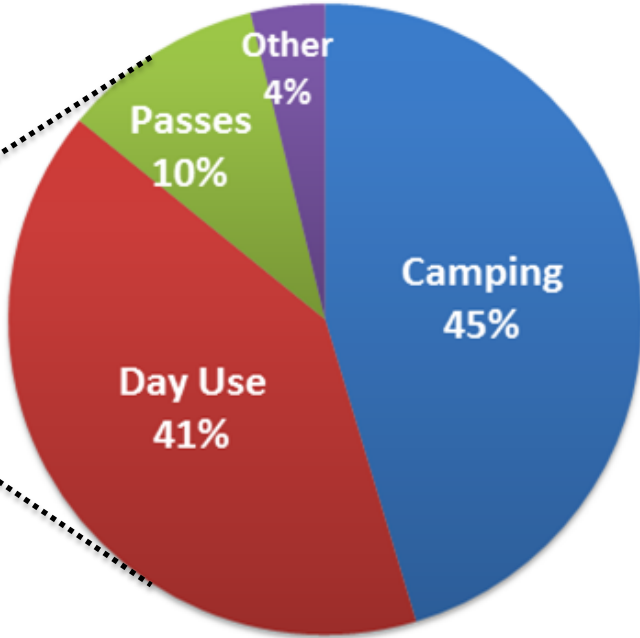
Park Revenue Mix

Revenue by Source FY 2012-13



\$107.9mm

User Fees by Type FY 2012-13



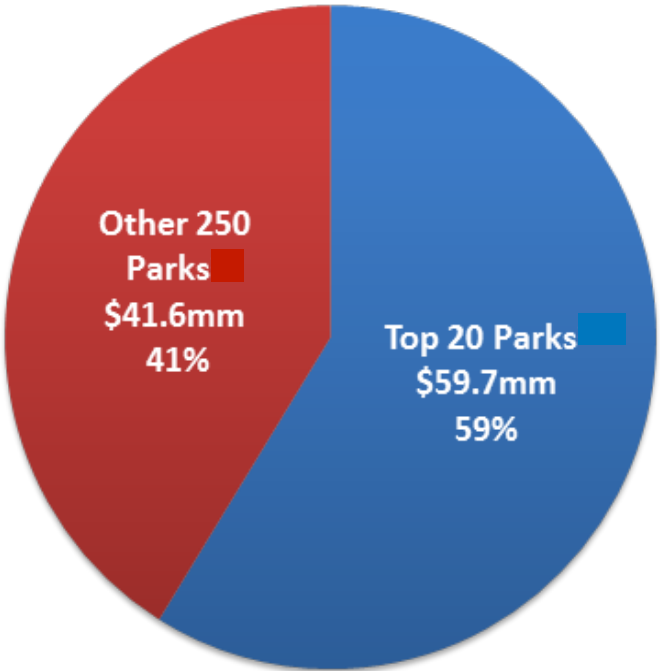
\$91.8mm

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

Source: FTI Report, pp. 89; 94

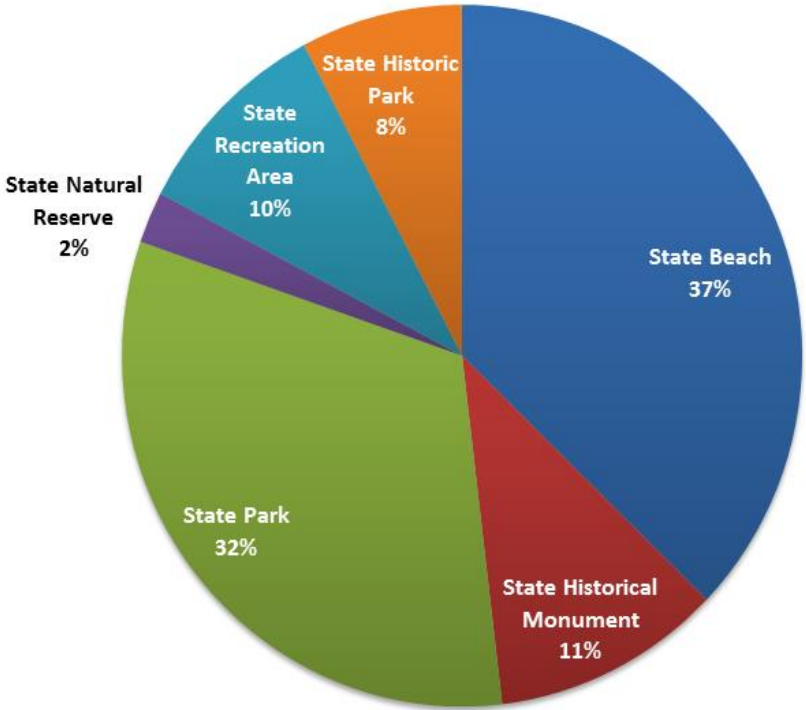
Park Revenue Concentration

Park Revenue Share FY 2012-13



\$101.3mm

Revenue by Park Class FY 2012-13

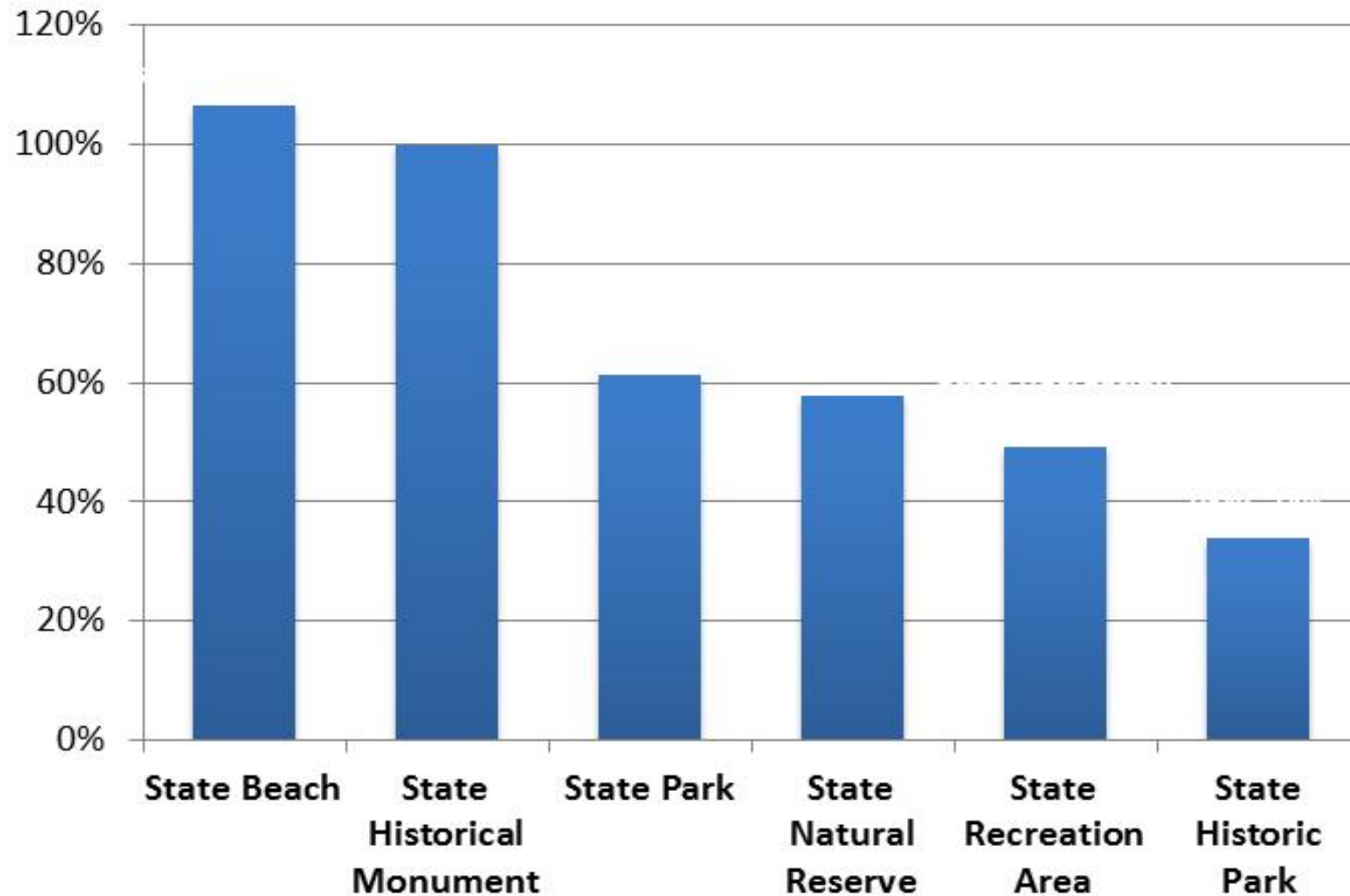


\$101.3mm

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

Source: FTI Report, pp. 92; 96

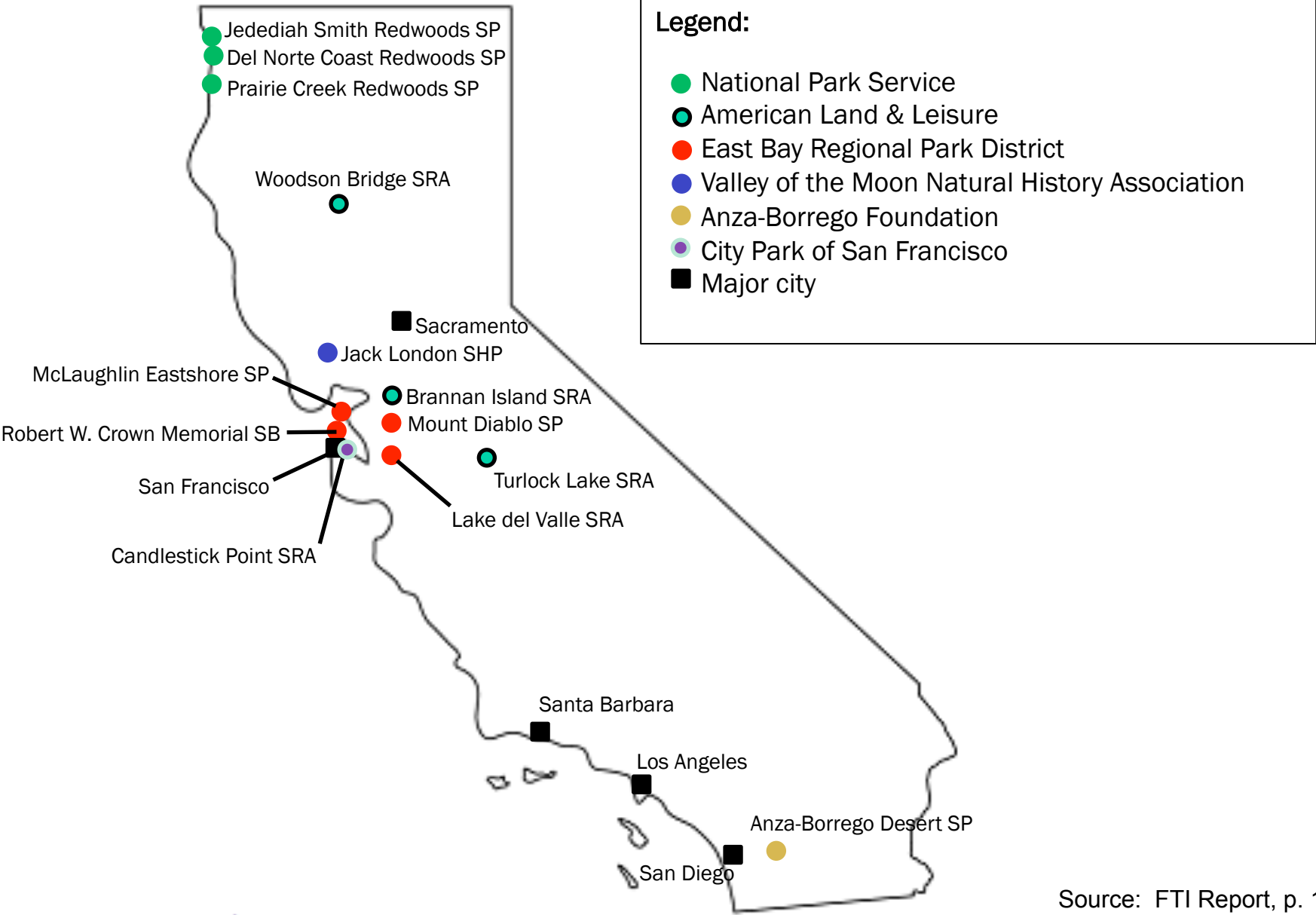
Park Unit Cost Recovery



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