Colorado State Parks' Financial Future:

Footnote #100 Report to the Joint Budget Committee

Prepared by the Department of Natural Resources and the Division of State Parks and Outdoor Recreation

February 2007

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Appendices

Executive Summary

The Division of Parks and Outdoor Recreation (State Parks) and the Department of Natural Resources (DNR) are pleased to submit this report in response to Footnote #100 in the FY 2006-07 Long Bill (House Bill 06-1385). Given pending State Parks budget issues, as well as long-term agency funding considerations, the opportunity to answer questions posed in Footnote #100 is very timely. Based on language in the footnote, State Parks has organized this report into three sections.

Section I

A detailed cost allocation table (Appendix A) that includes each state park, highlights the fact that only three of Colorado's 43 state parks are currently "self-sufficient". All three of these "self-sufficient" parks are located on the Front Range and offer water-based recreation.

Section II

Section II includes a detailed discussion of State Parks' long-term plans regarding the feasibility of seeking enterprise status. At this time, State Parks neither recommends nor desires to seek enterprise status. The agency will, however, continue to analyze the risk and potential benefits of seeking enterprise status in FY 2010-11 when Referendum C expires. Additionally, the State Parks will continue to apply appropriate business practices and strive to be as self-sufficient as possible.

The primary benefit for State Parks to become an enterprise would be relief from the revenue constraints imposed by TABOR. Enterprise status would allow issues affecting State Parks' revenue stream to be considered solely on their merits, free of complicating factors imposed by TABOR. However, the passage of Referendum C removed any compelling reason for State Parks to seek enterprise status prior to FY 2010-11.

To qualify as an enterprise under TABOR, no more than 10 percent of the Division's annual revenues may come from Colorado State and local governments combined. In the most recent fiscal year (FY 05-06) State Parks received 8.2 percent of its revenues from the General Fund and HUTF. Thus, no General Fund reduction would be needed for State Parks to qualify as an enterprise. In fact, any further reductions in General Fund may negatively affect the agency in one of the following ways: 1) a reduction in FTE and associated customer service; 2) a reduction in available cash fund reserves; 3) elimination or cuts to important statewide programs that do not generate revenue; 4) complete or partial closure of parks with low self-sufficiency; and 5) raising fees to a level that may be unaffordable to some or many Coloradoans. Because of these potential negative impacts, enterprising State Parks should not be used as a vehicle for reducing the Division's General Fund support. Given the potential consequences, State Parks would not support enterprise status if it requires a significant General Fund reduction to achieve the 10 percent enterprise threshold.

Revenue volatility, almost entirely outside the Division's control, represents the biggest single challenge to implementing enterprise status for State Parks. If State Parks were designated an enterprise, unanticipated revenue fluctuations in any given year could cause the agency to unintentionally float in and out of enterprise status. Although temporarily floating out of enterprise status would not inevitably hurt the State's TABOR situation, potential exposure of the State budget to this risk (and exposing State Parks to potential criticism for unintentionally drifting in and out of enterprise status) is worth weighing against the potential merits of designating State Parks as an enterprise.

Section III

This section explores State Parks plans to continue generating additional cash revenues and increase self-sufficiency, and how such plans will affect State Parks' ability to meet statutory goals.

The State of Colorado has made a significant long term investment in building and operating a public park system and providing statewide outdoor recreation programs. The responsibility to continue to finance and provide quality parks and programs for another 50 years lies squarely on the shoulders of our state government and our residents. State Parks has fundamental financial requirements that are extensive and multifaceted and must be addressed through a combination of General Fund and cash funds. These requirements include:

1. Increased Salaries and Operating – As with almost all state programs, the cost of operating State Parks increases each year due to inflation;
2. Adequate Staffing Levels -- Staffing levels remain inadequate to effectively support visitor expectations, operate cash-generating venues, and maintain quality facilities and services;
3. Effectively address State Parks' extensive backlog of deferred maintenance projects; and
4. Protect the Division from revenue fluctuations and adverse natural conditions, by setting aside additional revenue to build an adequate emergency reserve.

One means of dealing with this financial challenge is with incremental increases in fees as outlined in the market assessment study produced by PriceWaterhouseCoopers. Cash generating efforts supplement State Parks' ability to meet this challenge, but alone will never be enough to meet the demands of this system of parks. Furthermore, most State Parks fees have already been incrementally increased within the past several years.

The challenges to finance the park system will be further intensified if cash funds are used to refinance General Fund. State Parks will simply lose the ability to offer safe, quality outdoor recreation opportunities to Coloradoans. In contrast, a combination of continued or increased General Fund along with a growing amount of cash will allow:

1. Colorado to operate State Parks which provide a number of benefits to Coloradoans even though the parks are not self-sufficient;
2. State Parks to grow or maintain the existing system, in light of growing operating and deferred maintenance costs;

3. State Parks to operate programs that earn little or no revenue but provide distinct public benefits;
4. State Parks to keep user fees at a level that make parks affordable to the average Coloradoan.

Colorado's state parks provide diverse outdoor recreation opportunities to all Coloradoans, protect scenic, natural and cultural resources for future generations, and provide significant economic benefits to local economies. Coloradoans and their families have historically relied on our park system and programs as a way to interact with the natural world and to renew their spirit. A look at the agency's statutory mission supports this. State Parks' exceptional park settings, outdoor recreational opportunities and programs were not developed to solely generate revenue. Acquiring, building and operating these public treasures will require ongoing financial support.

The agency is proud of strides it has made over recent years to increase its financial self-sufficiency. Through aggressive efforts to increase revenue, State Parks is one of the most financially self-sufficient park systems in the country. The Division and Department, however, are very concerned about over-reliance on fee-generated revenue and the misconception that State Parks can continue to offer a quality system into the future by simply increasing existing fees or charging new ones.

Given State Parks' finances and resource needs, and despite the agency's success in generating additional fee revenue over recent years, significant General Fund support is critical to the continued operation of a quality park system.

Introduction

DNR and State Parks jointly wrote this report in response to Footnote #100 in the FY 2006-07 Long Bill (House Bill 06-1385). Specifically, this footnote states:

> "*The Department is requested to provide to the Joint Budget Committee a report detailing the cost allocations by all specified funding sources to each state park and also to detail the respective State Parks' revenues from all sources. This report should also detail the Department's long-term plans regarding the feasibility of seeking enterprise status. Such a report should specifically examine how any plans to generate additional cash revenues and increase self-sufficiency affect State Parks' ability to meet statutory goals such as: (1) offering the greatest possible variety of outdoor recreational opportunities to the people of the State; and (2) continuously operating a program to acquire, develop, and maintain outdoor recreation lands, waters, and facilities. This information is requested to be provided to the Joint Budget Committee by no later than November 1, 2006.*"

We believe that there are three distinct questions contained in the footnote relating to: 1) State Parks cost allocations and revenue contributions across the park system; 2) details on long-term plans to seek enterprise status; and, 3) the impact of such plans to meet the Division's statutory goals to serve the people of Colorado. Each question has been addressed in a separate section of this report as follows:

Section I. A detailed cost allocations table by all specified funding sources to each state park, and respective State Parks' revenues from all sources.

Section II. A discussion of detailed State Parks long-term plans regarding the feasibility of seeking enterprise status.

Section III. A discussion on State Parks plans to continue generating additional cash revenues and increase self-sufficiency and how such plans will affect State Parks' ability to meet statutory goals such as:

(a) Offering the greatest possible variety of outdoor recreational opportunities to the people of the State; and

(b) Continuously operating a program to acquire, develop, and maintain outdoor recreation lands, waters, and facilities.

Section I provides a detailed cost allocation of expenses and revenues, as well as financial background information useful in subsequent sections of this report.

Section I. Detailed State Parks FY 05-06 Cost Allocations and Revenue Table

The “Detailed Parks FY 05-06 Cost Allocations and Revenue Table” is included as Appendix A. This data was generated from actual budget and revenue performance data for the last fiscal year, FY 05-06, for which we have complete historical data. As requested, the table shows cost allocations by all specified funding sources to each state park and respective State Parks' revenues from all sources. The distributed expense allocations include all direct and indirect administrative assessments such as DNR POTS allocations to State Parks. The direct and indirect (allocated) revenues do not include special purpose programs such as the Off Highway Vehicle (OHV) program, which has specifically designated revenue to fund OHV operations and programs, or capital-related revenues such as Great Outdoors Colorado (GOCO) and Lottery. The Division’s total operating budget appropriation for FY 05-06 was $22,093,979. Of this, $17,147,052 was Cash Funds (excluding OHV and Snowmobile Recreation Fund revenue).

Information contained in Appendix A shows that the State Parks system as a whole is not self-sufficient. In fact, only three of Colorado’s 43 state parks are currently “self-sufficient”. All three of these “self-sufficient” parks are located on the Front Range and offer water-based recreation. The self-sufficiency percentage of each state park is summarized and discussed further at the beginning of Section III.

Section II. State Parks Long-Term Plans Regarding the Feasibility of Seeking Enterprise Status

A. PLANNING BACKGROUND

State Parks' Five-year Strategic Plan was developed in 2005 following a statewide comprehensive planning process. The initial step of this process was to solicit significant input from Coloradoans on what they wanted from their State Parks system in the future. Through eighteen town meetings held throughout the state, priorities and recommendations for facilities, services and funding were identified. Citizen priorities largely guided the development of the goals, objectives and action strategies identified in the five-year plan. Although the Five-year Strategic Plan contains many financial management action strategies to significantly stabilize and strengthen State Parks' financial condition, it does not include any plans to seek enterprise status under TABOR. A discussion of "State Parks and the TABOR Enterprise Criteria" is included in Appendix C.

The primary benefit of State Parks becoming an enterprise would be relief from the revenue constraints imposed by TABOR. As an example, several years ago, the Joint Budget Committee did not support State Park's proposal to increase fees. At the time, such an increase would have resulted in a larger refund being paid out of the State's General Fund at a time when General Fund dollars were increasingly scarce. In this regard, enterprise status would allow issues affecting State Parks' revenue stream to be considered solely on their merits, free of complicating factors imposed by TABOR. The passage of Referendum C in 2005, however, removed any compelling reason for State Parks to seek enterprise status in the next several years. That said, State Parks will continue to analyze the risk and potential benefits of seeking enterprise in FY 2010-11 when Referendum C expires.

The Division last completed a detailed study on enterprise status as part of a report required by Footnote #104a in the FY 04-05 Long Bill. The analysis and conclusions of the report remain valid today. The three major findings of the report were:

1. ***Possibility of Enterprise:*** With some statutory changes, State Parks could be designated as an enterprise. As required to meet the statutory definition of an enterprise, State Parks operates in a business-like manner and is very near the ten percent General Fund threshold. In FY 2003-04, State Parks received 10.1 percent of its revenue from the General Fund and HUTF.

2. ***Enterprise Status and Ability to Grow Cash Revenues:*** Enterprise status would allow State Parks to grow its revenues without adversely affecting the State budget. Much of the future revenue growth will occur from population increases and the opening of new state parks. Additional revenue growth will occur as a result of the construction of new state park facilities such as full service

campgrounds, cabins and marinas. Revenue growth will also come from increasing park fees, although park fee increases are constrained by market sensitivity to higher prices. Fee increases must also be measured against the belief that State Parks should remain accessible and affordable. Even if State Parks were to be enterprised, continued General Fund support will be necessary to maintain existing park operations and to keep parks affordable.

3. ***Volatile Revenue Streams:*** The greatest challenge to enterprising State Parks is the volatile nature of the agency's revenue stream. Because State Parks is currently right at the 10 percent General Fund threshold, unanticipated changes in the revenue stream could cause the agency to slip in and out of enterprise status. Systems would need to be developed to manage revenue variability. In particular, allowing State Parks to maintain a higher cash fund reserve would allow the agency to handle greater revenue volatility.

These same issues are still pertinent to the feasibility of seeking enterprise status. Since the completion of the FY 04-05 Footnote Report, however, State Parks has devoted additional time and energy to assessing the potential effects of enterprise status. These effects are discussed in more detail in Sections B through F.

B. ENTERPRISE STATUS AND GENERAL FUND SUPPORT

DNR strongly believes that enterprise status should not be used as a strategy for reducing State Parks' General Fund appropriation. Indeed, such a reduction likely would not be needed for the Division to qualify as an enterprise. To qualify as an enterprise under TABOR, no more than 10 percent of a government agency's annual revenues may come from Colorado State and local governments combined. More precisely, the enterprise threshold formula is calculated as follows:

TABOR Enterprise Threshold Formula:

GF% = (GF+HUTF)/(GF+HUTF+CF+CFE+FF)

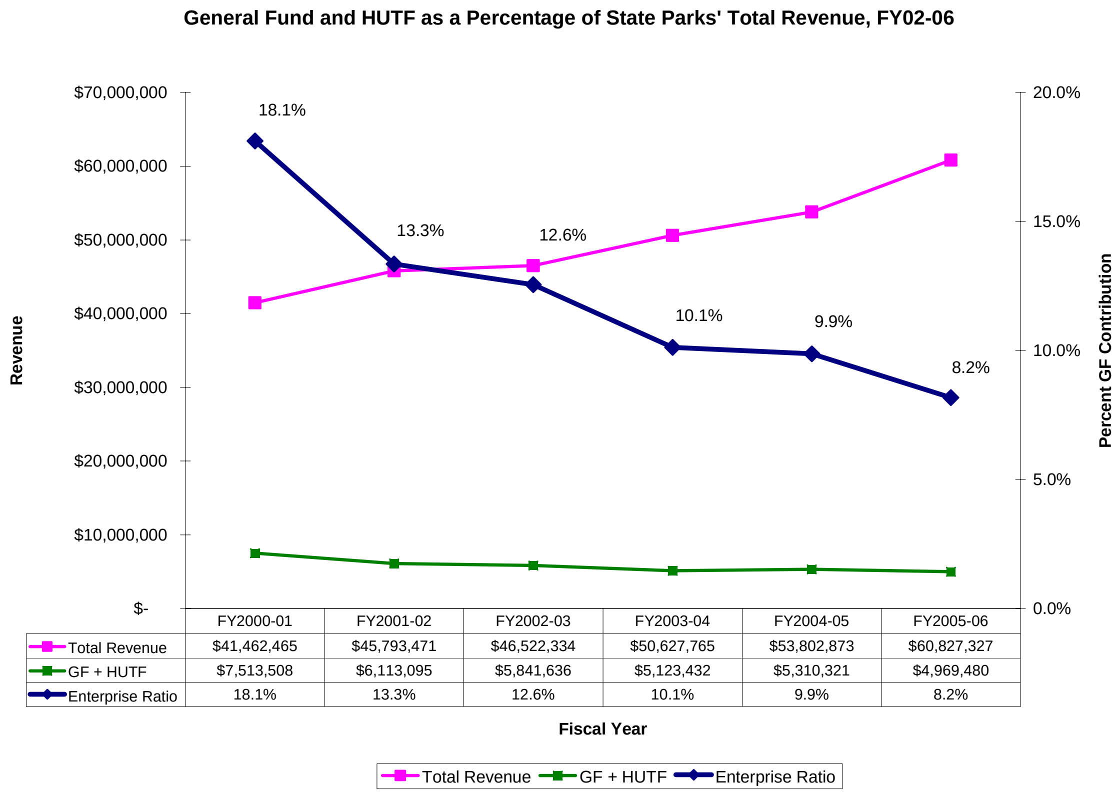
GF = General Fund
HUTF = Highway Users Tax Fund
CF = Cash Fund (including annual and daily pass sales, concessions, campground fees, vessel registrations, etc.)
CFE = Cash Fund Exempt (including GOCO and Lottery funding)
FF = Federal Fund

For State Parks, this requirement constrains the Division from receiving more than 10 percent of its overall revenues from the General Fund and Highway Users Tax Fund (HUTF).

C. UPDATES ON STATE PARKS' QUALIFICATION AS AN ENTERPRISE

Since FY 00-01, State Parks' General Fund as a percentage of the agency's total budget has continued to fall. Using the TABOR Enterprise Threshold Formula described above, State Parks received 10.1 percent of its revenues from the General Fund in FY 2003-04. Since that time, revenue from the General Fund and HUTF has declined to 9.9 percent in FY 2004-05 and 8.2 percent in FY 2005-06.
Chart 1 below shows the trend of decreasing General Fund revenues supporting the State Parks budget.

Chart 1



	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06
Total Revenue	$41,462,465	$45,793,471	$46,522,334	$50,627,765	$53,802,873	$60,827,327
GF + HUTF	$7,513,508	$6,113,095	$5,841,636	$5,123,432	$5,310,321	$4,969,480
Enterprise Ratio	18.1%	13.3%	12.6%	10.1%	9.9%	8.2%

D. EFFECTS OF REDUCED GENERAL FUND SUPPORT

As shown above, the General Fund is providing less and less support to the State Parks system. A continued reduction in General Fund may negatively affect State Parks in one or more of the following ways:

1. Require the Division to reduce FTE or grow FTE more slowly than required to effectively staff a growing state park system and meet customer service goals;
2. Make it more difficult to achieve an appropriate cash fund reserve that protects the state park system from uncontrollable variables such as inclement weather, drought, and forest fires;
3. Require the Division to focus more on revenue generating programs, at the expenses of important programs such as environmental education and land stewardship, that generate little or no direct revenue;
4. If the General Fund reduction is large enough, may require the Division to consider full or partial closure of low self-sufficiency parks; and/or
5. May require fee increases which make State Parks unaffordable to some Colorado citizens and could result in significant reductions in the number of visitors to the state park system.

To expand on the third point above, reducing General Fund will force the Division to focus on generating a profit, a strategy that will adversely impact a number of important Division programs and parks that generate little to no revenue. Examples of these include:

1. ***Regular ongoing preventative maintenance operations.*** Reducing General Fund support may reduce staffing and financial resources for basic maintenance operations. Delaying routine facility preventative maintenance causes deferred costs to accumulate and contributes to an increased maintenance backlog.

2. ***The Division's natural resource/land stewardship program.*** Such a reduction in General Funds may reduce financial resources for land stewardship efforts such as noxious weed and hazardous fuel management. Cash funds for these types of efforts may need to be shifted to pay for salaries and administrative costs now paid from General Funds. The Division currently has an aggressive weed management program, and reducing program funds will dramatically reduce our investments in weed eradication.

3. ***Environmental Education/Interpretation programs.*** Although they do not directly generate cash revenue, environmental education opportunities are extremely popular and an essential element of park visitor experiences. Environmental education programs offered to many schools throughout the state form learning laboratories for young people, developing future citizens who understand the importance of Colorado's natural resources. Additionally, these experiences provide introductory opportunities to develop future state park supporters and constituents.

4. ***Increased pressure on partial or complete closure of parks with low self-sufficiency.*** Such an approach would likely impact rural resource based parks more than urban parks.

Because of these potential negative impacts, enterprising State Parks should not be used as a vehicle for reducing the Division's General Fund support. Given the potential consequences, State Parks would not support enterprise status if it requires a significant General Fund reduction to achieve the 10 percent enterprise threshold. As we look to the future, it is difficult to project whether State Parks can meet its statutory goals at levels at or below the 10 percent enterprise threshold.

E. STATE PARKS' VOLATILE REVENUE STREAMS

The revenue volatility referred to in the 3rd finding in the FY 2004-05 Long Bill footnote report remains a challenge that would need to be resolved before enterprising State Parks. There are three sources of funding volatility that make it difficult to project State Parks' likelihood of meeting enterprise status: 1) cash revenue volatility; 2) cash funds exempt volatility, and; 3) variability in receipt of federal funds.

1. ***Cash Revenue Volatility:*** The Division's cash revenue is directly proportional to the number of people visiting State Parks. The number of visitors is highly correlated to variables beyond our control, such as temperature, precipitation, water levels (for water based recreation parks) and wild fires. Other factors impacting visitation are social and economic conditions, including demographic shifts and gasoline prices.

   Such uncontrollable variables are difficult to predict and are, unfortunately, the greatest source of volatility in State Parks' cash revenues. For example, Colorado's drought conditions seriously impacted reservoir water levels and contributed to extensive forest fires in the summer of 2002, including the Hayman Fire that burned 138,000 acres in the Pike National Forest. As a result of these adverse natural conditions, State Parks' revenues declined 3.9 percent (more than $650,000) in FY 2002-03 compared to the previous year. Through January 31 of the current fiscal year, revenue has dropped approximately $600,000 below our forecast due to an unseasonably wet and cold autumn as well as prolonged deep snow and cold conditions through the winter months, seriously affecting park visitation. By applying the TABOR Enterprise Threshold Formula shown in Section B, reductions in revenue may cause the General Fund percentage of the State Parks budget to be greater than 10 percent at any given time.

2. **Cash Funds Exempt Uncertainty**: Cash Funds Exempt Lottery and GOCO funds, major contributors to State Parks' total budget, are based on estimates, and actual funds may fluctuate based on lottery ticket sales volume. While lottery funds have been relatively stable, the level of GOCO funds available to State Parks has varied from year to year based on the GOCO Board's investment strategies. There is a base level of GOCO funding each year which is stable. However, some of the GOCO awards for large scale or legacy projects are made over several years. As a result, the total amount of GOCO funding that State Parks receives fluctuates from year to year. Additionally, GOCO and federal funds are received as revenue on a reimbursement basis and, therefore, do not count as part

of the overall budget (revenue) until expended. These factors introduce additional volatility and can significantly influence enterprise calculations. For example, construction delays or a major property acquisition that takes longer than anticipated could result in hundreds of thousands of dollars in capital construction spending being delayed until the next fiscal year. These types of events could have significant impact on State Parks' ability to meet the 10% enterprise threshold.

3. **Uncertainty in Future Federal Funding**: Federal fund revenues that State Parks receives are included in the TABOR Enterprise Threshold Formula explained in Section B. Currently, we receive significant federal funds from a variety of sources. Primarily this includes funding from the federal Stateside Land and Water Conservation Fund (LWCF), the Transportation Enhancement Fund and cost-share dollars from the Army Corps of Engineers and the Bureau of Reclamation. In FY 05-06, these funding sources totaled $6,482,024 in our appropriated budget. Although State Parks has been relatively successful in securing federal funds in recent years, the future is uncertain. Due to pressures on the federal budget, we have started to experience wide fluctuations in our funding levels from these federal fund sources. Such volatility could impact State Parks' enterprise status.

These types of revenue volatility, most or all of which are outside State Parks' control, represent the biggest single challenge in implementing enterprise status for the Division. It is likely that, over time, General Fund and HUTF revenues will repeatedly rise and fall below the 10 percent enterprise threshold for reasons that are largely or entirely out of State Parks' control. It is our understanding that such a potential fluctuation above and below the 10 percent threshold would not inherently hurt the State's TABOR situation. The potential TABOR impact would depend on: (1) whether or not the State was projected to be in a refund situation, and; (2) whether or not State Parks' cash fund revenues were projected to grow at more or less than the TABOR-allowable growth rate for the year in question. The problem of exposing the State budget to this risk (and exposing State Parks to potential criticism for unintentionally drifting in and out of enterprise status), however, is worth weighing against the potential merits of designating State Parks as an enterprise.

Additionally, potential fluctuations "in and out" of enterprise status may create accounting problems because the State's accounting rules for enterprises and non-enterprises are different. Switching unexpectedly from one set of rules to another would be very difficult on the State Parks and DNR financial staff as well as other state employees.

Section III. State Parks Plans to Generate Additional Cash Revenues and Increase Self-sufficiency

A. FINANCIAL BACKGROUND

1. ***The Colorado State Parks system is not self-sufficient.*** Pursuant to 33-12-100.2, C.R.S., the State Parks system *"…can be largely self-supporting, and the users of such resources can help to fund the system's operation and maintenance. The general assembly declares and intends that as a matter of state policy the system of state parks and state recreation areas should be financed as much as reasonably possible through revenues derived from the users of such system"*Given historic criteria to acquire and develop parks that were "largely self-supporting", and despite aggressive efforts over recent years to increase the agency's self-sufficiency, the vast majority of our 43 state parks are not self-sufficient. The FY 05-06 self-sufficiency levels for our parks are shown below in Table 1. These self-sufficiency calculations (as in Appendix A, discussed in Section I) are based on direct and allocated indirect operating expenses from all sources, and total revenue from direct and allocated revenue sources.

Table 1
FY 05-06 Parks Self-Sufficiency

Park	Revenue	Expenses	% Self-sufficiency
Chatfield	2,276,841	1,979,612	115.0%
Cherry Creek	1,941,545	1,847,393	105.1%
Boyd	815,151	786,561	103.6%
Arkansas	1,187,547	1,286,333	92.3%
San Luis	38,098	42,898	88.8%
Colorado River	953,735	1,073,812	88.8%
Eleven Mile	573,865	653,275	87.8%
Steamboat	662,598	790,385	83.8%
Sylvan/BC	254,163	309,154	82.2%
Mueller	643,907	793,443	81.2%
Pueblo	1,764,531	2,171,975	81.2%
Harvey Gap	33,922	43,588	77.8%
Golden Gate	731,272	949,864	77.0%
Eldorado	333,865	444,271	75.1%
Castlewood	318,447	436,972	72.9%
Sweitzer	60,089	82,548	72.8%
Jackson	392,725	572,500	68.6%
Stagecoach	335,821	490,933	68.4%
Ridgway	685,477	1,005,743	68.2%
Pearl Lake	49,124	72,126	68.1%
Navajo	604,949	893,053	67.7%
Highline	286,671	456,048	62.9%
Mancos	63,982	96,844	66.1%
Rifle Falls/Rifle Gap	385,588	651,975	59.1%
Lone Mesa	71,462	123,910	57.7%
Lory	142,268	251,760	56.5%
Spinney	46,204	86,482	53.4%
State Forest	326,460	632,612	51.6%
Lathrop	272,080	565,336	48.1%
Roxborough	160,374	339,044	47.3%
Vega	216,182	489,274	44.2%
Trinidad	226,373	538,503	42.0%

St. Vrain	158,941	397,997	39.9%
N. Sterling	227,647	583,656	39.0%
Paonia	16,119	43,971	36.7%
Barr Lake	140,929	390,041	36.1%
Crawford	141,968	409,078	34.7%
John Martin	177,572	517,698	34.3%
Bonny	121,767	591,589	20.6%
Yampa	107,413	564,473	19.0%
Cheyenne Mountain	24,569	359,978	6.8%
Staunton	-	151,665	0.0%

*Self-sufficiency levels are highly sensitive to uncontrolled variables that effect cash revenues.
**Expenses do not include controlled maintenance and capital construction.

Only three parks were self-sufficient in FY 05-06. With fee adjustments going into effect the second half of FY 06-07 that will improve rental income from Mueller State Park's cabins and expanded marina operations at Navajo State Park, these parks are projected increase the level of self-sufficiency in FY 06-07. That being said, the majority of Colorado's state parks are not, and will likely never become, self-sufficient. The majority of parks were developed and nurtured, not to generate large amounts of cash revenue, but to accomplish the statutory mandate that *"…the scenic, scientific, and outdoor recreation areas of this state are to be protected, preserved, enhanced, and managed for the use, benefit, and enjoyment of the people of this state and visitors of this state (33-10 -101, C.R.S.)"* As an example, Roxborough State Park is a spectacular property with unique geologic and natural features, yet it has never been very self-sufficient. Although the park has a dedicated group of frequent visitors and volunteers, and is considered by many to be one of Colorado's best state parks, the park was simply not purchased or designed to achieve self-sufficiency.

It is interesting to see how Colorado compares nationally with other state park systems in terms of self sufficiency. In the 2006 National Association of State Park Directors Annual Information Exchange[1], the amounts of park generated revenue and General Fund support is listed for all fifty states. When comparing the percentage of General Fund support to park-generated revenue, the average General Fund support for all state park systems is 46 percent. Using this methodology, Colorado receives the 10th lowest amount of General Fund support of all 50 states.

At the individual park level, it is important to note that a given park's self-sufficiency is highly correlated to: (1) whether or not the park is located near an urban center; (2) whether or not the park offers water-based recreation; and (3) the number and quality of campgrounds and cabins operated on the park. In this regard, some parks will always be more self-sufficient than others. While the few parks in the system that generate a profit will help to subsidize the operations of our other parks, it is unlikely that State Parks will ever become totally self-funded unless some of the existing parks with significantly low self-sufficiency

[1] The NASPD Annual Information Exchange is compiled annually to provide a comparison of all 50 state parks systems across important categories including inventory, budgets, revenue sources, fee types and amounts and employee salaries. The 2006 document includes data from FY 04-05.

percentages were to be closed. If the state were ever to implement such a strategy, such park closures should be based on factors that consider:

- A park's actual and potential self-sufficiency;
- Geographic location and distribution of parks throughout the state;
- Outdoor recreation and/or unique scenic, natural and cultural qualities of the park; and
- Contributions to local economy.

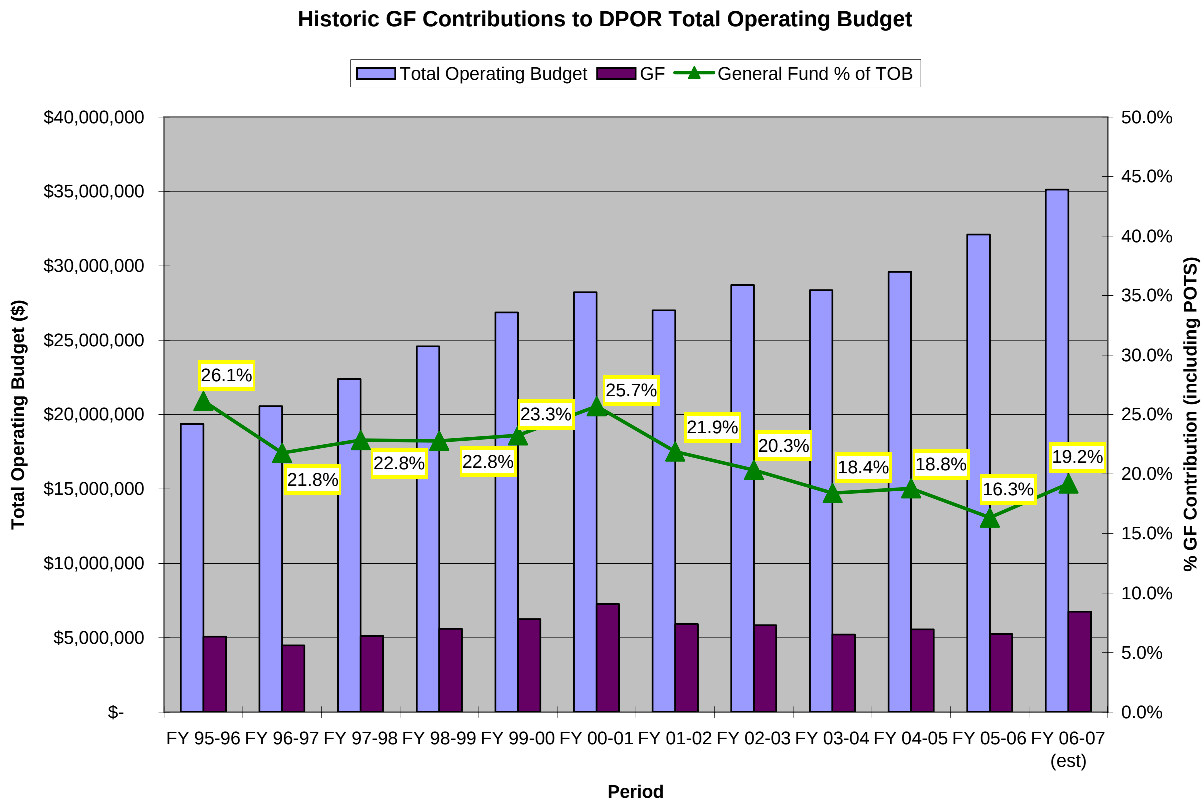
Closing state parks based on self sufficiency, however, is not consistent with the agency's statutory mission or the historic development of our 43 parks. Furthermore, the least self-sufficient parks are generally in rural communities. Although visitation at these parks may be lower than at the urban parks, the impact to local economies from closing rural parks would be especially significant in small towns where state parks are often a major draw for in-state and out-of-state visitors. Indeed, park-related expenditures by park visitors within 50 miles of our park entrances were recently calculated at $66 per vehicle; the statewide impact to local economies was estimated at over $200 million[2].

When many of these parks were first established, it was with the understanding that they would be kept open in perpetuity. Potential closure of certain state parks will also violate this commitment and impair the successful partnerships we have developed with the federal government, local governments, local businesses, GOCO, user groups and citizens. In the case of potential closure or sale of properties funded by GOCO or the federal LWCF funds, financial mitigation would be required.

2. ***The General Fund has historically subsidized the operation of the State Parks System.*** Recognizing that the state parks cannot be operated solely through user fees, the General Fund has historically funded 20 to 30 percent of the cost of operating the State Parks system. This historic General Fund "subsidy" recognized that the state park system was not fully self-sufficient. For example, provision of General Fund to State Parks historically has allowed the Division to acquire and operate parks that were never likely to be self-sufficient. Further, the General Fund subsidy has allowed State Parks to implement user fees which keep the state park system affordable and open to all Coloradoans. In FY 2006-07, General Fund represented 19.2% of State Parks' appropriated operating budget. This percentage was down from 26.1 percent in 1995-96. As recently as FY 2000-01, General Funds contributed 25.7% to the Division's total operating budget. Since that time, the General Fund contribution to State Parks' operating budget has declined due to the State's budget situation. Chart 2 below shows the trend of declining General Fund contributions to State Parks' operating budget.

[2] 2002 Colorado State Parks Market Assessment Study, produced by Pricewaterhouse Coopers, L.L.C. See summary of this study in Appendix B.

Chart 2



Declining General Fund contributions, in combination with the large number of parks that are simply not self-sufficient, has compelled State Parks to increasingly focus on revenue generation.

3. ***Cash generation is increasingly important to the operation of the State Park System.*** As noted above, the general trend since FY 2000-01 has been declining General Fund support of state park operations. Although Referendum C may have eased some of the State's budget restrictions, the Arveschoug-Bird limitation still requires that the State's General Fund operating appropriation not grow annually by more than six percent. With actual and anticipated growth in spending for education, corrections, and Medicaid expected to compete for additional General Fund dollars under the six percent limit, it remains unclear how much General Fund support State Parks will receive in the future. Given this uncertainty, and because the state park system is not inherently self-sufficient, State Parks has increasingly focused on cash generation.

B. MECHANISMS FOR STATE PARKS TO GENERATE CASH

State Parks has a number of strategies for increasing cash generation as discussed below:

1. ***Revenue Enhancements at Existing Parks:*** State Parks is pursuing a variety of opportunities for revenue enhancements at existing facilities including: a) building full-service campgrounds; b) building new cabins and yurts; and c) expanding marina operations and boat rentals, including operation of marina stores for sale of fuel, merchandise, mechanics services, and dry storage. State Parks has developed and is refining a process for conducting a thorough business analysis for these types of facilities that examines customer demand, profit/loss, and long-term sustainability of profit.

2. ***Development of New State Parks:*** In the planning and development of new parks, State Parks examines each aspect of development and operations to maximize cash revenue and minimize operating costs. Such planning takes into account changing customer desires, income distribution, energy prices, "green" engineering, and life-cycle cost analysis. The planning and business assessment process does not mean that each new state park will be designed to be fully self-sufficient. Lone Mesa, for example, is a beautiful property in southwestern Colorado. Due to a lack of water-based recreation and nearby population centers, this park will likely never be fully self-sufficient. Through appropriate planning and business analysis, however, State Parks can maximize the self-sufficiency as it moves through the process of designing and constructing new State Parks and new state park facilities.

3. ***Retail Operations:*** The Division also has the authority to operate retail stores and concessions at park facilities. These operations include laundry facilities, parks and Internet merchandise sales, and marina store and fueling operations. The strengthening of the State Parks' retail program is another keystone in the Division's plans to generate additional cash funds.

4. ***Fee Adjustments:*** Through Senate Bill 03-290, the State Parks Board's fee-setting authority through the rule making process was broadened. The Parks Board has the authority to establish by rule, pursuant to Section 33-10-111, C.R.S., *"the amounts of fees for certificates, permits, licenses, and passes and any other special charges in order to provide for cash revenues necessary for the continuous operation of the state park and recreation system; except that no such fees shall be used for capital construction other than controlled maintenance activities."* Senate Bill 03-290 was designed to enable State Parks and the Parks Board to establish fees that more effectively respond to price sensitivity and fluctuations in the marketplace. This fee setting authority (which requires close consultation with the JBC and the General Assembly) has helped State Parks increase revenue while serving a growing number of visitors.

   In March of 2006, the Board communicated to the OSPB and JBC its intent to adjust State Parks' camping fees effective January 1, 2007 to account for inflation and increased energy costs associated with campsite operations. With the support of both the JBC and the OSPB, the Board passed the associated resolution at its May 2006 Board meeting. Also, the rental fees for the cabins at Mueller State

Park were adjusted to better reflect market pricing and cover higher cleaning and maintenance costs. The fee increases are projected to yield a cash revenue increase of $470,000 in FY 07-08.

The Division presently is evaluating a fee adjustment for its daily entrance pass from $5.00 to $6.00, to become effective in January 2008, if approved. This entrance fee was last adjusted in January 2002, from $4.00 to $5.00. The compound inflation between January 2002 and January 2008 is projected at 13 percent (*Colorado Economic Perspective, OSPB, September 2006*) which would yield a "real" fee adjustment of only seven percent.

The potential $1.00 increase in the daily pass is consistent with a June 2002 study completed by PricewaterhouseCoopers (PwC). PwC was commissioned by State Parks to conduct a comprehensive and systematic market assessment of Colorado's state park system. According to the PwC study, a $1.00 fee increase has very low elasticity and would cause a minimal decrease in State Parks visitation rates. This adjustment, if passed by the Parks Board, is projected to increase State Parks' cash revenue by up to $650,000 in FY 08-09, adjusted for elasticity and conservatively based on FY 05-06 visitation rates. A summary of this important study by PwC and its objectives, findings and recommendations are discussed in Appendix B. A copy of the complete PwC market assessment is available upon request.

While the findings of PwC support minor fee adjustments, they also suggest that significant price increases in state parks would result in significant declines in the number of state park visitors. Pricing some people out of state parks would be inconsistent with statutory mandates that the State Parks system be operated for the benefit and enjoyment of the people of the state.

The significance of demand elasticity and importance of market assessments were demonstrated in 2004 when California State Parks roughly doubled the cost of their annual pass from $65 to $125. Although the intent of this robust fee increase was to generate additional revenue, the financial result was neutral. The impact on visitation, however, was dramatic. Annual pass sales in California decreased by 50% with former park visitors unable or unwilling to pay for annual access to their public parks.

C. CASH REVENUE PROJECTIONS

Based on these mechanisms for generating cash, State Parks is projecting a consistent annual cash revenue growth rate of 4.0% to 4.5% through FY 2009-10, except for FY 2006-07 when a new fee structure takes effect and Cheyenne Mountain State Park is opened to the public. Table 2 below compares State Parks' projected revenue growth to the TABOR allowable spending growth rate.

Table 2
TABOR Rates vs. State Parks Revenue Growth/Forecast

Fiscal Year	TABOR Growth Limit	State Parks Cash Revenue Growth/Forecast
04-05	4.6%	6.5%
05-06	1.3%	4.1%
06-07	3.5%	10.3%*
07-08	4.0%	4.0%
08-09	4.1%	4.0%
09-10	4.2%	4.5%

Source: *Colorado Economic Perspective, OSPB, September 2006*
* (3.5% revenue growth + 6.8% from fee adjustments)

State Parks' forecasted revenue growth is projected to track closely with TABOR limits until FY 09-10. Thereafter, revenue growth is projected to increase from the build-out and full operations at Cheyenne Mountain State Park and St. Vrain State Park. In the timeframe beyond FY 09-10, two other properties in the State Parks' inventory, Staunton State Park and Lone Mesa State Park, are scheduled for development. Of these facilities, Staunton holds the potential to generate fairly significant revenue. Based on these potential revenue streams from new parks, State Parks may negatively impact the State's budget under TABOR sometime beyond FY 2010-11 when Referendum C expires.

D. STATE PARKS HAS SIGNIFICANT RESOURCE NEEDS

Additional financial resources are needed to maintain the quality of the state park system and address growing risks associated with an inadequate cash fund reserve and aging park infrastructure. Additional funding is needed in each of the following four areas:

1. ***Increased Salaries and Operating:*** As with almost all state programs, the cost of operating State Parks increases each year due to inflation. The most significant inflationary increases are the annual increases related to salary survey and performance-based pay. While these increases are predominantly covered by the General Fund (since these potted expenses are almost entirely funded from the General Fund), it is also true that base General Fund cuts have resulted in an increasing portion of base salaries being funded with Parks Cash.

   In addition to wage inflation, the Division must also cover inflationary increases in operating costs. For example, last year State Parks had to cover a FY 2005-06 supplemental and associated FY 2006-07 budget amendment to provide for an estimated increase of almost $205,000 for increased utility expenses. This inflationary increase was paid entirely from Parks Cash. Similarly, during FY 2006-07 figure setting, Parks Cash was used to fund about eighty-eight percent of a $18,500 cost increase related to an increase in the variable mileage rate.

Finally, there has been considerable cost associated with staffing and operating new State Parks and new facilities at existing State Parks. Increased operating costs associated with new facilities and new State Parks have been entirely funded with cash funds over the last several years. As a result of all of these factors, the Parks appropriation grew from $20.55 million in FY 1996-97 to $34.76 million in FY 2006-07 (including POTS but excluding capital construction). This represented a 69.1% increase in State Parks' operating appropriation over this time period. Interestingly, the cash fund appropriation over this time grew from $11.46 million to $20.0 million (an increase of 74.6%).

2. ***Staffing Needs:*** State Parks' effectiveness and ability to achieve its cash revenue goals may be hampered by lack of personnel resources. Insufficient staffing continues to be one of State Parks' single biggest concerns. Parks realizes that staff are the most important resource in carrying out its programs, delivering services and meeting objectives, statutory mandates and responsibilities.

   With this in mind, KPMG L.L.P., an independent consultant, was engaged in 2000 to: 1) quantify the appropriate number of staff by supervisory level needed for efficient and effective Division operations, both administrative and operational in nature; and 2) develop a staffing model that can be used by the Division in future years to properly identify its staffing need.

   KPMG found that the Division is significantly understaffed when compared to public and private sectors. The Division's FTE level at that time (2000) was 206.5 and KPMG acknowledged a need to more than double the number of FTEs. KPMG, however, trimmed that number back in developing their staffing model -- identifying an "immediate need" for an additional 79.5 FTE. As stated in their report "…the immediate staffing needs will not only provide the benefits of addressing identified risks, but will also provide resources to the Division to investigate areas of performance improvement."

   The staffing model was proposed to enable the Division to address the following business risks:
   - Loss of natural resource quality
   - Improper management of new park development or park rehabilitation
   - Inadequate coverage of technical maintenance
   - Poor provision of public safety
   - Inconsistent provision of public outreach and education
   - Potential violations of fair labor standards
   - Employee burnout or morale issues

   In addition, the proposed staffing model provides additional enhancements to Division operations:
   - Undiminished protection of natural resources

- Consistent and enhanced coverage among all seasons (summer, OHV, snow)
- Potential expansion of visitation season
- More consistent, higher quality outreach programs
- Enhanced employee relationships
- Decreased hidden human resources management costs

State Parks began a two-year initiative to gain the 79.5 new FTE. In FY 2001-02 State Parks was appropriated an additional 43.8 positions and another 24 FTE in FY 2002-03, bringing the agency's total FTE numbers to 272.3. Subsequent budget cuts and insufficient General Funding to support salaries, however, effectively eliminated 25.9 of these FTE.

Staffing needs continue to be critical today. For FY 07-08, State Parks has submitted two Decision Items requesting 24 FTE to fill some of the most critical staffing needs in its field and administrative offices. Even with these additions, staffing levels remain inadequate to support visitor expectations, operate cash-generating venues, and maintain quality facilities and services -- park attributes that are critical to sustain and encourage high visitation rates and associated cash revenue levels.

3. ***Deferred Maintenance***: Older state parks have an extensive backlog of deferred maintenance projects. Nearly 50 years ago, the state park system first opened roads, campgrounds, buildings and other recreation facilities for public use. Today, many of these older parks have aged and facilities have reached the end of their expected life cycle. Over the coming years, State Parks must work aggressively to address this backlog of deferred maintenance projects. In 2006, State Parks conducted a facility condition assessment identifying necessary major repair and replacement projects throughout the parks system. Costs to address deferred maintenance projects, primarily related to public health and safety, are estimated at over $150 million[3]. Some examples of the types of major repair or replacement projects that were identified include:
   - Replace wastewater system at Lake Pueblo State Park
   - Renovate older campsites and expand campground at Boyd Lake State Park
   - Repair and pave main access roads and parking lots at Stagecoach State Park

   Obviously, the projects that pose public health and safety concerns received the highest priority ranking. In order to fully address this backlog, it will be necessary for State Parks to examine new funding sources to cover these deferred maintenance projects.

4. ***Increase the Parks Cash Fund Reserve:*** The emergency reserve was established in 1989 to address concerns about the volatility of the Division's cash fund

[3] Details of this statewide facility assessment of deferred maintenance projects were presented to the Colorado State Parks Board in February 2007.

sources. It was set at $500,000 in 1989 when the Division's budget was approximately $10.3 million. At that time, the budget included $6.5 million in Cash Funds. The $500,000 emergency reserve level was about 7.7% of the total Cash Fund portion of the budget in 1989. In the FY 06-07 budget, cash funds comprise over $17.5 million of the $23 million budget. At $500,000, the emergency reserve is only about 2.8% of the total cash fund appropriation supporting State Parks' budget.

Reasons for increasing the emergency reserve:

- ***Seasonal fluctuations of cash flow:*** State Parks' has been unable to maintain a cash fund reserve which adequately buffers against the seasonal nature of Parks' cash flow. In a basic sense, revenue is highest during the warm months and is lowest during the cold months. This trend is not surprising when you think about the fact that camping is one of Parks' biggest revenue drivers and when you consider the impact of water-related recreation on overall visitation. As a result, during the normal year we experience a net operating gain (revenues exceed expenditures) early in the fiscal year, especially in July and August. During this time, actual fund balance increases. As the weather cools down, tails off and we start to experience a net operating loss (which, in simple terms, means that fund balance starts to decline). Fund balance usually hits its low point in February or March, before good weather drives up the fund balance heading into the end of the fiscal year. State fiscal rules prevent us from deficit spending in our cash funds. Thus, even though we may have enough revenue by year end, it is critical that we have enough cash in our leanest months (typically February and March) to continue paying our bills without spending the fund balance down to zero. If the fund balance is spent to zero, bills will not be processed and paid, negatively impacting the vendors, contractors, utility companies, and other businesses that support the operation of the state park system. To assure smooth operation of the park system, it is critical the State Parks maintain a fund balance that allows for continuous operation of the park system through normal seasonal fluctuations (understanding that this seasonal fluctuation may be exacerbated by other uncontrollable factors such as inclement weather, drought, and forest fire).

- ***Volatility of cash sources:*** In recent years we have experienced a high rate of volatility in cash revenue for a number of reasons that are beyond our control including: weather, drought, flooding, wildfire, downturns in economy and tourism. These conditions can be intermittent, recurring and often unpredictable. Weather related issues occurring during our peak business season and/or at the end of the fiscal year when we are least able to react are especially harmful.

We believe it is prudent to amend existing statute by setting a higher reserve amount, in the range of $2 million to $2.5 million. The statute could also stipulate that the amount would grow at some determined rate in the future to reach a recommended 10% of our total operating budget. The Parks Cash Fund had a balance of roughly $1.3 million at the end of FY 2005-06. In order to better protect the Division from revenue fluctuations and adverse natural conditions, it would be prudent for the Division to set aside additional revenue, above and beyond the $1.3 million currently held in reserve, to build an adequate emergency reserve.

E. WHY STATE PARKS NEEDS GENERAL FUND

1. ***Many Parks Will Never Be Self-Sufficient:*** As noted earlier, only three out of 43 state parks in Colorado are currently self-sufficient. In fairness to all Coloradoans, there are State Parks located all across the State. Many are located in rural Colorado where visitation dictates that the parks will likely never be self-sufficient. However, a park should not be judged solely on its self-sufficiency. Does the park provide quality recreation opportunities to visitors? Does it protect unique geologic, biologic, natural and/or scenic resources for the public's benefit? Does it provide a significant positive impact to the local economy? Within the framework of other public properties in a particular part of the state, does the park enhance the diversity of outdoor recreation available to the citizens of Colorado? Support provided by the General Fund lets Colorado operate State Parks which provide a number of benefits to Coloradoans even though the parks are not self-sufficient.

2. ***Some Programs Will Never Be Self-Sufficient:*** Some programs/services provided by State Parks are not self-sufficient. For example, the land stewardship / land conservation includes things like noxious weed management and forest fuel treatment (thinning trees to reduce the likelihood of and associated impacts related to forest fires). While these efforts generate minimal direct revenues, wildfire prevention and noxious weed control are activities that simply must be undertaken by a responsible land owner and good neighbor in the local community. In the case of noxious weed control, statutes also require state agencies to make reasonable efforts to control noxious weeds on their properties.

   Similarly, environmental education/interpretation programs do not directly generate cash revenues. However, these programs are essential elements of park visitors' experiences -- often listed as primary reasons why Coloradoans visit State Parks. Whether an informal campfire talk or an organized program for a school group, environmental education opportunities at our parks form learning laboratories for young people, developing a future citizenry that understands the importance of Colorado's natural resources. Additionally, these experiences provide introductory opportunities to develop future state park supporters and visitors.

   Finally, the Colorado Natural Areas program was established by statute in 1977 (Section 33-33-101, C.R.S.). The program is focused on the recognition and protection of areas that contain at least one unique or high quality natural feature of statewide significance. Working with interested landowners and dedicated volunteer stewards, the program has protected more than 150 rare, threatened, or endangered species or communities at 78 designated sites throughout Colorado.

In all three of these cases, provision of General Fund allows State Parks to operate programs that earn little or no revenue but provide distinct public benefits. If General Fund support is reduced, the Division will have to increasingly focus on self-sufficiency and these types of programs may be reduced or eliminated.

3. ***Keeping Parks Affordable:*** Historically, the provision of General Fund has allowed the Division to keep user fees at a level that make State Parks affordable to the average Coloradoan. In this regard, outdoor recreation is made available to all Coloradoans (whose tax dollars helped to pay for the development of the State Park system).

To the extent that State Parks' budget is not sufficient, these parks and programs listed above are examples where cuts can be made. These important programs, however, are either directly or indirectly required through statute. Although they are not self-sufficient, they should be supported.

F. CONCLUSION

Colorado's state parks provide diverse outdoor recreation opportunities to all Coloradoans, protect scenic, natural and cultural resources for future generations, and provide significant economic benefits to local economies. Coloradoans and their families have historically relied on our park system and its programs as a way to interact with the natural world and to renew their spirit. A look at the agency's statutory mission supports this. State Parks' exceptional park settings, outdoor recreational opportunities and programs were not developed to solely generate revenue. Acquiring, building and operating these public treasures will require ongoing financial support.

The agency is proud of strides it has made over recent years to increase its financial self-sufficiency. Through aggressive efforts to increase revenue, State Parks is one of the most financially self-sufficient park systems in the country. The Division and DNR, however, are very concerned about over-reliance on fee-generated revenue and the misconception that State Parks can continue to offer a quality system into the future by simply increasing existing fees or charging new ones.

Given State Parks' finances and resource needs, and despite the agency's success in generating additional fee revenue over recent years, significant General Fund support is critical to the continued operation of a quality park system.

APPENDIX A – Detailed State Parks FY 05-06 Cost Allocations and Revenue Table

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1			Region	Barr Lake	Boyd	Castlewood	Cherry Creek	Chatfield	Eldorado	Golden Gate	Jackson	Lory	N. Sterling	Roxborough	State Forest	Staunton	St. Vrain
2	**HIGH PLAINS REGION**	**Region Total**	**HPAD**	**HPBL**	**HPBO**	**HPCA**	**HPCC**	**HPCH**	**HPEL**	**HPGG**	**HPJA**	**HPLO**	**HPNS**	**HPRX**	**HPSF**	**HPST**	**HPVR**
3	Visitation	4,975,294	-	81,189	347,468	194,872	1,144,727	1,476,930	218,766	667,753	183,501	78,654	150,198	108,052	226,507		96,677
4	FTE	84.1	6.0	3.0	7.0	4.0	15.0	12.6	4.0	7.0	5.0	3.0	5.0	3.0	5.0	1.5	3.0
5	Personal Services	4,145,155	546,540	205,042	321,372	198,860	737,623	813,078	204,545	361,876	242,921	98,465	306,391	133,110	272,678	49,159	200,036
6	Operating	760,783	108,884	25,652	55,501	30,136	132,322	127,842	24,928	78,048	47,532	18,393	37,979	48,852	50,748	54,958	27,892
7	Utilities	479,897	4,914	9,074	50,634	20,452	99,203	98,822	9,175	57,545	41,690	6,443	23,941	6,786	39,524	51	16,556
8	SWP	1,384,292	1,766	61,997	111,891	49,417	258,404	264,606	67,675	152,954	81,440	51,581	63,140	60,025	91,566	11,563	58,034
9	Vehicles	186,753	21,286	3,883	14,171	14,506	33,389	24,278	9,637	8,708	11,832	8,994	16,707	5,502	22,997	4,856	7,293
10	Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	**Subtotal Operating**	**6,956,880**	**683,391**	**305,648**	**553,568**	**313,371**	**1,260,941**	**1,328,627**	**315,960**	**659,131**	**425,415**	**183,877**	**448,157**	**254,275**	**477,512**	**120,587**	**309,810**
12																	
13	HPAD Allocation	683,391		11,152	47,727	26,767	157,236	202,866	30,049	91,720	25,205	10,804	20,631	14,842	31,112	-	13,279
14	TOTAL DIRECT EXP	7,640,270	683,391	316,800	601,295	340,138	1,418,178	1,531,494	346,009	750,852	450,620	194,680	468,788	269,116	508,625	120,587	323,089
15																	
16	Board Allocation	8,285	591	296	690	394	1,478	1,242	394	690	493	296	489	296	493	148	296
17	Director/Deputy Director	129,503	9,244	4,622	10,784	6,162	23,109	19,412	6,162	10,784	7,703	4,622	7,641	4,622	7,703	2,311	4,622
18	Financial Services	224,773	10,273	6,388	19,700	9,075	46,105	51,936	9,336	19,981	11,745	4,678	9,671	5,940	11,523	1,713	6,708
19	Marketing Allocation	88,914	436	1,566	9,067	3,537	21,569	25,283	3,707	8,103	4,367	1,581	2,528	1,780	3,624	-	1,765
20	Public Information	43,191	3,083	1,541	3,597	2,055	7,707	6,474	2,055	3,597	2,569	1,541	2,548	1,541	2,569	771	1,541
21	Strategic Development	35,858	176	631	3,657	1,426	8,699	10,196	1,495	3,268	1,761	638	1,019	718	1,461	-	712
22	Information Technology/MNT	147,404	10,521	5,261	12,275	7,014	26,303	22,095	7,014	12,275	8,768	5,261	8,698	5,261	8,768	2,630	5,261
23	Creative Services	59,802	7,487	1,764	3,816	2,072	9,099	8,791	1,714	5,367	3,268	1,265	2,612	3,359	3,490	3,779	1,918
24	Division Overhead Allocation	46,638	5,839	1,376	2,976	1,616	7,096	6,856	1,337	4,186	2,549	986	2,037	2,620	2,721	2,947	1,496
25	Field Services	388,574	27,735	13,868	32,358	18,490	69,339	58,244	18,490	32,358	23,113	13,868	22,928	13,868	23,113	6,934	13,868
26	Trails	117,557	-	1,918	8,210	4,604	27,048	34,897	5,169	15,778	4,336	1,858	3,549	2,553	5,352	-	2,284
27	Natural Resources	24,176	3,027	713	1,543	838	3,678	3,554	693	2,170	1,321	511	1,056	1,358	1,411	1,528	775
28	Registations	134,177	658	2,363	13,683	5,338	32,550	38,153	5,594	12,228	6,590	2,386	3,814	2,687	5,469		2,664
29	Reservations	160,485	787	2,826	16,366	6,384	38,931	45,633	6,691	14,626	7,882	2,854	4,562	3,214	6,541	-	3,187
30	Indirect Cost Allocation	409,842	47,743	17,911	28,073	17,371	64,435	71,026	17,868	31,612	21,220	8,601	26,765	11,628	23,820	4,294	17,474
31	POTS Allocation-less Fleet	254,904	22,800	10,197	18,469	10,455	42,069	44,327	10,541	21,991	14,193	6,135	14,952	8,483	15,931	4,023	10,336
32	SUBTOTAL ALLOCATION	2,274,080	150,401	73,241	185,266	96,834	429,216	448,119	98,262	199,012	121,880	57,080	114,868	69,928	123,988	31,078	74,908
33	**TOTAL EXPENDITURES**	**10,597,741**	**833,792**	**390,041**	**786,561**	**436,972**	**1,847,393**	**1,979,612**	**444,271**	**949,864**	**572,500**	**251,760**	**583,656**	**339,044**	**632,612**	**151,665**	**397,997**
34																	
35	**Cash Funds**																
36	Annual Passes	1,876,539	-	44,461	146,802	105,499	548,825	624,873	86,989	74,245	38,220	53,131	30,629	72,887	23,942	-	26,036
37	Daily Passes	2,022,929	-	45,292	192,020	128,508	453,327	584,468	143,487	136,478	88,054	43,870	45,369	51,014	63,226	-	47,815
38	Concession	207,756	-	-	18,037	806	83,653	65,532	3,855	738	6,826	-	5,150	-	23,160	-	-
39	Rent	547,694		-	79,984	(150)	121,515	116,920	7,200	67,831	62,206	598	25,166	-	32,973	-	33,451
40	Other	620,064	39,072	23,491	140,122	20,659	144,244	120,835	21,516	43,459	19,010	17,299	15,734	1,515	2,459	-	10,650
41	Reservations	1,145,471			126,484		232,797	299,530		184,504	121,678		59,308		110,026		11,144
42	Other (donations)	51,689	-	2,663	4,611	3,065	4,378	9,490	3,393	18,215	175	3,128		1,656	865	-	50
43	DIRECT CASH REVENUE	6,433,070	39,072	115,907	708,061	258,387	1,588,738	1,821,648	266,441	525,469	336,170	118,026	181,355	127,073	256,650	-	129,145
44																	
45	**Non-Cash Revenue**																
46	GOCO	3,682,155	452,328	6,605	3,200	7,138	400,149	767,647	10,244	108,717	16,327	3,757	26,965	9,091	234,135	72,063	1,563,791
47	Lottery	2,516,948	144,270	58,449	59,627	40,440	52,517	82,510	55,724	41,868	51,271	31,465	8,859	65,992	102,681	18,138	1,703,137
48	General Fund (non-POTS)	810,876	72,530	32,439	58,751	33,259	133,826	141,010	33,533	69,955	45,150	19,515	47,564	26,987	50,679	12,798	32,881
49	General Fund (POTS)	254,904	22,800	10,197	18,469	10,455	42,069	44,327	10,541	21,991	14,193	6,135	14,952	8,483	15,931	4,023	10,336
50	Total Non Cash Revenue	7,264,884	691,928	107,690	140,047	91,291	628,562	1,035,494	110,043	242,530	126,941	60,872	98,340	110,553	403,426	107,021	3,310,145
51																	
52	ALLOCATED SP REVENUE	251,460		4,103	17,562	9,849	57,857	74,647	11,057	33,749	9,274	3,975	7,591	5,461	11,448	-	4,886
53	ALLOCATED ADMIN REVENUE	1,242,863	-	20,282	86,800	48,680	285,961	368,947	54,649	166,809	45,840	19,648	37,521	26,992	56,583	-	24,151
54	ALL. REGION REVENUE	39,072	-	638	2,729	1,530	8,990	11,599	1,718	5,244	1,441	618	1,180	849	1,779	-	759
55	**TOTAL REVENUE (inc Non-Cash)**	**7,966,465**	**39,072**	**140,929**	**815,151**	**318,447**	**1,941,545**	**2,276,841**	**333,865**	**731,272**	**392,725**	**142,268**	**227,647**	**160,374**	**326,460**	**-**	**158,941**
56																	
57	**REV TO EXP**	75.2%	4.7%	36.1%	103.6%	72.9%	105.1%	115.0%	75.1%	77.0%	68.6%	56.5%	39.0%	47.3%	51.6%	0.0%	39.9%
58	COST PER VISITOR	2.13		4.80	2.26	2.24	1.61	1.34	2.03	1.42	3.12	3.20	3.89	3.14	2.79	NA	4.12
59	REVENUE PER VISITOR	1.60		1.74	2.35	1.63	1.70	1.54	1.53	1.10	2.14	1.81	1.52	1.48	1.44	NA	1.64

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
61			Region	Crawford	Colo River	Harvey Gap	Highline	Lone Mesa	Mancos	Navajo	Paonia	Pearl Lake	RifleFls/Gap	Ridgway	Steamboat	Stagecoach	Sylvan/BC	Sweitzer	Vega	Yampa
62	**ROCKY MOUNTAIN REGION**	**Region Total**	**RMAD**	**RMCF**	**RMCR**	**RMHG**	**RMHI**	**RMLM**	**RMMC**	**RMNJ**	**RMPA**	**RMPL**	**RMRF**	**RMRG**	**RMSB**	**RMSC**	**RMSV/ RMBC**	**RMSW**	**RMVG**	**RMYA**
63	Visitation	2,587,947		123,211	440,973	28,600	202,887	5,720	43,949	276,158	19,282	35,139	214,225	293,308	357,987	164,229	101,567	65,993	138,425	76,294
64	FTE	64.8	8.0	3.0	7.0	0.5	4.0	0.7	0.3	7.0	0.5	1.0	3.5	6.8	5.0	4.0	4.0	0.5	4.0	5.0
65	Personal Services	2,976,618	640,006	143,386	425,717	12,856	194,991	43,927	21,964	379,516	10,979	30,174	250,242	395,566	320,169	203,988	49,179	7,842	200,551	285,568
66	Operating	760,825	73,962	58,658	67,728	3,463	35,659	30,267	13,185	80,180	3,870	3,251	91,502	104,077	59,721	32,263	62,455	9,369	52,550	52,627
67	Utilities	396,341	-	20,844	65,225	1,035	13,539	1,926	1,689	44,768	140	2,573	24,767	52,024	56,080	31,996	26,144	5,628	33,058	14,908
68	SWP	1,084,772	29,851	69,366	145,703	7,865	54,959	16,840	31,988	108,150	9,954	4,275	97,199	168,635	82,759	63,833	57,110	26,482	59,477	80,176
69	Capital Outlay	-																		
70	Vehicles	137,457	14,596	8,164	27,802	174	4,279	5,632	174	19,850	4,793	3,983	8,532	6,398	12,164	12,587	8,476	174	10,075	4,199
71	**Subtotal Operating**	**5,356,012**	**758,415**	**300,418**	**732,174**	**25,394**	**303,427**	**98,591**	**69,000**	**632,464**	**29,736**	**44,256**	**472,243**	**726,700**	**530,892**	**344,668**	**203,364**	**49,495**	**355,713**	**437,479**
72																				
73	RMAD Allocation	758,415	-	36,108	129,230	8,381	59,457	1,676	12,880	80,930	5,651	10,298	62,780	85,956	104,910	48,128	29,765	19,340	40,566	22,358
74	TOTAL DIRECT EXP	6,114,427	758,415	336,526	861,404	33,775	362,885	100,267	81,879	713,394	35,387	54,553	535,023	812,656	635,803	392,796	233,129	68,835	396,279	459,837
75																				
76	Board Allocation	6,386	788	296	690	49	394	66	33	690	49	99	345	670	493	394	394	49	394	493
77	Director/Deputy Director	99,831	12,325	4,622	10,784	770	6,162	1,027	514	10,784	770	1,541	5,392	10,476	7,703	6,162	6,162	770	6,162	7,703
78	Financial Services	164,847	17,192	6,328	24,250	853	8,473	2,438	1,909	17,768	656	1,342	12,307	20,276	17,163	9,772	6,579	1,576	8,191	7,773
79	Marketing Allocation	55,016	4,935	1,350	9,804	324	2,813	787	630	6,225	143	481	3,895	7,091	6,713	3,435	2,643	545	2,149	1,053
80	Public Information	33,295	4,110	1,541	3,597	257	2,055	343	171	3,597	257	514	1,798	3,494	2,569	2,055	2,055	257	2,055	2,569
81	Strategic Development	22,187	1,990	544	3,954	131	1,134	317	254	2,511	58	194	1,571	2,860	2,707	1,385	1,066	220	867	425
82	Information Technology/MNT	113,630	14,028	5,261	12,275	877	7,014	1,169	585	12,275	877	1,754	6,137	11,924	8,768	7,014	7,014	877	7,014	8,768
83	Creative Services	57,403	5,086	4,034	4,657	238	2,452	2,081	907	5,513	266	224	6,292	7,157	4,107	2,219	4,295	644	3,614	3,619
84	Division Overhead Allocation	44,768	3,966	3,146	3,632	186	1,912	1,623	707	4,300	208	174	4,907	5,581	3,203	1,730	3,349	502	2,818	2,822
85	Field Services	299,543	36,981	13,868	32,358	2,311	18,490	3,082	1,541	32,358	2,311	4,623	16,179	31,434	23,113	18,490	18,490	2,311	18,490	23,113
86	Trails	61,148	-	2,911	10,419	676	4,794	135	1,038	6,525	456	830	5,062	6,930	8,459	3,880	2,400	1,559	3,271	1,803
87	Natural Resources	23,206	2,056	1,631	1,883	96	991	841	367	2,229	108	90	2,544	2,893	1,660	897	1,736	260	1,461	1,463
88	Registations	83,022	7,447	2,037	14,795	489	4,245	1,187	951	9,394	216	726	5,878	10,701	10,130	5,184	3,989	822	3,243	1,590
89	Reservations	99,300	8,907	2,436	17,695	585	5,077	1,420	1,138	11,236	258	869	7,030	12,799	12,116	6,200	4,771	983	3,879	1,901
90	Indirect Cost Allocation	315,929	55,908	12,525	37,188	1,123	17,033	3,837	1,919	33,153	959	2,636	21,860	34,555	27,968	17,819	4,296	685	17,519	24,946
91	POTS Allocation-less Fleet	203,997	25,303	10,023	24,428	847	10,123	3,289	2,302	21,101	992	1,477	15,756	24,245	17,712	11,499	6,785	1,651	11,868	14,596
92	SUBTOTAL ALLOCATION	1,683,509	201,024	72,551	212,408	9,813	93,163	23,643	14,965	179,659	8,584	17,572	116,953	193,087	154,582	98,137	76,025	13,713	92,995	104,636
93																				
94	**TOTAL EXPENDITURES**	**8,556,350**	**959,439**	**409,078**	**1,073,812**	**43,588**	**456,048**	**123,910**	**96,844**	**893,053**	**43,971**	**72,126**	**651,975**	**1,005,743**	790,385	490,933	309,154	82,548	489,274	564,473
95																				
96	**Cash Funds**																			
97	Annual Passes	649,614	-	18,108	229,300	1,858	22,204	1,167	989	54,493	-	-	65,870	81,507	63,775	46,696	18,850	7,457	22,805	14,535
98	Daily Passes	924,201	-	24,617	165,312	19,647	91,251	1,385	19,576	59,690	6,680	-	111,312	125,371	106,318	71,552	37,832	24,311	45,833	13,514
99	Concession	67,627	-	-	-	-	6,389	-	-	4,104	-	-	-	4,489	46,434	5,345	-	-	-	866
100	Rent	782,217	-	21,873	157,288	-	18,438	55,270	13,828	179,325	2,460	-	47,443	120,840	43,229	31,566	35,454	-	31,494	23,708
101	Other	798,071	442,160	7,215	100,953	(1,059)	18,868	10,945	(4,123)	69,917	(2,529)	7	22,325	47,684	23,795	44,128	4,940	(2,775)	5,719	9,902
102	Reservations	928,900	-	12,098	92,959		33,920		13,003	107,218	421	32,559	37,587	167,378	210,363	58,490	108,860		45,106	8,938
103	Other (donations)	1,346	-	-	136	-	-	-	-	76	-	-	107	-	-	658	368	-	-	-
104	DIRECT REVENUE	3,709,817	442,160	83,911	745,947	20,446	191,070	68,767	43,273	474,823	7,033	32,566	284,645	547,269	493,914	258,436	206,304	28,993	150,956	71,463
105																				
106	**Non-Cash Revenue**																			
107	GOCO	2,074,431	662,403	81,840	56,361	-	58,752	44,624	2,460	325,745	1,000	-	72,061	138,700	136,507	1,834	355,503	3,598	5,111	127,933
108	Lottery	809,844	33,067	10,200	5,244	138	6,080	19,355	4,677	563,751	-	-	20,643	12,178	55,479	14,188	31,045	3,854	21,459	8,485
109	General Fund (Non-POTS)	648,936	80,492	31,884	77,707	2,695	32,203	10,464	7,323	67,125	3,156	4,697	50,120	77,126	56,345	36,580	21,583	5,253	37,752	46,430
110	General Fund (POTS)	203,997	25,303	10,023	24,428	847	10,123	3,289	2,302	21,101	992	1,477	15,756	24,245	17,712	11,499	6,785	1,651	11,868	14,596
111	Total Non Cash Revenue	3,737,207	801,265	133,947	163,740	3,680	107,158	77,732	16,762	977,722	5,148	6,173	158,579	252,249	266,043	64,101	414,917	14,356	76,191	197,444
112																				
113	ALL. REGION REVENUE	442,160		21,051	75,342	4,886	34,664	977	7,509	47,183	3,294	6,004	36,601	50,113	61,163	28,059	17,353	11,275	23,650	13,035
114	ALLOCATED ADMIN REVENUE	646,487	-	30,779	110,158	7,144	50,683	1,429	10,979	68,986	4,817	8,778	53,515	73,270	89,428	41,026	25,372	16,486	34,580	19,059
115	ALLOCATED SP REVENUE	130,800		6,227	22,288	1,445	10,254	289	2,221	13,958	975	1,776	10,827	14,824	18,093	8,300	5,133	3,335	6,996	3,856
116	**TOTAL REVENUE**	**5,371,423**	**442,160**	**141,968**	**953,735**	**33,922**	**286,671**	**71,462**	**63,982**	**604,949**	**16,119**	**49,124**	**385,588**	**685,477**	**662,598**	**335,821**	**254,163**	**60,089**	**216,182**	**107,413**
117																				
118	**REV TO EXP**	62.8%	N/A	34.7%	88.8%	77.8%	62.9%	57.7%	66.1%	67.7%	36.7%	68.1%	59.1%	68.2%	83.8%	68.4%	82.2%	72.8%	44.2%	19.0%
119	COST PER VISITOR	3.31	N/A	3.32	2.44	1.52	2.25	21.66	2.20	3.23	2.28	2.05	3.04	3.43	2.21	2.99	3.04	1.25	3.53	7.40
120	REVENUE PER VISITOR	2.08	N/A	1.15	2.16	1.19	1.41	12.49	1.46	2.19	0.84	1.40	1.80	2.34	1.85	2.04	2.50	0.91	1.56	1.41
121																				

A	B	C	D	E	F	G	H	I	J	K	L	M	N
		Region	Arkansas	Bonny	Chey Mtn	Eleven Mile	John Martin	Lathrop	Mueller	Pueblo	San Luis	Spinney	Trinidad
SOUTH EAST REGION	**Region Total**	**SEAD**	**SEAR**	**SEBN**	**SECM**	**SEEM**	**SEJM**	**SELA**	**SEMU**	**SEPU**	**SESL**	**SESP**	**SETR**
Visitation	3,472,854		837,825	37,702	65,769	283,441	84,280	153,177	164,267	1,618,994	22,025	30,046	175,328
FTE	61.8	5.0	9.0	5.0	3.0	5.0	5.0	3.5	6.0	13.8	0.5	1.0	5.0
Personal Services	3,259,225	411,407	527,369	321,052	140,834	272,939	224,671	272,193	349,652	824,104	-	51,509	274,902
Operating	685,951	88,880	131,785	49,441	106,870	50,723	50,188	41,674	69,498	143,519	6,511	5,091	30,651
Utilities	396,403	(151)	17,371	20,487	-	35,011	44,938	37,938	49,102	162,265	2,836	2,112	24,343
SWP	1,057,373	33,253	182,339	71,397	27,525	93,184	73,325	82,436	113,573	327,032	20,283	2,667	63,613
Vehicles	121,779	8,520	16,057	13,642	4,291	16,614	8,890	5,084	18,743	29,731	174	-	8,553
Capital Outlay	-												
Subtotal Operating	**5,520,731**	**541,908**	**874,921**	**476,018**	**279,521**	**468,470**	**402,012**	**439,325**	**600,567**	**1,486,650**	**29,804**	**61,379**	**402,063**
SEAD Allocation	541,908	-	130,735	5,883	10,263	44,228	13,151	23,902	25,632	252,630	3,437	4,688	27,358
TOTAL DIRECT EXP	6,062,638	541,908	1,005,656	481,901	289,783	512,699	415,163	463,227	626,200	1,739,279	33,241	66,068	429,422
Board Allocation	6,091	493	887	493	296	493	493	345	591	1,360	49	99	493
Director/Deputy Director	95,209	7,703	13,865	7,703	4,622	7,703	7,703	5,392	9,244	21,260	770	1,541	7,703
Financial Services	163,406	11,274	29,673	8,529	4,327	14,988	8,288	10,191	17,881	46,740	977	1,543	8,998
Marketing Allocation	56,659	2,749	12,591	1,329	222	6,181	1,915	2,915	7,057	18,412	408	492	2,388
Public Information	31,753	2,569	4,624	2,569	1,541	2,569	2,569	1,798	3,083	7,091	257	514	2,569
Strategic Development	22,850	1,109	5,078	536	90	2,493	772	1,176	2,846	7,425	164	198	963
Information Technology/MNT	108,370	8,768	15,782	8,768	5,261	8,768	8,768	6,137	10,521	24,199	877	1,754	8,768
Creative Services	53,280	6,112	9,062	3,400	7,349	3,488	3,451	2,866	4,779	9,869	448	350	2,108
Division Overhead Allocation	41,552	4,766	7,067	2,651	5,731	2,720	2,691	2,235	3,727	7,697	349	273	1,644
Field Services	285,675	23,113	41,603	23,113	13,868	23,113	23,113	16,179	27,735	63,792	2,311	4,623	23,113
Trails	82,057	-	19,796	891	1,554	6,697	1,991	3,619	3,881	38,254	520	710	4,143
Natural Resources	21,539	2,471	3,663	1,374	2,971	1,410	1,395	1,158	1,932	3,990	181	142	852
Registations	85,503	4,149	19,001	2,006	335	9,327	2,890	4,400	10,649	27,785	615	742	3,603
Reservations	102,267	4,962	22,726	2,399	401	11,156	3,457	5,262	12,737	33,233	736	888	4,310
Indirect Cost Allocation	320,647	35,938	46,068	28,045	12,302	23,842	19,626	23,777	30,544	71,989	-	4,500	24,014
POTS Allocation-less Fleet	202,269	18,080	29,190	15,882	9,326	15,630	13,412	14,657	20,037	49,599	994	2,048	13,414
SUBTOTAL ALLOCATION	1,679,127	134,256	280,677	109,688	70,195	140,576	102,536	102,108	167,243	432,695	9,657	20,414	109,081
TOTAL EXPENDITURES	**8,283,674**	**676,164**	**1,286,333**	**591,589**	**359,978**	**653,275**	**517,698**	**565,336**	**793,443**	**2,171,975**	**42,898**	**86,482**	**538,503**
Cash Funds													
Annual Passes	695,824	108,715	14,069	13,186		64,431	21,500	49,098	39,081	348,455	977	747	35,565
Daily Passes	830,183	-	71,799	25,858		153,213	37,942	52,685	89,974	304,555	7,069	34,302	52,785
Concession	852,822	-	700,896	1,595		12,552	-	168	8,298	129,118	-	-	196
Rent	531,877		33,481	28,365		117,008	40,648	66,511	67,788	125,535	13,232	-	39,309
Other	343,730	137,620	27,987	7,377		18,100	14,278	8,702	15,795	103,871	615	-	9,386
Reservations	781,571		28,248	31,388	-	103,292	31,912	37,993	361,982	151,197	11,528	-	24,031
Other (donations)	(2,561)	-	-	-	150	32	-	52	-	700	(3,500)	-	6
DIRECT REVENUE	3,787,111	246,335	876,479	107,769	150	468,628	146,280	215,208	582,918	1,163,431	29,921	35,049	161,278
Non-Cash Revenue													
GOCO	7,217,541	288,306	9,224	51,449	5,389,274	74,228	77,217	313,044	45,691	5,604	575	-	962,930
Lottery	609,050	45,380	65,450	66,303	183,559	49,485	27,238	51,548	46,785	49,114	1,114	-	23,074
General Fund (non-POTS)	643,439	57,514	92,857	50,521	29,666	49,720	42,666	46,626	63,739	157,781	3,163	6,514	42,672
General Fund (POTS)	202,269	18,080	29,190	15,882	9,326	15,630	13,412	14,657	20,037	49,599	994	2,048	13,414
Total Non Cash Revenue	8,672,300	409,279	196,721	184,154	5,611,825	189,062	160,534	425,876	176,252	262,098	5,847	8,562	1,042,090
ALL. REGION REVENUE	246,335		59,428	2,674	4,665	20,105	5,978	10,865	11,652	114,838	1,562	2,131	12,436
ALLOCATED ADMIN REVENUE	867,543	-	209,295	9,418	16,430	70,806	21,054	38,265	41,035	404,436	5,502	7,506	43,798
ALLOCATED SP REVENUE	175,524		42,345	1,906	3,324	14,326	4,260	7,742	8,302	81,827	1,113	1,519	8,861
TOTAL REVENUE	**5,322,849**	**246,335**	**1,187,547**	**121,767**	**24,569**	**573,865**	**177,572**	**272,080**	**643,907**	**1,764,531**	**38,098**	**46,204**	**226,373**
REV TO EXP	64.3%	N/A	92.3%	20.6%	6.8%	87.8%	34.3%	48.1%	81.2%	81.2%	88.8%	53.4%	42.0%
COST PER VISITOR	2.39	N/A	1.54	15.69	5.47	2.30	6.14	3.69	4.83	1.34	1.95	2.88	3.07
REVENUE PER VISITOR	1.53	N/A	1.42	3.23	0.37	2.02	2.11	1.78	3.92	1.09	1.73	1.54	1.29

APPENDIX B – PriceWaterhouseCoopers Market Assessment Study Highlights

In June 2002, Colorado State Parks commissioned PriceWaterhouseCoopers (PwC) to conduct a comprehensive and systematic market assessment of Colorado's state park system.

The primary objectives of the study were to assess Colorado State Parks' position in the marketplace and to help determine the preferred future direction for Colorado State Parks by identifying the facilities, services and programs valued by citizens of Colorado and visitors to Colorado State Parks.

Additional objectives of the study included the following:

1) To profile key demographic, attitudinal and/or psychographic differences between users and non-users of Colorado State Parks;
2) To ascertain public expectations of Colorado State Parks;
3) To identify information about state park visitation that will be relevant for future policy and planning decisions; and
4) To measure the economic expenditures associated with state park visitation.

Key Finding in Study:

> The majority of Coloradoans feel that Colorado State Parks are "a good thing for Colorado." As such, more than half of Coloradoans feel that there should be an increase in state funding of parks and very few feel that there should actually be a reduction in the amount of state funding.

At a time when GF appropriations as a percentage of the Division's total operating budget were nearly three percent more than today, the majority of users and non-users (53% for both) were in support of increased state funding of parks while only 4% of Coloradoans felt that there should be less or no state funding of parks. The support for increased state funding of parks was particularly marked amongst younger Coloradoans (i.e., 62% of those under 35 years old support an increase in state funding).

Most Coloradoans (67%) felt that the majority of this money should go towards improving existing parks rather creating new ones. More specifically, the majority of Coloradoans felt that a lot more money should be spent on ensuring that the parks' natural resources are preserved (67%), that the parks are kept clean (39%) and in the general upkeep and maintenance of the parks (37%).

The study revealed that there are some notable differences between users and non-users in how they feel state funding should be invested in Colorado State Parks. Users are more likely to feel that there should be a lot more money invested in purchasing new land for the parks (particularly frequent users) while non-users would like to see a lot more money spent on keeping the parks clean, informing the public about what State Parks offer, and public safety.

Most state park users are prepared to pay for a portion of the bill for these improvements through an increase in the money they pay when visiting the parks. Indeed, the majority of current annual state park pass holders (79%) are prepared to pay up to $5 dollar more for an annual pass (frequent visitors are less price sensitive when it comes to an increase in the price of annual passes).

> Visitors to Colorado State Parks directly spend approximately $200 million yearly in communities surrounding State Parks. Colorado's state park system is a significant part of the economy of many communities throughout the state.
>
> Survey respondents were asked how much they spent within 50 miles of the state park on their trip to the park. The amount spent is directly linked to the park visit and includes such expenditures as food/beverages, entertainment, hotels/motels, gas and supplies. The average per vehicle expenditure within a 50-mile radius of the park is $65.71. This amount varies by region with visitors to parks in the West and Mountain regions spending considerably more money outside the park than in the other two regions.

Based on the high visitation rates to State Parks in the Front Range region, the economy of this region has benefited the most from the existence of State Parks. Over $77 million dollars has been introduced into Front Range communities surrounding Colorado State Parks through visitor spending during this past year. This amounts to 40% of the total investment made by visitors to the parks in the local communities surrounding the park.

Study Recommendation:

In order to maintain public support for additional state park funding, Colorado State Parks should actively promote how this additional funding is being invested. Research reveals that both users and non-users are very interested in how State Parks are being developed and improved.

While the population has an understanding of the funding sources for State Parks, they are unaware of what resources are spent on investments versus operations. As initiatives are pursued to evaluate revenue enhancements, it is critical that the agency understands what consumers believe are the individual benefits (camping, outdoor recreation, education) versus societal benefits (tourism, economic impact to the state and surrounding communities) that are received from Colorado State Parks. This distinction will assist Colorado State Parks in understanding what activities should be funded from user fees versus appropriated state funds.

Communicating the range of opportunities and quality of experience available at the parks will help to establish Colorado State Parks as an optimal destination for Coloradoans. Similarly, communicating that revenue generated through the parks is used for the maintenance of the parks' resources will help visitors to understand the role they play in sustaining Colorado's park resources. Ultimately, visitors will recognize that by visiting Colorado State Parks they are contributing to the state's long-term future.

Assessment

Annual Parks pass fees were increased from $50.00 to $55.00 in FY 03-04. In FY 05-06 Parks increased camping fees, walk-in fees, and yurt/cabin fees. All of these fee increases will be effective January 1, 2007. With these recent increases, the Division believes increasing these same fees again in FY 07-08 would be detrimental to parks visitation and customer satisfaction

Opportunities

PriceWaterhouseCoopers found most daily fee visitors (72%) are prepared to accept a $1 increase in the price of a daily entrance fee without reducing their number of visits while most visitors (60%) are prepared to accept up to a $2 increase in campsite fees (older visitors are more price sensitive when it comes to campsite fees). Implementing small increases to these three costs will pay for some of the changes recommended by users and non-users. Communicating the park improvements alongside any increases will limit the risk of reduced visitation as a direct result of the increased costs.

A $1.00 increase in the daily pass fee, from $5.00 to $6.00, would generate an estimated additional $746,000 in cash revenue per year. Due to inherent price elasticity, this would be an optimistic estimate. Based on the PriceWaterhouseCoopers Market Assessment Study, the price elasticity assessment for daily entrance passes shows elasticity of about 87% for a $1.00 fee increase, thus, the realistic revenue estimate would be $650,000.

The Division plans to update the PriceWaterhouseCoopers Market Assessment Study in 2007 with the results published in 2008. This will be a comprehensive visitor survey that will include an updated market assessment and fee price elasticity analysis.

Implications

Increasing park user fees to offset General Fund support to parks has serious implications. The PriceWaterhouseCoopers report indicated most park visitors are extremely price sensitive when it comes to daily entrance fees, with the majority likely to reduce their number of visits with as little as a $2 increase. Our experience validates the PwC analysis. Their finding indicated that most visitors were prepared to accept a $1 price increase.

Price sensitivity increases with older visitors. Forty three percent of park visitors over age 64 indicated park visits would be impacted with a fee increase. In fact, 16 percent of visitors over the age of 64 indicated they would not visit parks at all if the price of daily entrance fees were increased by as much as $1.

Pursuing a “revenue growth through fee increases” strategy that would make it economically difficult for the public to enjoy Colorado’s State Parks. The citizens of Colorado do not support pricing people out of parks.

APPENDIX C – State Parks and the TABOR Enterprise Criteria

HISTORY

On November 3, 1992 Colorado's voters adopted Amendment 1 to the state constitution, which now appears as Article X, Section 20 of the Colorado Constitution. The amendment is commonly referred to as "TABOR" (Taxpayer's Bill of Rights). Its main purpose and effect is to limit the growth in spending by state and local governments.

In 1993 the General Assembly passed enabling legislation to comply with the provisions of Article X, Section 20 of the state constitution and to define certain terms used in that section. This legislation, S.B. 93-074, added a new article, Article 77, to Title 24 of the Colorado Revised Statutes, which describe how TABOR will be implemented at the state level.

Certain funds received by governments are exempt from TABOR's revenue and spending limits. The most relevant of these exemptions is the "enterprise" exemption.

ENTERPRISE CRITERIA

TABOR defines "enterprise" as "a government-owned business authorized to issue its own revenue bonds and receiving under 10 percent of annual revenue in grants from all Colorado state and local governments combined". The term "grant" is not defined in TABOR. In order to qualify as an enterprise, State Parks would need to meet the following three criteria.

1. Government-owned business

TABOR does not define the elements of a "government-owned business". However, the Colorado appellate courts addressed this issue in determining whether the E-470 Authority was an enterprise under TABOR. In the Board of County Commissioners v. E-470 Public Highway Authority, 881 P.2d 412 (Colo. App. 1994), the Court of Appeals defined a "business" as an "activity engaged in for gain, benefit, advantage, or livelihood." Id. At 418. The Court found that the "E-470 Public Highway Authority was created for a specific purpose: to finance, construct, operate, and maintain a toll road…it thus provides a service for a fee." The Court of Appeals held that the E-470 Authority therefore fit the definition of an enterprise under TABOR.

The Colorado Supreme Court reviewed the same issue in Nicholl v. E-470 Public Highway Authority, 896 P. 2d 859 (Colo. 1995). The Supreme Court used the Court of Appeals definition of business. Noting that the E-470 highway was a fee-for-service tollway, the Supreme Court stated, "[b]y providing access to a public roadway in exchange for the payment of tolls and user fees, the Authority is engaging in an activity conducted in the pursuit of benefit, gain or livelihood and, in these respects, fits the definition of a "business". However, the Court went on to find that the Authority's power to raise revenue through general sales taxes was inconsistent with a business, and therefore, held that the Authority did not qualify as a TABOR enterprise. Notwithstanding this outcome, the importance of the Supreme Court's decision is that a government-owned fee-for-service program can be a "business" within the meaning of TABOR.

In previous Formal Opinions, the Attorney General has interpreted the TABOR business requirements to mean that "the financial affairs of the enterprise must be those of a self-supporting business-like activity that provides goods and services for a fee."

Fees are distinguished from taxes in that they are "voluntary," there is a direct benefit received by the payor of the fee that is not generally realized by the public at large, the proceeds are not used for "general governmental purposes" and the fee is imposed generally to defray the costs of the particular service. A fee is "voluntary" when a citizen can freely elect to pay such fee.

In State Parks' case, citizens are not required to purchase passes, permits or registrations. They can choose not to participate. It would appear that State Parks does, in fact, qualify as a "government-owned business."

2. Bonding Requirement

A TABOR enterprise must be "authorized to issue its own revenue bonds." A government-owned business would typically issue revenue bonds to raise funds for a capital construction or acquisition purpose. The bondholders must receive payment only from the revenue stream of the enterprise. TABOR does not require that the government-owned business must actually issue bonds to retain its enterprise status, only that it has the authority to do so. The granting authority may determine the amount of bonding capacity. The granting authority is the General Assembly.

State Parks does not currently have bonding authority. It is not anticipated that State Parks would ever need bonding authority unless it is enterprised. Most bonding authority is used to raise funds for capital construction; with State Parks' access to lottery and GOCO funding for capital needs, such bonding authority may be unnecessary.

3. Under 10 percent of annual revenue from grants from state and local government

According to Section 24-77-102(7) (a) & (b), C.R.S., a TABOR enterprise must receive "under 10 percent of annual revenue in grants from all Colorado State and local governments combined." TABOR does not define "grant." To implement TABOR, the Legislature provided that a "grant" is any direct cash subsidy or other direct contribution of money from the state or local government in Colorado, which is not required to be repaid. Grants do not include indirect benefits conferred upon an enterprise by the state or any local government, revenues from rates and fees imposed by an enterprise for the provision of goods and services, or federal funds passed through the state or any local government to an enterprise.

In the context of state programs, grants are generally agreed to be the appropriation of general fund tax revenues to fund the operations of the program. Revenues generated from fees imposed by the program are not grants.

Since the adoption of TABOR, the Legislature has designated several state programs as enterprises, including the Lottery, Correctional Industries, Auxiliary Facilities of Institutions of Higher Education, State Fair, State Nursing Homes, Division of Wildlife, Student Loans, Venture Capital Board, Tobacco Litigation Settlement Finance Corporation, Statewide Tolling Enterprise, Student Obligation Bond Authority and the Clean Screen Authority. Most recently, the University of Colorado achieved enterprise status, with other higher education institutions to potentially be enterprised in the future. In each case, the Legislature made no declarations outlining the characteristics of the program that qualified it as a "government-owned business". Instead, the relevant laws state that the program shall constitute an enterprise for purposes of TABOR so long as the program receives less than 10 percent of its total revenue from state and local governments and has authority to issue bonds.

There has not been a legal challenge to whether any of the state-operated enterprises meet the constitutional requirements of TABOR. Therefore, in determining whether State Parks qualifies as an enterprise, there are no appellate court opinions giving specific guidance regarding these previous legislative actions. If someone challenged a State Parks enterprise statute, the courts must presume that the statute is constitutional. Based on consultations with the Attorney General's Office to clarify other legal issues related to enterprising State Parks, it is assumed that State Parks would qualify as an enterprise as long as it receives no more than 10 percent of it's annual revenue from General Fund tax dollars.