

**State of Washington
Decision Package**

Agency 465 State Parks and Recreation Commission

Decision Package Code/Title: PR PRSA Spending Authority Increase

Budget Period: 2015-2017
Budget Level: M1 - PR
Package Title: PRSA Spending Authority Increase

Recommendation Summary Text:

State Parks requests a spending authority increase for the Parks Renewal and Stewardship Account (PRSA). This request proposes to use available revenue to reduce the preventative maintenance backlog, upgrade law enforcement radios, support fire protection efforts and promote parks. These investments will help prevent further deterioration of park facilities, ensure uninterrupted law enforcement activities, minimize destruction of assets, maintain park visitation and resulting revenue, and protect the health and safety of employees and the public. (Parks Renewal and Stewardship Account-State)

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
269-1 – Parks Renewal and Stewardship Account	1,832,600	2,433,400	4,266,000
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	1.5	4.5	3.0

Package Description:

The majority of State Parks’ revenue is generated from user fees, permits and donations. Currently, the 2015-17 biennium revenue is projected to be higher than current expenditure authority. To spend available dollars, the funds must be appropriated by the Legislature. If revenue does not materialize, the agency must contain spending to stay within available funding.

Parks has re-assessed operations and used the 2015-17 budget submittal as a guide to prioritize areas for additional spending while maintaining a sufficient fund balance of \$8.5 million. (See Attachment A: PRSA Fund Balance Computation.) Identified operational priorities are to: reduce the preventative maintenance backlog, prevent further deterioration or destruction of assets, invest in public and employee health and safety, and maintain park visitation and resulting revenue. Areas of additional investment are described below.

Park Maintenance. Funding is needed for supplies and materials and to extend eighteen seasonal, senior park aides for park preventative maintenance. This will reduce the preventative maintenance backlog, reduce further deterioration of park assets, avoid future higher repair costs, and lower the need for deferred maintenance.

State Parks has about 3,000 buildings in the 125 parks around the state, including over 700 that are

designated as historic structures. Maintenance of these facilities is critical to protect public and employee health and safety and ensure a positive visitor experience which in turn helps to maintain revenue.

Currently, State Parks has identified 370 statewide preventative maintenance projects that total over \$4.6 million. This is a dynamic list of projects that is updated as needed. The maintenance backlog includes projects such as: roof and siding replacement, storm drain barrier repair, waterline replacement, shower renovations, and repairs to historic buildings.

The senior park aides who are semi-skilled in repairs and maintenance work will assist Lead Construction and Maintenance staff in completing preventative maintenance projects. Estimated cost = \$1,695,000 (3.0 FTE).

Replace Law Enforcement Radios. State Parks request funds to replace law enforcement radios that will become obsolete with the implementation of the exclusive use of narrow band frequency. Replacement of these radios will ensure that Park Rangers have the continued ability to communicate with Washington State Patrol (WSP) dispatch services and local law enforcement agencies in the normal course of their business and during emergency situations. Uninterrupted law enforcement activities are needed to protect public and employee health and safety.

State Parks needs to upgrade its radios before the WSP converts to exclusive use of a narrow band radio system in compliance with the Federal Communications Commission's mandate on radio communications. The initial published date for full conversion to the new system was December 31, 2015. This date was extended to June 2016. While the date may be extended again it is critical for State Parks to upgrade their radios before the WSP conversion occurs, as existing equipment would no longer be operational.

In addition, local governments are already converting their systems to narrow band necessitating the purchase of thirty-three new radios by the agency to maintain radio communications. Other local law enforcement agencies are also planning to convert to narrow band. State Parks needs to replace an additional 252 radios. Estimated cost = \$1,971,000.

Fire-related Equipment and Supplies. Additional spending authority is requested to purchase two Type 6 fire trucks and equipment and supplies needed to respond to fire threats to park land and facilities.

State Parks is directly impacted by wildfires that occur throughout the State. In 2015, There were over 800,000 acres of fires that impacted eleven parks (does not include all fire acreage in the state). During the latest fire season eight parks had to be evacuated and closed due to the fire in and around the park areas or for use as staging areas or fire base camps.

In recent years with increased fire activity, park owned equipment and supplies have been insufficient. Currently, the agency is using surplus vehicles with 150-200 thousand miles on them. This request for additional spending authority would be used to purchase two Type 6 fire trucks equipped with fire protection equipment. In addition, Parks would purchase additional materials to increase the length of protective hose and sprinkler lines and supply of fire resistant foil type reflective covers which are crucial for the protection of park facilities and historic structures. Wrapping historic buildings in a fire resistant foil type reflective cover reduces the possibility of it catching on fire.

Park staff has the knowledge and ability to efficiently respond and engage in fire protection measures. With many important state wide unique and remote locations, Parks staff must be prepared to immediately address small fires in or near a park and to set up perimeter protection to help suppress large fires until incident command takes over. Park staff has the knowledge and training to work in historically, culturally, and sensitive natural areas but need adequate resources to minimize the impact of

these devastating occurrences and to protect public and employee health and safety. Estimated cost = \$300,000.

Product Quality: State Parks requests spending authority to invest additional dollars on marketing related efforts. The driving force and foundation of any business including State Parks is the customer. Understanding customer behaviors and developing marketing efforts and products that serve the customer is essential for business success. To understand State Parks' existing and potential customers, additional research and surveys are needed to gather customer data. Through these efforts and increased marketing, State Parks expects to broaden brand awareness to help grow park visitations and meet current forecasted revenues.

Historically, State Parks has had a very limited marketing budget to promote its parks and services. Now that State Parks is required to earn an ever-increasing portion of its operating budget, there is an increased need to promote park offerings. A 2011 survey conducted by the Chief Marketing Officer stated that private businesses spend on average 10 percent of their annual revenue on marketing efforts. State Parks spends well under one percent. This package requests funding to hire the expertise needed to help conduct research and surveys and increase marketing efforts. Estimated cost = \$300,000.

Narrative Justification and Impact Statement:

What specific performance outcomes does the agency expect?

Outcomes expected with additional funding for preventative maintenance include:

- Improved building, grounds and facility maintenance
- Better response to property damage and vandalism in parks
- Improved capacity to complete projects within expected timelines
- Improved capacity for handling emergent needs without disrupting regular routine maintenance
- Improved customer service

Park Rangers need to have required equipment to ensure continued radio communication with WSP dispatch services and local governments that is essential for staff and visitor safety.

Investing in the purchase of equipment, supplies and materials for fire-related activities will mitigate the impact of wildfires that threaten lands, interrupt park visitations and also support working effectively with partner agencies.

The agency expects that expanded knowledge of our customers and increased marketing efforts would increase day-use and overnight visitations to achieve current revenue projections.

Sales growth will provide indeterminate positive impacts to economic growth, which would increase state and local revenue and business income.

Performance Measure Detail

No performance measures submitted for this package.

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes, this package is essential to implementing the following strategy: Adopt a business approach to park system administration – Marketing Initiative priority. “Build and sustain a comprehensive strategic

marketing program that can adapt to support agency financial needs and promote the value of the state park system to the public. Stimulate sales of the Discover Pass and other fee-based services.”

Parks believe that it is good business practice to be proactive in addressing risks to the health and safety of staff and the public and protecting its assets from financial loss. Upgrading law enforcement radios by the compliance deadline will avoid interruption of radio communication in handling emergency situations. Replenishing fire-related supplies and replacing outdated equipment that is used for fire-related activities would help minimize loss of Parks’ assets and damage to natural habitats. Well maintained facilities will improve park facilities conditions which have shown to enhance visitor satisfaction, ultimately resulting in increased revenue.

Does this decision package provide essential support to one or more of the Governor’s Results Washington priorities?

Yes, this decision package supports goal #2 for a “prosperous economy”. Increased marketing efforts will contribute to:

- Attaining 2015-17 revenue projections needed to operate the park system
- A prosperous economy for local communities from increased spending by visitors
- Generating revenue into the State’s General Fund from sales taxes

What are the other important connections or impacts related to this proposal?

Funding preventative maintenance will prevent further deterioration of buildings, structures and facilities, reducing the need for capital projects, increasing customer satisfaction, and ultimately visitations and revenue.

The Department of Natural Resources and Department of Fish and Wildlife benefit from Discover Pass revenue.

State Parks is required to comply with WSP radio standards and needs to be able to communicate with law enforcement and local governments.

What alternatives were explored by the agency, and why was this alternative chosen?

State Parks can choose to not request funding for maintenance backlog, but this will lead to further deterioration of the park facilities.

The minimum requirement for radio communication with WSP’s dispatch channels is P25 VHF operation mode. State Parks must upgrade radios to conduct business and to help ensure the safety of park staff and visitors by having uninterrupted communications for normal work activities and in emergency situations. If additional funding is not provided, then dollars allotted to cover normal park operations would need to be diverted to make these purchases when the conversion is mandatory.

Parks cannot adequately support fire protection efforts without additional resources. If additional spending authority is not provided, any increased costs for fire-related supplies and materials would be diverted from park operations. In addition, Parks will continue to have limited use of the outdated equipment to only certain parks until the repair costs exceed benefit or are no longer operational.

This marketing alternative is the best use of current resources using experts as needed to supplement staff work and maximize results. Developing an email program, exploring one-on-one marketing tools and

testing new channels are necessary to expand the promotion of state parks. If funding is not available, these efforts would be delayed until money becomes available.

What are the consequences of adopting or not adopting this package?

Park facilities will continue to deteriorate without resources to work on reducing the maintenance backlog and may result in higher need for capital budget.

Park assets will be a higher risk of destruction without the proper equipment and supplies to support fire protection activities. Public health and safety will also be at greater risk.

Replacing law enforcement radios is needed to ensure uninterrupted law enforcement activities that are needed to lessen risk to public health and safety; as well as the ability to maintain normal operations including the ability to communicate during emergency situations. Also, the cost of the replacement radios is expected to continue to rise making it more expensive to replace the radios over time.

The agency will continue with current business development efforts and traditional marketing channels. This will adversely affect the agency's ability to maintain and grow revenue to meet current forecasts.

What is the relationship, if any, to the state's capital budget?

The lack of funding for adequate preventative maintenance will lead to deterioration of facilities and result in higher capital budget requests for major repairs, renovation or replacement of buildings, structures, and other facilities infrastructure.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure Calculations and Assumptions:

An \$8.5 million 2015-17 ending fund balance for the PSRA. This allows for an additional investment of \$4,266,000 on park operations. The \$4,266,000 in expenditures is broken down as follows:

Park Maintenance:

- Senior Park Aides for 4 months (6 in each region for a total of 18 staff) - \$260,000
- Supplies/Materials for preventative maintenance - \$1,435,000

Replace Law Enforcement Radios:

- Law Enforcement radios - \$1,764,000 (252 radios x \$7,000)
- Law Enforcement portable radio accessories - \$12,000 (8 radios x \$1,500)
- Law Enforcement radio installation - \$195,000 (based on WSCA contract pricing)

Fire-related Equipment Replacement and Supplies:

- Fire Safety Equipment (Type 6 trucks, pumps, hoses, sprinklers, bldg. wrap, etc.) - \$300,000

Product Quality:

- Surveys and research - \$100,000

- Business consulting - \$100,000
- Park-level marketing projects - \$50,000 (based on providing \$1,000 to 50 parks for targeted marketing campaigns).
- Marketing products/collateral (development/printing) - \$50,000 (based on previously printed products and quotes received for new products).

Revenue Calculations and Assumptions:

Not applicable.

Distinction between one-time and ongoing costs:

Park maintenance costs are considered ongoing.

Law enforcement radios, fire-related equipment and supplies are one-time costs.

Business consulting is a one-time cost; all other marketing costs are ongoing.

What are the budget impacts in future biennia?

None

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries	\$ 42,000	\$ 126,000	\$ 168,000
B Benefits	\$ 22,000	\$ 70,000	\$ 92,000
C Contracts	\$ 100,000	\$ 100,000	\$ 200,000
E Goods/Other Services	\$ 463,100	\$ 1,151,900	\$ 1,615,000
J Equipment	\$ 1,205,500	\$ 985,500	\$ 2,191,000
Total Objects	\$1,832,600	\$2,433,400	\$4,266,000

ATTACHMENT A

**Washington State Parks and Recreation Commission
PRSA Fund Balance Computation
2016 Supplemental Operating Budget**

Beginning Fund Balance, July 1, 2015		19,495,000
Plus: Projected Earned Revenue	99,978,000	
Plus: Litter Tax	<u>10,000,000</u>	
Available Resources		109,978,000
Less: 2015-17 Enacted Budget	(116,707,000)	
Less: Proposed 2016 Supplemental Request	<u>(4,266,000)</u>	<u>(120,973,000)</u>
Targeted Ending Fund Balance, June 30, 2017		<u><u>8,500,000</u></u>