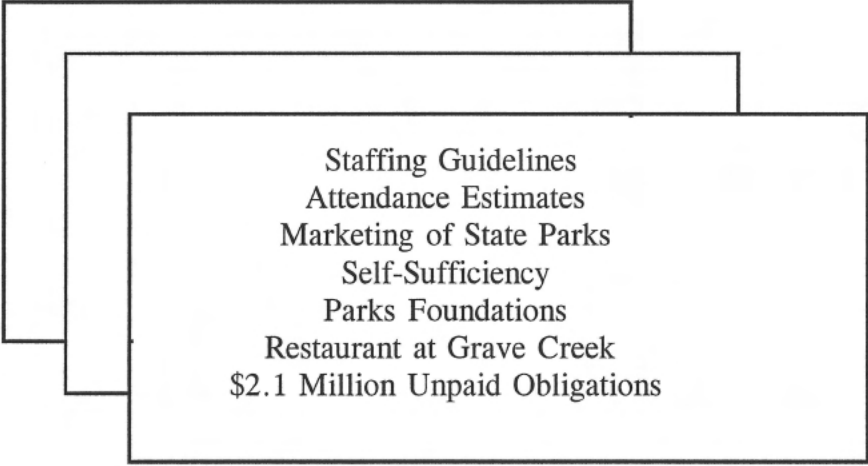


STATE OF WEST VIRGINIA

**UPDATE OF THE
PARKS AND RECREATION SECTION WITHIN THE
DEPARTMENT OF NATURAL RESOURCES**

PERFORMANCE AUDIT



Staffing Guidelines
Attendance Estimates
Marketing of State Parks
Self-Sufficiency
Parks Foundations
Restaurant at Grave Creek
\$2.1 Million Unpaid Obligations

OFFICE OF LEGISLATIVE AUDITOR
Performance Evaluation & Research Division
Building 5, Room 751
State Capitol Complex

CHARLESTON, WEST VIRGINIA 25305
(304) 347-4890

PE 95-17-38

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Antonio E. Jones, Ph.D., Director
Performance Evaluation and Research Division

John Sylvia, Research Manager
Susan Beard, Research Analyst

January, 1996

WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

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Antonio E. Jones, Ph.D.
Director

January 6, 1996

The Honorable A. Keith Wagner
State Senate
Box 446
Jaeger, West Virginia 24844

The Honorable Joe Martin
House of Delegates
Building 1, Room 213E
1900 Kanawha Blvd. East
Charleston, West Virginia 25305

Gentlemen:

Pursuant to the West Virginia Sunset Law, we are transmitting this update of the Parks and Recreation Section within the Department of Natural Resources Performance Audit which will be reported to the Joint Committee on Government Operations on Saturday, January 6, 1996. The issues covered herein are "Staffing Guidelines, Attendance Estimates, Marketing of State Parks, Self-Sufficiency, Parks Foundations, Restaurant at Grave Creek, and \$2.1 Million Unpaid Obligations."

Sincerely,

A handwritten signature in cursive script, appearing to read "Antonio E. Jones".

Antonio E. Jones

AEJ/wsc

Enclosure

Executive Summary

Update Parks and Recreation

The following report is an update of the performance audit on the Parks and Recreation section within the Department of Natural Resources (DNR). The audit began early in 1994. Several issues were identified and recommendations were made. This report summarizes the issues and restates the recommendations. Included are the agency's responses to the recommendations and any progress made in implementing any of the accepted recommendations. Any documentation substantiating this progress is included in an appendix when necessary. See Appendix A for the agency's complete response to this update. The update process is part of the **Generally Accepted Government Auditing Standards**.

Issue Area 1: Parks and Recreation is Developing Objective Staffing Guidelines.

Although not yet finalized, considerable work has been accomplished in developing complexity assessment models for each state park. The complexity assessments will be correlated with individual park staffing. This work has been accomplished in cooperation with faculty at West Virginia University.

Issue Area 2: Parks and Recreation is Developing an Accurate Formula for Estimating Attendance at State Parks.

In cooperation with West Virginia University, procedures are near completion which will allow for a more accurate method of calculating state park attendance.

Issue Area 3: Marketing of State Parks.

Parks and Recreation has submitted to the Director of DNR a proposal to give marketing and advertising responsibilities to an existing staff person. The Director is also working with the Division of Personnel to develop a bonus incentive program for central office and field group sales staff.

Issue Area 4: Resort Parks should be Completely Self-Sufficient.

Parks and Recreation is willing to implement entrance fees at resort parks if directed to do so by the executive branch (DNR Director's Office or Governor's Office) or through legislative action. The Director is working with the Division of Personnel to develop a bonus incentive program for central office and field group sales staff to facilitate greater self-sufficiency at state parks.

Issue Area 5: State Park Foundations.

Parks and Recreation has submitted to the Director of the DNR a proposal to restore a "special projects" position, the duties of which would include encouragement of foundation activities.

Issue Area 6: The State Operated Restaurant At Grave Creek Mound State Park Competes Unnecessarily With the Private Sector.

The restaurant was permanently closed on November 1, 1995 due to a lack of interest among private vendors. As reported in the audit, the restaurant was also losing money on its operations.

Issue Area 7: \$2.1 Million Unpaid Obligations for the Parks System as of November 30, 1994.

All outstanding Parks debts have been paid as of November 30, 1994.

Issue Area 1: There are No Objective Guidelines for Staffing of the State Park System.

Recommendation 1 - *The Director of the Division of Natural Resources should require the state park system to develop and implement objective staffing guidelines by July 1, 1995. These guidelines should be presented to the Joint Committee on Government Operations by July 15, 1995.*

Agency Response: Although not yet finalized, considerable work on this has been accomplished. Several other state park systems were surveyed to determine if they had models that could be followed. WVU Professor Steve Hollenhorst was contacted for assistance, and a draft "complexity assessment" has been developed. This was recently tested through completion of the assessment for a representative sampling of areas including Twin Falls, Pipestem, Cedar Creek, Bluestone, Seneca, Hawks Nest, Babcock, North Bend and Blackwater Falls. Modifications to the assessment are now being discussed with Professor Hollenhorst. After these are made, the complexity assessment will be completed for all parks and a correlation between operational complexity and staffing will be developed for each distinct park function. We hope to have this completed by January 1, 1996, but the work is rather technical, and, if necessary, we will take extra time in order to make the end product useful. Our general comments from last year on staffing guidelines still apply and are attached for your reference through copy of our December 2, 1994, memo to Dr. Jones. (See Appendix B)

Issue Area 2: The Current Formula for Estimating Attendance at State Parks is Flawed.

Recommendation 2 - *The Director of the Division of Natural Resources should require the state park system to work with the Statistics and Computer Science Department at WVU to create a statistically sound formula for calculating park attendance. The new formula should be provided to the Joint Committee on Government Operations by April 1, 1995.*

Agency Response: Not complete but considerable work has been done on this recommendation. The initial procedures developed by WVU were overly complex and, after field review, were returned to the University for revision and simplification. A second draft was reviewed, commented upon and returned to the University for final revision. We expect finalization of the new procedures soon.

Issue Area 3: Marketing of State Parks

Recommendation 3 - *The state park system should employ a marketing specialist. The marketing specialist and each park superintendent should develop an aggressive marketing plan which considers the special features and attractions at each park. Qualifications for the*

marketing specialist should include a degree in business administration, marketing or a related field with five to six years experience in services or consumer goods marketing.

Agency Response: The need to comply with the Governor's 10% staffing reduction mandate has caused a delay in action on this proposal. As an alternative, in early November an internal reorganization plan was submitted to DNR Director Charles Felton which would place the responsibility for marketing and advertising coordination as well as "guest services" and "hospitality" functions under an existing administrative staffer. In the meantime, we continue to pursue group sales through the efforts of the statewide group salesperson. Also, we are currently working with DOP to develop a bonus incentive program for both central office and field group sales staff. A copy of a request to this effect from Director Felton to Director of Personnel, Robert Stephens, is attached. (See Appendix C)

Issue Area 4: The State's Eight Resort Parks Should be Completely Self-sufficient.

Recommendation 4 - *The Performance Evaluation and Research Division recommends that the state park system require by administrative policy that all resort parks be completely self-sufficient. A per-person admission fee should be established at resort parks to accomplish the goal of self-sufficiency.*

Agency Response - The response to this recommendation is identical to that of last year. Please see the attached correspondence to Dr. Antonio Jones for this response (Appendix D). Parks stands ready and willing to implement entrance fees at resort parks if directed to do so administratively by the executive branch (DNR Director's Office or Governor's Office) or through legislative action.

Recommendation 5 - *To facilitate the goal of self-sufficiency at resort parks, the legislature should enact legislation to allow the Division of Natural Resources to provide resort park superintendents and staff merit bonuses based on the profitability of their resort park.*

Agency Response: The response to this recommendation is identical to that of last year. Please see the attached correspondence dated January 9, 1995, to Dr. Antonio Jones (Appendix D). One new development along this line is the plan to provide bonuses to group sales staff. As stated above a copy of Director Felton's proposal to DOP is attached for reference. (See Appendix C)

Issue 5: State Park Foundations.

Recommendation 6 - *The Director of the Division of Natural Resources should provide leadership to stimulate the level of activity with regards to state park foundations.*

Agency Response: Parks does not presume to speak for the Director of Natural Resources. However, the recent and above mentioned reorganization plan which has been submitted to the Director requests the restoration of a "special projects" position, the duties of which would include encouragement of foundation activities.

Recommendation 7 - *The Director of the Division of Natural Resources should dedicate the necessary resources to create and implement a state parks system foundation.*

Agency Response: Same as for Recommendation #6 above.

Issue 6: The State Operated Restaurant At Grave Creek Mound State Park Competes Unnecessarily With The Private Sector.

Recommendation 8 - *The restaurant at Grave Creek Mound State Park should be concessioned to a private vendor.*

Agency Response: Due to the total lack of interest among private vendors, the restaurant was permanently closed on November 1, 1995.

Issue 7: \$2.1 Million Unpaid Obligations for the Parks System as of November 30, 1994

Recommendation 9 - *The Performance Evaluation and Research Division recommends that the Division of Natural Resources, which was given authority over the Parks section as of November 1, 1994, determine the correctness of these outstanding balances, and develop a budget proposal that will suffice the Parks System to end of the fiscal year. DNR's budget proposal be submitted to the House and Senate Committees on Government Organizations and to the House and Senate Finance Committees by February 1, 1995.*

Agency Response: Accomplished. (See Appendix E)

Appendix A

DNR
West Virginia
Division of
Natural Resources

CHARLES B. FELTON, JR.
Director

PARKS & RECREATION
State Capitol Complex
Building 3, Room 714
Charleston, West Virginia 25305-0662

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November 15, 1995

John Sylvia, Research Manager
Performance Evaluation and Research Division
Capitol Complex, Building 5, Room 751
1900 Kanawha Blvd., East
Charleston, WV 25305

Dear Mr. Sylvia:

I am most happy to provide you updated information on "...actions, progress, or expectations of future action.." in response to last year's performance review of Parks and Recreation. This is in accordance with your request of September 28, 1995.

Recommendation #1 - The Director of the Division of Natural Resources should require the state park system to develop and implement objective staffing guidelines by July 1, 1995. These guidelines should be presented to the Joint Subcommittee on Government Operations by July 15, 1995.

Response - Although not yet finalized, considerable work on this has been accomplished. Several other state park systems were surveyed to determine if they had models that could be followed. WVU Professor Steve Hollenhorst was contacted for assistance, and a draft "complexity assessment" has been developed. This was recently tested through completion of the assessment for a representative sampling of areas including Twin Falls, Pipestem, Cedar Creek, Bluestone, Seneca, Hawks Nest, Babcock, North Bend and Blackwater Falls. Modifications to the assessment are now being discussed with Professor Hollenhorst. After these are made, the complexity assessment will be completed for all parks and a correlation between operational complexity and staffing will be developed for each distinct park function. We hope to have this completed by January 1, 1996, but the work is rather technical, and, if necessary, we will take extra time in order to make the end product useful. Our general comments from last year on staffing guidelines still apply and are attached for your reference through copy of our December 5, 1994, memo to Dr. Jones.

Recommendation #2 - The Director of the Division of Natural Resources should require the state park system to work with the Statistics and Computer Science Department at WVU to create a statistically sound formula for calculating park attendance. The new formula should be provided to the Joint Subcommittee on Government Operations by April 1, 1995.



John Sylvia
November 15, 1995
Page Two

Response - Not complete but considerable work has been done on this recommendation. The initial procedures developed by WVU were overly complex and, after field review, were returned to the University for revision and simplification. A second draft was reviewed, commented upon and returned to the University for final revision. We expect finalization of the new procedures soon.

Recommendation #3 - The state park system should employ a marketing specialist. The marketing specialist and each park superintendent should develop an aggressive marketing plan which considers the special features and attractions at each park. Qualifications for the marketing specialist should include a degree in business administration or a related field with five to six years of experience in seminars or consumer goods marketing.

Response - The need to comply with the Governor's 10% staffing reduction mandate has caused a delay in action on this proposal. As an alternative, in early November an internal reorganization plan was submitted to DNR Director Charles Felton which would place the responsibility for marketing and advertising coordination as well as "guest services" and "hospitality" functions under an existing administrative staffer. In the meantime, we continue to pursue group sales through the efforts of the statewide group salesperson. Also, we are currently working with DOP to develop a bonus incentive program for both central office and field group sales staff. A copy of a request to this effect from Director Felton to Director of Personnel, Robert Stephens, is attached.

Recommendation #4 - ... recommends that the state park system require by administrative policy that all resort parks be completely self-sufficient. A per-person admission fee should be established at resort parks to accomplish the goal of self-sufficiency.

Response - The response to this recommendation is identical to that of last year. Please see the attached correspondence to Dr. Antonio Jones for this response. Parks stands ready and willing to implement entrance fees at resort parks if directed to do so administratively by the executive branch (DNR Director's Office or Governor's Office) or through legislative action.

Recommendation #5 - To facilitate the goal of self-sufficiency at resort parks, the legislature should enact legislation to allow the Division of Natural Resources to provide resort park superintendents and staff merit bonuses based on the profitability of their resort park.

Response - The response to this recommendation is identical to that of last year. Please see the attached correspondence dated January 9, 1995, to Dr. Antonio Jones. One new development along this line is the plan to provide bonuses to group sales staff. As stated above a copy of Director Felton's proposal to DOP is attached for reference.

Recommendation #6 and #7 (combined) - The Director of the Division of Natural Resources should provide leadership to stimulate the level of activity with regards to state park foundations and should dedicate the

John Sylvia
November 15, 1995
Page Three

necessary resources to create and implement a state park system foundation.

Response - Parks does not presume to speak for the Director of Natural Resources. However, the recent and above mentioned reorganization plan which has been submitted to the Director requests the restoration of a "special projects" position, the duties of which would include encouragement of foundation activities.

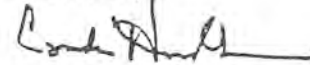
Recommendation #8 - The restaurant at Grave Creek Mound State Park should be concessioned to a private vendor.

Response - Due to the total lack of interest among private vendors, the restaurant was permanently closed on November 1, 1995.

Recommendation #9 - The Performance Evaluation and Research Division recommends that the Division of Natural Resources, which was given authority over the Parks section as of November 1, 1994, determine the correctness of these outstanding balances, and develop a budget proposal that will suffice the Parks System to the end of the fiscal year. DNR's budget proposal be submitted to the House and Senate Committees on Government Organizations and to the House and Senate Finance Committees by February 1, 1995.

Response - Accomplished.

Sincerely,



Cordie O. Hudkins
Chief

COH:kcc

Attachments



COH
your
copy

STATE OF WEST VIRGINIA
BUREAU OF COMMERCE
DIVISION OF NATURAL RESOURCES

State Capitol Complex
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1900 Kanawha Boulevard, East
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GASTON CAPERTON
Governor

CHARLES B. FELTON, JR.
Director

December 2, 1994

Antonio E. Jones, Ph.D.
West Virginia Legislature
Performance Evaluation and Research Division
Building 5, Room 751-A
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Dear Dr. Jones:

Thank you for the advance look at the draft report on the performance evaluation for the park system. I am providing the response you requested.

First, I must say that we take no exception to either of the recommendations contained within the report. They are excellent and will be pursued. It is gratifying that many months of close scrutiny of all facets of park operations has, at this point, resulted in a limited number of recommendations.

Since our response to the two specific recommendations is one of general agreement, I offer the following information only as a means of providing context in which the recommendation on staffing can be more comprehensively evaluated by the Joint Committee on Government Operations. I feel that a response to the attendance calculation recommendation is not necessary since it is a much less complex issue.

- State parks do employ upwards of 1000 individuals at the peak of summer seasonal operation. However, 1993 part-time hourly staffing converted to 354 FTEs. This, in addition to 471 classified service employees as of January 1, 1993. This is a total of 824 FTEs. 1994 hourly expenditures are not final, of course, but we project that the close of 1994 will reveal use of approximately 320 hourly FTEs and 440 classified staff for a total of 770 FTEs.
- Objective staffing guidelines do exist in several areas of operation. Although not formally published, our criteria for review and approval of housekeeper staffing requests uses a ratio of one employee per 12 rooms or two for six cabins. There are also regulatory criteria for tram operators, certain Cass railroad personnel, lifeguards and waste/water treatment plant operators. Although some of these regulations do not dictate a specific number of employees, their practical effect does influence staffing levels.
- Although totally objective staffing guidelines are certainly of value, the combination of subjective and objective criteria that have been used in the past have been very effective meeting both operational needs and employee reduction initiatives. For example, refer to point one above which documents reductions of classified staff since the Governor's January 1, 1993, 10% cutback mandate.

PARKS & RECREATION, Bldg. 6, Room 451, Charleston, WV 25305, Telephone: (304) 558-2755, FAX: (304) 558-0077

Antonio E. Jones
December 2, 1994
Page Two

A further example that is more reflective of long-term trends is the fact that in 1990 there were some 500 classified service plus 294 FTE hourly employees. By the close 1994, we project that there will be 440 classified plus 320 FTE hourlies. This, even though new park operations have been assumed at Blennerhassett Island, Lost River restaurant, Tygart Lake restaurant, Blackwater Falls restaurant, Stonewall Jackson Lake State Park, North Bend Rail Trail, and Cass Country Store that required the addition of 13 classified service and 49 FTE hourly employees during the same period of time. In summary, overall staffing levels have been significantly reduced even though many new facilities and services were added. Despite this customer satisfaction surveys and comment cards during the same period of time have been consistently positive. However, it is obvious that excessive cuts can sometimes be harmful to fulfillment of an agency mission and we must be careful lest we carry reduction programs too far. If proven to be practical, the recommendation on objective staffing guidelines would be invaluable in determining the allowable limits of reduction.

- Objective staffing formulas are likely much more challenging to develop for state parks than most other state agencies. For example, a ratio of two nurses for 20 beds at a state hospital would be much easier to establish than numerical ratios of park maintenance workers to developed acreage and square footage of park buildings. This is because the nature of such acreage and buildings within the park system is so extremely varied. It is obvious that hilly or rough developed park terrain requires more staff to mow than flat terrain and 60 year old CCC buildings require much more maintenance than newer structures. The difficulty of establishment of formulas to reflect these many influences is testified to by the very "regression analysis" used within the performance audit report to support the staffing guideline recommendation. Conceivably, such an analysis could have considered the differences by area of the condition and age of buildings and facilities; the availability of mechanized, labor saving equipment; levels of reliance on special works programs; type of terrain in developed areas; type of surface encountered on walkways, paths, and trails; impact of state and federal laws or regulations, etc. The fact that it did not does not make it an invalid analysis. However, it illustrates well the challenge implicit in establishment of staffing formulas when so many variables exist. Another fact to point out is that most classes of park employees are assigned to a wide variety of duties dependent upon operational need. For example, housekeepers often double as custodians in public areas and occasionally perform maintenance work.
- Given that any internally developed objective staffing formulas and guidelines would likely be characterized as subject to agency bias we suggest that an objective outside consultant be retained to determine if the recommendation is practical and, if so, then work to develop the same. We have attempted to internally develop such ratios and formulas within the past few years and have been unsuccessful due to the complexity of the variables involved.

In closing, let me repeat that we appreciate the very constructive suggestions contained within the report and the positive reinforcement for other areas of operation implicit in the limited number of recommendations. We continually strive to make changes that are reflective of the evolving expectations of the state's citizens and leadership. This report and the action of the Joint Committee can do nothing but help in that regard.

Sincerely,



Cordie O. Hudkins
Chief

COH:kcc

cc: Charles Felton, Director
Brian Armentrout, Evaluator

DNR
West Virginia
Division of
Natural Resources

CHARLES B. FELTON, JR.
Director

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TO: Robert L. Stephens, Jr., Director
West Virginia Division of Personnel

FROM: Charles B. Felton, Jr., Director *CBF*

DATE: November 9, 1995

SUB: Creation of Pay Incentive for Tourism
Program Associate Position

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PARKS AND RECREATION

In accordance with West Virginia Administrative Rule, Division of Personnel, Section 5.04. (d), Additional Pay, the Division of Natural Resources is requesting that the State Personnel Board provide a pay differential for the Tourism Program Associate position within the Division of Natural Resources. The purpose of this request is to provide additional pay incentives for those working in this classification in our Parks and Recreation Section who have the functional duties of group sales coordinators.

The tourism industry has grown significantly in West Virginia during the last five years. Occupancy levels at our parks have remained static during this same period. At the same time, competition from the private sector to house the tourist has grown.

In order to protect the capital investment this state has made in its parks system, and to ensure fiscal soundness, we need to increase our occupancy rates throughout the system. The most effective way to accomplish this is to have a sales force that has goals and is rewarded when the goals are achieved, just like their private sector counterparts. Therefore, I am requesting that for each one percent (1%) of occupancy growth achieved, the incumbent would receive a five percent (5%) additional pay incentive up to the maximum allowed for the pay grade.

To put this request in perspective, a one percent (1%) occupancy rate increase at Pipestem State Park equates to a revenue stream increase of approximately \$50,000.

It is essential to the parks system that it be able to compete for the tourism dollar. I feel that to compete, we must have the flexibility that this additional pay proposal would provide.

Thank you for your consideration.

CBF/hpb

bc: Norma Justice
Cordie Hudkins

11/13/95
Ken Emery
F.I.
WA



Refle
3/2



STATE OF WEST VIRGINIA
BUREAU OF COMMERCE
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GASTON CAPERTON
Governor

CHARLES B. FELTON, JR.
Director

January 9, 1995

Antonio E. Jones, Ph.D.
West Virginia Legislature
Performance Evaluation and Research Division
Building 5, Room 751-A
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Dear Dr. Jones:

Thank you for the opportunity to review the draft copy of the latest report on the park system by the Performance Evaluation and Research Division. Although we did not receive the report until less than 24 hours in advance of its presentation, it is helpful to at least have some advance notice of findings. As with the last report, we appreciate the effort that has gone into reviewing so many aspects of the operation of the park system, the constructive suggestions given relative to a few areas of operation, and the positive reinforcement for the many areas of operation studied that did not prompt a recommendation.

We do not have any basic disagreement with any of the suggestions given. They all appear reasonable on the surface. However, for discussion purposes and to provide context for more comprehensive consideration of the report information, the following comments and observations are provided:

- "The state park system should employ a marketing specialist and ... develop an aggressive marketing plan which considers the special features and attractions at each park." We are in total agreement with this proposal. Parks initiated a similar effort four years ago when a special sales and marketing section was established within Parks and sales representatives were placed at Pipestem, Blackwater Falls, and Hawks Nest/Twin Falls. A marketing plan was developed which addressed system-wide and individual park needs. This program in 1993 was showing promising results but was removed from Parks control as part of a Tourism and Parks internal reorganization. It has since been effectively dismantled due to employee attrition and the difficulty in filling positions due to the 10% personnel reduction mandate and various employment freezes. It is gratifying to see our past concept independently resurface.
- "The State's eight resort parks should be completely self-sufficient." First of all let me point out that the "resort" park classification is reserved for Pipestem, Twin Falls, Cacapon, and Canaan Valley where a complete range of "resort" style amenities exist. North Bend, Hawks Nest, Tygart Lake and Blackwater Falls have lodge developments but do not feature golf or similar extensive resort style recreational development. Your report apparently intends to indicate that any parks with lodge development should be self-sufficient.

PARKS & RECREATION, Bldg. 6, Room 451, Charleston, WV 25305, Telephone: (304) 558-2765, FAX: (304) 558-0077

Antonio E. Jones, Ph.D.
January 9, 1995
Page Two

Self-sufficiency of any park, forest, or wildlife management recreation area is a worthy goal and one that already exists within the system. That is undoubtedly one of the reasons why West Virginia's operational self-sufficiency percentage is among the top five nationally even though with little exception the other states in that select group do not operate loss leaders such as wildlife management recreational areas, state forest recreational day-use and camping areas, totally natural areas, or historic parks.

The report's observations and suggestions that lodge parks are more of a "private good" than a "public good" and that "exclusion" of state citizens not willing to pay enhanced user fees would be acceptable is overly simplified in several respects. The first line of the executive summary of your report points out that part of the mission of West Virginia's state park system is to "provide outdoor recreational opportunities for the citizens of the state and its visitors." Describing the lodge parks as private goods discounts the important role these areas fill in providing local public recreation in rural areas of the state with little other developed public recreation. Picnicking, swimming, playgrounds, hiking trails, nature interpretation and other local uses of lodge parks seem to receive too little importance. Likewise, the significant natural resources protected by these areas. It should also be strongly emphasized that a detailed accounting study should be undertaken to first show that existing lodges, golf courses, and other major resort style components of certain parks are actually losing money. A comprehensive and accurate cost accounting system, which is something Parks has requested for several years from the administration of Tourism and Parks and now which we have requested from DNR administration, would help to answer these basic questions.

The report's examination of self-sufficiency ignores basic business considerations. A prime example is location. Over the years parks have been placed in disadvantageous business locations due to political decisions on the necessity of employment, economic stimulation, and recreational opportunities in certain locales. Locations were dictated by the presence of significant natural resources that were deemed worthy of state park status. To think that a Twin Falls, North Bend, or Tygart Lake can easily repeat the financial success of other public parks such as Oglabay or even the state park system's own Cacapon ignores the basic considerations of location and accessibility.

We agree generally with the concept of entrance fees. However, the entrance fee revenue projections fails to consider expenditures for collection efforts. They also rely on attendance estimates which the first Performance Evaluation report characterized as unreliable. These facts make the total revenue estimates less than credible. In addition, the discussions of entrance fees for lodge parks is overly simplistic in its estimate of local political and public resistance to such fees. This is due to the already discussed failure of the report to consider the importance of the lodge parks as a public outdoor recreational resources. The statement that most overnight visitors at lodge parks are from out of state and that this would keep resistance to entrance fees low ignores the fact that most total park visitors are West Virginia residents.

The idea of bonus incentives for park superintendents and staff of lodge parks for achieving profitability brings up several questions. How does one prevent a management de-emphasis on service, maintenance, upkeep, resource protection, and similar programs? Past "self-sufficiency at all costs" efforts at parks have come with the price tag of deferred maintenance and deteriorating infrastructure. A better concept than bonuses may be for Parks to work with DNR management to set aside a reasonable pool of merit raise funds each year and reward exceptional performance in that established manner. This would make superintendents of all areas, not just the lodge parks, eligible for such

Antonio E. Jones, Ph.D.
January 9, 1995
Page Three

rewards; would be fairer; and would not require any changes in law or Division of Personnel guidelines.

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Thank you again for the opportunity to review and respond to your document. In summary, I believe you present several interesting ideas, all of which appear credible on the surface. However, some of your analysis, recommendations, and supporting information is a bit simplistic, undeveloped, not reflective or inclusive of the realities of public opinion and policy development and are contradicted by some of the findings in your first report. This is particularly true of the self-sufficiency discussion. Nevertheless, your report contains several items worthy of consideration. On behalf of the park system, I thank you for the obvious work and energy your section has put into this review.

Sincerely,



Cordie O. Hudkins
Chief

COH:kcc

cc: Chuck Felton, Director
Ken Caplinger, Deputy Chief

Appendix B



COH
your
copy

STATE OF WEST VIRGINIA
BUREAU OF COMMERCE
DIVISION OF NATURAL RESOURCES

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Charleston, West Virginia 25305-0660
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Telephone (304) 558-2754 Fax (304) 558-2768

GASTON CAPERTON
Governor

CHARLES B. FELTON, JR.
Director

December 2, 1994

Antonio E. Jones, Ph.D.
West Virginia Legislature
Performance Evaluation and Research Division
Building 5, Room 751-A
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Dear Dr. Jones:

Thank you for the advance look at the draft report on the performance evaluation for the park system. I am providing the response you requested.

First, I must say that we take no exception to either of the recommendations contained within the report. They are excellent and will be pursued. It is gratifying that many months of close scrutiny of all facets of park operations has, at this point, resulted in a limited number of recommendations.

Since our response to the two specific recommendations is one of general agreement, I offer the following information only as a means of providing context in which the recommendation on staffing can be more comprehensively evaluated by the Joint Committee on Government Operations. I feel that a response to the attendance calculation recommendation is not necessary since it is a much less complex issue.

- State parks do employ upwards of 1000 individuals at the peak of summer seasonal operation. However, 1993 part-time hourly staffing converted to 354 FTEs. This, in addition to 471 classified service employees as of January 1, 1993. This is a total of 824 FTEs. 1994 hourly expenditures are not final, of course, but we project that the close of 1994 will reveal use of approximately 320 hourly FTEs and 440 classified staff for a total of 770 FTEs.
- Objective staffing guidelines do exist in several areas of operation. Although not formally published, our criteria for review and approval of housekeeper staffing requests uses a ratio of one employee per 12 rooms or two for six cabins. There are also regulatory criteria for tram operators, certain Cass railroad personnel, lifeguards and waste/water treatment plant operators. Although some of these regulations do not dictate a specific number of employees, their practical effect does influence staffing levels.
- Although totally objective staffing guidelines are certainly of value, the combination of subjective and objective criteria that have been used in the past have been very effective meeting both operational needs and employee reduction initiatives. For example, refer to point one above which documents reductions of classified staff since the Governor's January 1, 1993, 10% cutback mandate.

PARKS & RECREATION, Bldg. 6, Room 451, Charleston, WV 25305. Telephone: (304) 558-2765, FAX: (304) 558-0077

Antonio E. Jones
December 2, 1994
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A further example that is more reflective of long-term trends is the fact that in 1990 there were some 500 classified service plus 294 FTE hourly employees. By the close 1994, we project that there will be 440 classified plus 320 FTE hourlies. This, even though new park operations have been assumed at Blennerhassett Island, Lost River restaurant, Tygart Lake restaurant, Blackwater Falls restaurant, Stonewall Jackson Lake State Park, North Bend Rail Trail, and Cass Country Store that required the addition of 13 classified service and 49 FTE hourly employees during the same period of time. In summary, overall staffing levels have been significantly reduced even though many new facilities and services were added. Despite this customer satisfaction surveys and comment cards during the same period of time have been consistently positive. However, it is obvious that excessive cuts can sometimes be harmful to fulfillment of an agency mission and we must be careful lest we carry reduction programs too far. If proven to be practical, the recommendation on objective staffing guidelines would be invaluable in determining the allowable limits of reduction.

- Objective staffing formulas are likely much more challenging to develop for state parks than most other state agencies. For example, a ratio of two nurses for 20 beds at a state hospital would be much easier to establish than numerical ratios of park maintenance workers to developed acreage and square footage of park buildings. This is because the nature of such acreage and buildings within the park system is so extremely varied. It is obvious that hilly or rough developed park terrain requires more staff to mow than flat terrain and 60 year old CCC buildings require much more maintenance than newer structures. The difficulty of establishment of formulas to reflect these many influences is testified to by the very "regression analysis" used within the performance audit report to support the staffing guideline recommendation. Conceivably, such an analysis could have considered the differences by area of the condition and age of buildings and facilities; the availability of mechanized, labor saving equipment; levels of reliance on special works programs; type of terrain in developed areas; type of surface encountered on walkways, paths, and trails; impact of state and federal laws or regulations, etc. The fact that it did not does not make it an invalid analysis. However, it illustrates well the challenge implicit in establishment of staffing formulas when so many variables exist. Another fact to point out is that most classes of park employees are assigned to a wide variety of duties dependent upon operational need. For example, housekeepers often double as custodians in public areas and occasionally perform maintenance work.
- Given that any internally developed objective staffing formulas and guidelines would likely be characterized as subject to agency bias we suggest that an objective outside consultant be retained to determine if the recommendation is practical and, if so, then work to develop the same. We have attempted to internally develop such ratios and formulas within the past few years and have been unsuccessful due to the complexity of the variables involved.

In closing, let me repeat that we appreciate the very constructive suggestions contained within the report and the positive reinforcement for other areas of operation implicit in the limited number of recommendations. We continually strive to make changes that are reflective of the evolving expectations of the state's citizens and leadership. This report and the action of the Joint Committee can do nothing but help in that regard.

Sincerely,



Cordie O. Hudkins
Chief

COH:kcc
cc: Charles Felton, Director
Brian Armentrout, Evaluator

Appendix C

DNR
West Virginia
Division of
Natural Resources

CHARLES B. FELTON, JR.
Director

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Governor

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TO: Robert L. Stephens, Jr., Director
West Virginia Division of Personnel

FROM: Charles B. Felton, Jr., Director *[Signature]*

DATE: November 9, 1995

SUB: Creation of Pay Incentive for Tourism
Program Associate Position

RECEIVED

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PARKS AND RECREATION

In accordance with West Virginia Administrative Rule, Division of Personnel, Section 5.04. (d), Additional Pay, the Division of Natural Resources is requesting that the State Personnel Board provide a pay differential for the Tourism Program Associate position within the Division of Natural Resources. The purpose of this request is to provide additional pay incentives for those working in this classification in our Parks and Recreation Section who have the functional duties of group sales coordinators.

The tourism industry has grown significantly in West Virginia during the last five years. Occupancy levels at our parks have remained static during this same period. At the same time, competition from the private sector to house the tourist has grown.

In order to protect the capital investment this state has made in its parks system, and to ensure fiscal soundness, we need to increase our occupancy rates throughout the system. The most effective way to accomplish this is to have a sales force that has goals and is rewarded when the goals are achieved, just like their private sector counterparts. Therefore, I am requesting that for each one percent (1%) of occupancy growth achieved, the incumbent would receive a five percent (5%) additional pay incentive up to the maximum allowed for the pay grade.

To put this request in perspective, a one percent (1%) occupancy rate increase at Pipestem State Park equates to a revenue stream increase of approximately \$50,000.

It is essential to the parks system that it be able to compete for the tourism dollar. I feel that to compete, we must have the flexibility that this additional pay proposal would provide.

Thank you for your consideration.

CBF/hpb

bc: Norma Justice
Cordie Hudkins

11/13/95
Ken, Emily
F.I.
WA



Appendix D

Caperton
3/2



STATE OF WEST VIRGINIA
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GASTON CAPERTON
Governor

CHARLES B. FELTON, JR.
Director

January 9, 1995

Antonio E. Jones, Ph.D.
West Virginia Legislature
Performance Evaluation and Research Division
Building 5, Room 751-A
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Dear Dr. Jones:

Thank you for the opportunity to review the draft copy of the latest report on the park system by the Performance Evaluation and Research Division. Although we did not receive the report until less than 24 hours in advance of its presentation, it is helpful to at least have some advance notice of findings. As with the last report, we appreciate the effort that has gone into reviewing so many aspects of the operation of the park system, the constructive suggestions given relative to a few areas of operation, and the positive reinforcement for the many areas of operation studied that did not prompt a recommendation.

We do not have any basic disagreement with any of the suggestions given. They all appear reasonable on the surface. However, for discussion purposes and to provide context for more comprehensive consideration of the report information, the following comments and observations are provided:

- "The state park system should employ a marketing specialist and ...develop an aggressive marketing plan which considers the special features and attractions at each park." We are in total agreement with this proposal. Parks initiated a similar effort four years ago when a special sales and marketing section was established within Parks and sales representatives were placed at Pipestem, Blackwater Falls, and Hawks Nest/Twin Falls. A marketing plan was developed which addressed system-wide and individual park needs. This program in 1993 was showing promising results but was removed from Parks control as part of a Tourism and Parks internal reorganization. It has since been effectively dismantled due to employee attrition and the difficulty in filling positions due to the 10% personnel reduction mandate and various employment freezes. It is gratifying to see our past concept independently resurface.
- "The State's eight resort parks should be completely self-sufficient." First of all let me point out that the "resort" park classification is reserved for Pipestem, Twin Falls, Cacapon, and Canaan Valley where a complete range of "resort" style amenities exist. North Bend, Hawks Nest, Tygart Lake and Blackwater Falls have lodge developments but do not feature golf or similar extensive resort style recreational development. Your report apparently intends to indicate that any parks with lodge development should be self-sufficient.

PARKS & RECREATION, Bldg. 6, Room 451, Charleston, WV 25305, Telephone: (304) 558-2765, FAX: (304) 558-0077

Antonio E. Jones, Ph.D.
January 9, 1995
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Self-sufficiency of any park, forest, or wildlife management recreation area is a worthy goal and one that already exists within the system. That is undoubtedly one of the reasons why West Virginia's operational self-sufficiency percentage is among the top five nationally even though with little exception the other states in that select group do not operate loss leaders such as wildlife management recreational areas, state forest recreational day-use and camping areas, totally natural areas, or historic parks.

The report's observations and suggestions that lodge parks are more of a "private good" than a "public good" and that "exclusion" of state citizens not willing to pay enhanced user fees would be acceptable is overly simplified in several respects. The first line of the executive summary of your report points out that part of the mission of West Virginia's state park system is to "provide outdoor recreational opportunities for the citizens of the state and its visitors." Describing the lodge parks as private goods discounts the important role these areas fill in providing local public recreation in rural areas of the state with little other developed public recreation. Picnicking, swimming, playgrounds, hiking trails, nature interpretation and other local uses of lodge parks seem to receive too little importance. Likewise, the significant natural resources protected by these areas. It should also be strongly emphasized that a detailed accounting study should be undertaken to first show that existing lodges, golf courses, and other major resort style components of certain parks are actually losing money. A comprehensive and accurate cost accounting system, which is something Parks has requested for several years from the administration of Tourism and Parks and now which we have requested from DNR administration, would help to answer these basic questions.

The report's examination of self-sufficiency ignores basic business considerations. A prime example is location. Over the years parks have been placed in disadvantageous business locations due to political decisions on the necessity of employment, economic stimulation, and recreational opportunities in certain locales. Locations were dictated by the presence of significant natural resources that were deemed worthy of state park status. To think that a Twin Falls, North Bend, or Tygart Lake can easily repeat the financial success of other public parks such as Oglabay or even the state park system's own Cacapon ignores the basic considerations of location and accessibility.

We agree generally with the concept of entrance fees. However, the entrance fee revenue projections fails to consider expenditures for collection efforts. They also rely on attendance estimates which the first Performance Evaluation report characterized as unreliable. These facts make the total revenue estimates less than credible. In addition, the discussions of entrance fees for lodge parks is overly simplistic in its estimate of local political and public resistance to such fees. This is due to the already discussed failure of the report to consider the importance of the lodge parks as a public outdoor recreational resources. The statement that most overnight visitors at lodge parks are from out of state and that this would keep resistance to entrance fees low ignores the fact that most total park visitors are West Virginia residents.

The idea of bonus incentives for park superintendents and staff of lodge parks for achieving profitability brings up several questions. How does one prevent a management de-emphasis on service, maintenance, upkeep, resource protection, and similar programs? Past "self-sufficiency at all costs" efforts at parks have come with the price tag of deferred maintenance and deteriorating infrastructure. A better concept than bonuses may be for Parks to work with DNR management to set aside a reasonable pool of merit raise funds each year and reward exceptional performance in that established manner. This would make superintendents of all areas, not just the lodge parks, eligible for such

Antonio E. Jones, Ph.D.
January 9, 1995
Page Three

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Chief

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cc: Chuck Felton, Director
Ken Caplinger, Deputy Chief

Appendix E

DNR

West Virginia
Division of
Natural Resources

CHARLES B. FELTON, JR.
Director

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MEMORANDUM

TO: Antonio Jones

FROM: Harry Price

DATE: December 28, 1995

SUBJECT: November 30, 1994: Parks Outstanding Debt

All outstanding Parks debts as of November 30, 1994 have been paid.

