

# Financially Sustainable Public Recreation



Warren Meyer, January 9, 2012

# Programs That Can Support Themselves With Fees Will Increasingly Be Asked to Do So

**A measure of Fiscal Democracy shows there isn't much left, % of U.S. government revenue not already committed to mandatory programs**



Source: CBO, J.P. Morgan Private Bank.

# Observations

- Budgets cut everywhere for recreation (federal, state, local) leading to
  - Park closures
  - Eroding infrastructure (preventative and capital maintenance almost always cut first)
- Neither the popularity of parks nor majorities for any one political party are proof against park budget cuts (e.g. California)

# Elements of Financial Sustainability for Public Recreation

- Use fees support most recreation costs
  - Recreation fees stay in recreation
  - Clear rules followed transparently
- Public lands portfolio includes free and low cost options for all
  - Great care must be exercised in offering special fee deals to influential groups
- New, lower-cost operations models to keep fees low
  - Lower cost partners handle the routine stuff

# Fee Subsidy Example: USFS Golden Age Passes

- Twin Knobs Campground, KY
  - \$20 single family camping fee
  - Approx. 38% of walk-up campers with GA pass
- $38\% \times \$10 + 62\% \times \$20 = \$16.20$  avg. rate
- So, younger families pay \$4 a night extra to subsidize seniors
- Eliminating the subsidy but keeping the GA discount (ie rates of \$16 and \$8) would require a taxpayer subsidy of over \$100,000 a year in this one campground alone.

# Fee Authority Without Lower Cost Operations is Not Sufficient

- California
  - State operated campgrounds charge up to \$30 a night for no-hookup camping
  - USFS concession-operated sites charge \$16-\$22 for the same site
- Arizona
  - State operated day use areas charge up to \$20 per vehicle in summer peaks
  - USFS concession-operated sites charge \$4-\$9 for similar experiences

# Partnering for Park Operations

## High Value / Strategic

- Land acquisition
- Planning
- Park facilities and character
- Environmental science and management
- Preservation
- Research
- Grant administration

## Operational / Cost-Sensitive

- Bathroom cleaning
- Landscaping
- Painting
- Repairs and maintenance
- Fee collection
- Customer service

## Partner Focus

*Partnerships on the operational duties not only saves money, but enhances resources and focus for higher value activities*

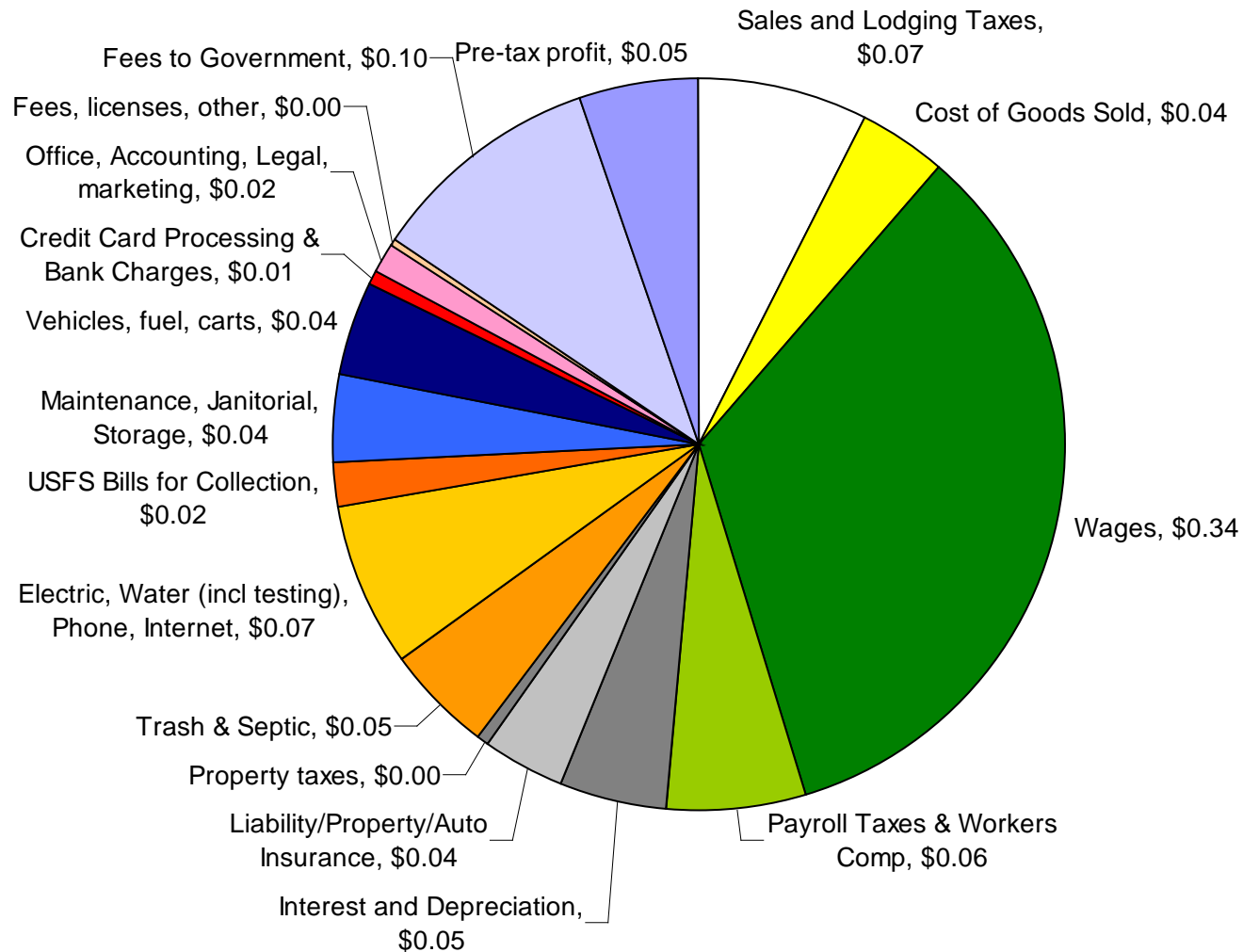
# Recreation PPP's Save Money, Keep Fees Down

	<u>Red Rock State Park</u>	<u>Crescent Moon Day Use + Oak Creek Visitor Center</u>
Operation	<ul style="list-style-type: none"><li>• By state agency</li></ul>	<ul style="list-style-type: none"><li>• By private concession operator</li></ul>
Location	<ul style="list-style-type: none"><li>• Sedona, AZ</li></ul>	<ul style="list-style-type: none"><li>• Sedona, AZ, adjacent to Red Rocks SP</li></ul>
Facilities	<ul style="list-style-type: none"><li>• Parking, bathrooms, trails, picnic ramadas, group area, vending, small store, museum, guided hikes</li></ul>	<ul style="list-style-type: none"><li>• Parking, bathrooms, trails, picnic ramadas, group area, vending, small store, visitor center</li></ul>
Day Use Fee	<ul style="list-style-type: none"><li>• \$10 (\$20 summer in some parks)</li></ul>	<ul style="list-style-type: none"><li>• \$9</li></ul>
Revenues	<ul style="list-style-type: none"><li>• \$279,000</li></ul>	<ul style="list-style-type: none"><li>• \$305,000</li></ul>
Net to State	<ul style="list-style-type: none"><li>• -\$236,000</li></ul>	<ul style="list-style-type: none"><li>• +\$54,900</li></ul>



# Appendix: Dollar of Revenue Analysis

## Where Does \$1 of Concessionaire Revenue Go?



# Dollar of Revenue Analysis (Simplified)

## Where Does \$1 of Concessionaire Revenue Go?

