



# **Sustaining a Viable State Parks System**

## **Operations and Infrastructure**



*Recommendations of the  
Texas State Park Advisory Committee*



COMMISSION

DAN ALLEN HUGHES, JR.  
CHAIRMAN

May 5, 2014

Mr. George Bristol, Chair  
State Parks Advisory Committee  
2717 Museum Way  
Fort Worth, TX 76107

Dear Mr. Bristol:

The State Park Advisory Committee has been a great asset to our park system and those who support its mission of resource conservation, recreation and education. On behalf of the Parks and Wildlife Commission, I want to express my gratitude for the service of its members. The committee's research and recommendations have been very helpful in defining the agency's legislative goals and carrying this message to our elected officials.

As we move towards the 84<sup>th</sup> legislative session, I request that the committee explore the following charges and submit recommendations on each topic prior to January 1, 2015:

- Assess the capital repair needs of the state park system and provide advice on methods to address these needs in a sustainable and predictable manner.
- Assess the need for facility development in state parks, including the construction of park infrastructure at undeveloped sites and projects that will provide business continuity or enhancements to operating sites.
- Assess the operational needs of state parks and identify shortfalls in staffing or maintenance funding.
- Identify obstacles to private support of state park operations, including volunteer participation and public-private partnerships.
- Develop the framework for a long-term plan to incorporate land that has been donated or sold to the Texas Parks and Wildlife Department into the state park system.

*To manage and conserve  
the natural and cultural  
resources of Texas and to  
provide hunting, fishing  
and outdoor recreation  
opportunities for the use  
and enjoyment of present  
and future generations.*

I look forward to receiving the committee's report and guidance on these topics of vital importance to the Texas State Park system. Thank you.

Sincerely,

Dan Allen Hughes, Jr.  
Chairman

DAH:KG:mk



## STATE PARKS ADVISORY COMMITTEE

August 19, 2014

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Dr. David Woodcock  
College Station, Texas

Dear Chairman Hughes:

In accordance with your charges set forth in your letter of May 6, 2014, I am pleased to present the accompanying report and recommendations of the State Parks Advisory Committee. These recommendations cover a wide range of issues and opportunities facing the department presently and in the future. They are based on the best evidence we gathered over the last six months from staff, interested parties and documentation developed by outside sources and other state agencies.

Later in 2014 these recommendations will be supplemented by a current evaluation of the economic impact of more than 25 Texas representative state parks on local economies and a statewide public opinion survey to measure current attitudes of Texans about their state parks. I am confident that these studies will continue to demonstrate the benefits of our parks and Texans' overwhelming support for well maintained and attractive parks.

The Advisory Committee believes the recommendations made in this report represent prudent and reasonable steps that should be taken to ensure the state park system continues to fulfill the expectations of Texans today and in the future.

As chair of the State Parks Advisory Committee, I speak for the entire membership, when I say that we are honored to have been tasked by you to develop ideas and recommendations which will be embraced by Texas citizens and their elected leaders. We look forward to working with you, your fellow commissioners and staff to make each recommendation a viable and sustainable reality.

Sincerely,

George Bristol  
Chair  
State Parks Advisory Committee







## Table of Contents

<b>Executive Summary .....</b>	<b>6</b>
Key Recommendations .....	6
Texas State Parks are Smart Government .....	7
Challenges of Texas State Parks .....	7
The Texas Legacy .....	7
 <b>Introduction .....</b>	 <b>9</b>
Goals of this Report .....	9
The Value of Texas State Parks .....	9
State Parks as an Industry are Changing Nationally .....	11
A Mismatch of Resources and Expectations.....	11
 <b>Where We are Today.....</b>	 <b>13</b>
Texas State Parks by the Numbers .....	13
System Overview .....	13
Asset and Infrastructure Overview .....	13
Texas State Park Visitation and Financial Metrics .....	14
 <b>Challenges of Texas State Parks .....</b>	 <b>15</b>
Need for Modernization – Infrastructure Decline and Operational Constraints .....	15
Aging Infrastructure.....	15
Operational Constraints .....	16
Harsh Operating Conditions .....	17
Increasing Diversity of Park Users and Interests .....	17
The Process for Securing Funding is Inefficient and Inconsistent .....	17
 <b>Recommendations .....</b>	 <b>19</b>
Investing in State Parks is Smart Business.....	19
Improved Efficiency of Capital Funding Request Process is Needed .....	19
Balanced Capital Investment is Critical to Success.....	20
Revolving Projections of Infrastructure Needs are Required.....	20
Predictable Funding is Paramount .....	21

## EXECUTIVE SUMMARY

In April 2014, the Chair of the Texas Parks and Wildlife Commission requested that the State Parks Advisory Committee complete its analysis of operational and capital needs and its supporting funding from the State of Texas. The Committee was directed to take into account the current and future needs of the system, as well as the current and recommended balance between earned revenues and state supported funding. This report is the summary of that analysis and its findings.

Texas State Parks are a highly valued public service that is at a difficult crossroads. There is a strong public commitment to protect and manage the significant natural and cultural resources of the state. The financial demands on the state are vast and state parks often are resolved to being a lower funding priority than other pressing obligations of our public services. As a result, over the last 10 years state parks have become increasingly entrepreneurial in service delivery and facility development and now produce over \$44 million annually in earned revenues to support operating costs<sup>1</sup>. In addition, state parks have benefitted from many philanthropic sources, both big and small. While essential to the system, those sources cannot be relied upon as a surrogate for more sustainable funding. While the success of this state agency to support its costs by strong business performance is important, ongoing and predictable public funding for both capital and operating expenses is imperative.

## Key Recommendations

The State Park Advisory Committee makes the following recommendations. These are based on the analysis performed that is detailed further in this report.

- 1. The State of Texas must view investing in the operations and infrastructure of Texas State Parks as exactly what it is – the smart business decision to protect previous investments and sustain a major component of our state’s robust tourism economy, and natural and cultural treasures.**
- 2. The State Parks Advisory Committee recommends that Texas Parks and Wildlife Department and the Legislative Budget Board consider and adopt a more efficient process for state park capital funding requests based on a minimum annual reinvestment of \$40 million<sup>2</sup>.**
- 3. It is recommended that Texas State Parks develop a target standard for apportioning capital investment to major capital repair and replacement, new business and service opportunities, and strategic new acquisitions.**
- 4. The State Park Advisory Committee recommends the development and maintenance of an efficient capital repair and replacement inventory to support five and ten year capital investment projections.**
- 5. The State Parks Advisory Committee strongly recommends that state parks receive a more appropriate and responsible percentage of the “Sporting Goods Tax” revenues each biennium so that operational and facility management and planning can be more proactive than reactive.**
- 6. In order to meet these pressing needs, as well as support a fully funded operations and maintenance requirements of Texas State Parks, the State Parks Advisory Committee strongly recommends the passing of a constitutional amendment to appropriate those revenues generated each biennium by the “Sporting Goods Tax” for these purposes.**

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<sup>1</sup> FY2013 = \$44,658,340; FY2008 thru FY2012 approximately \$37 to \$39 million in earned revenue.

<sup>2</sup> Annual capital reinvestment of \$40 million is based on current asset conditions and infrastructure inventory in 2014. As the system continues to age and new facilities are developed, this allocation must increase.

## Texas State Parks are Smart Government

There are few state agencies that can boast the innovation and wide-spread economic impact that is produced by the work of the Texas State Park System. This last year, the state spent \$74,758,247 for state park operations of which \$44 million was recovered by earned revenues generated from operations. This means that total net investment of the state was \$30,099,907 this last fiscal year.<sup>3</sup> Therefore, each resident of Texas pays about the cost of a candy bar (\$1.15) each year



*Tyler State Park*

to support the annual operating costs of our state parks. Based on a current economic impact study by Crompton and Jeong of Texas A&M University, this public service generates over \$774 million in sales, had a \$202 million impact on income for Texas residents, and supported an estimated 5,871 jobs throughout the state<sup>4</sup>. Aside from this significant public service provided in protecting and stewarding the state's major natural and cultural resources, this produces a return on investment of over 3,000% for the State of Texas in economic impact.

## Challenges of Texas State Parks

Visitation is strong and increasing. Over the last five years, state park visitation has increased by nearly 10%. Increased usage is a success, but also translates into additional wear and tear that culminates into significant repair requirements. Additionally, state park infrastructure is heavily aged and in desperate need of modernization. The following major challenges to sustainable operations of Texas State Parks have been identified in this report:

- 1. The quality of infrastructure deteriorates faster than issues can be addressed**
- 2. The lack of consistent funding accelerates the deterioration of the system**
- 3. Harsh environmental conditions such as wildfires, hurricanes, drought, and flooding wreak havoc on operational and capital budgets**
- 4. A diverse and changing population is being served**
- 5. The process for securing funding is inefficient and often insufficient**

## The Texas Legacy

The state park system of Texas preserves our state's most treasured natural and cultural resources. Our connections with our native landscapes and wildlife are part of our identity as Texans. The year 2023 will be the 100<sup>th</sup> anniversary of Texas State Parks. Continuing to evolve the sustainability of our state parks as a public service while they age and renew, serve increasingly diverse populations and recreational interests, and protect our natural and cultural heritage is the responsible action we must take today for our future. The analysis performed and recommendations developed that are contained within this report are a testament to the importance of growing the sophistication and effectiveness of how the State of Texas invests in its future while preserving its unique natural history.

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<sup>3</sup> Net investment is calculated as the total state expenditure for operating costs minus earned revenues generated that are returned to the state to support those costs.

<sup>4</sup> Crompton, John and Jeong, Ji Yuon. "The Economic Contributions of Texas State Parks," Department of Recreation, Park, and Tourism Sciences, Texas A&M University; December 2014.







## INTRODUCTION

This report has been prepared by the State Parks Advisory Committee at the request of the Chair of the Texas Parks and Wildlife Commission, an appointed body that oversees and advises the Texas Parks and Wildlife Department. The Committee consists of professionals appointed by the Commission Chair who are representative of the diverse stakeholders of the Texas State Park System, and feature significant and robust experience on issues within state park operations both within Texas and in other states around the country.

The process of compiling this report involved the collection of data on the current operating circumstances of Texas State Parks, an analysis of the costs and benefits of investing in infrastructure and operations of the System, and the development of recommendations for the Commission that supports the legislative appropriate request of the Department. This report is prepared as an objective assessment and suite of recommendations to frame the dialogue of why continued investment in Texas State Parks is a protection of the state's previous investment, as well as preservation of a cultural and economic legacy for the state of Texas.

## Goals of this Report

The overall goals of this report of Texas State Parks are:

- Evaluate the current operational conditions and capacity of Texas State Parks in context with the state park industry and its peer state park systems.
- Improve the ability to describe and communicate the true costs of proactively managing Texas State Parks.
- Articulate the reality of additional future costs to the state for undercapitalizing and resourcing state park facilities, infrastructure and operations.
- Provide recommendations that can enhance the process of improving the current financial performance and long-term viability of Texas State Parks as a valued public service and system of treasured public assets.

## The Value of Texas State Parks

Texas State Parks provide significant value to the quality of life of its residents and the legacy of our traditions. The following highlights capture only a portion of the value the state park system provides:

- The largest and most accessible undeveloped public lands in close proximity to all of our major urban areas are state parks.
- Texas State Parks contain some of our state's most treasured natural wonders including Palo Duro Canyon, Enchanted Rock, Longhorn Caverns, and Mustang Island.
- Texas State Parks are the most extensive network of high quality, family-oriented camping and outdoor recreation sites in the state.
- Texas State Parks contain some of our state's most treasured historic and cultural resources including Washington-on-the-Brazos State Historic Site, hundreds of Civilian Conservation Corps structures, San Jacinto Battleground & Monument State Historic Site, Hueco Tanks State Park and Historic Site, Monument Hill/Kreische Brewery State Historic Site, and Seminole Canyon State Park and Historic Site.
- Texas State Parks is one of the only state agencies with facilities that provide significant economic impact throughout the state, directly impacting over 100 local towns and communities.

The *Texas State Park System Development Plan* (2008) called for by the Texas Legislature in Rider 31 of General Appropriations Act of the 80<sup>th</sup> Legislature was an extensive study of the state park system and its operating conditions. As required per the language of the directing legislation, that study also evaluated the value of the state park system to the State of Texas. A high quality state park system was defined as that which provides value to local communities and the state on 10 key factors:

1. Facilities and infrastructure that are sufficiently maintained to provide reliable, safe, and meaningful usage of parks.
2. Equitable distribution of parks in relation to population throughout the service area.
3. A wide variety of park types and park assets that provide recreational opportunities to users of diverse skills, abilities, background, and interests.
4. Equitable management practices that ensure access and affordability of recreational opportunities within the parks.
5. Protection of significant natural resources in accordance with best practices for natural resource conservation and preservation.
6. Protection of significant cultural and historic resources in accordance with best practices for historical preservation and cultural awareness.
7. Appropriate and relevant communications performed by the parks and park system to residents and visitors regarding recreational opportunities, services, and benefits available at the parks.
8. Coordination with local community leaders by park and park system management to address issues of mutual concern with respect to shared responsibilities and available resources enabling action.
9. Commitment to superb customer service for all park visitors.
10. Fiscally responsible management and sufficient funding of parks and the park system to address all non-revenue generating responsibilities of the parks, maintain facilities, and support operations.

In 2014, a research study was performed by Dr. John Crompton and Ji Youn Jeong of Texas A&M University entitled *The Economic Contributions of Texas State Parks*<sup>5</sup>. The findings of that study, along with earlier park studies in 2003 and 2005, are the basis for reporting the economic impact of Texas State Parks in association with this report. Specifically, the study performed by Crompton and Jeong calculated the economic impact and magnitude of economic activity associated with 29 Texas State Parks, this data was extrapolated for the remainder of the state park system.

In total, the estimated state-wide economic activity statistics and impact of the Texas State Park System in FY 2013 by Crompton and Jeong included:

- Estimated economic activity based on sales: **\$774 million**
- Estimated impact of residents' household income: **\$202 million**
- Estimated number of jobs created in local economies: **5,871**

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<sup>5</sup> Crompton, John and Jeong, Ji Youn. "The Economic Contributions of Texas State Parks" Department of Recreation, Park, and Tourism Sciences, Texas A&M University; 2014.



## State Parks as an Industry are Changing Nationally

Texas State Parks is not alone in the circumstance of having more financial demands than financial resources to support them. State parks systems throughout the United States can be considered to be some of the most undervalued public park systems in the country, despite the fact that they provide significantly more economic impact to local communities than national parks. Similarly, state parks do not have historical precedence for innovative funding support options that local park systems are frequently utilizing such as dedicated local sales taxes, tipping fees, franchise fees, greenway fees, and special districts. State Park systems are usually reliant on general fund support, earned revenues, and a small set of other standard funding streams.

*The 2013 net public funding support of Texas State Parks (operating expenses minus revenues) equates to approximately \$1.15 per resident every year.*

The true costs of maintaining high quality state parks is generally underestimated and misunderstood.



Garner State Park

State parks are usually large parcels of land with significant resource stewardship, public safety, and asset maintenance requirements. State park facilities and infrastructure are often aged and deteriorating more rapidly than state funds and resources are able to keep up with. Modernization and sustainable facility and infrastructure maintenance has become the Achilles heel of many state park systems around the nation.

The current net state investment or public funding support of Texas State Parks (total expenses minus revenues) is \$30.1 million, which equates to approximately \$1.15 per resident every year. Residents of

Texas currently pay about three times more for a single gallon of gasoline than they pay towards the operating costs of state parks for a full year. Despite this meager cost per resident, state parks in Texas and similarly across the country have been forced to become more entrepreneurial in balancing their public service mandates with creative solutions for servicing facility and infrastructure needs and keeping the doors open on these public assets. The combined pressures of reduced public funding and increased market competition have placed most state park systems, including Texas State Parks, in a difficult position.

## A Mismatch of Resources and Expectations

Many of Texas' state parks are under resourced to keep up with ongoing facility and infrastructure needs, maintain high service quality, and remain aligned with the needs and interests of Texas residents and the state park user market. Often cost recovery levels at a park are utilized as a primary performance measure of the park's success or management best practices which can be misleading to the overall and long-term health of the site and its assets.

High cost recovery ratios at a park where there is significant deferred maintenance, static operations, and flat visitation are strong indicators that the park is not receiving sufficient resources to ensure its viability into the future. Each park and the system as a whole must evaluate the optimal cost recovery that reflects appropriate and responsible investment being made in facilities, infrastructure, service quality, and market positioning. Members of the Advisory Committee represent a broad and deep pool of diversified expertise on state park operations, and include some who have previously worked with state park systems in Maryland, Kentucky, Georgia, Arizona, Washington, and California on financial management and strategic planning initiatives. This committee has found in its analysis of Texas State Parks, as well as those in other

states, that in cases where high cost recovery levels from operations were being pursued and/or championed as a primary measure of success, it is common to find facilities, infrastructure and services that are rapidly deteriorating and building sizeable future costs for these states required to protect these public assets. Failure in each state to protect the billions of dollars in public funds that have been invested in the acquisition, development, and operations of state parks when there are numerous and proven alternative funding and finance precedents is a testament to decisions being made based on politics versus responsible asset protection and service sustainability best practices. Texas State Parks remains vigilant as a responsible steward of public funding and continually utilizes best practices for expense management and revenue generation.

While operational and capital funding woes have plagued Texas State Parks for many years, the “Sporting Goods Sales Tax” (SGST) passed in 1993 that was established to provide funding to state parks has grown increasingly successful in generating public funding resources. These resources are not being utilized to fund the state park and natural resource protection priorities of Texas Parks and Wildlife Department (TPWD) as intended, however. The funds that are allocated for TPWD and state parks are contingent upon appropriation and since the year 2000 have steadily fallen as a proportion of total SGST collections with the exceptions of 2010, 2011 and 2013. Below is a table<sup>6</sup> detailing the collections of the SGST since 1993 and the subsequent appropriations to TPWD each year.<sup>7</sup>

Fiscal Year	SGST Collections (in \$)	Statutory Allocation (at 94%, in \$)	Appropriations to TPWD (in \$)*	% of Total	% including GLO	% Change from Previous Year (TPWD only)
1993	58,251,000		26,012,000	45%		-
1994	61,113,000		27,000,000	44%		↓
1995	64,166,000		27,000,000	42%		↓
1996	67,297,000		32,000,000	48%		↑
1997	70,520,000		32,000,000	45%		↓
1998	73,179,000		32,000,000	44%		↓
1999	76,075,000		32,000,000	42%		↓
2000	80,008,000		32,000,000	40%		↓
2001	84,230,000		32,000,000	38%		↓
2002	87,009,000		32,000,000	37%		↓
2003	90,905,000		32,000,000	35%		↓
2004	93,821,000		23,654,225	25%		↓
2005	97,125,000		23,654,226	24%		↓
2006	104,831,000		20,545,580	20%		↓
2007	108,396,000		20,508,448	19%		↓
2008	112,512,000	105,761,280	34,510,834	31%		↑
2009	116,652,000	109,652,880	38,554,446	33%		↓
2010	110,827,000	104,177,380	66,585,305	60%		↑
2011	118,344,000	111,243,360	57,183,358	48%		↓
2012	122,900,000	115,526,000	28,219,450	23%	32%	↓
2013	128,431,000	120,725,140	31,630,528	25%	33%	↑
2014	130,600,000	122,764,000	55,692,962	43%	51%	↑
2015	135,200,001	127,088,001	53,573,192	40%	48%	↓

\*The appropriations to Texas Parks and Wildlife Department are for state and local parks, and do not include dollars dedicated for pass through to the General Land Office. TPWD amount does not include fringe, which is not appropriated in the GAA.

<sup>6</sup> Prepared by the Texas Comptroller for the interim committee of the House Culture, Recreation and Tourism Committee (2012).

<sup>7</sup> Appropriations as represented on the table below have been adjusted to exclude dollars dedicated for pass through to the General Land Office.



## WHERE WE ARE TODAY

### Texas State Parks by the Numbers

The statistics in the table below reflect Texas State Park assets and operational performance as of 2013/2014.

#### System Overview

Texas State Parks	Statistic
Total number of state parks	95
Total acres of state parks	627,360
2013 Visitation	8,125,938
FY 2013 Operating Expenses	\$74,758,247
FY 2013 Earned Revenues	\$44,658,340
FY 2013 net operating cost <sup>8</sup>	\$30,099,907
Net operating cost per state park visitor (FY 2013)	\$3.70
Net operating cost per state resident (FY 2013)	\$1.15
Estimated statewide economic impact <sup>9</sup>	\$774,000,000
Estimated Texas annual ROI on state parks <sup>10</sup>	\$743,900,093

*Texas State Parks produce a ROI for the state of almost **2,500%** of state supported operating costs in the form of local and statewide economic impact.*

*Over **90%** of Texas State Parks personnel are deployed in the field managing sites and delivering high quality park experiences to the public.*

#### Asset and Infrastructure Overview

Texas State Parks	Statistic
Campsites / areas	7,393
Screened shelters	439
Cabins	138
Lodge / hotel	2
Restrooms	491
Boat ramps	46
Golf courses	1
Swimming pools	7
Wastewater treatment plants <sup>11</sup>	27
On-site septic systems	200+
Public water systems	45

*Texas State Parks support over **100** local towns and communities with significant and direct economic impact.*

*Other than the Department of Transportation, Texas State Parks has the **largest and most distributed network of state facilities.***

*State spending to support Texas State Parks is **less than 1/10 of 1%** of total state expenditures.*

<sup>8</sup> Net operating costs are total costs minus earned revenues. This reflects the total public funding support for state park operations.

<sup>9</sup> Crompton, John and Jeong, Ji Yuon. "The Economic Contributions of Texas State Parks," Department of Recreation, Park, and Tourism Sciences, Texas A&M University; December 2014.

<sup>10</sup> Estimated annual Return on Investment (ROI) is calculated as the total statewide economic impact of state parks relative to net operating costs (total operating expense less revenue) of state parks.

<sup>11</sup> Permitted by TCEQ and require a licensed operator on staff at each location.

## Texas State Park Visitation\* and Financial Metrics

Over the last five years (2009-2013) Texas State Parks have shown dramatic improvement in the overall visitation and operational efficiency of the system. A few statistics that highlight this include:

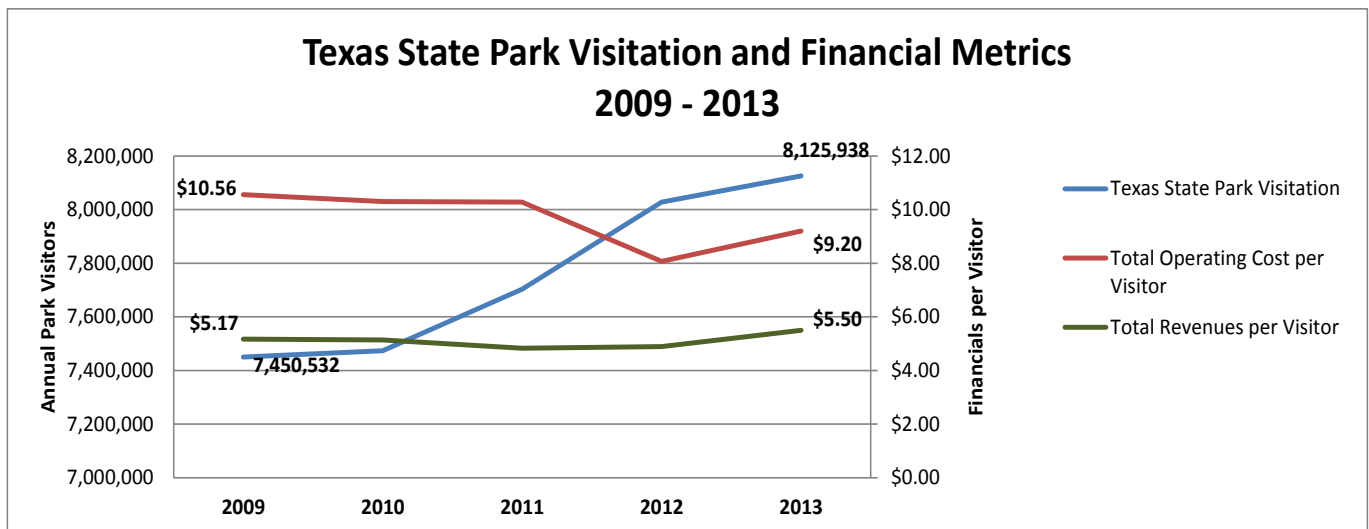
- 9% increase in state park visitation since 2009
- 5% decrease in operating expenses since 2009
- 16% increase in earned revenues since 2009
- 31% decrease in net operating costs / public funding support for operations since 2009

This data is detailed in the table and graph below. Further review of these statistics reveal, however, that a 13% decrease in total operating costs per visitor since 2009 is significant and runs the risk of being a substantial loss in operating resources to adequately service the visitor's needs. While nominal decreases in operating costs per visitor are indicative of operational efficiencies, a decrease over 10% potentially threatens the quality of the visitor experience and the ability of state parks to maintain increases in visitation in future years. This is seen in the graph below as visitation increases began to slacken following a period of dramatic declines in operations costs per visitor. Often these are cost reductions gained from inadequate resources for staffing in parks and from harmful reductions in facility and infrastructure maintenance.

\* "Visitation" is defined as the number of visitor days

Year	Texas State Park Visitation	Operating Expenses	Earned Revenues	Total Operating Cost per Visitor	Total Revenues per Visitor	Net Operating Cost per Visitor
2009	7,450,532	\$78,669,872	\$38,496,546	\$10.56	\$5.17	\$5.39
2010	7,473,693	\$76,958,821	\$38,403,182	\$10.30	\$5.14	\$5.16
2011	7,703,166	\$79,199,555	\$37,172,369	\$10.28	\$4.83	\$5.46
2012	8,028,429	\$64,804,096	\$39,279,568	\$8.07	\$4.89	\$3.18
2013	8,125,938	\$74,758,247	\$44,658,340	\$9.20	\$5.50	\$3.70

% Change from 2009	9%	-5%	16%	-13%	6%	-31%
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*While nominal decreases in operating costs per visitor are indicative of operational efficiencies, a decrease over 10% potentially threatens the quality of the visitor experience and the ability of state parks to maintain increases in visitation in future years. Often these efficiencies are gained from inadequate resources for staffing in parks and from harmful reductions in facility and infrastructure maintenance.*



## CHALLENGES OF TEXAS STATE PARKS

Texas State Parks faces many challenges that are critical in the sustainable operations of a high quality parks system. These include:

1. Need for modernization of rapidly aging infrastructure and operational constraints
2. The lack of consistent funding accelerates the deterioration of the system
3. Dynamic conditions and environment – both predictable and unpredictable impacts
4. Diverse and changing population being served
5. The process for securing funding is inefficient and often insufficient

### Need for Modernization – Infrastructure Decline and Operational Constraints

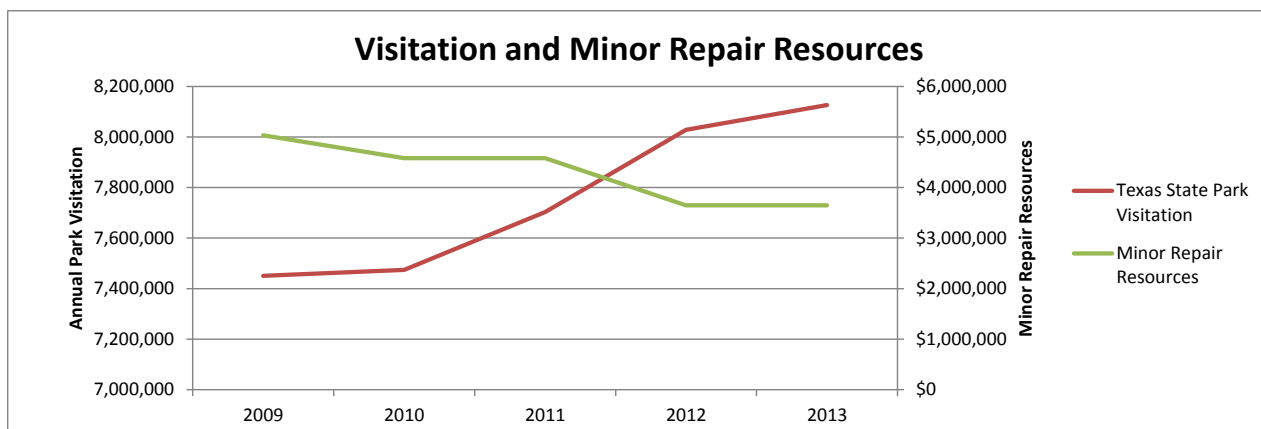
#### Aging Infrastructure

State parks are a highly valued public asset that is reflected in their significant usage and visitation. This usage is naturally causes a decline in facility and infrastructure quality that must addressed in both minor repair and major capital investments in order to modernize the park system. Much of the infrastructure of Texas State Parks is well beyond its useful and expected lifecycle, with the following highlighted examples:

- 220 camping loops are in desperate need of overhauling to sustain usage and to meet the modern recreation needs of visitors.
- 91% of the 113 playgrounds in Texas State Parks are 30 years old or older, and 50 are in urgent need of replacement.
- 90% of the 491 restrooms in Texas State Parks are 30 years old or older, and 300 require removal or replacement.

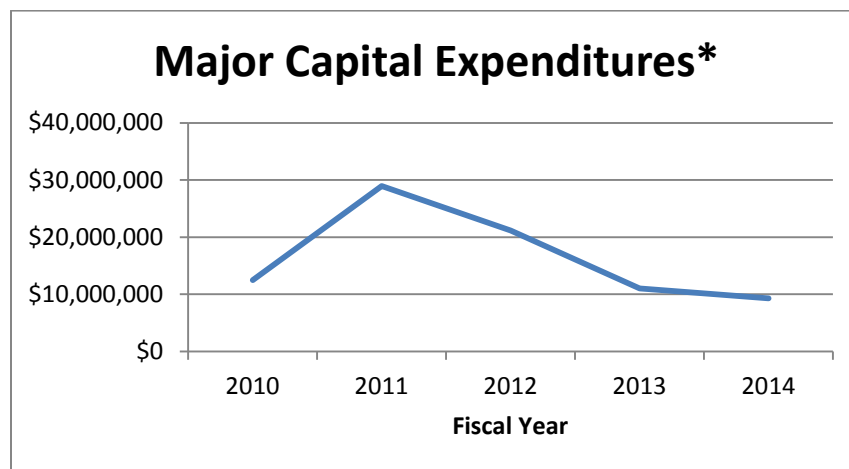
As seen in the table and graph below, these forms of asset protection are seriously threatened by declining and inconsistent investment in the quality of the state park system's infrastructure due to declining operating resources being supported by state expenditures.

Year	Texas State Park Visitation	Minor Repair Resources
2009	7,450,532	\$5,032,356
2010	7,473,693	\$4,582,171
2011	7,703,166	\$4,582,171
2012	8,028,429	\$3,649,383
2013	8,125,938	\$3,649,383



This trend of declining resources allocated to minor repair of facilities and infrastructure ultimately leads to a state park system that is being damaged from increased usage, but is unable to maintain an appropriate and responsible investment in asset quality. Similarly, major capital investments to resolve significant facility and infrastructure issues are sporadic and often in decline thereby exacerbating this threat to overall quality of the state park system. This is illustrated in the table and graph below.<sup>12</sup>

Fiscal Year	Major Capital Expenditures*	% Change from previous year
2010	\$12,472,044	N/A
2011	\$28,940,498	132%
2012	\$21,163,782	-27%
2013	\$10,989,949	-48%
2014	\$9,289,789	-15%



\* Expenditure amounts do not include Battleship Texas repairs

### Operational Constraints

There are several operational constraints that are in need of modernization, specifically in the policies and practices that inhibit private support of the state park system. The two specific areas addressed by this Committee as requested by the Commission are volunteer management and public-private partnerships. The largest obstacle to increasing volunteer support of state park operations, a major cost avoidance tool for park managers, is state policy that prohibits Texas Parks and Wildlife Department from providing liability protection to volunteers if operating state park vehicles or heavy equipment. In the last Legislative session, TPWD pursued a measure that would allow the agency to treat volunteers as if they were employees, and thereby extend them liability protection under specific approved activities. This measure failed last session, and should be revisited in order to maximize labor support opportunities of state park operations. Additionally, policy changes within state statutes should be reviewed and revised in order to allow private investment to support development and/or renovation of facilities and amenities at state parks. These “lease back” investment opportunities have become more common among local park systems for developing facilities that have direct earned revenue capacity, and can be appropriately pursued within

<sup>12</sup> Based on analyses performed on July 17, 2014



state parks. Private funding is utilized to support initial development costs and repaid over a contract period, thereby relieving the state from need to allocate these capital funds.

### **Harsh Operating Conditions**

The operating environment of Texas State Parks is incredibly dynamic and one of constant change. The facilities and infrastructure of the state park system are threatened each year by environmental impacts that are both predictable (usage and visitation) and unpredictable (weather and forces of nature). Besides the standard repair and asset replacement that must be addressed by deterioration from increased usage, state park infrastructure is impacted by floods, wildfires, hurricanes, drought and other environmental impacts that cause significant damage to facilities. In the last five years, over \$17,000,000 in emergency capital funding has been needed to repair or replace facilities that have been irreparably damaged by weather and other unforeseen events. This causes a significant disruption to the normal allocation of capital funds needed to maintain the system in good working condition.

This constant onslaught of damaging influences on the facilities and infrastructure on the state park system endangers the ability of Texas State Parks to maintain operations, meet visitor demands, and to sustain a high quality state park system.

### **Increasing Diversity of Park Users and Interests**

The residents of Texas are rapidly diversifying, as well their recreational interests and preferred uses of Texas State Parks. Recent studies have shown that the demographics of Texas are shifting with increases in minority populations, as well as an evolving diversification of recreational interests of state park users. These changes place significant pressures on the state park system to meet user demands and remain a relevant and accessible system of public assets that responsibly serve the needs of Texas residents.

Below are brief highlights of a study completed in partnership by Sam Houston State University and TPWD in 2008, featuring visitor intercept surveys at 67 Texas State Parks over five years (2002-2007). This study evaluated visitor demographics, visitation patterns, and recreational interests.

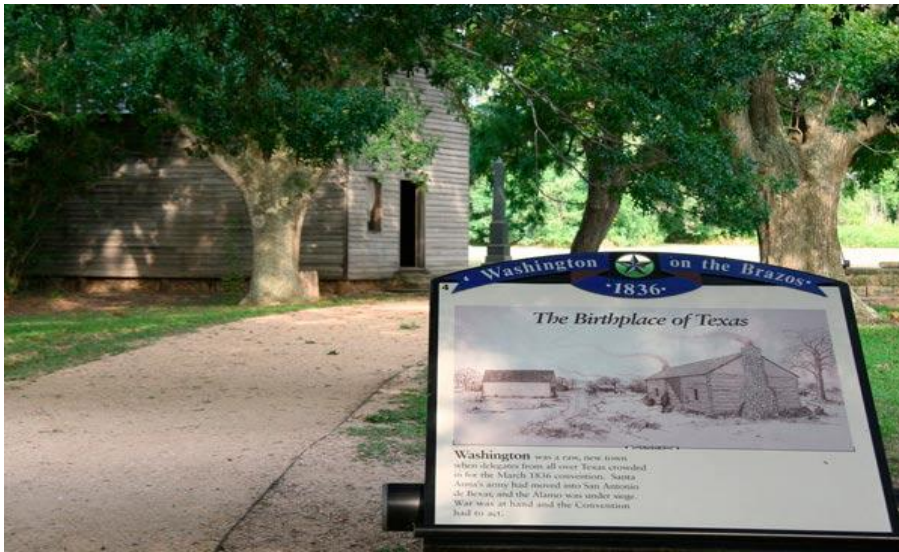
- 15% of Texas State Park visitors are members of an ethnic minority, with Hispanic visitors being the largest of this group at 11%.
- More than twice the number of state park visitors that are members of an ethnic minority are day visitors, but do not stay overnight.
- There are three times more state park visitors that originate from urban centers than from rural areas within the state.
- Repeat visitors outnumber first time visitors by at least 15% in total and by almost 2:1 in certain seasons of the year.
- Sightseeing/scenery, trails, camping, fishing, and being with friends and family are the top five reasons for visiting a Texas State Park.

### **The Process for Securing Funding is Inefficient and Inconsistent**

The lack of a consistent funding source to support state park operations and capital investment needs of the system has created a terribly inefficient process for seeking and securing sufficient funding to maintain a high quality Texas State Park System currently and into the future. In an age where government efficiency is a high priority for citizens and elected officials, significant staff resources of Texas Parks and Wildlife Department are committed to identifying operational and capital project needs that commonly are obsolete by the time funding is being debated and appropriated. For example, the capital needs to address

a specific facility or infrastructure issue at specific state parks requires 18 months or more of planning and justification to quantify requested funding from the Legislative Budget Board and the Texas Legislature. In most cases, by the time funding has been secured the assets have continued to deteriorate beyond their previous state of disrepair, and eventual funding allocations are insufficient to address the evolved repair or replacement needs.

This issue underscores the critical importance of having a dedicated funding source that is consistent and can be relied upon by Texas Parks and Wildlife Department to address both operational and asset protection needs of the Texas State Park System.



*Washington-on-the-Brazos State Historic Site*



## RECOMMENDATIONS

Based on the findings of this report, the State Park Advisory Committee makes the following recommendations:

1. It is “smart business” to invest in our state parks
2. Greater efficiency in the process of procuring sufficient funds is needed
3. Balanced investment in our system is critical
4. Revolving projections of future infrastructure needs are required
5. Predictable funding is paramount

### Investing in State Parks is Smart Business

Texas State Parks is one of the few state agencies that actually produce a tangible and direct return on investment for Texas from the public expenditures in operations and capital infrastructure. While earned revenues are important to support the appropriate balance on operating costs, the state receives over a 3,000% return in the form of local and statewide economic impact. Additionally, over 14,000 jobs in Texas are supported directly and indirectly through the economic impact of state parks, and nearly \$538 million in household income to residents in local communities. Texas State Parks continue to be major attractions in Texas for out-of-state visitors either as primary destinations or as value-added experiences, and represent the largest state-funded backbone to overall market appeal and promotions for our state’s tourism economy. High quality destinations that are well maintained and provide superb visitor experiences are the foundation of sustainable tourism in Texas, and state parks are a major part of that success.

Finally, over 100 local towns and communities in Texas are heavily supported by the economic impact produced from their local state park. State parks represent a smart and multifaceted strategy for economic investment at both the local level and statewide. Deterioration of facilities or struggling operations that threaten the quality of the visitor experience can undermine this smart investment in our state’s legacy and future. **The State of Texas must view investing in the operations and infrastructure of Texas State Parks as exactly what it is – the smart business decision to protect previous investments and sustain a major component of our state’s robust economy.**

### Improved Efficiency of Capital Funding Request Process is Needed

The current process for identifying, prioritizing, requesting and defending capital funding requests for Texas State Parks is cumbersome and inefficient. Often the results are capital needs that have escalated before the process is complete and funding is allocated, resulting in increased costs to perform work. Due to the size of the system, the age of the infrastructure, the existing deferred maintenance log, and the dynamic and often harsh environment in which state parks operate, the capital facility and infrastructure needs of Texas State Parks for major repairs and asset replacement will always outpace the state funding the Legislature will be willing to allocate. A recent estimate of deferred maintenance within state parks reached nearly \$400 million and new infrastructure maintenance and replacement needs each year are consistently \$25-40+ million.

Best management practices for planning and funding capital infrastructure needs in the private sector and in the most innovative public agencies follow a regular schedule of reinvesting facilities and infrastructure each year. This regular and consistent investment in asset repair, protection and updating maintains revenue-generating facilities in optimal operating condition and support facilities in good repair. It also provides an efficient planning tool to respond to asset needs and forecast new opportunities. This was also recommended in the 2008 *Texas State Park Development Plan* completed by Texas Parks and Wildlife

Department as mandated by House Bill 1 of the 80<sup>th</sup> Legislature. Based on a recent review of the current conditions of state parks, a minimum annual reinvestment of \$40 million would provide a more stable operating platform through which facility and infrastructure planning can be more forward-looking. **The State Parks Advisory Committee recommends that Texas Parks and Wildlife Department and the Legislative Budget Board consider and adopt a more efficient process for state park capital funding requests based on a minimum annual reinvestment of \$40 million.**

### **Balanced Capital Investment is Critical to Success**

Dr. John Crompton of Texas A&M University once said about public park systems, “You can’t drive forward while looking in the rearview mirror.” Texas state parks, like most state park systems, focus the vast majority of their capital funds responding to immediate and impending capital repair and replacement. Some funds are occasionally allocated for the development of new facilities and revenue-generating projects, and new acquisition is even more seldom. In order to sustainably reinforce our state park system to be more robust and effective as a public service and a significant economic driver in local communities, capital investments must be strategically proportioned between asset repair and response, system modernization, advancing the business and service performance of the system, and furthering the protection of significant natural and cultural resources within the state. Additionally, more support should be provided to the pursuit of increased interest and appeal from the private sector to invest in public-private partnerships that advance the quality of state park facilities and services.



*Bastrop State Park*

Texas State Parks will always have a more significant financial obligation to respond to the critical asset repair and replacement needs of the system than to other areas of capital investment. There should remain, however, a deliberate financial strategy to maintain and grow the appropriate service and revenue-generating opportunities that assist to sustain the system. Additionally, new acquisition opportunities should remain a component of long-term planning. **It is recommended that Texas State Parks develop a target standard for apportioning capital investment to major capital repair and replacement, new business and service opportunities, and strategic new acquisitions.**

### **Revolving Projections of Infrastructure Needs are Required**

Texas Parks and Wildlife Department currently maintains a revolving projection of current and future infrastructure needs. As the system continues to age and grow, effectively projecting ongoing and future capital maintenance projects will become increasingly critical. Additionally, adopting a standardized process for public use planning for the development of lands donated or sold to Texas Parks and Wildlife Department into the state park system is recommended. This practice has recently been utilized for four new state park sites – Palo Pinto Mountains State Park, Kronkosky State Natural Area, Davis Hill State Park, and Chinati Mountains State Natural Area. This is an 18-month open process that involved landscape analysis and significant public input, and designed to plan for optimizing public use and access while protecting the significant natural and cultural features of the site. This planning model was utilized in the redevelopment of Hueco Tanks State Park and Historic Site in 2008. **The State Park Advisory Committee recommends the development and maintenance of an efficient capital repair and replacement inventory to support five and ten year capital investment projections.**



## Predictable Funding is Paramount

The unpredictable nature of operational and capital funding for Texas State Parks inhibits the ability of the agency to plan beyond the current biennium. The inconsistency of capital funds from one legislative session to the next creates undue stress on facilities and infrastructure, and ultimately increases the costs of managing and stewarding these public assets. The agency is placed in a difficult circumstance of not knowing whether adequate funding will be available to major critical repairs, or if funds will be available for strategic investments in facilities and infrastructure that can produce significant cost avoidance or revenue potential in the future. This uncertainty undermines the use of management best practices for operational sustainability.

A sustainable, dedicated and predictable funding source was enacted in 1993 by the Texas Legislature to support state park funding, and was reaffirmed and improved in 2007 – the “Sporting Goods Sales Tax.” This tax generates over \$225,000,000 in funding each biennium, and state parks typically only a minority percentage of these funds. In 2007, in a measure passed by the Legislature, state parks are authorized to receive up to 94% of these funds. However, the allocation discretion remains within Legislative control. Traditionally, these funds are used more for general appropriations for programs with no relation to park funding and to balance the state’s budget at the expense of a rapidly aging state park system. **The State Parks Advisory Committee strongly recommends that the revenues derived from the “Sporting Goods Sales Tax” be directed in full to the accounts specified in the 2007 act, and be fully protected by a constitutional amendment.**

In conclusion, Texas State Parks is among the most treasured and highly valued public assets in the State of Texas, but struggles to maintain the position as priority expenditures amongst the many other services competing for state funding. The year 2023 will mark the 100<sup>th</sup> anniversary of Texas State Parks, and acting on these recommendations will ensure the continued vitality of the system for another century. The State Parks Advisory Committee strongly recommends the adoption of these recommendations for purposes of protecting the assets and legacy that largely defines and protects our natural and cultural heritage into the future.