

Program Evaluation

KENTUCKY'S STATE PARK SYSTEM

OFFICE FOR PROGRAM REVIEW & INVESTIGATIONS

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FOREWORD

The Program Review and Investigations Committee directed its staff to review the state's park system. The final report is a compilation of reports from two phases of this study. Phase I was completed and presented to the Program Review and Investigations Committee on April 5, 1993. Phase II of the study was presented to the committee on March 4, 1994, and approved on May 9, 1994.

The report is the result of dedicated time and effort by the Program Review staff and secretaries, Susie Reed, Jo Ann Blake and Bonnie Jezik. Program Review staff expresses sincere appreciation to Susie Reed for her invaluable assistance in conducting the park field audits. Our appreciation is also expressed to the state park managers, supervisors, Commissioner and staff of the Parks Department and the Secretary of the Tourism Cabinet.

Vic Hellard, Jr.
LRC Director

March 4, 1994
Frankfort, Kentucky

SUMMARY

The Program Review & Investigations Committee directed staff to review Kentucky's laws and practices relating to park operation and management. The primary focus of the study was to research the feasibility of the Kentucky state park system becoming self-supporting. The study is divided into two phases. The first phase provides information on identified park project needs. Phase II of this study assimilates critical cost, revenue, and management factors and deepens the examination of the park self-sufficiency issue.

Chapter I Phase I Introduction

Chapter II Park System Overview

From a modest beginning in 1924, today's park system employs over 2,600 permanent and seasonal staff, has an annual operating budget of almost \$65 million and contains forty-seven parks composed of over 42,000 acres.

The forty-seven park properties include fifteen resort parks with full overnight accommodations, restaurants and numerous activities, twenty-three recreation parks that provide day recreation opportunities and ten historic sites.

Each year, the Department of Parks employs 2,600 permanent and seasonal staff. DOP hires approximately 60% of these employees during peak season, which is typically April through October 1 each year. The Department of Parks budget for FY 93 for personnel costs is \$34,380,400.

The total budget for FY 93, for the Department of parks was \$63,137,600. For FY 93, the Kentucky park system generated \$40 million in revenues, or 64% of their overall budget requirements. The 15 Kentucky resort parks generated \$33 million in revenue for FY 93 or 83% of the resorts operating budget exclusive of capital construction projects.

Kentucky resort parks consistently operate at a loss, with the exception of Lake Cumberland and Cumberland Falls. When park revenues fall short of expenditures, supplemental appropriations are necessary.

Chapter III

State Parks Users

The tourism industry in Kentucky generated approximately \$5.3 billion in 1991. According to the Department of Travel Development, the state parks system makes up about 15% or \$800 million of the annual statewide tourism business. Staff has identified three basic groups as the user population of Kentucky state parks: tourists or vacationers, group businesses and local communities.

The resort lodges and cottages vary in accommodations. Nine of the fifteen resort lodges have 50 or fewer rooms. The Department of Parks is aggressively seeking to meet all requirements of the federal Americans with Disabilities Act (ADA). Currently, thirteen of the fifteen state resort parks are listed in the AAA Tourbook, however the ratings are dropping.

Enhancements for state parks are necessary to attract park users. The public demands and expects increased entertainment value from aquatic facilities. In Kentucky, variations and improvements are needed in the area of water activities.

The increased demand for golf play is also bolstering expectations for quality courses. Twelve of the state's resort parks and six recreation parks have golf courses. Several state parks have requested golf course expansion and new course development.

There is an increasing interest in physical fitness facilities. Fitness trails provide a popular means of exercise and activity. Most state parks offer a variety of hiking trails. Other types of trails being sought include biking and horseback trails.

The Department of Travel Development feels Kentucky is well suited to tour-group business. According to the Commissioner of Travel Development, the Department is aggressively pursuing the tour-group market. Convention business is a big-ticket item in the travel market. Remote, rustic places offer business/corporate leaders and other conference participants an ideal atmosphere away from the office with few outside distractions. The Kentucky state parks do not have facilities to meet some tour group and convention market needs.

A number of Kentucky's resort parks have state of the art conference and meeting facilities. The availability of overnight accommodations limits group usage. Currently parks are limiting tour groups to off-season times.

Alcoholic beverages are not available to park guests. The Department of parks allows the use of alcohol by park guests in state parks, but alcoholic beverages are not sold on state park property. Under present state law and the Kentucky Constitution, in a county that does not permit the sale of alcohol, voting precincts may decide by referenda votes to permit the sale of alcohol.

The local community consumers have a different perspective of state parks than those of travelers. Rather than being seen as vacation destinations they are viewed as local recreation and community resources.

Chapter IV Park Facility Needs

The majority of the state resort park lodges and ancillary facilities were constructed over 25 years ago. Age, use and budgetary constraints have contributed to the declining condition of Kentucky's state park facilities and properties.

Long-range project plans totaling \$300 million include park managers' requests for improvement projects, the six-year capital improvement plan and the minor project list for projects under \$100,000.

During the 1992 Regular Session, the General Assembly authorized a \$100 million bond issue for unspecified projects to revitalize and rebuild the parks system. Bond proceeds must be used for non-recurring renovation or rehabilitation of existing park facilities and for significant revenue-producing new public facilities. The Executive Branch plan has not been finalized or released. No projects can be undertaken by parks without prior approval of the General Assembly.

Chapter V

Factors for Self-Sufficiency

Two issues are critical to removing barriers to self-sufficiency; project selection and operational aspects of the park system. Even if all necessary physical facility improvements were accomplished, the park system still faces dilemmas in becoming self-sufficient. Operational aspects pose problems for the park system. Operational issues reviewed in detail in the second phase of this study include; park management practices, personnel, procurement, revenue generation, advertising and marketing.

Chapter VI

Phase II Introduction

The past 70 years have brought many changes to the park system, such as growth in acreage and facilities. However, some aspects of the system's operation have not kept pace with the changes required for effective and efficient management of a complex park system. Very few resort park managers came to the parks with formal training or credentials in hotel/restaurant management. In addition to this, several aspects of management and operational procedures that are basic standards for the private sector tourism industry are not found in the park system. Examples would include:

- Non-existent or obsolete computer automation of reservations, accounting, billing, and purchasing.
- Unlike private sector personnel management, parks decisions are highly regulated and subject to political influence.
- Also unlike the private sector, parks procurement procedures are determined by statute and regulation and are often costly and time-consuming.

Facility needs, management and operations of the Kentucky state parks were reviewed at the direction of the Program Review and Investigations Committee. The primary focus of the Phase II study was to deepen research into the feasibility of the Kentucky state park system becoming self-sufficient.

Chapter VII

Planning and the Changing Mission of the Department of Parks

Park managers do not have copies of their park's master plan, yet make capital improvement recommendations and develop six-year plans without benefit of a vision of their park, as fully developed. Strategic planning cannot progress rationally and systematically unless all variables having impact are considered.

The park's mission statement has not been altered to match management philosophy changes in parks during a period in which personnel cut-backs over the last four administrations have resulted in the removal of all but six naturalist in Kentucky's 47 parks. Those six are expected to coordinate recreation activities on the parks, from supervising lifeguards to calling square dances. Even the "State Naturalist" has a degree in parks and recreation, rather than natural science.

Parks struggle between their role as a government agency and hospitality/tourist industry, recreation attraction and steward of the land, and finally, between being a statewide, regional tourist attraction on the one hand, and a local community resource on the other.

RECOMMENDATION 1: PARK NATURALIST

The Department of Parks should provide the services of a Park Naturalist (with a natural science degree) to each park, with duties redefined to require responsibility for multiple parks within a region. The pay grade classification should be upgraded.

RECOMMENDATION 2: STATE NATURALIST RECLASSIFICATION

The State Naturalist should be elevated to a policy-making level and the position should require a degree in natural sciences without an experience substitution.

Chapter VIII

Controlling Costs

There are any number of difficulties encountered by the parks in their efforts to control costs. Price contracts do not appear to have the cost containment effect intended. As an example, price contract bleach is \$1.20 per gallon; \$.89 at Walmart, etc. More importantly, there are problems with inflexible requirements for purchasing and time-delays. The parks experience a relatively small but constant drain due to theft and related losses. There are opportunities present in the parks to use and abuse promotional, discount and complimentary arrangements. Park facilities are often used by communities to an extent that can result in a drain on park resources.

RECOMMENDATION 3: INCREASE THEFT INVESTIGATIONS

The Department of Parks should more vigorously pursue investigations and prosecutions of theft and embezzlement.

RECOMMENDATION 4: INCREASE AUDIT CAPACITY

The Department of Parks should increase its audit capacity, including contracting with the Auditor of Public Accounts, and impose uniform, regular auditing procedures on all parks.

Chapter IX

Revenue Generation

The parks are under increasing pressure to generate revenue. In this regard, they are disadvantaged by insufficient accommodations (average hotel industry break-even/profit threshold is 100 rooms). It appears that several revenue-generating projects of park managers are passed over in favor of Parks' Department priorities that have less potential for income. Park leases (especially leased marinas) are only marginally income-producing when they are compared with park-owned concessions. Marketing and advertising initiatives are underway and hold promise for increasing revenue.

**RECOMMENDATION 5: ACCOMMODATIONS RECONSIDERATION
(BOND ISSUE)**

The Department of Parks should provide to the Appropriations and Revenue committee cost benefit analyses of additional cabins and rooms, comparing these to the analysis of current bond priorities 55 - 71, and consider substituting rooms for priorities which are unlikely to generate additional revenue.

RECOMMENDATION 6: EVALUATE MARINA LEASES

The Finance Cabinet should examine all existing marina leases to determine their value to the state in comparison with state-operated marinas. Leases determined not to be in the best interest of the state should be renegotiated. All new leases should be standardized. The Department of Parks and Finance Cabinet should insure that all existing marina lease operations are audited annually in accordance with Administrative Regulation 304 KAR 1010.

RECOMMENDATION 7: EXPANSION OF STATE-OPERATED MARINAS

All state-owned and operated marinas should be evaluated for expansion, in order to generate maximum revenues.

**RECOMMENDATION 8: RELOCATION OF REGIONAL GROUP SALES
COORDINATOR**

The Department of Parks should relocate two Regional Group Sales Coordinators to central office, where their efforts can be concentrated on metropolitan or other areas of greatest benefit.

**Chapter X
Parks Revitalization Plan (Bond Issue)**

The General Assembly authorized the \$100 million bond issue in the 1992 Regular Session. The Tourism Cabinet and Department of Parks have been preparing the list of bond issue projects for approximately two years, yet it appears that several vital issues surrounding the development and

implementation of the revitalization plan have not received critical examination. Information regarding these areas is frequently unavailable or conflicting.

RECOMMENDATION 9: BOND IMPLEMENTATION COMMITTEE

The Governor should appoint an inter-agency Parks Revitalization Bond Implementation Committee. This committee should report to the Appropriations and Revenue Committee quarterly on its progress on the following responsibilities:

- **Coordination of all agencies involved and affected by this park project bond issue regarding the issuance of bonds, fund investment, fund allocation, project design, contract award, and construction;**
- **Design and implementation of a systematic plan and schedule for the comprehensive renovation of the state parks that will minimize down-time and loss of revenues;**
- **Coordination of individual parks' requirements during their individual construction and renovation programs.**

**Chapter XI
Personnel Issues**

The state government personnel system works a hardship on the parks with an inflexible system of classifications, inequitable compensation structures, and a highly complex hiring system. Park personnel management believe they are encumbered by an antiquated system of local county patronage employment, which imposes employees on the parks who often have little loyalty to their supervisors and are often marginally qualified for their positions. In any event, qualifications are marginal and incidental to employment. Qualifications for positions within the park system vary. There are park employees in different parks who have the same job, but different pay grades and job classifications.

RECOMMENDATION 10: REDESIGN PERSONNEL SYSTEM

The Department of Parks and the Department of Personnel should prepare and implement a plan for redesigning the personnel system for the parks to reduce inequities between personnel positions, increase staff professionalism of parks staff, open the selection process and reduce the complexity of paperwork burdens now surrounding firing and rehiring.

RECOMMENDATION 11: PERSONNEL CAP ADJUSTMENTS

The General Assembly should adjust the personnel cap limitations for the parks in order to provide the flexibility required to meet their unique staffing requirements.

RECOMMENDATION 12: IMPROVE HIRING PROCEDURES

The Department of Parks should establish uniform formal personnel hiring procedures to be implemented at each park. These procedures should include open advertisement, interviews, and the participation of supervisory personnel.

RECOMMENDATION 13: REWARD MERIT

The Department of Parks should provide a hourly pay increase above minimum wage for those seasonal employees who are routinely rehired each year, in recognition of loyalty and merit.

RECOMMENDATION 14: ELIMINATE PATRONAGE

The Tourism Cabinet and Department of Parks should take immediate action to stop local political influence on park personnel decisions, the process generally known as "patronage."

**RECOMMENDATION 15: ELIMINATE NON-ESSENTIAL POSITION
JUSTIFICATIONS**

The State Department of Personnel should permit the Department of Parks to staff its parks according to its personnel budget, and fill its annually established park complements without requiring additional justification.

RECOMMENDATION 16: PARK MANAGER TRAINING:

The Department of Parks should arrange for or provide a rigorous training and certification program for new park managers appropriate to their park assignment.

**Chapter XII
Professional Development and Training**

Park employee training is adequate in the areas of job-specific skill development and the use of associated manuals. However, there is an evident and expressed need for a more formal and rigorous approach to training in the areas of personnel supervision and professional development, hotel and restaurant management and the tourism/hospitality industry. Another major need is in the area of training for personnel who are being appointed to supervisory positions, such as park managers, business officers, senior housekeepers, chefs, front desk supervisors, etc.

RECOMMENDATION 17: FORMALIZE TRAINING PROGRAMS

The Department of Parks should develop or provide formalized training programs for all park employees. The programs should include staff development in the areas of personnel supervision, hotel/restaurant management, hospitality and tourism.

**Chapter XIII
Computer Automation**

Throughout the parks and central office, there is an urgent need for computerized data management systems. The parks system is a 47-sites statewide enterprise, having a \$70 million average annual operating budget for

1993-95. It currently operates with obsolete technology and is in need of immediate computerized automation and associated training.

RECOMMENDATION 18: COMPUTER AUTOMATION OF THE PARKS

The Department of Parks should implement computerized automation in the following functional areas: individual parks reservations; price contract ordering and inter-accounting, inventory, and accounting, including reports electronically transmitted between the parks and the parks central office. The system should involve the development of a management information system which can provide individual parks and parks central office with current data on park operations. A "system" approach should be taken, but Parks should not wait on a "system" before giving management personnel stand-alone computers and training.

**Chapter XIV
Conclusions and Summary Recommendations**

Staff have been assigned to produce a study examining the facility needs, management and operations of the state parks; with a view toward making the parks self-sufficient.

Complete self-sufficiency is probably unattainable for the park system as a whole, without the most fundamental reorganization of existing systems of staffing, management and financing. Likewise, the mission of the parks would have to be redefined, along with a radical severing of their relationship to state government and taxpayer support.

Privatizing essential programs at the parks, perhaps the parks themselves, would require enormous legal and financial effort and a reordering of the state's relationship to its natural and cultural heritage.

There are measures short of reinventing the park system which are required by the present circumstance in which we find the parks. Looked at from any angle the parks are hindered in their effort to generate revenue or exercise aggressive quality and cost control. They have moved significantly toward a resort/recreational/tourist mission and away from preservation and conservation. Yet, they are operating increasingly at a loss. Why?

Fundamentally, they are not designed to function as a business; nor, given their missions, should they be expected to. Nevertheless, this does not remove the parks, nor park personnel, from the responsibility to operate the parks as professionally and efficiently as contemporary management systems can permit. This responsibility will involve a new professionalism, and most importantly, the will to make informed decisions regarding investments which will generate revenue while respecting the mission of the parks to preserve and conserve.

To meet the above challenge, the parks will require independence, continuity of purpose and the oversight of a statewide commission which will give them voice in the councils of government while holding them firmly to the tasks presented in the next century.

RECOMMENDATION 19: ESTABLISH PARKS ADVISORY COMMISSION

The General Assembly should create an independent advisory commission for the Department of Parks. This commission should provide external oversight, continuity and stability of leadership. The initial priority of this commission should include:

- **Defining the mission of the parks,**
 - **Monitoring the implementation of the recommendations of this study, and**
 - **Implementing a central parks management design which recognizes the changes evolving in the tourism industry.**
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CHAPTER I

PHASE I INTRODUCTION

The concept of a government-operated park system developed in this country in the early 1920's. As a result of growing trend toward preserving lands of natural beauty for recreational purposes, Parks developed throughout the southeastern states.

In 1924, the Kentucky General Assembly created a state park system, designating a three-member commission to recommend suitable recreation park sites and methods of obtaining these properties. The commission had an initial budget of \$1,100.

Enthusiastic Kentuckians responded to the commission by donating land and money to the fledgling park system. To meet the state's financial obligation to maintain and operate these parks, the 1926 General Assembly directed the State Park Commission to charge fees for state park use.

Mission

Statutory Mission of Parks is Unclear

KRS Chapter 148 gives the Department of Parks (DOP) the responsibility to exercise all administrative functions relating to the operation of state parks. These statutes provide an outline of the general powers and duties of the Department, but do not determine the manner in which the parks should be operated. The statutes do not mandate a mission or purpose for the park system, but rather leave the task to current park administrators. As a result, the direction or mission of the park system changes as often as the park administration.

Mission Directives May Be Contradictory

During the 1980's, the administration of the Department of Parks felt "the overall thrust of the

Kentucky Department of Parks was to function as a public service agency with generation of revenue as the co-equal objective."

The current Department of Parks administration feels it should "provide memorable and enriching experiences to park visitors and contribute significantly to the tourism economy of Kentucky by providing quality programs and facilities, and protect the historic, cultural, and natural resources of the state parks."

While each of these mission objectives may be possible, the provisions may contradict or conflict with one another. "Providing experiences" and "protecting natural resources" are major park expenditures, which may negate any positive economic contribution to the state. The current Secretary of the Tourism Cabinet feels the mission of the parks poses a

philosophical question: "Is the mission of the parks to generate revenue, or to provide a service to the people of Kentucky?"

In addition to the changing mission of the Kentucky park system, the Department itself has been shuffled from cabinet to cabinet, each with a different focus and emphasis. The parks system began as a commission under the Board of Public Property and then existed as a division under the Department of Conservation. Later it became a department under the Commerce Cabinet. The department is currently under the auspices of the Tourism Cabinet.

Scope of Study

After members of the General Assembly expressed an interest in a study of Kentucky's park system, the Program Review and Investigations Committee directed staff to review Kentucky's laws and practices relating to park operation and management. The primary focus of the study was to research the feasibility of a self-supporting state park system. The study is divided into two phases. Phase I provides information on identified park project needs. Phase II assimilates critical factors about park self-sufficiency.

The objectives of Phase I of the study are to assess the marketability of the current state park system, determine whether park attractions and services meet consumer demand, and assess the park system's procedures for planning, maintenance and capital improvements.

Methodology

Program Review staff interviewed the administration and management staff of the Department of Parks' central office and visited fourteen representative resort recreational, and historical parks. Staff also interviewed officials of the Tourism Cabinet and representatives from the private sector, including promotion, group sales, and quality rating professional, regional tourism commissions, chambers of commerce, and regional area development districts. In the course of this study, P R & I staff observed the condition of parks facilities and spoke with park employees regarding operational procedures and problems. Finally, staff interviewed construction managers and project field supervisors concerning renovation and infrastructure repairs of the aging park system.

Overview

Chapter II provides a general overview of the park system, including types of parks, funding and personnel. Chapter III discusses travel trends, park accommodations, activities, and amenities,. Chapter IV discusses funding for park facility needs, current park conditions and long-range project plans. Finally, Chapter V describes other critical factors for park self-sufficiency. Staff will review these issues in Phase II of this study.

CHAPTER II

PARK SYSTEM OVERVIEW

From a modest beginning in 1924, today's park system employs over 2,600 permanent and seasonal staff, has an annual operating budget of almost \$65 million, and contains 47 parks, encompassing over 42,000 acres.

The 47 park properties include fifteen resort parks with full overnight accommodations, restaurants and numerous activities, 22 recreation parks that provide day recreation opportunities and ten parks that are considered historic sites. Some recreational parks have limited overnight accommodations, and most have overnight camping facilities. Historic sites or shrines that focus on the preservation of historical properties and events in Kentucky history are major attractions in several state parks. Plans are underway to transform two recreational parks, Dale Hollow and Blue Lick, into resort parks, which will increase the total number of resort parks to seventeen.

Park System Personnel

The Department of Parks employs permanent, seasonal, and temporary employees. Kentucky Revised Statute 18A.005 (28) defines "seasonal employee" as an employee appointed to a seasonal position, and "seasonal position" as a temporary position that coincides with a particular season and does not exceed eleven months. The statutes define "temporary employee" as an employee appointed to a "temporary position," that is one created for a definite period of time not to exceed six months and not renewable.

Each year, the Department of Parks (DOP) employs 2,600 permanent and seasonal staff. DOP hires approximately 60% of these employees during their peak season, which is

typically April 1 through October 1 each year. The Department of Parks budget for FY '93 for personnel costs is \$34,380,400.

During the month of February, which is considered to be "off season," the Department of Parks employed 1,325 individuals. The Park's central office employed 145 employees, with four employees classified as "seasonal employees." The parks employed a total of 1,180 individuals with 290 employees considered seasonal. Additionally, during the month of March, the Department of Parks employed 133 P-9 construction workers in the Planning and Construction Division. Hourly wages for these employees classified as P-9 ranged from \$6.00 to \$25.00 per hour. On the basis of the February employee information, seasonal; personnel costs

were \$16,358,138.86, or approximately 50% of the FY '93 parks total personnel budget.

Funding for the State Park System

The total budget for FY '93 for the Department of Parks was \$63,137,600. For FY '93, the Kentucky park system generated \$40

requirements. The 15 Kentucky resort parks generated \$33 million in revenue for FY '93, or 83% of the resorts' operating budget, exclusive of capital construction projects. Table 2.1 illustrates the FY '93 operating budget for the full park system.

Table 2.1

FY '93 Operating Budget for The State Park System

Personnel	\$34,380,400
Operating Expenses	\$23,237,800
Debt Service	\$4,282,500
Capital Outlay	\$1,236,900
Total	\$63,137,600

SOURCE: FY '92-94 Budget Memorandum, Volume II.

The National Association of State Park Directors published a report in April 1991 comparing the 50 state park systems. According to that report, 78% of the 50 state park systems receive over half of their operating budget from general funds, tax proceeds or license revenues. When fixed capital outlay and operating budgets of these park systems are combined, 88% of the 50 states receive over half of their funding from sources other than park-generated revenues. Kentucky is among the top 12% of state park

systems that are more than 50% self-supporting. Kentucky, Vermont, South Carolina, Idaho, Arizona, and Alabama took in more than half of their total annual operating and capital outlay costs.

Kentucky resort parks consistently operate at a loss, with the exception of Lake Cumberland and Cumberland Falls. Tables 2.2A and 2.2B show the state resort parks net incomes or losses over the last 10 years. When park revenues fall short of expenditures, supplemental appropriations are necessary.

TABLE 2.2A

TABLE 2.2B

TABLE 2.3

General Fund Allotment

Fiscal. Year	Total Operations Allotment
1991-92	\$21,340,400
1990-91	19,078,500
1989 - 1990	17,471,300
1988 - 1989	17,640,900
1987 - 1988	18,989,600
1986 - 1987	16,771,811
1985 - 1986	18,655,700
1984 - 1985	14,764,000
1983 - 1984	15,725,300
1982 - 1983	14,803,000

SOURCE: Department of Parks, Division of Accounts

General Fund allotments to the Department of Parks for the last decade are shown in Table 2.3.

According to Department of Parks officials, increased employee health insurance costs and salary equity adjustments make up the

majority of the 1990-92 increase in general fund allotment. Normal inflation may account for a portion of these park losses. The FY 92-94 Budget Memorandum for the Department of Parks, shown in Table 2.4, shows a breakdown of state park revenues and expenditures.

CHAPTER III

STATE PARK USERS

The tourism industry in Kentucky generated approximately \$5.3 billion in 1991. According to the Department of Travel Development, the state park system generates about 15% or \$800 million of the annual tourism business. Despite the so-called recession that has placed hardships on many other businesses, revenues continue to increase in the travel and tourism industry. According to a survey conducted by the Kentucky Department of Travel Development, Kentucky is deemed by travelers as a "good value for the travel dollar." The survey asked previous park visitors to describe their experience at the state resort park. Respondents described Kentucky's resort parks as relaxing, pleasant and enjoyable.

Staff has identified three basic groups as the user population of Kentucky state parks: tourists or vacationers, business groups, and local communities. The availability of accommodations, attractions, activities and basic services is important to all categories of park users. The fifteen Kentucky resort parks have a total of 783 lodge rooms and 286 cottages. They also maintain full service dining rooms, and most provide meeting and conference facilities. Tables 3.1, 3.2 and 3.3 show the offerings of the resort, recreation, and historic site parks. Two recreation parks, Dale Hollow and Blue Licks, are being converted to resort parks.

Tourists and vacationers are interested in park attractions and activities, which may also appeal to group businesses and local residents who use the park facilities. However, the business groups require accommodations and services that the average park guests do not. Local communities also have an interest in activities and facilities that are not tourism related. While the parks are providing the users with a variety of accommodations, facilities and activities, improvements and enhancements could attract additional park users. Providing accommodations, attractions and services to meet the demands of groups with differing needs places the Park Department in a difficult situation when selecting park projects.

TABLE 3.1

TABLE 3.2

TABLE 3.3

Tourists

Varying family lifestyles and structures affect travel plans. More and more families are headed by two working parents or a single parent. Vacations are becoming shorter in distance traveled and length of stay. The travel industry estimated that travel trips typically last from two to four days. Kentucky's geographical location in relation to several heavily populated

regions makes it attractive to those taking shorter trips. Also, the Commissioner of Travel Development believes that travelers feel Kentucky is a safe place to visit. A 1989 survey conducted by the Department of Travel Development asked previous park visitors to rank the desirability of the following destinations of a trip lasting one to three nights. The survey results are shown in Tables 3.4 and 3.5.

Table 3.4
Rankings of "Very Desirable" Answer Category
of Trip Lasting One and Three Days.

ACTION PARKS	QUIET PARKS
1. KY Dam Village	1. Cumberland Falls
2. Cumberland Falls	2. Gatlinburg
3. Gatlinburg	3. KY Dam Village
4. Myrtle Beach	4. Myrtle Beach
5. Nashville	5. Nashville
6. St. Louis	6. Kings Island
7. Kings Island	7. St. Louis

Table 3.5
Rankings of "Very Desirable" Answer Category
of Trip Lasting Four or More Days.

ACTION PARKS	QUIET PARKS
1. Myrtle Beach	1. Cumberland Falls
2. KY Dam Village	2. Myrtle Beach
3. Gatlinburg	3. Gatlinburg
4. Cumberland Falls	4. Cumberland Falls
5. Nashville	5. Nashville
6. St. Louis	6. St. Louis
7. Kings Island	7. Kings Island

Improved Accommodations Needed

The resort lodges and cottages vary in accommodations. Some lodge rooms and cottages provide a rustic atmosphere, while other lodge accommodations have been renovated and decorated with more contemporary furnishings. The age of the lodges and cottages, as well as the differing levels of renovations, results in a variance in the quality of accommodations, not just throughout the system but even within a particular park.

Nine of the Fifteen Resort Lodges Have 50 or Fewer Rooms

Accommodations are filled each year during the spring, summer and fall seasons. Reservations must be made for lodge or cabin accommodations far in advance. Park managers interviewed by staff indicated that a shortage of accommodations falls short of consumer demand during peak seasons.

The Department of Parks Is Aggressively Seeking to Meet All Requirements of the Federal Americans With Disabilities Act (ADA)

The Department of Parks has pursued compliance with handicapped accessibility standards in state parks as a result of the adoption of ANSI A117 in 1976. The ADA, with respect to accessibility, prohibits discrimination against individuals with disabilities. Kentucky state parks have met most of the basic ADA access requirements within the designated ADA timetables. The Department of Parks has undertaken renovations in mini-golf courses, nature trails and tennis courts to encourage participation of individuals with disabilities.

Some accessibility projects have associated significant costs. Federal ISTEAs grants are available to states to offset some of the costs of these projects. The Department has identified areas of non-compliance, developed a plan of correction, and documented possible adverse impacts these corrections might have on historic properties. In addition the Tourism Cabinet has established a committee to address any complaints or concerns regarding ADA compliance.

Kentucky State Resort Park AAA Ratings Have Dropped

Currently, thirteen of the fifteen state resort parks are listed in the AAA Tour book. These

facilities carry either a two or three-star rating, out of a possible five. Eligibility for listing in this publication, requires that the resorts be inspected and evaluated by an AAA field inspector. The property must meet all requirements outlined by AAA. The rating system range extends from a one diamond rating (providing good but unpretentious accommodations) through a three diamond rating (offering additional amenities and facilities that are a marked upgrade in services and comfort) to a five diamond rating (exhibiting an exceptionally high degree of service, luxurious facilities, and many extra amenities). Two Kentucky parks do not meet minimum AAA standards. Lake Cumberland was removed from the listing four years ago, because of housekeeping inadequacies and Kenlake was removed from the listing as a result of inadequate room furnishings.

In March 1993, Greenbo Lake State Resort Park fell from a three diamond to a two diamond AAA rating. Guest room furnishings noted on previous inspections as "badly worn" were not corrected in the allowable time. The AAA representative noted that deficiencies in routine maintenance or housekeeping will automatically disqualify a facility. AAA allows a year for the correction of deficiencies in capital improvements or properties. Failure to correct noted deficiencies in a timely fashion can also result in lower ratings. Unscheduled AAA inspections occur annually, where the AAA representative inspects all public areas and approximately ten percent of the guest rooms.

An agent for Bluegrass AAA Travel Agency said that she does not recommend any park with less than a three diamond rating, unless she has personal knowledge of the facility. The DOP Director of Accommodations, however, stated that no apparent change has occurred in the use of parks which are no longer listed in AAA.

Enhancements Necessary

Attractions at state parks are categorized as natural and created and Kentucky parks provide a selection of each. The natural attractions are climate, scenery and wildlife. A number of Kentucky state parks provide scenic mountains, lakes, streams, flora, and wildlife as well.

Historic buildings, monuments, restored villages, museums, old battlefields, music, dance, theater, and handicrafts are all examples

of created attractions. These types of attractions are gaining popularity as "heritage," and educational tourism is growing. According to the Director of State Historic Sites and Recreation Parks, a number of families want their children to experience state historical sites. State parks and local communities are drawing on the increased interest in heritage tourism by offering special craft and folklore events or activities.

Outdoor dramas of the Legend of Daniel Boone, the Stephen Foster Story and the Jenny Wiley Story depict historical events in an entertaining fashion. Parks featuring these popular events also provide a small variety of additional stage productions. The Department of Parks publishes a Calendar of Events listing these productions and all state park special events and activities. Events for 1993 include history, music, nature, arts, crafts and physical fitness activities. The programs accommodate and entertain all ages.

Variations and Improvements Are Needed in the Area of Water Activities

According to the Parks and Recreation Journal, water parks have also become increasingly popular. The public demands and expects increased entertainment value from aquatic facilities. To meet these demands, the private sector is implementing participatory entertainment for all ages.

Public pools are trying to accommodate consumer demands in a variety of ways. Those communities that can afford new projects and/or renovations are rethinking the traditional design of the "lap swimmer rectangular" pools, and opting to add attractions with public appeal. Most pool participants spend more time on the deck than in the water. Pushing back fences, increasing green space, and providing moveable tables and chairs make facilities more attractive and comfortable. Playgrounds adjacent to pool areas are also popular. Community pool managers, operating with limited money and space, are utilizing inflatable pool apparatuses in place of permanent water park style attractions.

The Kentucky state park system has twenty-four pools at twenty-one resort and recreation parks. All fifteen resort parks have pools. Lake Cumberland has an enclosed pool. The current state park aquatic facilities, however, provide only the traditional rectangular pools. Moreover, while the pools are generally popular with park visitors, they are in poor

condition. According to the agencies regulating them, Kentucky state park pools will not meet current health department standards until they are substantially upgraded.

Water activities are also available on Kentucky beaches, though a number of beaches are being closed for non-compliance with EPA and health department standards. Beach closings will increase the use of pool facilities at the state parks. As noted, the state park pools are also under regulatory agency scrutiny and use may be curtailed.

Kentucky lakes and rivers provide many recreational opportunities. Twenty-two of Kentucky's state parks provide various boat docking facilities. The park system owns and operates some of the small marinas. Larger marinas are owned by the park system and leased to private vendors. While boat rental is popular at both large and small docking facilities, the variety and selection are greater at those operated by private vendors. More development of river resources for use of canoeing, kayaking and "tubing" could increase usage.

Golf Is Gaining Popularity

Twelve of the state's resort parks and six recreation parks have golf courses. Kentucky resort park golf courses include par-three, nine and eighteen holes. Most offer "Golfers Delight" weekend packages to meet the increased popularity and demand for golfing facilities. The increased demand for golf play is also bolstering expectations for quality courses. Several state parks have requested golf course expansion and new course development.

There Is an Increasing Interest in Physical Fitness Facilities

To provide guests with fitness equipment during hotel stays, private hotels and motels often utilize local health club facilities. One Kentucky resort park has a fitness facility. However, the center is used more by local citizens than resort guests.

Fitness trails provide a popular means of exercise and activity. Parks and Recreation Journal discussed their popularity and features for consideration in making them accessible and enjoyable for all age groups. Noting their popularity, the Assistant Director of Recreation stated that if Kentucky's recreation parks were

lacking in any activities, perhaps they should have more fitness trails.

Most state parks offer a variety of hiking trails. Other types of "adventure" activities which have grown in popularity should be considered. Rope facilities and "simulated" mountain climbing have increased in the private sector, but are not available in Kentucky state parks. Other types of trails being sought include biking and horseback trails.

The Federal Department of Transportation provides funds for the development of bike, pedestrian and horseback trails along abandoned railroad tracks. These trails offer scenic routes for users in secluded or rural areas.

Vacationers Are Interested in Having a Variety of Services Provided

Many private resorts are catering to the needs of traveling families through "kids' clubs," which offer day care services, structured activities for the children, "child proof" rooms and other hospitality services.

Several journals, tourism textbooks and state reports recognize the impact of personnel hospitality on tourism. In 1990, the report of the Kentucky Legislative Research Commission Tourism Subcommittee of the Tourism Development and Energy Task Force recommended that all Department of Parks employees be instructed in tourist hospitality.

Group Tours and Conferences

Most parks attractions that appeal to tourists will also be utilized by group tours and business conferences. Tour groups represent 8 to 10 percent of the total travel business. Demographics of tour-groups indicate that this is an increasingly popular travel trend. Seniors, who make up a large part of the tour-group population, prefer to travel with people they know. Data indicates that a tour bus group will spend about \$5000 at a destination stop.

The Department of Travel Development feels Kentucky is well suited to tour-group business. According to the Commissioner of Travel Development, the Department is aggressively pursuing the tour-group market. Group leaders have emerged in the tour-group business, who put together private group packages, as an alternative to travel agency service.

Convention business is a big ticket item in the travel market. Conference centers, smaller than convention centers, provide a sound environment for learning. Remote, rustic places offer business/corporate leaders and other conference participants an ideal atmosphere away from the office, with few outside distractions. Many of Kentucky's resort parks are in such locations and have state of the art conference and meeting facilities.

The Division of Group Sales has identified General Butler, Jenny Wiley, Barren River, Rough River and Natural Bridge as parks within easy driving distance of the large metropolitan areas of Louisville, Lexington and Cincinnati. Greenbo Lake, near to the Ashland and Huntington metropolitan areas, opened an outstanding meeting facility in 1990.

Enhancements Needed

Convention business depends on the availability of hotel rooms. Very few convention centers actually generate a direct profit. Most operate as a public facility and provide the large spaces needed by organizations and groups. The Kentucky state parks do not have facilities to meet the tour group and convention market needs.

Overnight Accommodations Limit Group Usage

A number of Kentucky's resort parks have state of the art conference and meeting facilities. Some state parks are unable to reach the revenue potential of their meeting and conference facilities, however, because of limited guest accommodations. Though the capacities of these meeting facilities range from 100 to 1,000 persons, the parks cannot offer overnight accommodations to match these numbers. Private motels and cottages in the vicinity can provide some additional rooms, but most of these parks are in remote rural areas with limited private facilities.

Expanding accommodations might make these conference facilities more successful, and allow for more tour groups during peak season. However, careful consideration should be given to the cost of such projects and the reduced demand for such accommodations during the winter season. The additions could be designed to be closed during the winter season, if necessary. The entire state park system is looking at ways to boost business during the

winter season and to utilize existing meeting facilities.

Currently, parks are limiting tour groups to off-season times. Staff of the Parks Department Group Sales Office indicate they will not book tour groups into the resort parks during the peak season, even when vacancies exist, because they want to reserve these for individual travelers. However, parks offer discount rates to groups during the off seasons. According to the DOP Group Sales staff, attracting group sales during the off season has become a high priority for resort parks.

The cost of Park expansion projects is significant. The 1990 General Assembly appropriated funds to demolish and replace cabins at Cumberland Falls State Resort Park. The executive branch request was for \$2.1 million to replace sixteen cottages. The legislature approved \$1.64 million to replace ten cottages. New, deluxe two-bedroom, two-bath cottages were completed in 1991 at a cost of \$164,000 each. Renovating existing cottages costs approximately \$70,000 per cottage.

These cottage and room renovations were designed to provide deluxe accommodations. The decision to renovate or replace existing cabins with strictly deluxe amenities might not be cost effective if it means the loss of securing additional needed accommodations throughout the park system. Otter Creek Park, owned and operated by the City of Louisville, has opted to provide minimal amenities in its residential camps and cabins. The cabins are sparsely furnished and the guests must provide their own bed and bath linens. Yet, the park has high occupancy rates and operates at an 88% cost recovery rate. Therefore, costs and benefits should be analyzed and standards for quality should be determined prior to replacement or renovation projects.

Business Clients Want Additional Services

Business clients are beginning to request that hotels or resorts provide lap top computers, copying machines, fax machines and even secretarial services. Similar services are needed for groups conducting business meetings and seminars. The desire for these services also creates a need for differences in room accommodations, such as additional electrical outlets, multiple telephone lines, adequate workspace and better lighting.

Alcoholic Beverages Are Not Available to Park Guests

The Department of Parks allows the use of alcohol by park guests in state parks, but alcoholic beverages are not sold on state park property. Program Review staff asked park managers if they felt the sale of alcohol would benefit the parks. Some park managers indicated the sale of alcohol may increase revenues and satisfy an existing park visitor demand. Others thought it could create a security problem for the parks. Others are personally opposed to the use and sale of alcohol anywhere. Two managers noted that their parks were visited regularly by church groups or families who might object to the sale and use of alcohol in the parks. Yet, the present park policy permits the patrons who rent conference rooms, meeting rooms, hospitality rooms or suites to serve alcoholic beverages. This policy has been in effect since 1987.

Most of Kentucky's resort and some recreation parks are located in counties that prohibit the sale of alcohol. Only two resort parks, General Butler and Jenny Wiley, and several recreation parks are located in "wet" counties of Kentucky. The sale of alcohol would be legal on these premises. Under present state law and the Kentucky Constitution, in a county that does not permit the sale of alcohol, voting precincts may decide by referendum vote to permit the sale of alcohol. This ruling was recently upheld by the Kentucky Court of Appeals.

Local Communities

The local community consumers have a different perspective of state parks than those of travelers. Rather than being seen as vacation destinations the parks are viewed as local recreation and community resources.

Local community customers use and help support some facilities that are traveler-oriented, such as lodge dining rooms, meeting rooms, and picnic shelters. In some cases, parks have designed amenities to serve both the traveler and the local public. Conference and meeting centers are often sought by local community members for business and family events. Swimming pools at the lodges are for lodge

guests, but often there is a second pool available for both park campers and the local community. The tennis center at Kenlake and the fitness center at Lake Barkley are utilized more by local

citizens than by park guests. Golf courses are often sought by local communities as economic development projects. These projects are costly, however, and have limited tourist usage.

CHAPTER IV

PARK FACILITY NEEDS

Parks' expenses continue to outpace revenues in the aging park system. As park managers add replacement capital projects and furnishings to the growing priority list, the system-wide fiscal need is quickly approaching \$300 million. Governor Jones requested \$100 million in bond funds for a parks revitalization plan during the 1992 General Assembly.

Care should be taken when projects are considered to ensure that the bond funds, when invested in the parks, will not merely postpone the problems. Creating greater expense without generating greater revenue would only hurt the park system.

The Declining Condition of The State Park System

The majority of the state resort park lodges and ancillary facilities were constructed over 25 years ago. Age, use and budgetary constraints have contributed to the declining condition of Kentucky's state park facilities and properties. Renovations and major repairs have been limited and many facilities have approached the projected time for needed repairs and utility. Normal deterioration from heavy use and age has outpaced agency maintenance efforts. The DOP budget for park renovations and repairs is \$3-\$15 million annually.

Long-Range Project Plans

Park Managers Request Improvement Projects

Each park manager annually submits a request for capital projects, furnishings, and equipment, which is included in the Department of Parks' budget request. However, the appropriation to parks covers only a few of the many

projects requested. Some projects may be paid for with capital outlay moneys during the interim, if they are on the Department of Parks' priority list. Park managers expect that a substantial percentage of the projects they have requested will be included in the parks revitalization plan. Those that are not included in the bond issue will need to be requested by parks as capital construction projects in the next budget.

Six-Year Capital Improvement Plan Is Estimated at \$150 Million

The Department of Parks has identified needed park repairs and renovations in a six-year capital improvement plan (1990-96). In this plan, the Department gives priority to 107 projects estimated to cost more than \$200,000 each, for a total cost of approximately \$152 million. The Department's January 1992 proposed project plan for small construction and renovation projects under \$200,000 totaled over \$161 million.

According to the Commissioner of Parks and Department staff, the total cost of all projects needed to bring existing parks up-to-

date and to complete other new projects, including those not on the six-year priority list, could exceed \$300 million. (See Appendix B for 1990-96 six-year plan.)

Projects Under \$100,000 Are Constructed by DOP Personnel

The Department of Parks' Division of Planning and Construction is responsible for the design of all park's projects, regardless of whether they are undertaken by park personnel or an individual contractor. The increasing cost of construction, renovation, and repairs limits the number of projects that the Department of Parks can undertake. Minor projects under \$100,000 can be designed in the central office and executed by personnel within the construction division of the DOP. Regional project supervisors hire construction crews through the Department of Personnel's P-9 seasonal employee program. The rising construction costs, increased regulations (including the Americans with Disabilities Act) and higher construction standards for parks' accommodations and facilities, have driven project costs up. Today, few projects can be built under \$100,000.

Many of the construction specialists employed through the Department of Personnel are hired repeatedly and have logged in many years with the parks' construction program. A new policy that prohibits P-9 employees from working over 9 months a year means that some of these key employees may seek employment elsewhere. Hiring inexperienced replacements may negatively impact quality and increase project costs.

'92 Revitalization Plan

'92 General Assembly Authorized \$100 Million for Revitalization

During the 1992 Regular Session, the General Assembly authorized a \$100 million bond issue for unspecified projects to revitalize and rebuild the park system. Bond proceeds must be used for non-recurring renovation or rehabilitation of existing park facilities, and for new significant revenue-producing public facilities. According to the 1992-1994 final budget memorandum, a list of recommended projects must be forwarded to the General Assembly for review 30 days prior to an extraordinary session of the General Assembly.

No projects may be undertaken by DOP without prior approval of the General Assembly.

Governor's Plan Is Not Finalized

The bond issue provides an opportunity for DOP to undertake facility additions and renovations that could improve revenues and delivery of services to park visitors. Park managers have submitted projects to the Department of Parks to be considered for inclusion in the bond fund revitalization plan. The Parks Division of Planning and Construction reviewed these projects, projected estimated costs and prioritized them under a statewide list of projects. This list was reduced by the Department of Parks and submitted to the Secretary of the Tourism Cabinet. It was then submitted to the Governor's Revitalization Plan Team. According to the Secretary of Tourism, bond project requests from communities, outside interests, and others exceeded 100, at an estimated cost of \$200 million. Representatives from GOPM, and the Finance, Tourism, and Economic Development Cabinets were appointed to a team that will narrow the list of projects. The team has set broad categories of criteria to evaluate and prioritize the projects:

- Renovation of resort lodges,
- Renovation and improvement of infrastructure,
- Enhancement of parks and historic sites, in line with changing needs of travelers, such as business retreats interpretive facilities for historic sites.
- Consideration of economic impact of projects, and
- New revenue-producing projects.

Criteria 1 and 2 would allow parks to improve some of the basic amenities for tourists and these will receive top priority from the parks revitalization plan team. The remaining criteria may provide projects viewed as beneficial for park users.

The final proposal will list the selected projects, totaling no more than \$100 million. To date, this proposal has not been released to the legislative committees of jurisdiction. After the legislature reviews the team's final recommendations, it will approve projects for funding. Parks will then have to determine the priority of projects not included in the parks revitalization bond program.

**Addition of New Facilities May Cost More
General Fund Dollars**

Appropriate project selection is critical to the success of the development of the park system. Adding projects and properties to the park system that have limited revenue-generating capabilities may be detrimental to the system. Projects that boost the local economy

may cost the park system crucially needed funds and may not be in the best interests of the state. The last economic impact study of parks on local communities was performed in 1987 by the Tourism Cabinet. No current data is available to assess the cost and benefit of this type of project.

CHAPTER V

FACTORS FOR SELF-SUFFICIENCY

An infusion of \$100 million in bond money presents a unique opportunity for the park system, though it will not reduce all barriers to the park system becoming self-sufficient. Two issues are critical to removing barriers to self-sufficiency; project selection and operational aspects of the park system.

Even if all necessary physical facility improvements are accomplished, the park system still faces a dilemma in becoming self-sufficient. Appendix B identifies resort park revenue-generating activities; however, very few activities generate a profit. Operational issues that staff have identified as critical for park system self-sufficiency are listed below. These issues will be reviewed in detail in the second phase of this study.

Park Management Practices

Park system managers and policy-makers have various educational and experiential backgrounds. Philosophical differences were obvious among park personnel interviewed by staff. For example, one manager thought that the purpose of the parks was to preserve wildlife and natural beauty regardless of profitability. Another manager with a business point of view felt that parks should generate a profit. Yet another manager may feel that the importance of parks lies in the impact tourism has on the local economy. None of these concepts can be deemed as right or wrong, but such philosophical differences affect the overall way each of these parks will be managed and operated.

If parks are expected to show a profit, the Commissioner of Parks believes they should operate as a business, rather than as a government agency. Minimizing expenditures while maximizing profits will promote self-sufficiency, but will require more management flexibility. Management may need the ability to

respond to immediate service demands, without the delays or additional expenses caused by the usual state government agency restrictions. However, extending management flexibility should be offset by accountability and controls related to political influences.

Information sharing through computer networking may be of benefit to all parks and enhance communications between the parks and the central office.

Professional assistance and analyses from outside sources, including audit functions, might aid the Department of Parks in converting existing management techniques and practices to a more general business format.

Personnel

The bulk of the park peak season employees are classified as seasonal. This results in some unique administrative difficulties in maintaining operational consistency. As management strives to rehire and train replacements to fill recurring vacant slots, operational instability ensues. Park managers

interviewed indicated an inability to respond quickly to increased service demands, especially those resulting from marketing campaigns. Rigid employment caps (imposed by legislature) and noncompetitive salary levels limit the hiring of temporary employees to handle the increases in demand, even though it may result in additional revenues. Managers may need the flexibility to minimize administrative costs, increase revenues, and employ innovative personnel techniques.

Procurement

Like all other state government agencies, the Department of Parks must honor price contracts in procuring goods and supplies. Adhering to price contracts does not always make good business sense. Price contracts may not guarantee the best price or the best quality of goods. Park managers indicate they can buy some supplies locally cheaper than those same items on the price contract list. Items can be purchased from Correctional Industries, but again, the practice may not always be cost effective. One park manager, for example, reported that mattresses purchased from Correctional Industries are cheaper than a brand name product, but have a shorter life expectancy.

Department of Parks construction supervisors would like the flexibility to purchase necessary items on the open market, when appropriate, and suggest that the paper work process be streamlined. They estimate that these changes could save ten to thirty percent on renovation and maintenance construction projects.

Revenue Generation

User Fees

Originally, the statutes that created the park system required parks to charge fees to cover the expense of establishment and operation of park facilities. Nationally, low user fees do not generate enough revenue to cover park operating expenses nor repair and maintenance needs. Kentucky does not presently charge park admission fees so that all Kentuckians can afford to visit them. Hiring personnel to collect fees may be cost prohibitive. This difficulty has prompted some states to use an honor system for collecting admittance fees. This practice is also used in many state camping

areas. By combining fee collection with other pay activities, such as mini-golf, gift shops, groceries, and bike rentals, personnel costs may be reduced.

Some park facilities and services do generate income, though the operational costs vary dramatically between park locations. Many of these revenue producers, such as dining rooms, museums, golf courses, public pools, fitness centers, and airports, barely break even, and some operate at a loss.

Concessions and Lease Agreements

While concession leases may be a viable revenue source for Kentucky state parks, experiences reported from other states and GAO audits for federal parks indicate that most park concession leases are poorly negotiated on behalf of the leasing governments. Concession leases are poorly monitored or audited by state and federal governments, if they are checked at all, and the result is lost revenue. Legislative committees, including the Tourism Subcommittee, discussed similar problems with park leases during their interim review. The Capital Projects and Bond Oversight Committee has, in the past, questioned the length and terms of marina leases. Vendors have not maintained the facilities and the committees requested that the state re negotiate the contract terms, to improve the state's position.

Marina leases between private vendors and the state have been the focus of concern by legislative committees for some time. In many cases the state builds and maintains the facilities, pays insurance premiums, utility fees, and other expenses in exchange for a very small percentage of the profit. The vendor, who enjoys an extremely long lease (as much as twenty-five years) has little liability and in most cases, a minimal investment that cannot be liquidated. Marinas at some lakes are major attractions and appear to be significant revenue generators for the leases. The Department of Parks, however, does not have a consistent method of determining lease terms, and in many cases, leases are not based upon the amount of revenue generated. Alternative approaches to the existing lease system could generate more revenue for the parks.

Concession and vending machine operations also seem loosely monitored and

they could provide additional sources of revenue as well.

Federal Grants Are Available for Park Projects

The Department of Parks may not be taking full advantage of the federal or national grant programs that could provide additional moneys for the Kentucky parks system. Millions of dollars are available in the form of grant funds, for which parks may be eligible. The FY 1992-94 Final Budget Memorandum does not identify any grant fund requests or appropriations for the Department of Parks, yet there are numerous sources of grant funds that could be pursued by parks to supplement their budget and offset cost of operation or restoration. Federal grants are often made available to historic properties and state shrines, nature preserves and trails, wildlife management areas, and conservation efforts including waste management and recycling programs.

The U.S. Department of Transportation "Inter model Surface Transportation Efficiency Act (ISTEA) of 1991" (P.L. 102-240) provides \$151 billion for surface transportation projects, such as bike and pedestrian trails and walkways. Under ISTEA, 10% of the funds authorized for special programs, or approximately \$3.5 billion dollars, are set aside for:

- Enhancement projects;
 - Historic preservation;
 - Archeological planning and research;
 - Pedestrian and bike facilities;
 - Conversion of railways to bike pedestrian or horse trails; and
 - Scenic preservation and landscaping.
- The "Interstate Surface Transportation Efficiency Act of 1992", Part B, supports:
- Maintaining existing recreational trails;
 - Providing access to trails for persons with disabilities, in accordance with the Americans with Disabilities Act; and
 - Acquiring easements for construction of new trails on state lands.

These projects could be located in the geographic area of a transportation project, if that region's population could be expected to benefit from the project. The Department of Parks has included 29 trail reconstruction projects in its six-year capital project plan, estimated to cost approximately \$2 million. The DOP could clearly benefit from this expansive

source of funds for park entrance enhancement and trails within the parks or regional communities. Historic preservation projects could enrich Kentucky's many historic sites and facilities. Archeological research could be carried out in any of our numerous parks, such as Mineral Mound State Park, Big Bone Lick State Park, or one of the battlefield parks.

The Tourism and Transportation Cabinets, along with the Heritage Council, have pursued some of the federal moneys available to Kentucky, but the Department of Parks had only limited involvement. Perryville Battlefield may receive funding for a restoration project, and a river front museum is under consideration at Fort Boonesboro State Park. The Secretary of Tourism feels the remaining federal funds allocated to Kentucky should be used for those projects submitted by units of local government or the private sector. Other grant funds applicable to the Kentucky park system include:

- EPA, " Solid Waste Management Assistance Program," section 8001. This program will provide up to \$390,000 in grant funds for park waste recycling programs, if they are used as demonstration projects for other states.
- The Federal Child Care Block Grant Program which is working with parks and recreation associations to develop programs to involve urban children in wildlife and conservation projects.

Additional grant offerings for historic preservation include;

- Institute of Museum Services,
 - National Historic Publications and Records Commission,
 - National Science Foundation,
 - Advisory Council on Historic Preservation,
 - American Society of Landscape Architects Committee on Preservation,
 - National Trust for Historic Preservation,
 - National Parks Service Technical Preservation Services Branch,
 - American Historical Association,
 - Early American Industries Association (could help fund the Greenbo Lake State Park historic iron foundry site demonstration project).
-

Advertising and Marketing

Effective advertising and marketing can promote park usage and increase profits. Currently, the DOP is spending 98% of its limited advertising dollars in the radio market,

which only generated 3.4% of park information requests. The park system may benefit from a more competitive, aggressive and creative marketing approach. Current marketing and advertising plans may need to be reviewed.

CHAPTER VI

PHASE II INTRODUCTION

The past 70 years have brought many changes to the park system, such as growth in acreage and facilities. However, some aspects of the system's operation have not kept pace with the changes required for effective and efficient management of a complex park system. Very few resort park managers came to the parks with formal training or credentials in hotel/restaurant management. In addition to this, several aspects of management and operational procedures that are basic standards for the private sector tourism industry are not found in the park system. Costly differences include:

- Non-existent or obsolete computer automation of reservations, accounting, billing, and purchasing.
- Parks decisions, unlike those in private sector personnel management, are highly regulated and subject to political influence.
- Parks procurement procedures, unlike those in the private sector, are determined by statute and regulation.

KRS Chapter 148 gives responsibility to the Department of Parks (DOP) for all administrative functions relating to the operation of state parks. These statutes provide an outline of general powers and duties, but do not determine the manner in which the parks should be operated. The statutes do not mandate a mission or purpose for the park system, but rather leave this determination to park administrators. As a result, the direction or mission of the park system changes often, as park administrations come and go. The major elements of the Parks' mission statement are: to provide recreational experiences, contribute to the state economy, and protect natural resources. While each of these mission objectives may be possible, in practice they can conflict with one another. "Providing experiences" and "protecting natural resources" represent major park expenditures that can offset positive economic contributions to the state. The

mission statement has changed over the years, along with the physical and administrative location of the Department. The Department has been moved from one cabinet to another, each with a different focus and emphasis. The parks system began as a commission under the Board of Public Property and then existed as a division under the Department of Conservation. Later it became a department under the Commerce Cabinet. The Department of Parks is currently located within the Tourism Cabinet.

Scope of Study

The Program Review and Investigations Committee directed staff to review Kentucky's laws and practices relating to park operation and management. The primary focus of the study was to research the feasibility of the Kentucky state park system becoming self-supporting. The study has been divided into two phases. The first phase, completed in April, 1993, focused on identifying park facility and project needs. This second phase provides information on the management and operational aspects of the park system.

Methodology for Phase Two

In addition to the twelve parks visited during Phase One of our study, in January and February Program Review staff visited six other resort parks and Dale Hollow, a recreation park. These parks were:

Cumberland
Natural Bridge
Jenny Wiley
Buckhorn Lake
Cumberland Falls
Barren River
Dale Hollow

At each park, the Program Review team interviewed all supervisory personnel. In addition to the park manager and business officer, the team interviewed personnel in the following categories.

Supervisors Housekeeping
(Executive Housekeepers)
Dining Room Supervisors
Chefs
Front Desk Supervisors
Gift Shop Supervisors
Senior Rangers

Maintenance Supervisors
Warehouse Supervisors
Greens Keepers
Golf Pro Shop Supervisors
Group Sales Supervisors
Naturalists/Recreationists
Marina Operators.

The interviews were conducted using a structured format that included required responses to a pre-determined list of questions. These questions, the interview techniques, and the documents requested were all focused toward the objective of providing the significant factual information necessary to complete the component elements of a management audit. These elements include:

1. Central Office Management and Facilities Management
2. Personnel Issues
3. Procurement Issues
4. Fiscal Controls and Park Security Issues
5. Cost Controls, Economies & Efficiencies
6. Revenue Generation

Upon completion of the field reviews, Program Review staff conducted similar interviews with those persons identified as the central office counterparts to the management and supervisors in field operations (see Exhibit 1). Below is a list of the central office personnel interviewed:

Assistant Director of Rangers
Director of Recreation Parks and Historic Sites
Assistant Director of Planning and Design
Director of Resort Parks
State Naturalist
Purchasing Director
Operations Director
Marketing Director

Food Services Director
Recreation Director
Gift Shops Supervisor
Golf Director
State Naturalist (Chief Naturalist)
Director, Administrative Services/Budget
Director, Personnel
Deputy Commissioner
Commissioner

This schedule involved interviews with more than 100 park and central office management personnel and amounted to between 150 and 200 contact hours. We want to especially thank the many dozens of park employees who gave their time to us and spoke so candidly with us. Their concern for the future of their own park, and the welfare of the park system, was evident. Their loyalty and hard work, so often unrecognized and not well-rewarded, should be widely appreciated. It is appreciated by the staff of the Program Review and Investigations Committee.

CHAPTER VII

PLANNING AND THE CHANGING MISSION OF THE DEPARTMENT OF PARKS

Park managers do not have copies of their park's master plan, yet they make capital improvement recommendations and develop 6-year plans without benefit of a vision of their park, as fully developed. Strategic planning cannot progress rationally and systematically unless all variables having impact are considered.

The parks' mission statement has not been altered to match management philosophy changes in parks during a period in which personnel cut-backs over the last four administrations have resulted in the removal of all but six naturalist in Kentucky's 47 parks. Those six are expected to coordinate recreation activities in the parks, from supervising lifeguards to calling square dances. Even the "State Naturalist" has a degree in parks and recreation, rather than natural science.

Parks struggle between their role as a government agency and hospitality/tourist industry, recreation attraction and steward of the land, and finally, between being statewide, regional tourist attractions on the one hand, and local community resources on the other.

Master Plans for Parks Are Not Recognized As Planning Tools

Many master plans for parks exist; however, they are not recognized as planning and decision-making tools by the parks. Nor are they used for strategic planning by the parks system. It appears that administrators' decisions over the past two decades have largely been reactions to immediate, daily, internal, and external influences.

Related to this finding, is the persisting position vacancy of the Deputy Commissioner

for Management. One of the responsibilities of this former deputy was implementation of Management and Operational Reviews (MORs). These were team visits to individual parks to conduct comprehensive management audits. We have been informed of plans for additional MORs, beginning in March, 1994 (see Exhibit 2). These MORs are confined to the fifteen resort parks and appear to involve 4-6 hours of contact time with each park.

The Parks System Is Struggling Toward Redefinition

The parks are expected to compete in the tourism and recreation industry. In this regard, the parks system is struggling toward redefinition. This struggle involves the role of the parks system as steward of the land on the one hand, and provider of recreation and tourist attractions on the other. Another conflict is the role of the parks as tourist attractions and the use of the parks as free local community resources. Added to this is the increasing stress placed upon a system which must operate in a competitive market environment as a highly regulated state government agency. This regulation and centralized accountability has increased significantly over the past several years, partly as a consequence of criminal indictments occurring during the mid-1980s.

The political necessity for this increase in size and authority by the central park administration is being eroded by time and circumstance. Increasing decision-making authority is gravitating back to the individual park managers. Nevertheless, the encumbrances of state personnel and procurement systems, combined with the role of the parks as community resources and employment bases, are significant limitations on the authority of park managers to operate in an efficient, competitive manner.

The Parks' Role As Stewards of the Land and Natural Resources Has Diminished

The claim to stewardship of the land is central to the parks' mission and often used to

justify operating the parks at a loss. However, it would not be an exaggeration to say, with respect to the parks, that no one in parks management speaks with authority for the preservation and conservation of natural resources. The position of Park Naturalist has given way to the position of Park Recreationist. Within the central office, the State Naturalist (now called Chief Naturalist) is far down on the organizational chart and has little authority or influence. Kentucky's state naturalist has a degree in parks and recreation and received his initial appointment as a park naturalist by substituting experience for education. The park recreationist position is a higher pay grade than the park naturalist.

RECOMMENDATION 1: PARK NATURALIST

The Department of Parks should provide the services of a Park Naturalist (with a natural science degree) to each park with duties redefined to require responsibility for multiple parks within a region. The pay grade classification should be upgraded.

RECOMMENDATION 2: STATE NATURALIST RECLASSIFICATION

The State Naturalist should be elevated to a policy-making level and the position should require a degree in natural sciences without an experience substitution.

CHAPTER VIII

CONTROLLING COSTS

There are any number of difficulties encountered by the parks in their efforts to control costs. Price contracts do not always have the cost containment effect intended. As an example, price contract bleach is \$1.20 per gallon; it retails for \$.89 at Walmart. More importantly, there are problems with inflexible requirements for purchasing and with time-delays. The parks experience a relatively small but constant drain due to theft and related losses. There are opportunities present in the parks to use and to abuse promotional, discount and complimentary arrangements. Park facilities use by communities can often result in a drain on park resources.

Purchasing and Price Contract Requirements Limit Parks' Ability to Make Timely, Cost-efficient Purchase Decisions

The Department of Parks, as pointed out earlier, is a unique state agency in that it is placed in the position of providing services for fees much like a private sector hotel/restaurant business. Yet the Department is required to follow state agency procurement regulations developed for agencies which are fundamentally different than the parks. In every park visited, supervisory personnel discussed the barriers to effective purchasing presented by price contracts. These barriers include prohibiting effective time management of employees, due to the paper work required by price contracts, the frequent absence of real cost savings, problems with quality, and time delays in receiving the products.

The Department of Parks' Division of Purchasing has made several recommendations regarding the purchase of goods and services (see Appendix C). A few of the points covered include:

- Agency small purchase authority,
- Bids procedures,

- Computer purchase restrictions,
- Emergency purchase restrictions.

Currently, Business Managers have the responsibility of handling purchasing for their respective parks. In resort and major recreation parks, this responsibility can require a majority of the Business Manager's workday. Business Managers indicated that they have problems in receiving up-to-date price contract information. Time delays between old and new contracts have caused delays and problems in purchasing.

Currently Parks' central office is awaiting implementation of the Kentucky Automated Purchasing Systems (KAPS) and its interface with individual park purchasing procedures. Automation for this purpose and other automation requirements should not be held hostage to a distant comprehensive, statewide interagency computer system. Rather, there are immediate, more localized steps which may be taken toward reducing paperwork and time.

Numerous supervisors provided examples of items that could be purchased locally for less. The majority of the parks are located in isolated and rural areas, and the delivery and shipping

costs often make the price contract item unreasonably expensive.

Price contracting is based on the assumption that statewide volume purchasing will reduce individual unit costs. In practice, this is often not the case. The central office purchasing director and park purchasing officers were unable to explain this phenomenon when asked about it.

The parks are in a service business and some degree of higher quality may be necessary to meet the consumer demands. Certain items purchased through price contracts have had inferior quality. Currently, the Department is experiencing problems with mattresses purchased through Prison Industries. Housekeeping Supervisors throughout the park system complain that these mattresses are inferior and last only a fraction of the expected lifetime. The Department recently met with the Finance Department and Corrections Cabinet to redevelop the criteria and bid specifications for the mattresses. Park personnel expressed frustrations with price contract restrictions which prevent them from purchasing the same or higher quality products at the same or lower cost as products listed on price contract, unless they can document that their need is an emergency.

Unresponsive vendors may delay delivery to a park, as they have that market cornered. They are aware that the parks are required to purchase exclusively from them. However, private sector customers can purchase wherever they choose to get a product, when they need it, and at the best price. The contractors may sell items requested by parks to another customer and delay delivery to the park. One park construction project was delayed for three weeks because a contractor did not meet a delivery deadline. Finally, the park purchased the necessary items locally and more cheaply. In the event a contractor does not meet a delivery deadline, the park can file a vendor complaint and the vendor can be required to pay the difference in the cost between the price contract and the actual purchase price. However, in the case mentioned above, the park actually purchased the items for less, so there was no penalty to the contractor.

Nearly everyone interviewed who is involved with purchase contracts expressed concern regarding the effectiveness and efficiency of the procedures, especially in the area of food services.

Security, Vandalism, Theft and General Cost Controls Are a Problem

The problem is not large and visible, but rather is like a series of small underground water pipe leaks, which ultimately can amount to substantial costs. These costs are detected from time to time in isolated cases, but are not seen (as we have seen them) collectively. These losses are absorbed biennially by the General Fund, causing no significant impact on individual parks, which do not recognize them as a high priority issue.

Interviews of staff employees, including legal council for the parks department, revealed multiple cases of embezzlement, including:

- Gift shop embezzlement totaling \$87,000 at one park;
- Pro-shop embezzlement estimated between \$47,000 and \$61,000 at one park;
- Multiple cases of kitchen food and equipment theft;
- Campground embezzlement at two parks totaling more than \$10,000;
- Multiple incidents of theft, including maintenance tools and items from inventory.

The practice of not rehiring suspects should be replaced by more serious efforts to prosecute and convict.

RECOMMENDATION 3: INCREASE THEFT INVESTIGATIONS

The Department of Parks should more vigorously pursue investigations and prosecutions of theft and embezzlement.

RECOMMENDATION 4: INCREASE AUDIT CAPACITY

The Department of Parks should increase its audit capacity, including contracting with the Auditor of Public Accounts, and impose uniform, regular auditing procedures on all parks.

Discretion Exercised Over Discounts, Promotions and "Freebies" Varies

The Kentucky state park system offers a number of discounts to attract additional park visitors. Most of these discounts are restricted to the resort parks. The discounts are approved by the Central Office and should be uniform through the park system. Restrictions on the times that the discounts may be available may apply. The discounts include special rates for senior citizens, AAA members, Farm Bureau members and others. In addition, tour groups or large group bookings may receive a free accommodation or meal, depending on the size of the group booking at the park.

Promotional budgets are available to individual park managers. Each park has a monthly allotment. This dollar amount is not carried forward nor reduced if it is overspent the previous month. Some park managers do not take advantage of this account. Other park managers take great advantage of this account.

Finally, there are some managers who far exceed their promotional budgets and at times compel other departments in their park to absorb these expenditures. Additionally, "freebies" and discounts are frequently offered in circumstances which have no real promotional value for the park. When excessive promotional costs are absorbed in other park budget categories without being identified as such, the ability to accurately determine actual expenses is lost.

Parks Are Used and Regarded as Local Community Resources

In addition to providing local employment, some representative examples of community use and local relationships with state parks are as follows:

- A naturalist at one state park was told, if he wanted the job, he would have to call square dances, because that is what the local community expected (there is no charge for these events).
- The Jenny Wiley Theater, a state park facility, is essentially donated during the

summer season to the Jenny Wiley Theater Company, Inc. (a private company). Other community groups wishing to use the theater must obtain approval from this private company. The most recent contract negotiated between the Park and Jenny Wiley, Inc. stipulates that in the event of inclement weather, the production will be moved from the theater to the conference and convention center. This effectively ties up the conference center during the production season. Thus, the conference center stands empty a great portion of the summer season, with a corresponding loss of revenue for the Park.

- Similarly, the state is involved in a costly renovation of the Old Kentucky Home amphitheater. This facility is owned and maintained by the park system and receives no revenue from the theater company which uses it.
 - The parks provide pools for their local communities without the local city/county tax support required of other communities, which have to provide their own pools in the absence of a state park.
 - Individual state parks are often the providers of highly specialized facilities for local community use. Examples of such facilities include enclosed tennis courts and health clubs. Park guests rarely use these facilities. The primary users of these facilities are local, dues-paying members. However, the fees paid for membership do not cover capital costs, maintenance, or operational costs.
 - The relationship between the parks, park management, and local community groups is often very close and dynamic. These relationships sometimes involve providing special promotional gratuities and discounts for local service organizations and community groups. These are often special relationships and benefits not routinely extended or offered to other park clientele.
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CHAPTER IX

REVENUE GENERATION

The parks are under increasing pressure to generate revenue. In this regard, they are disadvantaged by insufficient accommodations (average hotel industry break-even/profit threshold is 100 rooms). It appears that several revenue-generating projects of park managers are passed over in favor of Parks' Department priorities that have less potential for income. Park leases (especially leased marinas) are only marginally income-producing, when they are compared with park-owned concessions. Nonetheless, a few marketing and advertising initiatives underway hold promise for increasing revenue; examples of which include direct mail video promotions for bus tour groups and increased off season promotional offers.

Most Parks Are Below the 100-Room Threshold Required to Meet Operating Costs

Several park and business managers confirmed the (hotel industry) break-even threshold of accommodations, pointing out that rooms and cabins are the highest revenue producers in the parks. Of the 15 resort parks, only three have over 100 accommodations: Lake Cumberland, Lake Barkley and Kentucky Dam Village. Other parks' room and cabin accommodations include:

- Four between 32-37;
- Three 43 - 55;
- Two 63-66; and
- Three 79 - 82.

Increasing room accommodations appears to be a very low priority for the parks' central office, according to management and group sales personnel in the parks. Requests for more rooms "fall on deaf ears". One manager's second highest priority request for the bond issue was the renovation of an existing rustic lodge that is presently out-of-use. According to the park manager, the 20 additional rooms could be renovated for under \$300,000, if left rustic. If

rooms in the facility are rented at a reduced rate of \$40 (rather than \$60), the manager is convinced that demand for rooms would keep it full through the entire season. This park's request was dropped and replaced in the bond priority list with a \$650,000 visitors' center, which will generate no direct revenue. With one exception, all capital construction funds expended by parks on accommodations in recent years have been for renovation or replacement of existing rooms or cottages, resulting in zero net gain. When staff asked why there are no rooms in the bond priorities, the Secretary of the Tourism Cabinet stated that this was a requirement of support - that there be no additional rooms to compete with private hotels and motels.

RECOMMENDATION 5: ACCOMMODATIONS RECONSIDERATION (BOND ISSUE)

The Department of Parks should provide to the Appropriations and Revenue Committee cost benefit analyses of additional cabins and rooms, comparing these to the analysis

of current bond priorities 55-71, and consider substituting rooms for priorities which are unlikely to generate additional revenue.

Concession Leases by Parks Are Generally Not Profitable or Cost-Efficient

Park managers believe covered pools could generate additional off-season revenue. Again, park requests for covered pools were not included in the bond priorities. Marinas are profitable enterprises. But, when we lease marinas at 5% of gross revenue, the park system may actually lose money. Those marinas owned and operated by parks are generating substantial revenue. However, they are not being expanded for maximum profitability. Not shedding light on this reality may serve the purpose of obscuring just how profitable marinas are, and correspondingly, how much is sacrificed when they are leased.

A compounding problem is the lack of auditing of marina lease operations to insure that the state is in fact securing its limited percentage of the gross revenue generated by these marinas. The State Auditor's Office was asked by the Department of Parks to do a limited audit of five marina leases. The owner/operators of the largest marina lease operation in the parks, Marina Management Services, Inc. on Lake Cumberland, were initially uncooperative regarding this audit. Observations from the June, 1989 report indicate that the operators' records were "incomplete and would not support the monthly concession reports that are filed with the Department of Parks each month." The report recommended that Parks seek compliance with conditions and terms of the contract (including providing missing records) within a reasonable time-frame, and, that otherwise "the Department of Parks should pursue termination of the contract." After correspondence between the State Auditor, Parks, and Marina Management Service, Inc., these owners agreed to the audit during off-season. The State Auditor was to return on March 9th to complete the audit, according to representative of the Auditor's Office. If MMS is found not to be in compliance with terms of the lease, the Auditor's Office is prepared to recommend termination of the lease. Of the remaining four marina operations, three were found to have significant problems.

According to the Auditor's Report, the problems were as follows:

- Rough River (state-operated) - No formal filing procedures for slip agreements; no ledger of slip rental activity maintained; late rental collections and no penalties or rental agreement terminations for late payments.
- Lake Barkley (leased) - No control procedures for cash register; no receipts if not required by customer (recommend pre-numbered receipt forms); errors on register tape corrected by hand (without explanation), giving the impression that cash may have been lost or stolen.

The lease contracts with the parks provide that they may audit to insure that parks' interests are being served and that an annual audit of each marina should be conducted. The parks system built these marinas and then leased them out for very little return, while maintaining them at taxpayers' expense. As one park manager stated about long-term marina lease contracts, "Years ago we handed these out as political deals and now we are paying for it."

RECOMMENDATION 6: EVALUATE MARINA LEASES

The Finance Cabinet should examine all existing marina leases to determine their value to the state in comparison with state-operated marinas. Leases determined not to be in the best interest of the state should be re-negotiated. All new leases should be standardized. The Department of Parks and Finance Cabinet should insure that all existing marina lease operations are audited annually in accordance with Administrative Regulation 304 KAR 1010.

RECOMMENDATION 7: EXPANSION OF STATE-OPERATED MARINAS

All state-owned and operated marinas should be evaluated for expansion, in order to generate maximum revenues.

Aggressive Marketing and Advertising Could Increase Revenues

The marketing and advertising efforts of the central office have made significant changes in the past year. As reported in Phase One, the Department was spending 98% of limited advertising dollars in the radio market, which only generated 3.4% of its park information requests. That spending was due to a contract with the Kentucky Broadcasting Association. The contract with KBA has been renegotiated so that the Department of Parks is able to participate in the advertising provided but does not bear the entire expense. The contract is now with the Tourism Cabinet, Department of Travel Development, the Fair Board, and the Department of Parks. Costs and advertising opportunities are jointly shared between them.

The Department's approach to private sector involvement with state park promotions has also changed. Increased involvement with private sector advertising opportunities is viewed as a positive change of direction for the park system. A previous participation with Ford Motor Company, to promote the Ford Explorer and the state park system, is going to be expanded. The Department estimates that Ford spent \$300,000 on the Ford Explorer advertising campaign. The Department of Parks presented vouchers for free lodging to customers purchasing a Ford Explorer. The Department estimates that the value of lodging presented was \$4,000. They felt that was a good investment for the amount of television advertising the parks received.

One of the goals of the 1993 Marketing and Advertising Strategic Plan was to increase business for the resort parks in the off-season. The Central Office Marketing and Advertising Director indicated that the goal was met, but that business could still be increased. In an effort to further address the off-season and group sales need, the Department has recently produced a

meeting video, to be used as a direct mail informational piece and to attract bus tours.

Currently, the Group Sales Division has two field staff, one located at Barren River Park and one located at Pine Mountain Park. These persons work for central office but focus separately on the western and eastern area of the state. According to the Advertising and Marketing Director, the primary focus of group sales personnel should be directed in the metropolitan areas. Most parks now have sales coordinators to pursue local business.

Recognizing the need to have central office staff concentrate efforts on making contacts in the metropolitan areas, park managers have again become more involved in attending and working travel shows. Park managers used to assume the responsibility of attending travel and trade shows. In recent years, this has become the responsibility of central office staff. However, this year park managers again attended, in order to assist central office staff in presenting the Kentucky State Parks to tour groups. The central office and park managers indicated advantages to this approach. The park managers know their own parks better than anyone else and the central office can maintain contacts and respond to information requests generated by these events.

RECOMMENDATION 8: RELOCATION OF REGIONAL GROUP SALES COORDINATORS

The Department of Parks should relocate two Regional Group Sales Coordinators to central office, where their efforts can be concentrated on metropolitan or other areas of greatest benefit.

CHAPTER X

PARKS REVITALIZATION PLAN (BOND ISSUE)

The General Assembly authorized the \$100 million bond issue in the 1992 Regular Session. The Tourism Cabinet and Department of Parks have been preparing the list of bond issue projects for approximately two years, yet it appears that several vital issues surrounding the development and implementation of the revitalization plan have not received critical examination. Information regarding these areas is often unavailable or conflicting.

Some Vital Bond Issues Have Not Received Critical Examination

There are a number of vital issues surrounding the parks revitalization plan bond issue that have not received critical examination. The 1994 General Assembly considered a \$100 million capital project request for the revitalization of the Kentucky park system. During the 1992 Regular Session, the General Assembly authorized the \$100 million bond issue for unspecified projects to revitalize and rebuild the state parks. The budget memorandum specified that parks would bring a list of projects to the legislative session for approval prior to expending any of these funds.

The list of projects proposed for this bond issue was not released until approximately one month before the 1994 Session. A copy of the bond proposal and project information is included in Appendix D.

If approved, the priority list of projects will amount to the largest investment in capital construction in the parks since the initial period of park construction in the 1940s-1960s.

The revitalization plan provides an opportunity to undertake renovations and repair of buildings and facilities that have long been postponed, patched, or neglected. It may also serve to generate additional revenues to help

offset operational expenses. This massive investment for capital improvements represents a one-time opportunity to put the parks on a firm financial foundation as they move into the next century. Each identified priority should make a genuine and certain contribution toward necessary revitalization or revenue-generating capacity.

In this regard, several critical concerns must be addressed:

- The Department of Parks 1994/96 budget request does not include recognition or adjustments for the possibility of lost revenue due to shut-down associated with the renovation or construction of bond projects. All fifteen resort park lodges will receive extensive renovation that could result in kitchen and dining room shut-down, and closure of gift shops and lodge rooms. Any lost revenue would result in a park's budget shortfall or underfunding of operational costs.
 - The estimated costs of projects are soft. Parks planning and design staff confirm that the prices include an 8% inflation factor for 1995 dollars only. These projects may run four to six years before construction is completed and cost overruns would have to be brought back
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to future General Assemblies to be funded. The present bond issue request includes two overrun projects from 1992. The bid cost overruns for the construction of the Dale Hollow Lake State Park Lodge is \$1.5 million over the original request and the Jenny Wiley State Park golf course will cost \$6.6 million more than the original \$2.2 million request.

- Representatives of the Finance Cabinet's Division of Engineering and the Department of Parks' Division of Planning and Construction have indicated that they will have a full schedule of projects to administer during the 1994/96 Biennium and that the \$100 million park projects are an additional workload they are not staffed to handle.
- Parks design team members are optimistic that they can assist in coordinating these projects with the Division of Engineering. However, they realize that if Finance does not communicate with parks or awards renovation contracts without terms that accommodate at least partial operation of the affected parks, then lost revenue and negative guest impact would be dramatic, if not disastrous.
- The selection of the most cost-effective revenue-generating projects may not be reflected in the proposed bond revitalization plan. According to park managers, the greatest revenue producers in the parks are cabins and room accommodations. The industry minimum number of rooms for a resort to break even is 100-120 rooms, yet only 3 of 15 resort parks meet this threshold.

- There is not one new room or cabin in this bond issue that is not a replacement of existing rentable accommodations. The General Assembly should consider substitution of additional lodge rooms at resorts with meeting facilities, in lieu of the several low- or non-revenue-generating proposals.
- At best, the coordination and scheduling of construction around park operations will be a major task. Park management and design teams must be involved with key people from Finance and the contract architects on these projects. Minimizing negative impact is contingent on interagency coordination and cooperation.

RECOMMENDATION 9: BOND IMPLEMENTATION COMMITTEE

The Governor should appoint an inter-agency Parks Revitalization Bond Implementation Committee. This committee should report to the Appropriations and Revenue committee quarterly on its progress on the following responsibilities:

- **Coordination of all agencies involved and affected by this park project bond issue regarding the issuance of bonds, fund investment, fund allocation, project design, contract award, and construction;**
- **Design and implementation of a systematic plan and schedule for the comprehensive renovation of the state parks that will minimize down-time and loss of revenues;**
- **Coordination of individual parks' requirements during their individual construction and renovation programs.**

CHAPTER XI

PERSONNEL ISSUES

The state government personnel system, with its inflexible system of classifications, inequitable compensation structures, and a highly complex hiring system, works hardship on the parks. Park personnel management believe they are also encumbered by an antiquated system of local county patronage employment, which imposes employees on the parks who often have little loyalty to their supervisors and are often marginally qualified for their positions. In any event, qualifications are marginal and incidental to employment. Qualifications for positions within the park system vary. There are park employees in different parks who have the same job, but different pay grades and job classifications.

State Personnel System Inhibits Employee Initiative and Performance

The personnel system is overly complex, inflexible, and does not in a meaningful way provide the incentives required to motivate employees to perform at the level increasingly required by a competitive tourist industry. The state personnel system is especially dysfunctional in its consequences for park workers and personnel management. It regards parks as field offices of state government and seeks to hire, classify, and reward park employees as state workers. However, unlike other state agencies, the parks are revenue-generating tourist destinations with seasonal schedules. Additionally, they operate 24 hours a day, 365 days a year. This creates any number of difficulties in scheduling and wage/benefit incentives. Examples are as follows:

- Park employees are not permitted to be paid double for working on holidays, "snow days" and other work days which are not being worked by the rest of state government. Rather than receive overtime pay, Park employees must take days off at other times. Park manage-

ment has been directed to aggressively encourage supervisors to have employees take "comp" time days off, creating scheduling problems. If these days are not taken they must be paid for at the termination of employment, creating an unanticipated personnel budget expenditure.

The following general employment categories for park personnel are in effect:

- Permanent full-time (these are regular twelve-month, full-time state employees with all state fringe benefits);
 - Permanent part-time (these are twelve-month, employees with reduced status, but essentially identical benefits.)
 - Eleven-month seasonals (these people work side-by-side with those in the above categories, but are terminated each year for one month, draw unemployment and COBRA health insurance, and are, for the most part, rehired thirty days after termination);
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- Nine-month seasonals (these people receive no retirement benefits);
- Assorted seasonal combinations such as ten-month seasonals, six-month, three-month.

The difficulties described above combine with a decreasing "complement" (total number of employees) to create a number of management problems. In order to maintain an assigned permanent full-time "cap" (923 permanent full-time and 1,697 "other equiv-alent") on state workers, the eleven-month position is used. Its initial cost to the state is about the same as a permanent full-time employee. However, over time, increments to minimum wage would, of course, increase costs. This might be offset by increased continuity, decreased training costs, reduced paperwork, and increased productivity and loyalty. In any event, serious scheduling difficulties are created and much paperwork is required to maintain this technical limit on permanent full-time employment.

People working side-by-side for many years, performing identical work, may be quite differently rewarded. One, by luck or connections, might be a permanent full-time employee with full benefits and an annual wage increment while the other, an eleven-month seasonal, will receive no annual increment and remain at minimum wage for the duration of his or her work for the park.

RECOMMENDATION 10: REDESIGN PERSONNEL SYSTEM

The Department of Parks and the Department of Personnel should prepare and implement a plan for redesigning the personnel system for the parks which would reduce the inequities between personnel positions, increase the professionalism of parks staff, open the selection process and reduce the complexity of paperwork burdens now surrounding firing and rehiring.

RECOMMENDATION 11: PERSONNEL CAP ADJUSTMENTS

The General Assembly should adjust the personnel cap limitations for the parks in order to provide the flexibility required to meet their unique staffing requirements.

Litigation and a Court-Ordered Consent Decree Impact Personnel Management

The intent of pursuing litigation has impacted personnel management as much as the actual litigation. Cases involving the movement or transfers of park managers have been hampered when the park managers filed motions with the Personnel Board, the Circuit Court, and the Court of Appeals to prohibit the transfers or dismissals. Resolutions to these personnel actions have taken different courses. Transfers have been made at later dates, with no litigation or Personnel hearings. Some cases have had litigation filed and are pending in court. Regardless of the course taken, management of personnel has been restricted or delayed.

A Consent Decree issued in 1987 directed the Department of Parks to increase minority employment. The Department is still operating under the terms of the decree. However, a motion was filed by the Department in 1993 to terminate the present consent decree. According to the Parks staff attorney, removing the Department from operating under the decree is a high priority.

This Consent Decree has impacted the hiring of personnel in the parks. The decree has required advertisement of vacant permanent positions and a general advertisement of intent to hire seasonal positions at the beginning of each spring season. The advertisements have not significantly increased minority employment in the parks. Most parks are located in rural areas with very small minority populations from which to draw applicants. However, the mandated advertisements may have provided a broader base of applicants from which to choose qualified employees.

While this requirement may offer advantages for choosing qualified employees, the consent decree also poses the potential to compound other inequities found in the current personnel system. Seasonal employees who may have worked for a number of years waiting for a permanent position opening may lose out to a minority applicant who is coming into the park system for the first time. This poses problems for park managers and the supervisors of the personnel involved. Morale and loyalty may become issues that have to be addressed by management. A situation of the type described has recently occurred, and according to the personnel involved, the issue has not been successfully resolved.

RECOMMENDATION 12: IMPROVE HIRING PROCEDURES

The Department of Parks should establish uniform formal personnel hiring procedures to be implemented at each park. These procedures should include open advertisement, interviews, and the participation of supervisory personnel.

Current Wage Scale Is Inadequate

An inflexible personnel system provides wages on a scale no longer competitive with current employment opportunities in the communities in which Kentucky parks are located. In years past, the parks paid an hourly wage of \$3.80. This was substantially above the prevailing minimum wage of \$3.35. When the minimum wage was increased to \$4.25, park seasonal employees received a wage increase to \$4.25 (from \$3.80). The parks no longer pay a premium hourly wage. Seasonal employees are getting more difficult to recruit, for they can obtain employment anywhere (in less remote areas) for the prevailing wage. One irony of this was expressed by a park manager who said, in effect, that he actually needed the local county patronage man to help him find people.

RECOMMENDATION 13: REWARD MERIT

The Department of Parks should provide an hourly pay increase above minimum wage for those seasonal employees who are routinely rehired each year, in recognition of loyalty and merit.

Patronage Is Believed to Be a Problem

Park personnel management believe they are encumbered by an antiquated system of local county patronage employment, which imposes employees on the parks who often have little loyalty to their supervisors and are often marginally qualified for their positions. In any event, qualifications are marginal and incidental to employment. Park personnel feel that patronage is alive, if not quite so well as in former years. It has been years since the patronage man initialed applications for park employment. Our staff interviewers were told

that the use of local employment offices, and the requirements for position advertisement required by a consent decree, may have moderated the influence of patronage. Similarly, the new minimum wage pay scale may have also contributed to a decreased interest in patronage employment in the parks. Nevertheless, there is little or no advertising for seasonal positions.

Few park employees see themselves as members of the "Hotel and Restaurant Management" profession or the "Hospitality" or "Tourism" industry. For the most part, they do not belong to associated organizations. They are essentially local people who (for the most part) have had local political sponsorship to secure initial employment and, in some cases, promotion. As one park supervisor stated, "I've heard it said that you don't get hired here unless _____ says so". Other supervisors at this park agreed. Another supervisor asserted that the wife of the patronage man sold her crafts in the lodge gift shop. Supervisors offered such observations as, "Sometimes you just have to eat them" (patronage hires). The interview team was told by one supervisor that a previous park superintendent stated to the supervisor, regarding a hire, "We have to take this person; I'm obligated". At another park, the manager stated that 95% of all employees hired at the park came through the patronage system. Field notes contain dozens of similar statements from many parks. Another manager described the way in which the several counties surrounding his park made claim to a negotiated percentage of park employment (i.e., 70% from county A, 30% from county B). He said that this was the case in other parks. Only in very rare exceptions do park supervisory personnel have any involvement with the employment of those whom they must supervise.

Morale is a related issue and a problem of unmeasured proportion. Patronage can diminish morale because employment and promotion are not uniformly perceived to be associated with merit. While merit is often present, it is incidental to the real or perceived dynamic at work. Patronage creates morale problems because it can confound supervision. A politically appointed supervisor lacks legitimate authority. A politically appointed employee is often excused from responsibility. Staff begin to "settle" into a system in which they do not rigorously hold one another accountable for performance, either horizontally or vertically, within the organization.

In this regard the parks may be aging, not just in physical condition, but also with regard to the maturing of an historical system of management and employment which may no longer serve 21st century demands for quality, and competitive cost containment, in combination with aggressive revenue production.

A public demonstration and verification of the existence and effects of patronage appointments is difficult, due to the potential for harm that can be done to those employees who candidly and honestly acknowledged their participation in this system. Staff is very sensitive to the courage they have exhibited in openly and honestly describing how the park employment system works. Because of this, we have made every effort to honor their need for confidentiality. Our working papers verify repeated statements regarding patronage made by the majority of management and supervisory personnel in each of the visited parks.

According to the parks central office attorney: "My official position is, there is no patronage. There is a Supreme Court decision declaring patronage illegal, so my official position is it doesn't exist."

RECOMMENDATION 14: ELIMINATE PATRONAGE

The Tourism Cabinet and Department of Parks should take immediate action to stop local political influence on park personnel decisions, the process generally known as "patronage."

RECOMMENDATION 15: ELIMINATE NON-ESSENTIAL POSITION JUSTIFICATIONS

The State Department of Personnel should permit the Department of Parks to staff the parks according to its personnel budget, and fill annually established park complements without requiring additional justification.

Qualifications for Positions Within the Park System Vary

Some park system supervisory positions require a written test administered by the Department of Personnel. Along with the requirement of placing in the top five scores on the register for that position, there may also be experience and/or educational requirements. The park manager position requires a written test and college degree. Experience may substitute for education. However, this experience need not be in hotel/restaurant management, tourism, or parks and recreation.

There are specific qualifications for some supervisory positions. Program Review staff interviewed one person who acknowledged not having and not meeting those guidelines imposed by the Department of Personnel. While the Department of Parks acknowledges this employee as being appointed as the Supervisor, the Department of Personnel has not made that acknowledgment, either in a classification change or salary change.

Park managers come from a variety of backgrounds, not necessarily related to hotel/restaurant management. Many park managers have been promoted up through the system, from smaller parks to larger parks. These promotions can cross over the types of the parks; a manager from a recreation park might be promoted to manage a resort park. There are a number of differences, however, between managing a recreation park and a resort park. But there is no requirement for park managers in the resort parks to have experience in either the hotel or restaurant management industry.

RECOMMENDATION 16: PARK MANAGER TRAINING

The Department of Parks should arrange for or provide a rigorous training and certification program for new park managers appropriate to their park assignment.

Positions Which Are Functionally Identical May Have Different Personnel Classifications

Two positions, Business Manager and Fiscal Officer, are essentially identical, but

classified differently. This distinction appears among the resort parks, with larger resort parks having the Fiscal Officer. This has created morale problems among the Business Managers. However, there is no similar distinction among the resort parks for the position of park manager. Central Office's Director of Resort Management indicated that this situation presents management problems. When Central Office wants to transfer a resort park manager from a smaller park to a larger

park there is no financial incentive for the manager to agree.

In those parks which have recently converted from seasonal to year-around schedules, the employees remain predominately seasonal. Therefore, while their job responsibilities (including supervision) are identical to those of their counterparts working in established year-around parks, their pay, grade, and benefits may be significantly different.

CHAPTER XII

PROFESSIONAL DEVELOPMENT AND TRAINING

Park employee training is adequate in the areas of job-specific skill development and the use of associated manuals. However, there is an evident and expressed need for a more formal and rigorous approach to training in the areas of personnel supervision and professional development, hotel and restaurant management and the tourism/hospitality industry. Another major need is in the area of training for personnel who are being appointed to supervisory positions, such as park managers, business officers, senior housekeepers, chefs, and front desk supervisors.

Training For Supervisory Personnel Is Inadequate

With few exceptions, park supervisory personnel do not receive adequate initial training in their responsibilities when they are appointed to their positions. Over time, their training does not provide adequate emphasis in the areas of personnel supervision, hospitality or hotel/restaurant management. However, training in specific procedural requirements and associated manuals appears to be adequate. Park supervisory personnel identified the lack of training for staff under their supervision as a problem. While Central Office has provided manuals for certain work areas, and staff has conducted some in-park training for seasonal employees, it is brief and general. In-park training most often concentrates on task orientation and brief hospitality training for seasonal employees. Currently, most of the training for seasonal and permanent staff rests with the supervisor. There is limited support and information available to supervisory staff to assist in their training responsibilities. Park managers acknowledged that the training needs of their staff are not currently being met. Some park managers are very supportive of additional

training for their staff and will encourage employees to participate whenever possible. Others, while recognizing the need for the training, do not actively encourage their staff to participate in training that may take them away from their park duties.

The training available to new supervisors varies from position to position and park to park. Some supervisors may spend time at another park receiving on-the-job training with their counterpart at that park. However, this is not always done, nor is the training always offered in a timely fashion. One employee, who has been the supervisor for 18 months, was just recently scheduled to spend several days at another park training with her counterpart. In this particular case, the arrangements were made among the park managers of the two parks and this was not a formalized training procedure. The counterparts at the other parks who are now responsible for the training of these new supervisors receive no instructions or directions regarding their responsibilities in this area. At the time of the supervisors' promotion, the training they receive is primarily concentrated on duties associated with their new position, rather than

on personnel and time management, training of other staff, or hospitality.

Continuing educational training for supervisors in most areas is limited to an annual staff meeting among their counterparts from the other parks. While this can be useful and provide beneficial dialogue among the supervisors, little formal training is addressed at these meetings. These meetings and their agendas are conducted by the supervisors' counterparts from central office. A director in central office noted that there are no professional trainers or educators in central office. While central office staff may have the knowledge and information that needs to be shared, they may not know how best to present it.

Park and central office employees discussed the need for additional training to be extended beyond the supervisory level to those employees who perform the services required by the park guests. For example, it was noted that the front desk employees are most often the first contact that a park guest has with the park, either over the phone or at the front desk. The front desk is most often the first place a guest will call for information, make a request, or report a problem or emergency in the park. Their responsibilities, while viewed as being concentrated in the area of reservations, are quite broad, and a number of skills are necessary in performing that job in a professional manner.

Several alternatives or options were suggested. One park manager discovered that

the Department for Library and Archives could provide films on hospitality training and suggested to some of his supervisors that they use these. Videos are being widely used as a training tool in other areas of state government. The Council of State Governments has recommended video training for those state agencies that will be using Kentucky's Automated Purchasing System. While this appears to be a practical solution, one supervisor who was informed of the videos stated that he intended to order the videos, but also indicated that this would not be the sole answer to his training needs. Each work area in the park is unique and one generic training video would not address individual needs.

Some park managers and central office directors mentioned the possibility of having a training resort park. They suggested utilizing one of the smaller resort parks for the purpose of training park personnel. An alternative suggestion also made by park managers and central office directors was to create a training division within the Department of Parks.

RECOMMENDATION 17: FORMALIZE TRAINING PROGRAMS

The Department of Parks should develop or provide formalized training programs for all park employees. The programs should include staff development in the areas of personnel supervision, motel/restaurant management, hospitality and tourism.

CHAPTER XIII

COMPUTER AUTOMATION

Throughout the parks and central office, there is an urgent need for computerized data management systems. The parks system is a \$15 million statewide enterprise containing 47 sites; it is currently operating with obsolete technology and is in need of immediate computerized automation and associated training.

Electronic Data Processing Automation Is Needed

There is an immediate need for electronic data processing automation for purchasing, accounting, reservations, inventory, billing, and other management information systems. Currently, there is almost no visible computer equipment in the parks or the central office. Reservations at each park are recorded through an antiquated, manual "chart and tape" method which was abandoned by the hotel management industry many years ago. One reason why this necessary modernization has not occurred is due to experience with a poorly designed and implemented central reservation system established in the early 1980s and quickly abandoned. This system had serious software design flaws, insufficient vendor support, and insufficient personnel training. After a "disastrous" one-year trial period, the system was abandoned and the parks returned to their original chart and tape procedure. Front desk and group sales personnel expressed their desire for a computerized reservation system. In this regard, they were concerned that such a system be a "stand alone" for their own park, and that any centralized system be phased-in over time. In addition to the above concern, park personnel were very concerned that any system provide sufficient vendor support and training.

The computer automation of individual parks and the system is a need expressed by

other park supervisory and central management personnel.

Supervisors throughout the park system expressed belief in the benefits of computerization of information within their work areas. While business offices have personal computers, the only computerized information transmitted to central office is payroll. The sharing and reporting of information from the parks across the state, from each other and to central office, could be significantly enhanced by computer access. Business managers and park managers agreed that staff time involved with the current approach of using hard copy documents for reporting purposes could be significantly reduced. In addition to the reduction in staff time for preparation of the reports, central office could provide the comparative analysis in a more timely fashion. The information would be more useful to park management staff in addressing areas of concern when brought to their immediate attention.

Further, parks' purchasing procedures could be greatly enhanced through a centralized computer system that implemented what the Finance Cabinet's Kentucky Automated Purchasing System (KAPS) has not been able to do; that is, incorporate all price contracts and maintain them up to date. All purchases could be transmitted through the networked system and interaccounting payments for goods could

be accomplished simultaneously. The reduction of time and paperwork would be considerable.

Many supervisors had suggestions on how computerizing information in their departments could provide efficiency and safeguards. Work areas involving inventory control could benefit through tracking the ordering and usage of items. Gift and pro shop supervisors, as well as maintenance and warehouse supervisors, recognized the need to keep accurate and reliable accounts of the merchandise for which they assume responsibility. These systems would not only provide tracking, but assist in detecting theft and loss of inventory.

RECOMMENDATION 18: COMPUTER AUTOMATION OF THE PARKS

The Department of Parks should implement computerized automation in the following functional areas: individual parks reservations; price contract ordering and inter-accounting, inventory, and accounting, including reports electronically transmitted between the parks and the parks central office. The system should involve the development of a management information system which can provide individual parks and parks central office with current data on park operations. A "system" approach should be taken, but parks should not wait on a "system" before giving management personnel stand-alone computers and training.

CHAPTER XIV

CONCLUSION AND SUMMARY RECOMMENDATION

Staff have been charged with producing a study examining the facility needs, management and operations of the state parks, with a view toward making the parks self-sufficient.

Complete self-sufficiency is probably unattainable for the park system as a whole, without the most fundamental reorganization of existing systems of staffing, management and financing. Likewise, the mission of the parks would have to be redefined, along with a radical severing of their relationship to state government and taxpayer support.

Privatizing essential programs at the parks, perhaps the parks themselves, would require enormous legal and financial effort and a reordering of the state's relationship to its natural and cultural heritage.

There are measures short of reinventing the park system which are required by the present circumstance in which we find the parks. Looked at from any angle the parks are hindered in their effort to generate revenue or exercise aggressive quality and cost control. They have moved significantly toward a resort/recreational/tourist mission and away from preservation and conservation. Yet, they are operating increasingly at a loss. Why?

Fundamentally, they are not designed to function as a business; nor, given their missions, should they be expected to. Nevertheless, this does not remove the parks, nor park personnel, from the responsibility to operate the parks as professionally and efficiently as contemporary management systems can permit. This responsibility will involve a new professionalism, and most importantly, the will to make informed decisions regarding investments which will generate revenue while respecting the mission of the parks to preserve and conserve.

To meet the above challenge, the parks will require independence, continuity of purpose and the oversight of a statewide commission which will give them voice in the councils of government, while holding them firmly to the tasks presented in the next century.

RECOMMENDATION 19: ESTABLISH PARKS ADVISORY COMMISSION

The General Assembly should create an independent advisory commission for the Department of Parks. This commission should provide external oversight, continuity and stability of leadership. The initial priority of this commission should include:

- **Defining the mission of the parks,**
 - **Monitoring the implementation of the recommendations of this study, and**
 - **Implementing a central parks management design which recognizes the changes evolving in the tourism industry.**
-

1994 General Assembly Creates The State Parks Commission

The 1994 Session of the General Assembly amended House Bill 775 (see Appendix E) to include provisions for the creation of the State Parks commission. The measure was passed by the General Assembly and signed by the Governor on April 11th. It goes into effect July 15th, 1994.

The bill amended KRS Chapter 148 to create and attach the Commission to the Department of parks for administrative purposes and staff support. The fourteen member commission includes the Secretary of Tourism, the Commissioners of the Departments of Parks, Fish and Wildlife, Personnel, Kentucky Horse Park Commission and the Directors of Kentucky Nature Preserve and Kentucky Historical Society and the Deputy Commissioner of Parks. The Governor shall appoint six additional members including a park manager, five citizen members that include a CPA, architect, and three with experience in tourism promotion, hotel motel operations and restaurant management. All shall serve for four year terms.

The State Parks Commission shall meet at least every three months or when called into session by the chairman at the request of the Governor or of any two or more members of the State Parks Commission, or on his own motion.

In order to provide for independence, continuity of purpose, and oversight for the Department of Parks, the State Parks Commission shall advise the Governor and the commissioner of the Department of Parks on:

- the mission of the state parks,
- park operations, tourism promotion and natural and historic preservation policy and programs,
- development of new or specialized facilities, attractions or programs; and
- development and implementation of a parks management design which recognizes the changes evolving in the tourism and hotel and motel industries.

The State Parks Commission may visit and inspect any state resort or recreational park or historic site and may inform and advise the commissioner of the Department of Parks in regard to the facility's physical or other

condition, its operation, management, program and general condition. The State Parks Commission or a majority of its members shall have full access to the grounds, buildings, and financial and other records belonging or relating to the facilities.

The terms of office for the initial six appointed members of the State Parks Commission shall be staggered as follows: two members shall serve for terms expiring June 30, 1996; two members shall serve for terms expiring June 30, 1997; and two members shall serve for terms expiring June 30, 1998.

APPENDIX A

PROFILE

MARINA	Buckhorn Lake Marina
Location:	Buckhorn State Park Buckhorn, KY
Status: Marina Park	State-owned Resort
Owners/Operators	Department of Parks
Contract Date/Expiration:	NA
Facilities and Rates:	96 Open Slips \$20/mo. for single slip \$40/mo. for double slip
Rental Equipment:	Fishing boats, pontoons
Services:	Gasoline, fishing supplies, food snacks, souvenirs
Commission Rates	NA
State Repair/Renovation Cost 1989- 1994	\$26,686
FY 1994 Net Receipts:	\$81,220
FY 1994 Operating Cost:	\$53,184

FY 1994 Net Sales (Income to State):	\$28,035
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PROFILE

MARINA	Greenbo Lake Boat Dock
Location:	Greenbo Lake State Park Ashland, Kentucky
Status: Marina Park	State-owned Resort
Owners/Operators	NA
Contract Date/Expiration:	NA
Facilities and Rates:	55 Open slips \$35/mo. or \$245/yr.
Rental Equipment:	Pontoons, motor boats, row boats, canoes, paddle boats
Services:	Gasoline, fishing supplies, food snacks, souvenirs and RV supplies
Commission Rates	NA
MARINA Continued	Greenbo Lake Boat Dock

State Repair/Renovation Cost 1989- 1994	\$12,968
FY 1994 Net Receipts:	\$67,486
FY 1994 Operating Cost:	\$43,116
FY 1994 Net Sales (Income to State):	\$24,369

PROFILE

MARINA	Jenny Wiley Marina
Location:	Jenny Wiley State Park Prestonsburg, Kentucky
Status: Marina Park	State-owned Resort
Owners/Operators	NA
Contract Date/Expiration:	NA
Facilities and Rates:	205 Open slips \$2/ft. per mo.
Rental Equipment:	Pontoons

Services:	Gasoline, fishing supplies, food snacks, souvenirs
Commission Rates	NA
State Repair/Renovation Cost 1989- 1994	\$141,924.26
FY 1994 Net Receipts:	\$180,984
FY 1994 Operating Cost:	\$83,842
FY 1994 Net Sales (Income to State):	\$96,243

PROFILE

MARINA	Dale Hollow Boat Dock
Location:	Dale Hollow State Park Bow/Burkesville, Kentucky
Status: Marina Park	State-owned Recreation
Owners/Operators	Department of Parks
Contract Date/Expiration:	NA
Facilities and Rates:	36 Open slips \$1,100/yr. (effective 1/1/95)
Rental Equipment:	Fishing boats, pontoons, runabouts
Services:	Gasoline, souvenirs, restaurant, boating supplies
Commission Rates	NA
State Repair/Renovation Cost 1989- 1994	\$40,001
FY 1994 Net Receipts:	\$163,996
FY 1994 Operating Cost:	\$76,907

FY 1994 Net Sales (Income to State):	\$87,389
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PROFILE

MARINA	Kincaid Lake Marina
Location:	Kincaid Lake State Park Falmouth, KY
Status: Marina Park	State-owned Recreation
Owners/Operators	NA
Contract Date/Expiration:	NA
Facilities and Rates:	34 Open slips \$15/mo. for motor boats \$30/mo. per 2 pontoon slips \$150/yr.per slip \$2 overnight tie-up
Rental Equipment:	Row boats, paddle boats, pontoons, motor boats
Services:	

Commission Rates	NA
State Repair/Renovation Cost 1989- 1994	N/A
FY 1994 Net Receipts:	\$40,987
FY 1994 Operating Cost:	\$28,047
FY 1994 Net Sales (Income to State):	\$12,940

PROFILE

MARINA	Lake Malone Marina
Location:	Lake Malone State Park Dunmore, Kentucky
Status: Marina Park	State-owned Recreation
Owners/Operators	NA
Contract Date/Expiration:	NA
Facilities and Rates:	20 Open slips \$18/mo. for fishing boats \$35/mo. pontoons

Rental Equipment:	Pontoons, motor boats, row boats, paddle boats
Services:	NA
Commission Rates	NA
State Repair/Renovation Cost 1989- 1994	N/A
FY 1994 Net Receipts:	\$13,259
FY 1994 Operating Cost:	\$13,874
FY 1994 Net Sales (Income to State):	(\$615) CR

PROFILE

MARINA	Rough River Marina
Location:	Rough River State Parks Falls of Rough, KY
Status: Marina Park	State-owned Recreation
MARINA CONTINUED	Lake Malone Marina
Owners/Operators	NA

Contract Date/Expiration:	NA
Facilities and Rates:	48 Covered slips 29 Houseboat slips 121 Open slips \$400 min. \$600 max.
Rental Equipment:	Pontoons, fishing boats, row boats
Commission Rates	NA
State Repair/Renovation Cost 1989- 1994	\$90,890.00
FY 1994 Net Receipts:	\$226,555
FY 1994 Operating Cost:	\$143,396
FY 1994 Net Sales (Income to State):	\$83,159

PROFILE

MARINA	Barren River Marina
Location:	Barren River Lake State Park Lucas/Glasgow, Kentucky

<p>Status: Marina Park</p>	<p>State-owned/licensed Corps of Engineers Lake</p>
<p>Owners/Operators</p>	<p>Barren River State Boat Dock, Inc.</p>
<p>Contract Date/Expiration:</p>	<p>Original term: 9/1/77 - 9/1/97 Amended term: 4/15/94 - 2017</p>
<p>Facilities and Rates:</p>	<p>40 Covered slips 120 Open slips \$650/yr. min. \$1400/yr. max.</p>
<p>Rental Equipment:</p>	<p>Houseboats, deluxe pontoons, passenger pontoons, ski boats, wave runners, bass boats, fishing boats w/motors</p>
<p>Services:</p>	<p>Snacks, fishing supplies, souvenirs, gasoline</p>

MARINA CONTINUED	Barren River Marina
Commission Rates	12% gross income except; 50% covered slips rental 4% good sales 5% boat services 5% boat rentals 27% gas gross sales 1% to 5.5% in annual graduated increases for newly constructed facilities paid for by leasee (These contract amounts have not been followed by Licensee.)
Financial Investments	
State Repair/Renovation Cost '89 - '94	\$40,971 \$440,000*
Licensee Investment	
FY 1993 Gross Receipts:	\$343,454
Income to State FY 1993	\$48,515
Operating Cost	

*This investment was to be made as a result of a lease renegotiation in 8/94. The investment is to be made on projects to be completed by 1/97.

PROFILE

MARINA	Green River Marina
Location:	Green River Lake State Park Campbellsville, KY
Status: Marina Park	State-owned/licensed Recreation Corps of Engineers
Owners/Operators	Green River Marina, Inc. Green River Associates, Inc.
Contract Date/Expiration:	Original term: 12/1/71 - 12/31/90 Amended 10/13/89 - 12/31/2015

MARINA CONTINUED	Green River Marina
Facilities and Rates:	<p>60 Covered slips</p> <p>25 Open slips</p> <p>95 Covered slips</p> <p>55 Open slips</p> <p>\$710/yr. min.</p> <p>\$2,250/yr. max.</p>
Rental Equipment:	Houseboats, pontoons, ski boats, wave runners, bass boats, fishing boats
Services:	Mechanical dealership, new boat sales and services, gasoline, snacks, groceries, boating supplies, souvenirs
Commission Rates	<p>12% gross income except;</p> <p>50% gross rent covered slips</p> <p>4% gross sales</p> <p>1% to 5.5% annually graduated for newly constructed facilities at leasee expense (These contract amounts have not been followed by License).</p>

Financial Investments	
State Repair/Renovation Cost	\$13,596
'89 - '94	\$374,300*
Licensee Investment	
FY 1993 Gross Receipts:	\$547,586
FY 1993 Operating Costs:	
FY 1993 Income to State:	\$5,937

The bolded numbers on this page indicate the numbers of slips as counted by the marina operation, the other numbers are the slip counts provided by the Department of Parks.

*This investment was to be made as a result of a lease renegotiation in 8/94. The investment is to be made on projects to be completed by 1/97.

PROFILE

MARINA	Kenlake Marina
Location:	Kenlake State Park Aurora, Kentucky
Status: Marina Park	Leased Resort Tennessee Valley Authority Lake
Owners/Operators	Kenlake Marina Corp
Contract Date/Expiration:	Original term: 8/12/1962 - NA Amended term: 7/1/1988 - 11/23/2017
Facilities and Rates:	130 Covered slips \$1275/mo. for 30' slips (min) \$1900/yr. for 40' slips \$2400/yr. for 50' slips (max) Yearly outside dockage rates are based upon \$2.50/ft. per mo.
Rental Equipment:	Fishing boats, pontoons, ski boats, wave runners

Services:	Restaurant, groceries, snacks, marine parts and accessories, gasoline, mechanical services, fishing supplies
Commission Rates	<p>50% on all gross income except:</p> <p>4% of gross income from food and groceries</p> <p>12% of commissions on license</p> <p>5% of gross income from labor and servicing</p> <p>27% of gross profit on gasoline sales</p> <p>5% of boat rentals</p> <p>1% to 5.5% over 6 years of gross receipts <u>on all income after new facilities are built</u></p>
MARINA	Kenlake Marina
Financial Investments	
State Repair/Renovation Cost '89 - '94	\$133,170
Licensee Investment	\$1,200,000
FY 1993 Gross Receipts:	\$525,319
FY 1993 Operating Costs:	\$13,874
FY 1993 Income to State:	\$78,414

PROFILE

MARINA	Lake Barkley Marina
Location:	Lake Barkley State Park Cadiz, KY
Status: Marina Park	State owned/licensed Resort Corps of Engineers lake
Owners/Operators	Higgins Marina, Inc.
Contract Date/Expiration:	2/27/1974 to 12/31/1999
Facilities and Rates:	112 Covered slips 48 Open slips \$44 min. per mo. or \$2/ft. per mo. open slips \$1,848/yr. max. covered slips
Rental Equipment:	Fishing boats with and without motors, pontoons, ski boats, wave runners, paddle boats
Services:	Snacks, groceries, boating and fishing supplies, gasoline

<p>Commission Rates</p>	<p>12% on all gross income except:</p> <p>50% of gross income from covered slips</p> <p>4% of gross income from food</p> <p>27% of gross profit from gasoline sales</p> <p>5% of gross income from boat rentals</p>
<p>Financial Investments</p> <p>State Repair/Renovation Cost '89 - '94</p> <p>Licensee Investment</p>	<p>\$894,914.00</p> <p>N/A</p>
<p>FY 1993 Gross Receipts:</p>	<p>\$583,743.87</p>
<p>FY 1993 Operating Costs:</p>	
<p>FY 1993 Income to State:</p>	<p>\$104,976.72</p>

PROFILE

MARINA	Kentucky Dam Marina
Location:	Kentucky Dam Village State Park Gilbertsville, Kentucky
Status: Marina Park	Partial state owned/leased Resort Tennessee Valley Authority Lake
Owners/Operators	Barnes Marina Holding Company
Contract Date/Expiration:	Original term: 6/13/73 - 12/30/1998 Amended term: 10/15/1990 - 12/31/2018
Facilities and Rates:	34 Open slips 196 92 Open slips (55 transit slips) (Note: continually adding more slips) 204 covered slips 135 Open slips (61 transient slips) \$735/yr. min. \$4,250/yr. max.

Rental Equipment:	Houseboats, fishing boats, pontoons, ski boats, personal watercraft.
Services:	Snacks, souvenirs, boating supplies and parts, fishing supplies, gasoline, repair service
Commission Rates	<p>12% on all gross income except:</p> <p>50% of gross income from covered slips</p> <p>4% of gross income from food</p> <p>27% of gross profit from gasoline sales</p> <p>5% of gross income from boat rentals</p>
Financial Investments	
State Repair/Renovation Cost '89 - '94	\$679,151.46
Licensee Investment	\$1,275,000.00
FY 1993 Gross Receipts:	\$1,188,603.23
FY 1993 Operating Costs:	
FY 1993 Income to State:	\$228,950.38

The bolded numbers indicate the number of slips as counted by the marina operator, the other numbers are the slip counts provided by the Department of Parks.

PROFILE

MARINA	Lake Cumberland State Dock
Location:	Lake Cumberland State Park Jamestown, Kentucky
Status: Marina Park	Leased Resort Corps of Engineers Lake
Owners/Operators	Marina Management Services, Inc. State Dock Inc.
Contract Date/Expiration:	Original term: 8/9/1973 - 10/1/2000 Amended term: 12/5/1991 - 10/1/1215
Facilities and Rates:	159 Open slips \$650/yr. min. \$900/yr. max.
Rental Equipment:	Houseboats, ski boats, personal water-craft, pontoons, fishing boats

Services:	Full service food, groceries, gasoline, video rentals, souvenirs
Commission Rates	<p>12% on all gross income except:</p> <p>7% of gross sale of resale items</p> <p>7% of gross income on all open boat slips</p> <p>4% of gross income from food items</p> <p>5% of gross income from houseboats, ski boats and pontoons</p> <p>1% to 5.5% over 6 years on new facilities</p>
Financial Investments	
State Repair/Renovation Cost '89 - '94	\$2,956.97
Licensee Investment	\$1,364,000*
FY 1993 Gross Receipts:	\$5,078,862
FY 1993 Operating Costs:	
FY 1993 Income to State:	\$241,673

PROFILE

MARINA	Paintsville Lake Marina
Location:	Paintsville Lake State Park Paintsville, Kentucky
Status: Marina Park	Licensed Recreation
Owners/Operators	Rocky Knob Associates, Inc.
Contract Date/Expiration:	RFP Original term: 8/15/85 - 8/13/2005
Facilities and Rates:	1069 Open slips 40 Covered slips 66 Open slips \$780/yr. min. \$990/yr. max.
Rental Equipment:	Houseboats, deluxe pontoons, passenger pontoons, ski boats, wave runners, bass boats, fishing boats w/motors

Services:	Restaurant, groceries, fishing supplies, gasoline, limited mechanical services
Commission Rates	5.5% of all gross receipts
Financial Investments	
State Repair/Renovation Cost '89 - '94	\$0
Licensee Investment	\$600 - \$700,000.00 RFP
FY 1993 Gross Receipts:	\$124,673.09
FY 1993 Operating Costs:	
FY 1993 Income to State:	\$6,757.62

PROFILE

MARINA	Taylorsville Lake Dock
Location:	Taylorsville Lake State Park Taylorsville, Kentucky
Status: Marina Park	Licensed Recreation Corps of Engineers lake
Owners/Operators	Taylorsville Lake Dock, Inc.

Contract Date/Expiration:	RFP Original term: 12/9/83 - 12/1/2003
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MARINA	Taylorsville Lake Dock
Facilities and Rates:	<p>144 Open slips</p> <p>38 Open slips</p> <p>26 overnight tie-ups</p> <p>72 Covered slips</p> <p>51 Open slips</p> <p>\$840/yr. min.</p> <p>\$1,785/yr. max.</p>
Rental Equipment:	Pontoons, fishing boats
Services:	Deli, snacks, gasoline, mechanical services, marine supplies, fishing supplies, souvenirs
Commission Rates	4% of all gross receipts for services

Financial Investments	
State Repair/Renovation Cost	\$0
'89 - '94	\$550,000 RFP
Licensee Investment	
FY 1993 Gross Receipts:	\$491,739
FY 1993 Operating Costs:	
FY 1993 Income to State:	\$19,051

APPENDIX B

APPENDIX C

APPENDIX D

**PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE
KENTUCKY'S STATE PARK SYSTEM
RECOMMENDATION WORKSHEET
June 20, 1996**

Chapter VII

RECOMMENDATION #1: PARK NATURALIST

The Department of Parks should provide the services of a Park Naturalist (with a natural science degree) to each park with duties redefined to require responsibility for multiple parks within a region. The pay grade classification should be upgraded.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

The Cabinet intends to seek funds in the next biennium for additional positions, but does not address the recommendation to separate the naturalist and recreationist positions, or to regionalize the responsibility of the park naturalist

ACTION (August 10, 1995):

Six new naturalist positions will be requested in the 1996-98 Executive Budget. The park Naturalist classification is a pay grade 8. Two new classifications, Park Interpreter, grade 10 and Park Interpreter Supervisor, grade 11, were established as a result of the equity study referred to in Recommendation 10.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks requested six (6) new naturalist positions in the 1996-98 budget. The positions were not approved.

RECOMMENDATION 2: STATE NATURALIST RECLASSIFICATION

The State Naturalist should be elevated to a policy-making level and should require a degree in natural sciences without an experience substitution.

AS AMENDED:

The State Naturalist should be elevated to a policy-making level and the position should require a degree in natural sciences without an experience substitution.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Cabinet disagrees with the reclassification of the State Naturalist requiring a degree in natural science with no substitution of experience. The responsibility for the State Naturalist now includes "recreation" which requires additional skills beyond those obtained with a natural science degree. They further point out that Parks draws on the expertise of state universities and Natural Resources Cabinet when environmental issues are considered, and jointly manage 3,000 of the 42,000 acres as nature preserves with the Nature Preserves Commission.

ACTION (August 10 1995):

The State Naturalist is now reporting directly to the Deputy Commissioner for Park Management. It was agreed that anyone hired in the future for this position will be required to hold a degree in natural sciences without an experience substitution.

PARKS FOLLOW-UP (MAY 31, 1996):

The State naturalist now reports to the commissioner. Anyone hired in the future will be required to hold a natural sciences degree.

Chapter VIII

RECOMMENDATION #3: INCREASE THEFT INVESTIGATIONS

The Department of Parks should more vigorously pursue investigations and prosecutions of theft and embezzlement.

AGENCY RESPONSE: **STAFF RESPONSE/COMMITTEE ACTION:**

TOURISM CABINET

"For every instance of criminal activity which parks management is aware of, the case has been turned over to the appropriate law enforcement agency."

"Parks management has no information concerning theft or embezzlement which have not been pursued to the fullest extent through the proper channels."

ACTION (August 10, 1995):

We will continue to inform the proper law enforcement authorities of any situation deemed appropriate. Employees were sent a memorandum July 13, 1994, informing them of the Auditor of Public Accounts governmental abuse "800" hotline.

PARKS FOLLOW-UP (MAY 31, 1996):

An 800 hotline is in place; Parks expects the new Parks ranger director "to be more pro-active regarding investigations."

RECOMMENDATION #4: INCREASE AUDIT CAPACITY

The Department of Parks should increase its audit capacity, including contracting with the Auditor of Public Accounts; and impose uniform, regular auditing procedures on all parks.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Parks agrees that increased resources dedicated to additional audits could produce cost-savings.

AUDITOR OF PUBLIC ACCOUNTS

Agrees: The Auditor of Public Accounts is in the process of developing scope of work for year end June 1994, including compliance audits of individual park operations. They will pursue special audits of certain functions including receipts, reservations, inventories, fixed assets, and facilities such as marinas, gift shops, pro shops and restaurants. They will be exploring with Tourism Cabinet the expansion of Park's internal audit scope and an expanded role of the Auditors office.

ACTION (August 10, 1995):

The Auditor of Public Accounts performed selected audit functions during fiscal year 1993-94 and during fiscal year 1994-195. The Auditor of Public Accounts will continue to perform these audit functions during fiscal year 1995-96

PARKS FOLLOW-UP (MAY 31, 1996):

Parks states that "selected audit functions were performed by the State Auditor (APA) during fiscal years 1993-94, 1994-95 and these audit functions will continue "as their schedule permits".

STAFF RESPONSE: (JUNE 20, 1996):

It was anticipated that a pre-arranged set of APA audits would be done including State Dock at Lake Cumberland and Green River. These audits were placed on hold because APA reports must be public and an opinion by the Supreme court would seem to prevent the contents of APA audits of Marinas from being made public. It appears that the original intended relationship between Parks and the APA has been significantly reduced.

Chapter IX

RECOMMENDATION #5: ACCOMMODATIONS RECONSIDERATION (BOND ISSUE)

The Department of parks should provide to the Appropriations and Revenue committee cost benefit analyses of additional cabins and rooms and compare these to the analysis of current bond priorities 55 - 71, and consider substituting rooms for priorities which are unlikely to generate additional revenue.

AS AMENDED:

The Department of Parks should provide to the Appropriations and Revenue committee cost benefit analyses of additional cabins and rooms, comparing these to the analysis of current bond priorities 55 - 71, and consider substituting rooms for priorities which are unlikely to generate additional revenue.

AGENCY RESPONSE: **STAFF RESPONSE/COMMITTEE ACTION:**

TOURISM CABINET

Revenue enhancement projects (projects 55 through 71) were selected on bases other than revenue generation.

The 5 criteria are:

- 1) Complement existing facilities;
 - 2) Attract more tourists;
 - 3) Fulfill local community need;
 - 4) Generate sufficient funds to pay it's own way operationally;
 - 6) Have favorable economic impact beyond it's return to Parks Department.
-

ACTION (August 10, 1995):

The Department of Parks has provided to the Appropriation and Revenue Committee all available economic analysis and economic impact information related to the Department of parks bond issue project package.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks states it has provided the Appropriations and Revenue committee with all available economic analysis and economic impact information related to the Parks bond issue project.

RECOMMENDATION #6: Evaluate Marina Leases

The Finance Cabinet should examine all existing marina leases to determine their value to the state in comparison with state-operated marinas. Leases determined not to be in the best interest of the state should be re-negotiated. All new leases should be standardized. The Department of Parks and Finance Cabinet should insure that all existing marina lease operations are audited annually in accordance with Administrative Regulation 304 KAR 1:010.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Parks agrees that many of the existing marina leases could benefit the state more and as these leases come up for renewal, they are being re-negotiated; and that maintenance clauses, escrow accounts, audit requirements and percentages paid to the Commonwealth are now standard language in all license agreements.

FINANCE AND ADMINISTRATION CABINET

Agrees, Finance and Administration will in conjunction with Department of Parks undertake the review of all existing marina leases.

ACTION (August 10, 1995):

All leased marinas have been made aware of Administrative Regulation 304 KAR 1:010. A Leased Marina Committee has been formed and is working on getting the marinas in compliance with the KAR. Progress is being made on getting leased marinas in compliance with 304 KAR 1:010.

PARKS FOLLOW-UP (MAY 31, 1996):

The Parks May 31, 1996 response to this Parks Study recommendation is similar to its May 31, 1996 response to Recommendation 3 of the Marina study. The Program Review and Investigations Committee directed Parks to work with the Privatization Commission. A Parks Budget request for \$100,000 for a Lake Barkley study was denied. (See Recommendation 3 of the Marina study.)

RECOMMENDATION #7: Expansion Of State-Operated Marinas

All state owned and operated marinas should be evaluated for expansion, in order to generate maximum revenues.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

Tourism Cabinet

Of the four state-operated marinas on lakes large enough to expand to full-service, only a Rough River 40 slip covered marina expansion and Jenny Wiley State Park marina renovation are proposed for the bond issue. Dale Hollow and Buckhorn were not included.

Finance and Administration Cabinet

Agrees, and offers to assist the Department of Parks in conducting the evaluation.

ACTION (August 10, 1995):

Jenny Wiley, Buckhorn and Rough River Marinas will be renovated and expanded as a part of the upcoming renovation program. The Corps of Engineers has approved additional slips for Dale Hollow. Funding for additional slips for Dale Hollow will be requested in the 1996-98 biennium. The University of Kentucky study related to marinas, which is enclosed, analyzes marina expansion possibilities.

PARKS FOLLOW-UP (MAY 31, 1996):

Jenny Wiley, Buckhorn, and Rough River marinas are being expanded. Budget funding for the Dale Hollow marina expansion was not approved by the General Assembly. If surplus funds are available, a marina will be constructed at Yatesville Lake.

RECOMMENDATION #8: RELOCATION OF REGIONAL GROUP SALES COORDINATOR

The Department of Parks should relocate two Regional Groups Sale Coordinators to central office where their efforts can be concentrated on metropolitan or other areas of greatest benefit.

AGENCY RESPONSE:

Tourism Cabinet

Agrees.

ACTION (August 10, 1995):

All Central Office Group Sales employees are now located in Frankfort.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks states, "all central office Group Sales regular full-time employees are now located in Frankfort" (Emphasis added by staff).

STAFF RESPONSE: (JUNE 20, 1996):

A "part-time" regional group sales person has been employed in replacement of the previous full-time position that was in place at the time of the recommendation approval and the agreement by Parks to implement it (i.e., to relocate it to Frankfort).

Chapter X

RECOMMENDATION #9: BOND IMPLEMENTATION COMMITTEE

The Governor should appoint an inter-agency Parks Revitalization Bond Implementation Committee. This committee should report to the Appropriations and Revenue Committee quarterly on its progress on the following responsibilities:

- Coordination of all agencies involved and affected by this park project bond issue regarding the issuance of bonds, fund investment, fund allocation, project design, contract award, and construction;
- Design and implementation of a systematic plan and scheduling for the comprehensive renovation of the state parks that will minimize down-time and loss of revenues;
- Coordination of individual parks' requirements during their individual construction and renovation programs.

AGENCY RESPONSE:

TOURISM CABINET

Parks apparently rejects this recommendation. It's response consists of a description of planning meetings and an implementation time line.

STAFF RESPONSE/COMMITTEE ACTION:

ACTION (August 10, 1996):

Secretary Luallen appointed this committee on November 4, 1994. The committee consists of: (from the Finance and Administration Cabinet) Clark Beauchamp, Steve Haviland and Danny Shearer, (from the Governor's Office for Policy and Management) Bill Hintze and Earl Clemons, (from the Department of Parks) Mark Lovely, Bob Bender, J. W. Young, and Hugh Smith.

PARKS FOLLOW-UP (MAY 31, 1996):

The committee has been established and reports to the A & R committee quarterly.

Chapter XI

RECOMMENDATION #10: Redesign Personnel System

The Department of Parks and the Department of Personnel should evaluate, prepare and implement a plan for redesigning the personnel system for the parks to reduce inequities between personnel positions, increase staff professionalism, open the selection process and reduce the complexity of paperwork surrounding firing and rehiring positions.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Agrees.

DEPARTMENT OF PERSONNEL

The Department response, 4/29/94, states that the Department will work with the Department of Parks to evaluate and implement changes to the personnel management system that will benefit the Department of Parks, as well as other agencies and employees.

They indicate they will begin a process of amending administrative regulations to address the problem in the next two weeks.

ACTION (August 10, 1995):

An Equity Staffing Plan has been developed by the Department of Parks and reviewed by the Department of Personnel. several new classifications are established by this plan. The comprehensive study which was completed in order to develop the plan has resulted in the establishment of several new classifications into which existing personnel have been placed. This process is continuing at this time.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks states that it has developed an Equity Staffing Plan with several new classifications into which existing personnel have been placed.

RECOMMENDATION #11: PERSONNEL CAP ADJUSTMENTS

The General Assembly should adjust the personnel cap limitations for the parks in order to provide the flexibility required to meet their unique staffing requirements.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

Tourism Cabinet

Agrees.

ACTION (August 10, 1995):

The personnel cap limit will be discussed in the 1996 General Assembly during the budget process.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks observes that "No action was taken by the 1996 General Assembly concerning the existing personnel cap."

RECOMMENDATION 12: IMPROVE HIRING PROCEDURES

The Department of Parks should establish uniform formal personnel hiring procedures to be implemented at each park. These procedures should include open advertisement, interviews, and the participation of supervisory personnel.

AGENCY RESPONSE

TOURISM CABINET

Parks combined their response to Recommendations 12 & 14. See agency and staff responses to Recommendation 14.

DEPARTMENT OF PERSONNEL

Agrees and indicates they will begin the process of amending administrative regulations to address this problem in the next two weeks.

STAFF RESPONSE/COMMITTEE ACTION:

ACTION (August 10, 1995):

Policy Memorandum #94-01-09 was issued on July 15, 1994, which established uniform hiring procedures. This was amended on October 4, 1994. A copy of the policy memorandum is enclosed.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks encloses its Policy Memorandum of July 15, 1994 (amended October 4, 1994) establishing uniform hiring procedures, (including posting, advertising and interviewing).

STAFF RESPONSE: (JUNE 20, 1996)

This recommendation (12) and recommendations 8, 14 and 15 were intended to improve the Parks personnel system by reducing the influence of patronage. Neither Parks nor Finance and Administration have ever conceded that patronage exists. Parks response to Recommendation 14: Eliminate Patronage is "see recommendation 12".

RECOMMENDATION 13: Reward Merit

The Department of Parks should provide a hourly pay increase above minimum wage for those seasonal employees who are routinely rehired each year in recognition of loyalty and merit.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Parks agrees with the recommendation and will seek an increased appropriation of \$97,000 in the 1996 Session to provide a 5% raise for employees who have worked 5 years or longer.

ACTION (August 10, 1995):

On July 7, 1994, the Department of Personnel was requested to implement a policy change which would allow seasonal employees who have completed twelve (12) months of service with the Department to receive a salary increase (the statutory increment). The regulation to implement this policy was effective March 1, 1995. All seasonal employees are receiving this adjustment as they begin their 13th month of service.

PARKS FOLLOW-UP (MAY 31, 1996):

A regulation was promulgated (effective March 1, 1995) through which all seasonal employees receive adjustments (the statutory increment) as they begin their 13th month of employment.

RECOMMENDATION 14: ELIMINATE PATRONAGE

The Tourism Cabinet and Department of Parks should take immediate action to stop local political influence on park personnel decisions; the process generally known as "patronage."

AGENCY RESPONSE

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Park's response is in agreement with Recommendation 12. With regard to Recommendation 14, it may be implied that they are in agreement with Recommendation 14.

DEPARTMENT OF PERSONNEL

Did not respond to Recommendation 14.

ACTION (August 10, 1995):

See Recommendation 12.

PARKS FOLLOW-UP (MAY 31, 1996):

As indicated above, Parks states "See Recommendation 12."

RECOMMENDATION 15: ELIMINATE NON-ESSENTIAL POSITION JUSTIFICATIONS

The State Department of Personnel should permit the Department of Parks to staff its parks according to its personnel budget, and fill its annually established park complements without requiring additional justification.

AGENCY RESPONSE

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Agrees.

DEPARTMENT OF PERSONNEL

Disagrees. They feel it is not prudent to exempt Department of Parks from the requirements to justify filling positions, however they propose to work with Tourism on alternatives to streamline the process.

ACTION (August 10, 1995):

The Department of Personnel has not eliminated the additional justification requirement for filling vacant positions.

NOTE: At the Program Review & Investigations meeting August 10, 1995 the Secretary of Tourism reported the Personnel had changed its position and would discontinue that procedure.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks states "The Department of Personnel has eliminated the additional justification requirement for filling vacant positions."

STAFF RESPONSE: (JUNE 20, 1996):

RECOMMENDATION 16: PARK MANAGER TRAINING:

The Department of Parks should arrange for or provide a rigorous training and certification program for new park managers appropriate to their park assignment.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Agrees with this recommendation.

ACTION (August 10, 1996):

All Resort Park Managers will complete the Certified Hotel Administrator program as they meet the requirements for certification. Governmental Services Center was utilized in the fall of 1994 to train resort park managers in leadership training. Leadership training will continue in the Fall of 1995 and in 1996. A formal training program for all new park managers is partially developed and is in the process of being finalized. The agenda for the training program is attached.

PARKS FOLLOW-UP (MAY 31, 1996):

The Parks response describes its certified Hotel Manager training program and its use of GSC training. Parks attaches its agenda for formal training of new Park Managers.

Chapter XII

RECOMMENDATION 17: FORMALIZE TRAINING PROGRAMS

The Department of Parks should develop or provide formalized training programs for all park employees. The programs should include staff development in the areas of personnel supervision, hotel/restaurant management, hospitality and tourism.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

Parks agrees with recommendation 17 and plans to develop a training unit in central office.

ACTION (August 10, 1995):

One of the Department's Strategic Planning teams has developed a program to train all employees in providing improved customer service. The program will begin in September 1995. A description of the proposed customer service training program is enclosed.

PARKS FOLLOW-UP (MAY 31, 1996):

The Parks response describes its developmental efforts to address this recommendation

RECOMMENDATION 18: COMPUTER AUTOMATION OF THE PARKS

The Department of Parks should implement computerized automation in the following functional areas: individual parks reservations; price contract ordering and inter-accounting, inventory, accounting, including reports electronically transmitted between the parks and the parks central office. The system should involve the development of a management information system which can provide individual parks and parks central office with current data on park operations. A "system" approach should be taken, but Parks should not wait on a "system" before giving management personnel stand-alone computers and training.

AGENCY RESPONSE

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

The Dept. of Parks is in full agreement with the recommendation.

FINANCE & ADMINISTRATION CABINET

Agrees that Parks should computerize many functions. The Cabinet recommends that Parks does not implement an automated purchasing, inventory, or accounting system other than what has already been developed for the rest of State Government.

Chapter XIII

RECOMMENDATION 18: COMPUTER AUTOMATION OF THE PARKS (CONTINUED)

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

ACTION (August 10, 1995):

The department has recently purchased a computer networking processor, which will enable the networking of some procedures. This processor will allow better access to state government systems such as the Kentucky Automated Purchasing System.

The Department has been the recipient of 80-100 personal computers from the Transportation Cabinet. Even though these P.C.'s are two, three and four generations removed from current technology they will provide much needed assistance in the parks, in providing better ways for inventory control, maintenance scheduling, payroll processing, etc. These P.C.'s are in the process of being prepared for delivery to the various parks.

The Department requested and has recently received "delegated authority" from the Department of Information Systems which will allow the Department to employ a trained programmer for personal computer systems. This will enhance the department's ability to move forward in the technology field.

The Strategic Planning Technology Committee will identify ~~automation needs and make recommendations. Expanded computer~~ automation will be request din the 1996-98 Executive Budget.

PARKS FOLLOW-UP (MAY 31, 1996):

Parks states that budget funding was approved for a Resort Park Business Office Technology Upgrade (\$504,000) and for a Resort Park Computerized Reservation Systems (\$182,000).

Chapter XIV

RECOMMENDATION 19: ESTABLISH PARKS ADVISORY COMMISSION

The General Assembly should create an independent advisory commission for the Department of Parks. This commission should provide external oversight, continuity and stability of leadership. The initial priority of this commission should include:

- Defining the mission of the parks,
- Monitoring the implementation of the recommendations of this study,
- Implementing a central parks management design which recognizes the changes evolving in the tourism industry.

AGENCY RESPONSE:

STAFF RESPONSE/COMMITTEE ACTION:

TOURISM CABINET

In view of the Park's Commission's advisory capacity, Parks has agreed with this recommendation.

ACTION (August 10, 1995)

House Bill 775 passed the 1994 General Assembly which established the State Parks Advisory Commission. This commission was appointed by Executive Order 95-110 dated January 31, 1995.

PARKS FOLLOW-UP (MAY 31, 1996):

House Bill 775 passed the General Assembly and was signed into law creating the "State Parks Advisory Commission " which was appointed by Executive Order 95-110, (January 31, 1995.)

STAFF RESPONSE: (JUNE 20, 1996):

The commission has met five times; once each quarter since it was created. Attendance has not been strong. The commission has not done much in the way of monitoring the implementation of Parks Study Recommendations. Otherwise, it appears to be viable.